

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

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

Item 2 Date of Material Change

June 13, 2008

Item 3 News Release

The press release attached as Schedule “A” was disseminated through Marketwire on June 13, 2008 with respect to the material change.

Item 4 Summary of Material Change

The Company announced that its indirect wholly owned subsidiary Kulob Petroleum Limited entered into a production share contract (PSC) dated June 13, 2008 with the Ministry of Energy and Industry of the Republic of Tajikistan, in respect of the Kulob area in southwestern Tajikistan.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On June 13, 2008, the Company announced that Kulob Petroleum Limited (“**KPL**”), currently a direct wholly owned subsidiary of Tethys Tajikistan Limited (“**TTL**”) (which is a direct wholly owned subsidiary of the Company), had entered into a production sharing contract dated June 13, 2008 (the “**PSC**”) with the Government of the Republic of Tajikistan, represented by the Ministry of Energy and Industry of the Republic of Tajikistan (collectively, the “**State**”). The PSC gives KPL the exclusive right, as contractor under the PSC, to conduct certain oil and gas operations in the Contract Area (as defined herein) during the term of the PSC and to receive the Company’s share of production from the Contract Area. Pursuant to PSC, KPL will be able to recover 100% of its expenditures incurred under the PSC from up to 70% of the total production from the Contract Area. The remaining production will be allocated 70% to KPL and 30% to the State, whose share of the costs includes all taxes, levies and duties. The operator under the PSC is Tethys Services Tajikistan Limited (“**TST**”), currently a wholly owned subsidiary of TTL. The terms of the PSC are fixed over the life of the PSC, which has a term of 25 years (the “**Initial Term**”). If in respect of any development area, commercial production remains possible beyond the Initial Term, the PSC may be extended with respect to such development area for an additional term of not less than 5 years or to the end of the producing life of the development area.

As announced on December 24, 2007, the Company has entered into an agreement with the investment company Sangam Limited (“**Sangam**”) to create a joint venture company named Seven Stars Energy Corporation (“**SSEC**”), owned and funded 51% by TTL and 49% by Sangam and managed by TTL. It is intended that both KPL and TST will become wholly owned subsidiaries of SSEC in due course, with the Company then holding a 51% indirect interest in the PSC.

The area under the PSC (the “**Contract Area**”) is approximately 34,785 km² (8.6 million acres) and is located in the southwestern part of Tajikistan (the “**Bokhtar Area**”) and surrounds and includes the Kulob area. The Contract Area also includes the Qurgonteppa area (which includes the majority of the Khatlon Region) and the area around the capital city of Dushanbe and includes more than 50 different prospective structures identified by the State organization, Tajik Geology. The Contract Area includes several oil and gas condensate discoveries and KPL intends to carry out both appraisal and rehabilitation of these deposits as well as explore for new targets. Certain areas within the general region of the Contract Area have been excluded as instructed by the State based on pre-existing agreements or understandings with other entities. The Company has not verified that this list comprehensively covers all outstanding agreements or understandings that the State has or may have with other entities.

Management of Tethys believes that the Contract Area has considerable potential for oil and gas condensate. The Contract Area includes almost the entire Tajik portion of the Afghan-Tajik basin, an extension of the Amu Darya basin which contains “giant” and “super-giant” gas (being fields with estimated ultimate recoverable reserves of 3 Tcf (0.085 Tcm) and 30 Tcf (0.85 Tcm), respectively, of natural gas) and gas condensate fields in nearby Turkmenistan and Uzbekistan. The reserves information relating to the Afghan-Tajik basin and the Amu Darya basin has not been verified by the Company.

Amendments to production sharing legislation in Tajikistan, which lays the fiscal and commercial framework for the PSC, have been passed by the Tajikistan Parliament and are expected by management of Tethys to become effective in the near future. In addition, the PSC imposes certain obligations on the State to issue within 30 days of the date of the PSC certain operator licences and permits for operations under the PSC to commence.

Pursuant to the PSC, KPL has agreed to fund a work program which has been designed to provide data for a focused exploration of the Contract Area and which will be carried out in two stages (the “**Work Program**”). During the first phase of the Work Program (“**Phase I**”), planned activities will include geological studies, reprocessing of existing seismic and other geophysical data, acquisition of seismic and other geophysical data and the commencement of initial rehabilitation activities on the Beshtentak and Khoja Sartez fields. The total minimum cost of Phase I is estimated to be approximately US\$3,000,000. After completion of Phase I, KPL would make a determination as to whether it will proceed with the second phase of the Work Program (“**Phase II**”) or terminate the PSC. Phase II, which is to be completed within 18 months of the completion of Phase I, is expected to involve the commencement of the drilling of an exploration well to determine the oil and gas potential of the Bukhara formation and to perform additional rehabilitation activities if economically justified. The total minimum cost of the activities planned in Phase II is estimated to be approximately US\$5,000,000. TTL, through its planned indirect 51% holding in SSEC, would be expected to fund its share of these costs.

5.2 *Disclosure for Restructuring Transactions*

Not applicable.

