



NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 11, 2015

AND

MANAGEMENT INFORMATION CIRCULAR

DATED MAY 11, 2015

TETHYS PETROLEUM LIMITED
89 Nexus Way, Camana Bay,
Grand Cayman, KY1-9007, Cayman Islands

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general and special meeting (the “**Meeting**”) of the holders of ordinary shares (“**Ordinary Shares**”) of Tethys Petroleum Limited (the “**Company**”) will be held at The Old Government House Hotel, St Ann's Place, St Peter Port, Guernsey, GY1 2NU, Channel Islands on June 11, 2015 at 11:30 a.m. (British Summer Time – local time in the Channel Islands) for the following purposes:

Special Business

1. Resolution 1 – Amendment to the Company’s Articles of Association

To propose the following resolution as a special resolution of the Company:

That the Articles of Association of the Company adopted on July 17, 2008 as amended by special resolutions passed on February 10, 2011 and June 13, 2012 (the “Articles”) be amended with immediate effect by deleting the existing Article 68(B) in its entirety and amending the definition of Ordinary Resolution to remove the reference to Article 68(B).

2. Resolution 2 – Approval to de-list from the Toronto Stock Exchange

To propose the following resolution as an ordinary resolution of the Company:

That the board of directors of the Company be authorised to voluntarily de-list its ordinary shares from the Toronto Stock Exchange and voluntarily terminate the listing of the Company on the Toronto Stock Exchange, as more particularly described in the Information Circular.

3. Resolution 3 – Approval of Unallocated Options Available for Grant

To propose the following resolution as an ordinary resolution of the Company:

That:

- (i) the number of Ordinary Shares of the Company issuable under the Stock Incentive Plan shall be equal to a fixed maximum twelve percent (12%) of the issued and outstanding Ordinary Shares of the Company from time to time;
- (ii) all unallocated options under the Stock Incentive Plan be and are hereby approved;
- (iii) the Company has the ability to continue granting options under the Stock Incentive Plan until June 11, 2018, which is the date that is three (3) years from the date of the shareholders’ meeting at which shareholder approval is being sought or until such other date as may be permitted by the stock exchanges on which the Ordinary Shares of the Company are listed at the relevant time; and
- (iv) any one (or more) director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.

Ordinary Business

4. Resolution 4– Receipt of Financial Statements and Auditors Report

To receive and consider the financial statements of the Company for the year ended December 31, 2014 and the report of the auditors thereon.

5. Resolutions 5.1 to 5.8 – Election of Directors

To propose each of the following separate resolutions as ordinary resolutions of the Company:

- 5.1 to re-elect Julian Hammond as a director of the Company;
- 5.2 to re-elect Denise Lay as a director of the Company;
- 5.3 to re-elect Marcus Rhodes as a director of the Company;
- 5.4 to re-elect James Rawls as a director of the Company;
- 5.5 to elect John Bell as a director of the Company;
- 5.6 to elect David Roberts as a director of the Company;
- 5.7 to elect David Henderson as a director of the Company; and
- 5.8 to elect David Botting as a director of the Company.

6. Resolution 6 – Appointment of Auditors

To propose the following resolution as an ordinary resolution of the Company:

That PricewaterhouseCoopers LLP, be appointed as auditors of the Company to hold office in accordance with the Company's Articles of Association, and that their compensation be fixed by the board of directors.

The details of all matters proposed to be put before shareholders at the Meeting are set forth in the information circular accompanying this Notice of Meeting. At the Meeting, shareholders will be asked to approve each of the foregoing items.

Only shareholders of record as of May 8, 2015, the record date (the "Record Date"), are entitled to receive notice of the Meeting.

DATED this 11th day of May 2015.

BY ORDER OF THE BOARD OF DIRECTORS

"Clive Oliver"

Corporate Secretary

IMPORTANT

It is desirable that as many Ordinary Shares as possible be represented at the Meeting. If you do not expect to attend and would like your Ordinary Shares represented, please complete the enclosed form of proxy and return it as soon as possible in the envelope provided for that purpose. In accordance with the Articles of Association of the Company, all proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Company, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not later than 11:30 a.m. (British Summer Time) on June 9, 2015, or twenty-four hours preceding any adjournment of the Meeting.

The Company gives notice that only those shareholders entered on the register of shareholders (or their duly appointed proxies) at close of business on May 8, 2015, will be entitled to attend and vote at the Meeting in respect of the number of Ordinary Shares registered in their name at that time.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote in his place. A proxy need not be a shareholder of the Company. Completion of a form of proxy does not preclude a shareholder from subsequently attending and voting at the Meeting in person if he so wishes.

