

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Tethys Petroleum Limited (“Tethys” or the “Company”)
P.O. Box 524
St. Peter Port, Guernsey, British Isles
GY1 6EL

Item 2 Date of Material Change

October 4, 2010 and October 5, 2010.

Item 3 News Release

Press releases were disseminated through Marketwire on October 4, 2010 and October 5, 2010, respectively.

Item 4 Summary of Material Change

On October 4, 2010, the Company announced that it filed a preliminary short form prospectus in respect of a proposed equity offering (the “Offering”) of ordinary shares of the Company (“Ordinary Shares”). On October 5, 2010, the Company announced that it had agreed to the terms of the Offering.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Under the terms of the Offering, the Company will issue a maximum of 70,600,000 Ordinary Shares at a price of C\$1.45 per share, for total maximum gross proceeds of approximately US\$100 million. The net proceeds of the Offering are intended to be used by Tethys to fund work on its existing properties in Kazakhstan, Uzbekistan and Tajikistan, and for working capital and general purposes. The aim of the Offering is to provide funding for near term production, development and appraisal activities in Kazakhstan, Tajikistan and Uzbekistan, to further expand the Company’s oil development in Kazakhstan, and to acquire additional data to potentially enhance the value of the Company’s exploration assets.

Fraser Mackenzie Limited, Renaissance Capital and Quam Capital will act as joint lead managers for the Offering in a syndicate of agents that includes FirstEnergy Capital Corp. The Offering is conducted in the provinces of British Columbia, Alberta and Ontario, Canada through Fraser Mackenzie Limited and FirstEnergy Capital Corp., and Renaissance Capital and Quam Capital act as special selling agents for the purpose of procuring subscribers in certain jurisdictions outside of Canada, where each such special selling agent is qualified to carry on business. The syndicate of agents will offer the Ordinary Shares as agents on a “commercially reasonable

efforts” basis. The Offering is conditional on the issue and sale of a minimum of 42,342,978 Ordinary Shares for minimum gross proceeds of US\$60 million.

The Offering is subject to all customary conditions and regulatory approvals, including that of the Toronto Stock Exchange and filing of a final prospectus with the Canadian Securities Regulatory Authorities. The Company filed a preliminary short form prospectus with Canadian Securities Regulatory Authorities in the provinces of British Columbia, Alberta and Ontario on October 4, 2010, and an amended and restated preliminary short form prospectus on October 5, 2010. Completion of the Offering is expected to be on or about October 20, 2010.

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 material change report does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein. Any such solicitation or offer may only be made in accordance with applicable laws. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws and may not be offered or sold within the United States or to United States Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

This material change report contains “forward-looking information” which may include, but is not limited to, statements with respect to the Offering and the anticipated use of net proceeds of the Offering. Such forward-looking statements reflect the Company’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk that the Company be unable to successfully complete the Offering and the risk that the net proceeds of the Offering may not be sufficient for the purposes stated in the prospectus and the risk that all regulatory approvals will be obtained and conditions satisfied. The Offering will not be completed at all if these approvals are not obtained. Accordingly, there is a risk that the Offering will not be completed within the anticipated time or at all. The intended use of the net proceeds of the Offering by Tethys may change if the board of directors of Tethys determines that it would be in the best interests of Tethys to deploy the proceeds for some other purpose. See the description of risks and uncertainties and underlying factors and assumptions relevant to the Offering and the Company’s business, including its exploration and development activities, contained in the amended and restated preliminary short form prospectus dated October 5, 2010 under the heading “Risk Factors” (which is incorporated herein by reference). The “forward-looking statements” contained herein speak only as of the date of this material change report 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.

5.2 *Disclosure for Restructuring Transactions*

Not applicable.

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

October 7, 2010.