



September 9, 2019

**Tethys Petroleum Press Release  
(TSXV: TPL.H)**

**DSFK Dispute and Cancellation of Scheme of Arrangement**

Grand Cayman, Cayman Islands - Tethys Petroleum Limited ("**Tethys**" or the "**Company**") today provides an update to its announcement of August 24, 2019 regarding the dispute with Special Financial Company DSFK LLP ("**DSFK**") and also announces cancellation of the Scheme of Arrangement.

**DSFK Dispute**

The Company has worked hard to try to reach a negotiated settlement with DSFK in order to have the asset pledges of its subsidiary, Tethys Aral Gas LLP ("**TAG**") released. To this end Tethys has made a number of proposals to DSFK although, to date, all of these proposals have been rejected.

On August 23, 2019 DSFK sent a letter to TAG's gas customer containing factually incorrect information and demanding that TAG's gas customer should discontinue its purchases of gas produced by TAG. TAG has since received written notification from its gas customer that, following receipt of the letter from DSFK, it intends to reduce its acceptance of gas produced by TAG by 50%.

In response to the requirement of its gas customer TAG has taken steps to reduce its gas production, including shutting-in a number of gas wells.

Tethys considers the actions of DSFK to be illegal interference with a commercial contract and has engaged an international law firm operating in the Republic of Kazakhstan to assist it to resolve the disputed matters with DSFK. Tethys' legal counsel has notified DSFK that TAG is ready to consider applying to courts and other law-enforcement agencies in the Republic of Kazakhstan to (i) prevent the unlawful interference in its operations; and (ii) recover any losses from DSFK that may be caused by such unlawful actions (including any damage to its business reputation caused by the dissemination of knowingly false information).

Tethys believes that it should be possible to resolve the disputed matters with DSFK on reasonable commercial terms for TAG, to release the pledges on TAG's assets and to return gas production to previous levels although, at this time, it is unclear how long this process will take.

**Cancellation of Scheme of Arrangement**

Tethys regrets to inform shareholders that Jaka Partners FZC ("**Jaka**") has exercised its contractual right to terminate the Arrangement Agreement of March 19, 2019 by delivering a termination notice to Tethys. The Scheme of Arrangement has therefore been cancelled and will not be implemented. Tethys understands that Jaka was not prepared to proceed with the Scheme of Arrangement whilst the dispute with DSFK remains unresolved. Shareholders which sent in their share certificates to TSX Trust Company (the "**Depositary**") will have those share certificates returned to them by the Depositary to their registered addresses.



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## **About Tethys**

Tethys is focused on oil and gas exploration and production activities in Central Asia and the Caspian Region. This highly prolific oil and gas area is rapidly developing and Tethys believes that significant potential exists in both exploration and in discovered deposits.

## **Disclaimer**

Some of the statements in this document are forward-looking, including statements relating to the resolution of the disputed matters with DSFK, the release of TAG's asset pledges and TAG's future gas production. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements, including the risk that the Company will not be able to reach a settlement with DSFK and/or obtain a release of TAG's asset pledges, that DSFK will take enforcement action against TAG's assets, that Tethys will not be able to return gas production to previous levels and that gas production may be interrupted further. No part of this announcement constitutes, or shall be taken to constitute, an invitation or inducement to invest in the Company or any other entity, or a suggestion as to how shareholders should elect to participate in the Scheme, and shareholders of the Company are cautioned not to place undue reliance on the forward-looking statements. Save as required by applicable law, the Company does not undertake to update or change any forward-looking statements to reflect events occurring after the date of this announcement.

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