Any transferee or person acquiring Ordinary Shares after the Record Date may not later than 11:30 a.m. (British Summer Time) on June 9, 2014 (i.e. not later than 48 hours before the meeting) request that the Registrar and Transfer Agent of the Company, TMX Equity Transfer Services add his or her name on the register of members and include him or her in the list of persons entitled to attend and vote at the Meeting.

TETHYS PETROLEUM LIMITED

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 11, 2015**

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Tethys Petroleum Limited (“**Tethys**”, the “**Company**” or “**we**”) for use at the annual general and special meeting of the holders of ordinary shares of the Company (“**Ordinary Shares**”) to be held at The Old Government House Hotel, St Ann's Place, St Peter Port, Guernsey, GY1 2NU, Channel Islands on June 11, 2015 at 11:30 a.m. (British Summer Time – local time in the Channel Islands), or at any adjournment thereof (the “**Meeting**”), for the purposes set forth in the notice of meeting (the “**Notice of Meeting**”).

The costs incurred in the preparation and mailing of both the instrument of proxy and this Information Circular will be borne by the Company. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Company who will not be directly compensated therefor.

These meeting materials, including the Information Circular, are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions set out in the Voting Instruction Form, Form of Proxy or Form of Direction provided with the meeting materials.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Ordinary Shares held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company. The record date to determine the registered shareholders entitled to receive the Notice of Meeting is May 8, 2015 (the “Record Date”).

All information provided herein is as at the Record Date unless otherwise indicated.

VOTING BY PROXY - APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the “**Management Designees**”) in the enclosed instrument of proxy (the “**Instrument of Proxy**”) are directors or officers of the Company and have been selected by the directors of the Company and have indicated their willingness to represent as proxy the shareholder who appoints them. **A registered shareholder has the right to designate a person (whom needs not be a shareholder) other than the Management Designees to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company, TMX Equity Transfer Services. Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with him or her to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached, where an attorney executed the proxy form or, if the appointor is a company, under its seal or under the hand of its duly authorized officer or attorney or other person authorized to sign. In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his or her shares. A proxy nominee need not be a shareholder of the Company.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Company's transfer agent, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Canada, at least forty-eight (48) hours prior to the Meeting or twenty-four (24) hours prior to any adjournment thereof. Any proxy delivered in respect of the Meeting will be valid for any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his or her authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Company or with TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Canada, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his or her shares.

A shareholder giving a proxy has the right to attend the Meeting, or appoint someone else to attend as his or her proxy at the Meeting and the proxy submitted earlier can be revoked in the manner described above.

VOTING IN PERSON AT THE MEETING

A registered shareholder will appear on a list of shareholders prepared by the registrar and transfer agent for purposes of the Meeting. To vote in person at the Meeting each registered shareholder will be required to register for the Meeting by identifying themselves at the registration desk. Non-registered beneficial shareholders must appoint themselves as a proxyholder to vote in person at the Meeting. Also see "Advice to Beneficial Shareholders" below.

VOTING OF PROXIES

Each shareholder may instruct his or her proxy how to vote his or her Ordinary Shares by completing the blanks on the Instrument of Proxy. All Ordinary Shares represented at the Meeting by properly executed proxies will be voted (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Ordinary Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour Resolutions 1, 2, 3, 5.1 to 8 and 6 as set out in the Notice of Meeting. In the absence of any specification as to voting on any other form of proxy, the Ordinary Shares represented by such form of proxy will be voted as the proxy sees fit.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Company.

ADVICE TO BENEFICIAL SHAREHOLDERS AND TO HOLDERS OF DEPOSITORY INTERESTS

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Ordinary Shares in their own name. Shareholders who hold their Ordinary Shares (a "Beneficial Shareholder") in the following manner:

- (a) registered in the name of an intermediary that the Beneficial Shareholder deals with in respect of the Ordinary Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or certain administrators;

- (b) registered in the name of a depository (such as The Canadian Depository for Securities Limited or “CDS”); or
- (c) represented by depository interests (“**Depository Interests**”) in respect of which Capita IRG Trustees Limited acts as depository,

should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Ordinary Shares will be recognized and acted upon at the Meeting. If Ordinary Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Ordinary Shares will, in all likelihood, not be registered in the shareholder’s name. Ordinary Shares represented by Depository Interests are not registered in the Beneficial Shareholder’s name.

In accordance with Canadian securities law, the Company has distributed copies of the Notice of Meeting, this Management Information Circular the Annual Financial Statements with Management’s Discussion and Analysis and the form of proxy (collectively, the “**meeting materials**”) to CDS and intermediaries for onward distribution to Beneficial Shareholders.

