

TETHYS PETROLEUM PRESS RELEASE

FOR IMMEDIATE RELEASE

Tethys Receives Extension for Akkulka Exploration Contract

ASTANA, KAZAKHSTAN - June 30, 2010 - Tethys Petroleum Limited ("Tethys" or the "Company") (TSX: TPL) today announced that its wholly owned Kazakh subsidiary, TethysAralGaz LLP ("TAG"), has received permission from the Ministry of Oil & Gas of the Republic of Kazakhstan ("MOG") to extend the Akkulka Exploration Contract (the "Contract") for another two years, from March 10, 2011 to March 10, 2013 (subject to certain routine amendments to the Contract). The MOG have extended the Contract to enable detailed appraisal of the commercial discovery of oil at AKD01 ("Doris") along with further exploration in the Contract area.

George Mirtskhulava, General Director of TethysAralGaz, commented: *"We are very pleased to have been given this permission by the MOG to extend the period of the Akkulka Contract which the State was under no obligation to grant. This extension will allow the company further time to complete the appraisal programme on the exciting Doris oil discovery and also to complete the exploration programme in the area, which is already underway, and appraise any potential discoveries we find. We are committed to appraising Doris as soon as possible and as such this extension will not slow down our busy program this year but it does give us comfort that we will fully maximise the value of this important discovery and any additional exploration success we may have on the block. The MOG are keen to see us fully appraise our commercial oil discovery and we believe the granting of the extension is a further illustration that the Kazakh authorities encourage and assist oil and gas companies that have fulfilled their obligations and also have demonstrated progress. We look forward to continued success!"*

Dr David Robson, Chairman, President and Chief Executive Officer of Tethys, added: *"I am very pleased that the MOG have agreed this extension to enable us to move forward with this programme in a technically sensible manner, not constrained by time pressures, so that we can hopefully prove up a substantial oil deposit and develop that deposit in an effective manner for our company. This is a potentially large field and requires a proper appraisal program and we will ensure this program delineates the limits of the field to enable proper and efficient planning of the development."*

Additional Details and Notes for Investors and Analysts

Akkulka Exploration and Production Contract

- The current Contract for exploring the Akkulka block was due to expire in March 2011, by which time all appraisal wells of the Doris oil discovery and also any new exploration wells (including any further discovery appraisal wells) on the Akkulka block should have been completed and their potential quantified. This two-year extension provides additional time to ensure that the thorough appraisal of the

Doris oil discovery is carried out and that other high-potential exploration targets can be tested. Independent assessments of mean unrisks prospective resources within the Tethys acreage in the area are some 663 million barrels of recoverable oil.

Results thus far on the appraisal of the Doris oil discovery and further exploration

- The AKD01 well Jurassic reservoir zone flowed at rates of up to 2,803 barrels of fluid per day with 1,373 barrels of oil per day (“bopd”). The oil was a 45 degree API light crude oil and test data indicated that the reservoir has good permeability (approximately 700 millidarcies) and is laterally extensive. The AKD02 appraisal well, which was drilled some 4 km up-dip appears to contain oil in this sequence based on the interpretation of wireline logs and core data, and is about to be flow-tested with results expected by the end of July. Re-examination of the G6 well, drilled in the past and located some 14 km away, shows a similar Jurassic sequence to AKD02 and petrophysical analysis indicates the presence of oil in this interval (which was not tested). Any test of oil in this well would significantly extend the oil bearing zone much beyond what is currently mapped in Doris.
- The AKD01 well Cretaceous sandstone zone flowed dry oil at a rate of 5,436 bopd. This rate was limited due to downhole and surface equipment restrictions. The well test data indicated that a rate of at least double initial flow rates could be achieved on an unrestricted test. The oil was a 37 degree API light sweet crude. This Cretaceous sandstone interval showed extremely good permeability (greater than 1,750 millidarcies) and a large investigated distance (greater than 10 km) and therefore a large connected volume (some 29 million stock tank barrels). This indicated a very high-quality, laterally extensive reservoir. In the AKD02 appraisal well, the Cretaceous sand interval was of similar thickness to the AKD01 well, but it appears likely to be water bearing most likely due to faulting between the two wells. However, testing is planned for this interval to confirm this interpretation. Based on the latest interpretation of the existing data there may be a further oil bearing pool in the Cretaceous sand up-dip of the AKD02 well.
- Though water appears to be present at the Cretaceous level in the first appraisal well this does not change the previous independent engineering analysis that the Doris field appears to be laterally extensive and in contact with a large volume of oil. If the Cretaceous reservoir interval extends more south and eastwards, then the sands should thicken towards the basin centre which could provide for a larger in-place amount of oil than previously thought. This also highlights the value of the Akkulka Contract extension, which now provides more time to ascertain the actual extent and size of the field.
- Based on current mapping the Doris structure covers an area of some 60 km². As such the AKD02 appraisal well was drilled as a relatively large step out to target the north western extent of the reservoir and bearing in mind the relatively short

