Tethys Doubles Gas Price in Kazakhstan

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ALMATY, KAZAKHSTAN -- (MARKETWIRE) -- 01/31/13 -- Tethys Petroleum Limited ("Tethys") (TSX:TPL)(LSE:TPL), the oil and gas exploration and production company focused on Central Asia, today announced that it has effectively doubled the net price of the gas which it is selling in Kazakhstan.

- New gas price after marketing and distribution costs USD65 (USD72.8 including VAT) per 1,000 cubic metres (previously USD32.5 including VAT for the Kyzyloi and Akkulka Fields)
- Current total production 430,000 cubic metres (15.2 million cubic feet or 2,530 barrels oil equivalent) per day
- Further production increases achievable through the tie-in of other already drilled wells, and targeting shallow gas prospective resources
- Net Proved + Probable gas reserves from the fields are 2.1 billion cubic metres (bcm) or 73.8 billion cubic feet (bcf) (Gustavson & Associates, December 31, 2011)
- Net mean unrisked prospective gas resources of 18 billion cubic metres (bcm) 634 billion cubic feet (bcf) (Gustavson & Associates, April 30, 2012)
- New Kazakhstan-China gas trunkline under construction (passes through Tethys' contract areas) should provide further upside upon completion in addition to the existing pipeline through which Tethys currently sells its gas.

Two gas supply contracts have been signed by Tethys' wholly owned Kazakh subsidiary, TethysAralGas LLP, with Intergas Central Asia JSC, a wholly owned subsidiary of the Kazakh State company KazTransGas JSC, for the Kyzyloi and Akkulka natural gas fields. The contract is for annual volumes up to 150 million cubic meters at an increased net price of USD65 per 1,000 cubic metres (USD 1.84 per 1,000 cubic feet) of gas (USD72.8 per 1,000 cubic metres or USD2.06 per 1,000 cubic feet including VAT) net of marketing and distribution costs, and runs through to December 31, 2013.

A number of additional shallow gas prospects and leads have been identified based on seismic data as well as deeper potential. It is forecast that production can be significantly increased through the tie-in of already drilled wells that have not been produced to date, and through exploring for more gas. Of the last 13 shallow exploration wells drilled by Tethys in the Akkulka Block, 11 tested commercial gas. Tethys then suspended any further investment into gas development pending the realisation of a higher gas price which it has now achieved.

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.

The references in this press release to "prospective resources" means those quantities of petroleum estimated, as of April 30th 2012, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. There is no certainty that any portion of these resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of these resources.

The resources estimates contained or referred to are estimates only and are not meant to provide a determination as to the volume or value of hydrocarbons attributable to the Company's properties. There are numerous uncertainties inherent in estimating quantities of resources and cash flows that may be derived, including many factors that are beyond the control of the Company. The following is a non-exhaustive list of factors which may have a significant impact on the above estimates of prospective resources: despite the classification that they are as yet undiscovered but may be potentially recoverable the Company may be unable to carry out the development or their potential recovery; the activity may not be economically viable; the Company may not have sufficient capital or time to develop them; there may be no market or transportation routes for the production; legal, contractual, environmental and governmental concerns might not allow for the recovery being undertaken; reservoir characteristics might prevent recovery. The recovery of the resources is subject to the following risks and uncertainties: market fluctuations, the proximity and capacity of oil and gas pipelines and processing equipment, government regulation, political issues, export issues, competing suppliers, operational issues (exploration, production, pricing, marketing and transportation), extensive controls and regulations imposed by various levels of government, lack of capital or income, the ability to drill productive wells at acceptable costs, the uncertainty of drilling operations, factors such as delays, accidents, adverse weather conditions, and the availability of drilling rigs and the delivery of equipment.

Additional information prescribed by NI 51-101 appears in a material change report to be filed, and which will be available, on www.sedar.com.

This press release contains "forward-looking information" which may include, but is not limited to, statements with respect to the completion our operations, prospective resources and exploration targets. Such forward-looking statements reflect our current views with respect to future events and are subject to certain assumptions. See our Annual Information Form *for the year ended December 31, 2011 for a description of risks and uncertainties relevant to our business, including our exploration activities. 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. A barrel of oil equivalent ("boe") conversion ratio of 6,000 cubic feet (169.9 cubic metres) of natural gas = 1 barrel of oil has been used and is based on the standard energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. The use of the phrase "Net" in relation to reserves indicates net to the Company's interest after deduction of the Mineral Extraction Tax (MET).*

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