Intermediaries are required to forward meeting materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Typically, intermediaries will use a service company to forward the meeting materials to Beneficial Shareholders. Beneficial Shareholders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Beneficial Shareholders to direct the voting of the Common Shares they beneficially own. Beneficial Shareholders should follow the procedures set out below, depending on which type of form they receive.

A. Voting Instruction Form. In most cases, a Beneficial Shareholders will receive, as part of the meeting materials, a voting instruction form. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder’s behalf), the Beneficial Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Beneficial Shareholder.

or,

B. Form of Proxy. Less frequently, a Beneficial Shareholder will receive, as part of the meeting materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Beneficial Shareholder but which is otherwise uncompleted. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the Beneficial Shareholder must complete the form of proxy and deposit it with the Company’s registrar and transfer agent, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, as described above. If a Beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the Beneficial Shareholder must strike out the names of the Management Designees named in the proxy and insert the Beneficial Shareholder’s (or such other person’s) name in the blank space provided.

or,

C. Form of Direction. A Beneficial Shareholder who holds Depository Interests will receive, as part of the meeting materials, a Form of Direction. If the Beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the Form of Direction must be completed, signed and returned in accordance with the directions on the form. To be effective, this Form of Direction and the power of attorney or other authority (if any) under which it is signed, or a notarially or otherwise certified copy of such power or authority, must be deposited at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 11:30 am (British Summer Time – local time in the Channel Islands) on Monday June 8, 2015. Depository Interest holders wishing to attend the Meeting should contact the Depository at Capita IRG Trustees Limited, The

Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU in accordance with the instructions set out in the Form of Direction.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Ordinary Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxy holder for the registered shareholder and vote the Ordinary Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Ordinary Shares as proxy holder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Information Circular and the accompanying Instrument of Proxy and the Notice of Meeting are to registered shareholders unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at May 8, 2015, the Record Date, Tethys had 336,648,920 Ordinary Shares issued and outstanding. There are no preference shares issued and outstanding as at May 8, 2015. Every shareholder present has on a show of hands one vote and on a poll every shareholder present in person or by proxy has one vote for every Ordinary Share of which he, she or it is the holder. Only those shareholders of record on the Record Date are entitled to receive notice of and vote at the Meeting. Any transferee or person acquiring Ordinary Shares after the Record Date may, on proof of ownership of Ordinary Shares, demand of TMX Equity Transfer Services not later than 48 hours before the Meeting (or any adjournment thereof) that his or her name be included in the list of persons entitled to attend and vote at the Meeting.

Two or more holders of Ordinary Shares present in person or represented by proxy constitute a quorum for the Meeting, irrespective of the number of persons actually present at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to all of the issued and outstanding Ordinary Shares other than as indicated in the table below.

Name and Municipality of Residence of Shareholder	Number and Percentage of Ordinary Shares
Pope Asset Management LLC Memphis, Tennessee	64,013,897 (19.0%)

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Amendment to the Company's Articles of Association

The Company will seek shareholders' approval to amend the Articles of Association of the Company adopted on July 17, 2008 as amended by special resolutions passed on February 10, 2011 and June 13, 2012 (the "Articles") with immediate effect by deleting the existing Article 68(B) in its entirety and amending the definition of Ordinary Resolution in Article 2(B) to remove the reference to Article 68(B). The text of Article 68(B) is as follows:

"Where permitted by applicable law, at a general meeting where directors are being elected the Ordinary Resolution for the election of each nominee as directors must only provide the option for Members to vote in favour of the resolution or to withhold their votes with respect to the resolution. After all resolutions for election of directors have been voted on, the nominees receiving the highest number of votes in favour of their election shall be elected to fill the number of vacancies for director to be filled at such meeting".

The text of Article 2(B) is as follows:

““Ordinary Resolution” except as provided for in Articles 68(B) and 122(F) a resolution of a duly convened general meeting of the Company passed by a simple majority of votes cast by, or on behalf of, the Members entitled to vote present in person or by proxy and voting at the meeting”.

At its meeting on March 26, 2015 the board of directors adopted a majority voting policy as required under rules of the Toronto Stock Exchange. To ensure consistency of the Articles and the majority voting policy it is proposed that Article 68(B) of the Articles be deleted with the result that shareholders will be permitted to vote for, against or withhold from voting at future elections of directors. Accordingly, at the Meeting, shareholders will be asked to consider, and if deemed appropriate, to approve, with or without amendment, the special resolution set out above.

