

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Tethys Petroleum Limited (“Tethys” or the “Company”)
P.O. Box 524, Suite 3, Borough House
Rue du Pre,
St. Peter Port, Guernsey
GY1 6EL

Item 2 Date of Material Change

May 16, 2012

Item 3 News Release

The press release the "Press Release" attached as Schedule “A” was disseminated through Marketwire on May 16, 2012 with respect to the material change.

Item 4 Summary of Material Change

The Company announced on May 16, 2012 it has received an updated oil resource report for its Kazakhstan assets that estimates gross unrisked recoverable mean prospective oil resources of 1.17 billion barrels of oil.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

See the attached press release and the summary above.

5.2 Disclosure for Restructuring Transactions

Not applicable.

5.3 Additional Information required Pursuant to subsection 5.9(1) of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities - Disclosure of Resources Other than Reserves

(a) the reporting issuer’s interest in the resources

The Company's interest in the prospective oil resources described in the Press Release are set out in the following contracts and licenses described at pages 26, 27, 28 and 31 of the Company's Annual Information Form (the "AIF") dated March 30, 2012 and available at sedar.com: (i) Kyzylloi Field Licence and Production Contract; (ii) Akkulka Production Contract; (iii) Akkulka Exploration Licence and Contract; and (iv) Kul-Bas Exploration and Production Contract. The information set out on pages 26, 27, 28 and 31 of the AIF under the headings “Kyzylloi Field Licence and Production Contract”, “Akkulka Gas

Production Contract”, “Akkulka Exploration Licence and Contract” and “Kul-Bas Exploration and Production Contract” is expressly incorporated by reference in the Material Change Report

(b) *the location of the resources*

North Ustyurt basin in Kazakhstan

(c) *the product types reasonably expected*

Oil, natural gas and non-associated gas.

(d) *the risks and the level of uncertainty associated with recovery of the resources*

These are partially risked prospective resources that have been risked for chance of discovery, but have not been risked for chance of development. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development.

The resources estimates contained or referred to in this Material Change Report 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 maybe 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.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable

Item 8 Executive Officer

The following executive officer is knowledgeable about the material change and may be contacted about this report.

Sabin Rossi
Vice President, Investor Relations
(416) 572-2065

Email: info@tethyspetroleum.com
Website: www.tethyspetroleum.com

Item 9 Date of Report

May 25, 2012

TOR01: 4918753: v6

Schedule "A"

Wednesday, May 16, 2012

TETHYS PETROLEUM LIMITED PRESS RELEASE

("Tethys" or "the Company" (TSX:TPL, LSE:TPL))

Kazakhstan Oil Resource Upgrade

ALMATY, KAZAKHSTAN - Tethys Petroleum is pleased to announce it has received an updated oil Resource Report for its Kazakhstan assets that estimates gross unrisks recoverable mean prospective oil resources of 1.17 billion barrels of oil. The resource report also shows a substantial amount of prospective gas resources.

Key Points:

- Mean unrisks recoverable prospective resources of 1.17 billion barrels (Bbbls) of oil
- Upgrade due to additional 2D and 3D seismic acquisition and interpretation as well as drilling data
- Chance of Success increased due to drilling success in the area
- Dyna exploration prospect (128 million barrels mean unrisks recoverable prospective resources) to be tested with the AKD07 well
- Recent two-year extension to Akkulka Exploration Contract
- In addition to these oil resources there is additional associated mean unrisks gas prospective resources of 231 BCF and also separate non-associated gas prospective gas resources of 374 BCF

The resource report was prepared by Gustavson Associates of the United States and has been prepared in accordance with the reporting requirements of NI 51-101 adopted by Canadian securities regulatory authorities.

Continued drilling campaign

The next appraisal/exploration well, AKD07, is expected to spud mid-year 2012 and will be located to the south-east of the original AKD01 (Doris) discovery well and will target 3P reserves at the Cretaceous Aptian sand level in what is believed to be a channel sand system, whilst simultaneously targeting the Dyna Prospect (128 Million barrels mean unrisks Prospective Resources) which is shallower and is interpreted to be part of a different, larger sand fan system. It is also targeting a third target, a Jurassic sand similar to the horizon that tested oil in the AKD03 exploration well. To date, over 13,000 bopd have been tested from exploration and appraisal wells in and around the Doris oil discovery.



Dr David Robson, Chairman, President and Chief Executive Officer of Tethys, added:

"We are extremely pleased with this significant increase in our estimated oil resources in Kazakhstan. With oil production forecast to steadily increase this year following the upgrade to the Aral Oil terminal, we believe that our strong and growing cash flow and upside in these large exploration targets provides a well-balanced development and exploration portfolio. Furthermore one of these exciting prospects will be drilled in the near future with the AKD07 appraisal/exploration well."

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 maybe 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.

For more information please contact:

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Notes to Editors

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, prospective resources and exploration targets. Such forward-looking statements reflect our current views with respect to future events and are subject to certain assumptions, including the fact that Tethys Petroleum will be successful in confirming the existence of the accumulations of petroleum in respect of its exploration targets, and subject to certain risks and uncertainties, including the risk that limited discoveries will result from exploration wells and as a result the risk that any or all of the prospective resources will not become recoverable, as further explained above in this press release. 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

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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.