

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

December 21, 2012

Item 3 News Release

The press release (the "Press Release") attached as Schedule “A” was disseminated through Marketwire on December 21, 2012 with respect to the material change.

Item 4 Summary of Material Change

The Company announced on December 21, 2012 that its subsidiary Kulob Petroleum Limited has signed a farm out agreement (the “FOA”) for the Bokhtar Production Sharing Contract (“PSC”) in Tajikistan with two partners: Total S.A. and the Chinese National Petroleum Corporation (“CNPC”). The interest in the PSC will be held equally by the three partners, namely Kulob Petroleum Limited, Total Tajikistan B.V. (a subsidiary of Total S.A.) and CNODC Central Asia B.V. (a subsidiary of CNPC).

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

Following completion of the FOA, KPL will have a 33.33% interest in the prospective oil resources described in the Press Release. The Company owns 85% of the equity of KPL. The Production Sharing Contract entered into between KPL and the Government of Tajikistan covering the Bokhtar area of Southwest Tajikistan is described at pages 23, 24,

and 36 of the Company's Annual Information Form (the "AIF") dated March 30, 2012 and available at sedar.com. The information set out on pages 23, 24, and 36 of the AIF under the headings "Overview of Properties – Tajikistan" and "Tajikistan – the Bokhtar PSC" is expressly incorporated by reference in this Material Change Report.

(b) *the location of the resources*

Afghan-Tajik basin, part of the Amu Darya basin, in Tajikistan

(c) *the product types reasonably expected*

Oil, condensate, natural gas and non-associated gas.

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

These are unrisks prospective resources as of June 30, 2012 that have not been risked for chance of discovery or 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

December 27, 2012

TOR01: 5084061: v1

Schedule "A"

December 21, 2012

TETHYS PETROLEUM LIMITED PRESS RELEASE

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

Total and CNODC farm-in to Tethys' Tajikistan Assets

PARIS, France, December 21, 2012 - Tethys Petroleum Limited ("Tethys"), the oil and gas exploration and production company focused on Central Asia, today announced that its subsidiary, Kulob Petroleum Limited, has signed a farm-out agreement ("FOA") for the Bokhtar Production Sharing Contract ("PSC") in Tajikistan with subsidiaries of Total S.A. ("Total") and the China National Oil and Gas Exploration and Development Corporation ("CNODC").

Terms highlights:

- The interest in the PSC will be held equally by the three partners namely Kulob Petroleum Limited ("KPL"), Total E&P Tajikistan B.V. (a subsidiary of Total S.A.) and CNODC Coop UA (a subsidiary of CNODC).
- Tethys owns an indirect 85% controlling interest in KPL.
- KPL will receive 66.67% of back costs amounting to a payment of approximately USD60 million in cash upon completion. As funding for this project to date has been provided almost entirely by Tethys, monies received by KPL from this transaction will first be utilised to repay these loans to Tethys. The exact amount to be confirmed by the Tajikistan government.
- KPL will be partially carried on a USD80 million initial work programme such that it will pay 33.33% of its share of costs (therefore the funding obligation will be approximately USD8.9 million of the USD80 million work programme).
- The initial work programme is expected to comprise of further seismic data acquisition followed by a deep exploration well. Full details of the 2013-2014 work programme will be announced in Q1 2013.
- The PSC will be operated by a Joint Operating Company to be set up and owned by KPL, Total and CNODC, in proportion to their ownership in the PSC.

The farm-out is subject to final Tajik governmental approvals and State consents. Closing will take place once these approvals and all other conditions precedent under the FOA are satisfied and is expected to take place in the first quarter of 2013.

An Independent Resource Report of the Bokhtar PSC (dated June 30, 2012), prepared in accordance with Canadian National Instrument 51-101, estimates Gross unrisks mean recoverable prospective resources of 27.5 billion barrels of oil equivalent,

consisting of 114 trillion cubic feet (3.22 trillion cubic metres) of gas and 8.5 billion barrels of oil.