Recommendation of the Board of Directors

The board of directors unanimously recommends that the shareholders vote in favour of the resolution to amend the Articles to delete the existing Article 68(B) in its entirety and to amend the definition of Ordinary Resolution in Article 2(B) to remove the reference to Article 68(B). Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution to amend the Articles. The text of the ordinary resolution which management intends to place before the Meeting for approval is set forth below:

BE IT RESOLVED, as a special resolution of the shareholders of the Company, that:

The Articles of Association of the Company adopted on July 17, 2008 as amended by special resolutions passed on February 10, 2011 and June 13, 2012 (the “Articles”) be amended with immediate effect by deleting the existing Article 68(B) in its entirety and amending the definition of Ordinary Resolution in Article 2(B) to remove the reference to Article 68(B).

In order to be adopted, the above special resolution must be approved by 66 2/3% of the votes cast by, or on behalf of, shareholders entitled to vote present in person or by proxy and voting at the meeting.

2. Approval to de-list from the Toronto Stock Exchange

At the Meeting, Shareholders will be called upon to authorise the board of directors of the Company to proceed with the voluntary de-listing of the Company’s Ordinary Shares from the Toronto Stock Exchange (TSX) and voluntary termination of the listing of the Company on the Toronto Stock Exchange (TSX). The Company is currently listed on the TSX as well as the London Stock Exchange (LSE). The Board of Directors’ wishes to review the costs and benefits of continuing to be listed on the TSX and to de-list from the TSX should it conclude that to do so is in the best interests of the Company. During the year ended December 31, 2014 21% of all trades in the ordinary shares of the Company were completed on the TSX compared with 79% on the LSE. Accordingly, the Company recommends that shareholders authorise the board of directors of the Company to proceed with the de-listing from the TSX to be carried out at a suitable time at the discretion of the Company’s management unless other business issues make the listing useful. As a result of such de-listing, the Ordinary Shares would no longer be listed for trading on the TSX.

Recommendation of the Board of Directors

The board of directors unanimously recommends that the shareholders vote in favour of the resolution authorising the board of directors to voluntarily de-list the Company’s Ordinary Shares from the Toronto Stock Exchange (TSX) and voluntarily terminate the listing of the Company on the Toronto Stock Exchange (TSX) should the Board of Directors’ decide that de-listing from the TSX is in the best interests of the Company. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution authorising the board of directors to voluntarily de-list the Company’s Ordinary Shares from the Toronto Stock Exchange (TSX) and voluntarily terminate the listing of the Company on the Toronto Stock Exchange (TSX) should the Board of Directors’ decide that de-listing from the TSX is in the best interests of the Company. The text of the ordinary resolution which management intends to place before the Meeting for approval is set forth below:

BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, that:

The board of directors of the Company be authorised to voluntarily de-list its Ordinary Shares from the Toronto Stock Exchange and terminate the listing of the Company on the Toronto Stock Exchange.

In order to be adopted, the above ordinary resolution must be approved by a simple majority of the votes cast by, or on behalf of, shareholders entitled to vote present in person or by proxy and voting at the meeting.

3. Approval of Unallocated Stock Options under the Stock Incentive Plan

The Company will seek shareholders' approval of the unallocated Stock Options which may be granted for a period of three years under the Company's Stock Incentive Plan. The Stock Incentive Plan provides that the maximum number of Ordinary Shares issuable thereunder is equal to a fixed maximum percentage of 12% of the number of the Company's issued and outstanding Ordinary Shares from time to time. The rules of the Toronto Stock Exchange provide that all unallocated Stock Options, rights or other entitlements under a security-based compensation arrangement which does not have a fixed number of securities issuable must be approved by shareholders every three (3) years. Accordingly, at the Meeting, shareholders will be asked to consider, and if deemed appropriate, to approve, with or without amendment, the ordinary resolution set out above.

On May 8, 2015 the Company had 336,648,920 Ordinary Shares outstanding, providing for a current maximum of 40,397,870 (12%) Ordinary Shares to be reserved for issuance under the Stock Incentive Plan. As at May 8, 2015 the Company had 19,751,500 Stock Options outstanding (or approximately 6% of the outstanding Ordinary Shares), leaving unallocated Stock Options to purchase an aggregate of 20,622,820 Ordinary Shares (or approximately 6% of the outstanding Ordinary Shares) available for future Stock Option grants as at that date.

Previously allocated Stock Options (representing 19,751,500 Ordinary Shares) will continue unaffected, whether or not this resolution is approved by shareholders. Unallocated Stock Options will not, however, be available for grant if this resolution is not approved by shareholders.

Approval of the resolution set out below requires confirmation by a majority of the votes cast by disinterested shareholders at the Meeting. Under the rules of the Toronto Stock Exchange, adoption of this resolution requires the favourable vote of a majority of the votes cast thereon at the Meeting other than votes attaching to Ordinary Shares beneficially owned by those insiders of the Company and their associates to whom options may be issued pursuant to the Stock Incentive Plan. As such, all directors and officers of the Company will be excluded from voting in respect of this resolution.