Item 6 Reliance on subsection 7.1(2) or (3) 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@tethys.gg
Website: www.tethyspetroleum.com

Item 9 Date of Report

June 19, 2008

Schedule "A"



FOR IMMEDIATE RELEASE

Tajikistan Production Sharing Contract Signed

Friday, June 13, 2008 – Dushanbe, Tajikistan – Tethys Petroleum Limited (“Tethys” or the “Company”) (TSX: TPL) today announced that:

- The Company had created history in Dushanbe today when Tethys’ CEO Dr David Robson and Gul Sherali, the Minister of Energy and Industry of the Republic of Tajikistan (the State Authorised Body of the Tajik Government), signed the first ever Production Sharing Contract (PSC) awarded in Tajikistan.
- The awarding of the PSC was the culmination of many months of close collaboration between Tethys personnel and the Tajikistan government.
- The final area awarded to Tethys’ subsidiary Kulob Petroleum Limited (“KPL”) under the PSC is almost four times the size that was originally under discussion. The total net area covered under the PSC is approximately 34,785 km² (8.6 million acres). The area under the PSC (The “PSC Area”) is in the south-western part of Tajikistan and surrounds and includes the original Kulob Area, a large highly prospective region which has existing oil and gas discoveries but which has seen limited exploration to date. The PSC Area includes the Khatlon Region and the area around the capital city, Dushanbe and includes more than 50 different prospective structures which have already been identified in the area by Tajik Geology.
- Tethys believes that the PSC Area has considerable potential for oil and gas condensate. The area includes almost the entire Tajik portion of the Afghan-Tajik basin, an extension of the prolific Amu Darya basin which contains giant and supergiant gas and gas condensate fields in nearby Turkmenistan and Uzbekistan.
- A proven hydrocarbon system exists in the PSC Area but only limited exploration has taken place in the past. Several reservoir horizons are present and both sweet light oil and gas condensate has been produced. Salt tectonics dominate the southern part of the area where numerous salt domes provide the potential for substantial hydrocarbon traps. Figures produced by the US Geological Survey in 2006 estimate the mean unrisksed resources for the Afghan portion of the Afghan-Tajik basin (which lies to the south of the PSC Area), to be some 1.5 billion barrels of oil, 8.1 trillion cubic feet (230 billion cubic metres) of gas and 370 million barrels of Natural Gas Liquids.
- The PSC Area includes several oil and gas condensate discoveries and KPL will carry out both appraisal and rehabilitation of these deposits as well as exploration for new targets. The rehabilitation activities are aimed at establishing early cash flow whilst exploring for high potential deeper prospects.
- Under the Production Sharing Contract KPL will recover 100% of its costs from up to 70% of total production (the maximum allowed under the newly approved production sharing legislation of Tajikistan) and the remaining production (termed “Profit Oil and Gas”) will be



shared 70% to KPL and 30% to the Government whose share includes all taxes, levies and duties.

- The terms are fixed over the life of the PSC which is twenty-five years, and the Government has certain obligations to fulfil during the next month to bring it into effect. Amendments to certain legislation have now been passed by both houses of the Tajik Parliament and are expected to be brought into law imminently.
- KPL is currently 100% owned by Tethys Tajikistan Limited (“TTL”), a wholly owned subsidiary of Tethys.
- Tethys previously announced it is taking a 49% partner in its Tajik projects and signed a Shareholder Agreement at the end of 2007. Under the Agreement TTL and the investment company Sangam Limited (“Sangam”) have formed a joint company named “Seven Stars Energy Corporation” (“SSEC”) owned and funded 51% by TTL and 49% by Sangam. This process is nearly complete and the ownership of KPL will then be transferred to SSEC.

Gul Sherali, The Minister of Energy of Tajikistan, said, “On behalf of the Ministry of Energy I am very pleased to sign the first ever Production Sharing Contract in Tajikistan with Kulob Petroleum Limited. The area covered by the contract is extremely prospective with much potential for both early oil and gas production and exploration for larger deposits. We look forward to working with our new partners in the development of the oil and gas industry in Tajikistan.”

Dr. David Robson, Chief Executive Officer of Tethys “We are delighted to become the first oil and gas company to sign a Production Sharing Contract in Tajikistan. This contract, with fixed terms for twenty-five years, allows us to now move forward with an increased capital program in this prospective area of south-western Tajikistan. We believe this area to have excellent potential for both early production in the shallower levels as well as large exploration potential deeper down. The same basin is a prolific producer in the adjacent areas in Uzbekistan and Turkmenistan, but has been relatively under-explored in this area in the past. Our patience, and close work with the Government of Tajikistan, has resulted in obtaining the rights to a much larger area than was first discussed. We would like to thank the Government of Tajikistan for awarding us the first ever PSC in their country. We now intend to commence a seismic program this summer and drilling works later on in the year with the aim of both commencing early cash flow from existing deposits and exploring for potentially large oil and gas deposits.”

Tethys is focused on oil and gas exploration and production activities in Central Asia with activities currently in the Republic of Kazakhstan and in the Republic of 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, including, the risks and uncertainties outlined under the section titles “Risk Factors and Uncertainties” in our prospectus (available at www.sedar.com). Should one or more of these



risks materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected.

For more information please contact:

Sabin Rossi
Investor Relations Manager
Tethys Petroleum Limited
TD Canada Trust Tower
161 Bay Street, 27th Floor
Toronto N5J 2S1
Canada

Office: 1-416-572-2065
Fax: 1-416-572-2201
Cell: 1-617-669-1841
e-mail: info@tethys.gg
website: www.tethyspetroleum.com

In Kazakhstan

Ardak Akanov
Managing Director
PG Communications
Almaty, Samal 2 Business Center Satty

Office phone/fax: 2 72 88 67, 2 72 82 37, 2 72 77 45
Cell: +77017115604
Email: development@pressclub.kz