contractual time available to appraise the discovery – this time constraint now being relaxed following the contract extension.

- The AKD03 exploration well, also on the Akkulka block, is currently drilling ahead on an attractive exploration prospect (“Dione”) which is located nearby to, and south-west of, the Doris AKD01 oil discovery. This well is planned to target both the Cretaceous and Jurassic intervals and also plans to target the deeper Triassic and Permo-Carboniferous intervals that were not tested in the oil discovery well and are believed to have further potential having had oil shows. The well is currently drilling ahead and the drilling programme has now been modified to take into account the results of the AKD02 well and to gather further data in the Cretaceous and Jurassic section.
- It is also planned to drill the Daphne exploration prospect in the west of the Akkulka block and also the Doris south-east exploration prospect which could actually prove to be an extension of the oil discovery. The contract extension again provides valuable time to fully test and appraise any future discoveries on these prospects.
- Work is now underway on preparing for flow testing of the AKD02 well. Following the test it is currently planned to sidetrack the AKD02 with the aim of encountering the upper reservoir potentially within the oil bearing zone.

Forward Programme

- The current planned short term forward programme on the Akkulka oil appraisal and local exploration is as follows (subject to change and modification):
 - Test the probable oil bearing Jurassic carbonate interval on the AKD02 well and test the Cretaceous sandstone interval in the same well. Initial results of the testing are expected in the second half of July.
 - Re-enter the G6 well and test the Jurassic carbonate interval which logs show to have similar characteristics to the AKD02 well with potential oil – and which was not tested.
 - Shoot 3D seismic with an initial swathe to define the location of AKD02 sidetracks.
 - Sidetrack the AKD02 well aiming to encounter oil bearing Cretaceous sands.
 - Continue drilling the AKD03 (“Dione”) exploration well with additional evaluation of the Cretaceous and Jurassic zones, aiming to establish the potential to the south.
 - Drill the AKD04 appraisal well most likely to the south of the AKD01 Doris discovery well.
- This programme is targeted to be completed in Q4 2010 after which it is planned to bring on-stream limited commercial oil production once appropriate permissions

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have been obtained from the MOG. Further exploration and appraisal will then continue.

Tethys is focused on oil and gas exploration and production activities in Central Asia with activities currently in the Republics of Kazakhstan, Tajikistan and Uzbekistan. This highly prolific oil and gas area is rapidly developing and Tethys believes that significant potential exists in both exploration and in discovered deposits.

This press release contains “forward-looking information” which may include, but is not limited to, statements with respect to our operations. Such forward-looking statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risks relating to regulatory approvals and of sufficiency of the proceeds for the purposes contemplated. See the description of risks and uncertainties and underlying factors and assumptions relevant to the offering and “forward looking information” contained herein and to the Company’s business, including its exploration and development activities, contained in the Annual Information Form dated March 31, 2010 and other corporate filings (which are incorporated herein by reference). The “forward looking statements” contained herein speak only as of the date of this press release and, unless required by applicable law, the Company undertakes no obligation to publicly update or revise such information, whether as a result of new information, future events or otherwise.

The information presented in this press release on the testing of the AKD01 well is based on initial data and observations and measurements at the wellsite as well as preliminary analysis. In addition the length of flow periods were restricted due to physical limitations with respect to oil storage at the site.

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