Recommendation of the Board of Directors

The board of directors of the Company has reviewed the terms of the Stock Incentive Plan and has determined that the Stock Incentive Plan as amended best serves the interest of the Company and its shareholders. **The board of directors unanimously recommends that the shareholders vote in favour of the resolution approving the unallocated options under the Stock Incentive Plan. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the resolution approving the unallocated options under the Stock Incentive Plan. The text of the ordinary resolution which management intends to place before the Meeting for approval is set forth below:**

BE IT RESOLVED, as an ordinary resolution of the shareholders of the Company, that:

- (i) the number of Ordinary Shares of the Company issuable under the Stock Incentive Plan shall be equal to a fixed maximum twelve percent (12%) of the issued and outstanding Ordinary Shares of the Company from time to time;
- (ii) all unallocated options under the Stock Incentive Plan be and are hereby approved;
- (iii) the Company has the ability to continue granting options under the Stock Incentive Plan until June 11, 2018, which is the date that is three (3) years from the date of the shareholders' meeting at which shareholder

approval is being sought or until such other date as may be permitted by the stock exchanges on which the Ordinary Shares of the Company are listed at the relevant time; and

- (iv) any one (or more) director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.

In order to be adopted, the above ordinary resolution must be approved by a simple majority of the votes cast by, or on behalf of, shareholders entitled to vote present in person or by proxy voting at the Meeting, excluding the votes attaching to Ordinary Shares beneficially owned by those insiders of the Company and their associates to whom options may be issued pursuant to the Stock Incentive Plan.

4. Receipt of the Financial Statements and Auditors' Report

At the Meeting, shareholders will receive and consider the financial statements of the Company for the year ended December 31, 2014 and the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

5. Election of Directors

The Company currently has eight (8) directors, four of whom are being nominated for re-election and four of whom are being nominated for election. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Company presently held by such nominee, the nominee's municipality of residence, principal occupation at present and during the preceding five years, the period during which the nominee has served as a director, and the number of Ordinary Shares that the nominee has advised are beneficially owned or over which control or direction is exercised by the nominee, directly or indirectly, as of the Record Date.

Pursuant to the existing Articles, shareholders are entitled to vote "for" or "withhold" their vote in respect of the election of each director. In the event that Resolution 1 is carried at the Meeting and the Articles are amended with immediate effect, shareholders will be permitted to vote "for", "against" or "withhold" their vote on the election of directors at the Meeting or on future elections of directors. In the event that Resolution 1 is not carried at the Meeting and the Articles are not amended, then a vote against the election of a director will be deemed a vote "withheld", reflecting the approach in the existing Articles of the Company.

However, the Toronto Stock Exchange has adopted amendments to its Company Manual, which became effective June 30, 2014, requiring listed companies to adopt majority voting policies for the election of directors. As noted above, pursuant to the existing Articles, shareholders are entitled to vote "for" or "withhold" their vote in respect of the election of each director. A majority voting policy generally provides that a director who receives a majority of "withhold" votes, but is elected as a matter of law, must tender his or her resignation for consideration by the board of directors.

The Board has adopted a Majority Voting Policy. Pursuant to this Policy, if a director nominee has more votes "withheld" than are voted "for" in favour of such director, the director shall promptly be expected to tender his or her resignation to the chair of the Board following the shareholders meeting, effective upon acceptance by the Board. The Board will refer the resignation to the Compensation and Nomination Committee for consideration and will recommend to the Board whether or not to accept such resignation. In considering the Compensation and Nomination Committee's recommendation, the Board will consider the factors considered by the Compensation and Nomination Committee and such additional information and factors that the Board considers to be relevant. Following the Board's decisions on the resignation, which shall be made within ninety (90) days following the applicable shareholders' meeting, the Board shall publicly disclose its decision whether to accept the applicable director's resignation including the reasons for rejecting the resignation, if applicable.

The Majority Voting Policy does not apply to an election for which proxy material has been circulated in support of one or more nominees who are not part of the director nominees supported by the Board or public communications are disseminated, against one or more nominees who are supported by the Board.

Voting for directors is on an individual basis. The Company will publicly disclose the voting results, providing the number of votes for, against and withheld for each individual director.

In the absence of contrary directions, the Management Designees, if named as proxy, intend to vote for the election of the persons named in the following tables to the board of directors (the “Board” or the “Board of Directors”). Each director elected will hold office until the next annual general meeting of shareholders or until his or her successor is duly elected, unless his or her office is earlier vacated.

