

TETHYS PETROLEUM PRESS RELEASE

FOR IMMEDIATE RELEASE

2009 Annual Results and Conference Call Details

Georgetown, Grand Cayman, Cayman Islands – Wednesday, March 31, 2010 - Tethys Petroleum Limited (“Tethys” or the “Company”) (TSX: TPL) today announced its Annual Results for the period ended December 31, 2009. The full Annual Results together with a Management Discussion & Analysis have been filed with the Canadian securities regulatory authorities. Tethys also announced that it has filed its Annual Information Form (“AIF”) which contains reserves data and other information about the Company for the period ended December 31, 2009, and the reports as mandated by National Instrument 51-101. Copies of the filed documents may be obtained via SEDAR at www.sedar.com or on Tethys' website at www.tethyspetroleum.com. The summary financial statements are attached to this press release.

In 2009 the Company prepared its first financial statements under International Financial Reporting Standards (“IFRS”) instead of US GAAP, resulting in a re-statement of 2008 comparatives.

Highlights

- The Company generated revenues from gas and oil sales of US\$8.59 million in the year ended December 31, 2009 compared to US\$5.36 million in the year ended December 31, 2008.
- The Company recorded a net loss of US\$21.506 million in the year ended December 31, 2009 compared to a net loss of US\$22.184 million in the year ended December 31, 2008.
- Capital expenditure in the year ended December 31, 2009 was US\$32.221 million compared to US\$42.807 million in the year ended December 31, 2008.
- Operating costs in the year ended December 31, 2009 were US\$3.405 million compared to US\$1.334 million in the year ended December 31, 2008 reflecting the additional operating costs from the Uzbekistan acquisition.
- General and Administrative costs in the year ended December 31, 2009 were US\$16.880 million compared to US\$17.915 million in the year ended December 31, 2008.

These highlights along with other operational and financial details will be further discussed in a scheduled conference call. Details of the conference call can be found below:

Conference Call:

A conference call will be held at 11:00 AM Eastern Time on Tuesday, April 6, 2010. The North American conference call number is (888) 231-8191 and the outside North America conference



call number is (647) 427-7450. The conference call code to use is 66568342. Please call in about 10 minutes before the starting time in order to be patched into the call.

Webcast:

The call is being webcast and can be accessed at:

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3015100>

Tethys is focused on oil and gas exploration and production activities in Central Asia with activities currently in the Republics of Kazakhstan and Tajikistan. 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. See our Annual Information Form for the year ended December 31, 2009 for a description of risks and uncertainties relevant to our business, including our exploration activities.

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Tethys Petroleum Limited

Consolidated Financial Statements

December 31, 2009

(in thousands of US dollars)

Tethys Petroleum Limited

Consolidated Statement of Financial Position

(in thousands of US dollars)

	As at December 31		As at January 1
	2009	2008	2008
	\$	\$	\$
Non-current assets			
Property, plant and equipment	73,171	65,422	38,327
Intangible assets	24,378	16,105	7,335
Investments	659	587	318
Trade and other receivables	5,171	6,357	5,814
Loan receivable from jointly controlled entity	21,727	0	0
	<u>125,106</u>	<u>88,471</u>	<u>51,794</u>
Current assets			
Inventories	2,368	213	-
Trade and other receivables	2,311	2,664	1,360
Cash and cash equivalents	7,297	22,200	26,692
	<u>11,976</u>	<u>25,077</u>	<u>28,052</u>
Total assets	<u>137,082</u>	<u>113,548</u>	<u>79,846</u>
Equity attributable to shareholders			
Share capital	13,455	6,639	4,511
Share premium	153,748	138,598	94,972
Other reserves	27,775	25,147	20,728
Accumulated deficit	(88,374)	(66,654)	(44,470)
Total equity	<u>106,604</u>	<u>103,730</u>	<u>75,741</u>
Non-current liabilities			
Deferred gain on sale of assets to jointly controlled entity	3,659	-	-
Financial liabilities - borrowings	9,324	5,096	-
Shares to be issued	3,750	-	-
Deferred taxation	598	-	-
Trade and other payables	808	523	776
Asset retirement obligations	206	465	1,050
	<u>18,345</u>	<u>6,084</u>	<u>1,826</u>
Current liabilities			
Financial liabilities - borrowings	1,086	853	-
Derivative financial instruments - warrants	1,053	146	-
Derivative financial instruments – interest rate swap	95	-	-
Deferred revenue	3,113	-	-
Trade and other payables	6,786	2,735	2,279
	<u>12,133</u>	<u>3,734</u>	<u>2,279</u>
Total liabilities	<u>30,478</u>	<u>9,818</u>	<u>4,105</u>
Total shareholders' equity and liabilities	<u>137,082</u>	<u>113,548</u>	<u>79,846</u>

