

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 20, 2010.

Item 3 News Release

The press release attached as Schedule “A” was disseminated through Marketwire on October 20, 2010 with respect to the material change.

Item 4 Summary of Material Change

The Company announced the closing of its previously announced public offering of 70,600,000 ordinary shares of the Company (“Ordinary Shares”) for gross proceeds of approximately US\$100 million (the “Offering”). The Ordinary Shares were sold at a price of US\$1.417 (C\$1.45) each. The Ordinary Shares of the Company are listed on the Toronto Stock Exchange under the symbol “TPL”.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

See attached press release.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 (MI 61-101).

(a) *a description of the transaction and its material terms*

(See above)

(b) *the purpose and business reasons for the transaction*

The purpose of the Offering is to provide funding for the Company’s existing properties in Central Asia.

- (c) *the anticipated effect of the transaction on the issuer's business and affairs*

The Offering resulted in a 27% increase in the number of Ordinary Shares outstanding.

- (d) *a description of*

- (i) *the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties*

Pope Investments II LLC, an entity managed by Pope Asset Management, LLC ("PAM"), subscribed for an aggregate of 12,690,000 Ordinary Shares as part of the Offering. PAM is considered a related party of the Company as it exercises control over 33,588,200 Ordinary Shares (prior to giving effect to the Offering), representing 17.9% of the outstanding Ordinary Shares.

- (ii) *the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage*

Upon completion of the Offering, PAM exercises control or direction over 46,278,200 Ordinary Shares, representing 17.9% of the number of Ordinary Shares outstanding after giving effect to the Offering.

- (e) *Unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee*

The Offering was approved unanimously by the board of directors of the Company. As none of the directors of the Company have an interest in the Offering, no directors were required to abstain in respect of the approval.

- (f) *a summary, in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction*

Not applicable.

- (g) *disclosure, in accordance with section 6.8 of MI 61-101 of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction*

- (i) *that has been made in the 24 months before the date of the material change report; and*

- (ii) *the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer*

Not applicable.

- (h) *the general nature and material terms of any agreement entered into by the issuer, or related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction*

Not applicable.

- (i) *the disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101, respectively, and the facts supporting reliance on the exemptions*

The Offering is exempt from the formal valuation and minority approval requirements of MI 61-101 pursuant to paragraphs 5.5(a) and 5.7(1)(a) thereof, as, at the time the Offering was agreed to, neither the fair market value of the 12,690,000 Ordinary Shares to be issued to Pope Investments II LLC nor the aggregate subscription price (US\$17,981,730) exceeded 25% of the Company's market capitalization.

- (j) *Other*

The Offering was completed in fewer than 21 days from the date of the October 5, 2010 press release in respect of the Offering to ensure the availability of the proceeds of the Offering on a timely basis.

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

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Website: www.tethyspetroleum.com

Item 9 Date of Report

October 20, 2010.

Schedule "A"



NOT FOR DISTRIBUTION IN THE UNITED STATES OR FOR DISTRIBUTION TO
U.S. NEWSWIRE SERVICES AND DOES NOT CONSTITUTE AN OFFER OF THE
SECURITIES DESCRIBED HEREIN

**TETHYS PETROLEUM ANNOUNCES THE SUCCESSFUL CLOSING OF
US\$100 MILLION PUBLIC OFFERING**

Toronto, Canada, October 20, 2010 – Tethys Petroleum Limited (“Tethys” or the “Company”) (TSX: TPL) announced today that it has completed its public offering of 70,600,000 Ordinary Shares for gross proceeds of US\$100 million (the “Offering”). The Ordinary Shares were sold at a price of US\$1.417 (C\$1.45) each. The net proceeds of the offering are intended to be used by Tethys to fund work on the Company’s existing properties in Central Asia.

Fraser Mackenzie Limited, Renaissance Capital and Quam Capital acted as joint lead managers for the offering in a syndicate of agents that includes FirstEnergy Capital Corp. The offering was 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 acted as special selling agents for the purpose of procuring subscribers in certain jurisdictions outside of Canada, where each such selling agent is qualified to carry on business.

One of the subscribers under the offering is a related party of the Company within the meaning of applicable Canadian securities laws. Additional information relating to the interest of the related party in the public offering is contained in a material change report to be filed in accordance with Canadian securities law on October 20, 2010. The offering was completed in fewer than 21 days from the date of the October 5, 2010 Press Release in respect of the offering to ensure the availability of the proceeds of the offering on a timely basis.

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 news release 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 press release contains “forward-looking information” which may include, but is not limited to, statements with respect to the anticipated use of the net proceeds of the



Offering. Such forward-looking statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk that the proceeds may not be sufficient for the purposes stated in the prospectus dated October 12, 2010. 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 "forward looking information" contained herein and to the Company's business, including its exploration and development activities, contained in the prospectus dated October 12, 2010 (which are incorporated herein by reference). 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.

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