Directors Previously Elected at Security Holder Meetings

Name and Place of Residence	Director Since	Present Principal Occupation, Business or Employment	Number of Ordinary Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly
Julian Hammond ⁽⁴⁾ London, United Kingdom	January 17, 2012	Executive Director, Chief Executive Officer and Chief Commercial Officer of Tethys Petroleum Limited whose principal business is oil and gas exploration and production. Mr. Hammond’s first position with Tethys Petroleum Limited was Executive Vice President, Corporate Development and Chief Commercial Officer.	325,000
Denise Lay ⁽⁴⁾ St. Peter Port, Guernsey, British Isles	February 1, 2014	Finance Director and Chief Financial Officer of Tethys Petroleum Limited. Ms. Lay’s first position with Tethys Petroleum Limited was Vice President, Finance.	Nil
Marcus Rhodes ⁽¹⁾ Sotogrande, Cadiz, Spain	September 1, 2009	Non-executive Director of Tethys Petroleum Limited. Mr. Rhodes is currently an independent consultant and also serves as non-executive director for OJSC Cherkisovo, OJSC Phosagro., QIWI plc and Zoltav Resources.	Nil
James Rawls ^{(1) (3)} Ridgeland, Mississippi, USA	September 1, 2009	Non-executive Director of Tethys Petroleum Limited. Mr. Rawls is the president and owner of Rawls Resources Inc. (oil and gas exploration and development).	129,393

Directors not Previously Elected at Security Holder Meetings

Name and Place of Residence	Director Since	Present Principal Occupation, Business or Employment during the last five years	Number of Ordinary Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly
John Bell ⁽⁴⁾ Edinburgh, Scotland	November 17, 2014	Executive Chairman of Tethys Petroleum Limited. Mr. Bell was CEO Lebanon Non-Conventional and Conventional Upstream E&P at Babylon Petroleum from 2012 to 2014. From 2010 to 2012 Mr. Bell was Managing Director Syria Conventional Upstream Onshore E&P at Suncor. Mr. Bell is also a Non-Executive Director of E&P at Gulfsands Petroleum Limited, a position he has held since August 2014. From July 2013 to June 2014 he was an Independent Non-Executive Director of E&P at Gulf Keystone Petroleum. The principal business of all of these companies is oil and gas exploration and production.	196,253
David Roberts ^{(2) (3)} Kirkcudbright, Scotland	November 17, 2014	Non-executive Director of Tethys Petroleum Limited. Mr. Roberts is Managing Director of Woodfall Consulting Ltd., a consultancy he founded in 1999 and which specialises in analysis of asset development and drilling performance in the upstream oil industry. Mr. Roberts is also an associate of HD Capital Partners Ltd, which is an independent corporate broking and advisory firm based in the City of London.	20,000
David Henderson ^{(1) (3)} Houston, Texas, USA	November 17, 2014	Non-executive Director of Tethys Petroleum Limited. Mr. Henderson is currently President of WBH Energy Partners LLC, a privately held company developing resource plays in Texas. Mr. Henderson currently serves as Chairman of the Dean's Advisory Board at the College of Arts and Sciences, Virginia Tech, as well as being a Member of the Campaign for Virginia Tech's National Campaign Steering Committee.	Nil

David Botting ⁽²⁾⁽⁵⁾ Canterbury, United Kingdom	November 17, 2014	Non-executive Director of Tethys Petroleum Limited. Mr. Botting currently manages a portfolio of investment funds and in recent years has also been engaged in freelance equities research and analysis work. From 1989 to 2012, Mr. Botting established and managed an FSA regulated 'Business Acquisition and Development Funding' brokerage and consultancy service which operated in the small and medium sized enterprise sector.	3,482,824
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Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation and Nomination Committee.
- (3) Member of the Reserves Committee.
- (4) Member of the Executive Board.
- (5) David Botting has agreed to stay on for a further 60 days past the AGM date in order to further contribute to the team effort during what represents a critical time for the company.

Corporate Cease Trade Orders and Penalties or Sanctions

No proposed director nor the Chief Executive Officer or Chief Financial Officer is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that was:

- (i) subject to an order (within the meaning of Canadian securities legislation) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalty or sanction imposed by a court or regulatory body.