Tethys Petroleum Limited

Consolidated Statement of Comprehensive Loss

(in thousands of US dollars, except for per share amounts)

	Year ended December 31,	
	2009	2008
	\$	\$
Sales and other operating revenues	8,559	5,360
Finance income	76	832
Total revenue and other income	<u>8,635</u>	<u>6,192</u>
Production expenditures	(3,405)	(1,334)
Depreciation, depletion and amortization	(3,238)	(4,333)
Exploration and evaluation expenditure written off	(887)	(2,292)
Listing expenses	(1,652)	-
Administrative expenses	(16,880)	(17,915)
Foreign exchange gains (loss) net	(2,397)	(3,060)
Fair value gain / (loss) on derivative financial instrument	(479)	929
Loss from jointly controlled entity	(1,000)	-
Finance costs	<u>(203)</u>	<u>(371)</u>
Loss before taxation	(21,506)	(22,184)
Taxation	<u>(214)</u>	<u>-</u>
Net loss and comprehensive loss for the year attributable to shareholders	<u>(21,720)</u>	<u>(22,184)</u>
Loss per share attributable to shareholders		
Basic and diluted	<u>(0.20)</u>	<u>(0.40)</u>

No dividends were paid or are declared for the year (2008 – \$Nil).

Tethys Petroleum Limited

Consolidated Statement of Cash Flows

(in thousands of US dollars)

	Year ended December 31,	
	2009	2008
	\$	\$
Cash flow from operating activities		
Loss before taxation	(21,506)	(22,184)
Adjustments for		
Share based payments	2,628	4,419
Net finance cost (income)	127	(461)
Unsuccessful exploration and evaluation expenditures	887	2,292
Depreciation, depletion and amortization	3,238	4,333
Fair value gain (loss) on derivative financial instrument	479	(929)
Net unrealised foreign exchange loss	1,120	1,277
Loss from jointly controlled entity	1,000	-
Deferred revenue	3,113	-
Deferred taxation	598	-
Net change in non-cash working capital	(1,758)	(844)
Net cash used in operating activities	<u>(10,074)</u>	<u>(12,097)</u>
Cash flow from investing activities		
Interest received	76	832
Expenditure on exploration and evaluation assets	(22,648)	(6,519)
Expenditures on property, plant and equipment	(9,573)	(36,288)
Investment in restricted cash	(72)	(269)
Acquisition of subsidiary, net of cash received	532	-
Sale of subsidiaries, net of cash disposed	(112)	-
Movement in advances to construction contractors	829	1,548
Value added tax receivable	(670)	(2,091)
Net change in non-cash working capital	1,273	(217)
Net cash used in investing activities	<u>(30,365)</u>	<u>(43,004)</u>
Cash flow from financing activities		
Proceeds from issuance of short-term borrowings	2,500	-
Repayment of short-term borrowings	(2,500)	-
Proceeds from issuance of long-term borrowings	5,020	7,430
Repayment of long-term borrowings	(856)	(579)
Interest paid on long-term borrowings and other non-current payables	(152)	(380)
Other non-current liabilities	(109)	(253)
Proceeds related to shares to be issued	3,750	-
Proceeds from issuance of equity, net of issue costs	17,906	45,754
Net cash generated from financing activities	<u>25,559</u>	<u>51,972</u>
Effects of exchange rate changes on cash and cash equivalents	(23)	(1,363)
Net decrease in cash and cash equivalents	(14,903)	(4,492)
Cash and cash equivalents at beginning of the year	22,200	26,692
Cash and cash equivalents at end of the year	<u>7,297</u>	<u>22,200</u>