Dr David Robson, Executive Chairman and President of Tethys, said:

"This is a tremendous deal for Tethys and extremely beneficial for the country of Tajikistan. It rewards us for taking the first steps into Tajikistan in 2006 and validates our extensive technical work to date. Total and CNPC are world class companies and we look forward to working with our new partners in Tajikistan which in our view has world class potential! Our partners each bring additional strengths to the project with extensive experience and skills in exploring and developing giant petroleum deposits and with the new pipelines carrying gas from Central Asia to China providing a potential export route for any sizeable gas discovery. This farm-out also provides significant additional funding for our Company to accelerate our other current projects."

Total S.A.

Total is one of the largest integrated oil and gas companies in the world, with activities in more than 130 countries. The Group is also a first rank player in chemicals. Its 96,000 employees put their expertise to work in every part of the industry – exploration and production of oil and natural gas, refining and marketing, new energies, trading, and chemicals. Total is working to help satisfy the global demand for energy, both today and tomorrow. www.total.com

CNODC

CNODC is a wholly owned subsidiary of China National Petroleum Corporation.

Conference Call:

A conference call will be held at 2:00 PM Greenwich Mean Time (9:00 AM Eastern Standard Time) on Friday, December 21, 2012. The North American conference call number is 800.884.5695 and the outside North America conference call number is +1-617.786.2960. The conference call code to use is 38983239. Please call in about 10 minutes before the starting time in order to join the call.

Webcast:

The call is being webcast and can be accessed at:

<http://www.media-server.com/m/acs/fbf30264e013dfe766fbcc430dcb6b39>

Tajikistan Overview

The Republic of Tajikistan is an independent country with the population, totaling over 7 million people and mostly concentrated in the capital, Dushanbe. Tajikistan shares borders with Kyrgyzstan to the north, China to the east, Afghanistan to the south and Uzbekistan to the west.

On December 10, 2012, the General Council of the World Trade Organization (WTO) approved Tajikistan's accession package, allowing the nation to become a member of the global trade body in 2013.

While Tajikistan's economy has previously focused on agriculture and aluminium production, there is great potential for the development of its energy industry and the country's mineral and vast hydropower resources are now being further developed. The country is encouraging foreign investment and constantly working on improving the relevant legislation.

Tajikistan currently imports over 90% of its oil and gas and the government is prioritising the development of domestic resources. The vast majority of these petroleum deposits are located in the northern and south-western part of the country, the area where Tajikistan borders with Uzbekistan and Afghanistan. The south-western part of the country is the Afghan-Tajik extension of the hydrocarbon-rich Amu-Darya basin - home to some of the world's largest gas and gas condensate fields in neighbouring Uzbekistan and Turkmenistan. These same reservoirs, that are prolific producers in the adjacent countries, have never been drilled in Tajikistan to date. With these resources developed, the country would become self-sufficient and potentially evolve into a significant hydrocarbon exporter, transporting its oil and gas to several possible markets, including neighbouring China, a country with ever growing energy demand. In the last few years China has constructed large oil and gas pipelines transporting these resources from Central Asia overland to China with further pipelines under construction to support their growing energy demands.

At a recent meeting between the Prime Ministers of Tajikistan and China the Tajik PM is reported to have said that he welcomes Chinese enterprises to invest in the country and thanked the Chinese for their efforts to support Tajikistan. He also stated that he believes the relationship between Tajikistan and China will become even closer and more fruitful in future.

Tethys' Tajikistan Assets



The references in this press release to "prospective resources" means those quantities of petroleum estimated, as of June 30, 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 may be 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.

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 the completion of the FOA and 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 receipt of required approvals and a satisfaction of applicable conditions for the completion of the FOA, the fact that the Joint Operating Company 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 approvals for completion of the FOA may be delayed, 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 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. A barrel of oil equivalent ("boe") conversion ratio of 6,000 cubic feet (169.9 cubic metres) of natural gas = 1 barrel of oil has been used and is based on the standard energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. The use of the word "Gross" means 100% of the PSC.

For more information please contact:

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