Corporate Bankruptcies

Other than as disclosed below, no proposed director nor the Chief Executive Officer or Chief Financial Officer is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

David Henderson is a member of each of WBH Energy, LP, WBH Energy Partners, LLC and WBH Energy GP, LLC (the "WBH Entities"). The WBH Entities filed voluntary petitions pursuant to chapter 11 of the US bankruptcy Code in the Western District of Texas as of January 4, 2015

Personal Bankruptcies

No proposed director nor the Chief Executive Officer or Chief Financial Officer has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

6. Appointment and Remuneration of the Auditor

Shareholders will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution appointing PricewaterhouseCoopers LLP (“**PWC**”), 111 5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3, as auditors of the Company to hold office in accordance with the Company’s Articles of Association, and that their compensation be fixed by the Board of Directors. PWC were appointed as auditors of the Company on November 25, 2014 to replace KPMG LLP, Chartered Accountants who were first appointed as auditor of the Company on April 1, 2014 and who in turn replaced KPMG Audit Plc who were first appointed as auditor of the Company on May 13, 2011.

There were no reportable events (disagreements, consultation or unresolved issues as described in National Instrument 51-102) in connection with the prior audits of the Company. The Company filed a Notice of Change of Auditors dated November 25, 2014 (the “**Auditor Notice**”). Copies of the Auditor Notice and the responses from PWC as successor auditors, and KPMG LLP, as former auditors, are attached to this Circular as Schedule “A” and have been filed under the Company’s profile at www.sedar.com.

In the absence of contrary directions, the Management Designees, if named as proxy, intend to vote proxies in favour of the ordinary resolution approving the appointment of PWC as auditors for the Company for the ensuing year and authorizing the Board of Directors to fix the compensation of the auditors.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

We depend on the performance of experienced and committed executive officers with the skills, education, experience and personal qualities necessary to manage our business. Our executive compensation program is designed and administered to attract and retain such individuals in a competitive market, particularly with the skills to work successfully in our specific areas of operation.

Dr. David Robson, Former Executive Chairman and President, Julian Hammond, Director, Chief Executive Officer and Chief Commercial Officer, Bernard Murphy, Former Finance Director and Chief Financial Officer, Denise Lay, Finance Director and Chief Financial Officer, Elizabeth Landles, Former Director, Chief Administrative Officer and Corporate Secretary, Rosemary Johnson Sabine, Vice President Exploration, Mark Sarssam, Former Senior Vice President Business Development and Graham Wall, Chief Operating Officer (collectively, the “**Named Executive Officers**”) met the requirements to be classified as “Named Executive Officers” of the Company, as such term is defined in Form 51-102F6 *Statement of Executive Compensation* to National Instrument 51-102 *Continuous Disclosure Obligations* (“**NI 51-102**”) for the year ended December 31, 2014. John Bell, the Company’s new Executive Chairman does not meet the definition of a Named Executive Officer for the year ended December 31, 2014.

John Bell, Executive Chairman, Julian Hammond and Denise Lay collectively are the Company’s Executive Directors. Dr. David Robson, Elizabeth Landles and Bernard Murphy are former Executive Directors of the Company.

Set out below is our discussion and analysis in respect of the compensation of our Named Executive Officers for the year ended December 31, 2014.

Objectives of our Compensation Program

The objectives of the compensation program for our Named Executive Officers, and in particular the Executive Directors, are to:

- ☐ motivate executives to achieve strong financial, technical and operational performance;
- ☐ retain management talents to support our corporate goals;
- ☐ effectively compete against other oil and gas companies for executive talents;
- ☐ source and retain high quality international staff with specific skills to operate in our areas of interest;
- ☐ provide a balance between the achievement of near-term and long-term objectives;
- ☐ link the interests of executives with shareholders by providing a portion of total pay in the form of stock incentives; and
- ☐ encourage long-term commitment to the Company.

Our compensation program is designed to reward the individual performance of our Named Executive Officers and other senior staff in meeting their individual and corporate objectives. In addition, our compensation program seeks to reward exceptional performance and contribution to the growth of our Company.

Elements of Compensation

We use several different compensation elements in our executive compensation program for the purpose of addressing both near-term and longer-term value creation for the Company. The primary components of our executive compensation program are:

- ☐ base compensation;
- ☐ long-term incentives (stock options); and
- ☐ other benefits.

The following table gives an overview of the elements of the compensation of our Named Executive Officers, including the description and purpose of each element.

COMPENSATION ELEMENTS	DESCRIPTION AND PURPOSE
Base Compensation ⁽¹⁾	Provides fixed compensation to pay for experience, expertise and knowledge.
Long-Term Incentives (stock options)	Aligns executives' long-term interests with those of our shareholders. Promotes retention of executives through time-based vesting of awards. Provides for meaningful share ownership opportunities. Emphasizes long-term performance results.
Other Benefits	Other benefits include health, life, critical illness, income protection (disability) and hardship allowance.

Note:

- (1) Base compensation includes, depending on the Named Executive Officer, salaries and base management fees payable under the terms of the Management and Employment Agreements referred to under “*Management and Employment Agreements*”.

Because of our unique working environment and activities, we have not set the compensation of our Named Executive Officers to discrete benchmarks. We instead consider the terms of each Named Executive Officer's employment contract or management contract and compare his or her performance with prior years' performance, his or her contribution to the development of our business in general and that of other Named Executive Officers. The role of the Executive Chairman in recommending to the Compensation and Nomination Committee (the “**Compensation Committee**”) the compensation for Named Executive Officers is described under “*Role of the Compensation Committee*”.

The decisions in respect of each individual compensation element are taken into account in determining each other compensation element to ensure a Named Executive Officer's overall compensation is consistent with the objectives of the compensation program while considering that not all objectives are applicable to each Named Executive Officer.

To reinforce the goals of delivering both near-term results and long-term shareholder value, the Company provides executives with long-term stock incentive awards (stock options).

Determination of Amount of Compensation

The design of each compensation element and 2014 pay decisions are described further below.

Base Compensation

The base compensation of our Named Executive Officers was previously established at the time we entered into the employment or management contracts described elsewhere in this Information Circular (See "*Executive Compensation – Management and Employment Agreements*"). The Compensation Committee reviews on a regular basis the base compensation of our Named Executive Officers. We consider competitive base compensation vital to ensuring the continuity of our management. The following factors are considered when establishing base compensation for the Named Executive Officers:

- ☐ the importance of each Named Executive Officer to the development of our business;
- ☐ external market forces and data;
- ☐ the scope of responsibility, experience and tenure of each Named Executive Officer;
- ☐ the extensive travel required and long periods spent in often remote and difficult working environments in our areas of operation;
- ☐ the experience of each Named Executive Officer in our area of operations and related areas; and
- ☐ the development plans for the Named Executive Officer and his or her potential to take on greater or different responsibilities.

Cash Bonuses

The Company does not currently have a formalized annual cash incentive bonus program or plan. However, the Company accepts that work carried out by the Executive Chairman may contribute to significant business progress for the Company, including for example without limitation, the acquisition of new projects, increase of revenue from existing projects, rationalisation of costs, increase in positive cash flow for the Company, successful corporate restructuring, merger, takeover or similar, or some such other event which is positive for the Company (the "**Event**"), and in these circumstances the Compensation Committee of the Company shall cause the Company to pay a discretionary cash bonus to the Executive Chairman in an amount (if any) to be determined by the Compensation Committee which will take into account, inter alia, the value to the Company of the Event.

In addition, discretionary cash bonuses may be paid to the Named Executive Officers in recognition of Events at the discretion of the Executive Chairman in consultation, if necessary, with the Compensation Committee.

No cash bonuses were awarded to Named Executive Officers in 2014.

Long-Term Incentives (Stock Options)

A key component of our compensation program is to reward executives for long-term strategic accomplishments and enhancement of long-term shareholder value through equity-based long-term incentives. We believe that long-term incentive compensation plays an essential role in attracting and retaining executive officers and aligns their interests with the goal of maximizing shareholder value.

We have established long-term incentive target values for each level of responsibility within the Company, including the Named Executive Officers.

In awarding incentives to our executives, the Compensation Committee takes into account the following factors:

- ☐ recent Company performance;
- ☐ each executive officer's individual performance during the year;
- ☐ competitive market conditions;
- ☐ historical practices including grants from previous years;
- ☐ the Company's desire for its long-term incentive plans to be sufficiently attractive to retain key staff; and
- ☐ our compensation philosophy.

The Company's long-term incentive awards are currently limited to option-based awards ("**Stock Options**"). In addition, prior to its initial public offering in June 2007, the Company issued the 2017 Warrants (as defined and described below) as a one time incentive to certain officers of the Company. See "*Executive Compensation – 2017 Warrants*".

Stock Options are intended to align executives' interests with those of shareholders, by providing an incentive for executives to enhance shareholder value. Due to the significance of the risk/reward profile of Stock Options, executives stand to gain from their receipt of Stock Options only to the extent our common stock appreciates in value. The vesting schedule provides incentive to continue service with the Company for an extended period. For awards made in 2014, a third of the Stock Options immediately vested and became exercisable on the grant date. An additional third of each grant vests and becomes exercisable on each of the first two anniversaries of the original grant.

Pursuant to the Stock Incentive Plan (as defined below), the number of Ordinary Shares reserved for issuance in respect of Stock Options may not exceed 12% of outstanding Ordinary Shares from time to time.

Other Benefits

Our Named Executive Officers and their immediate families are eligible for medical insurance, and the Named Executive Officers themselves to accidental death insurance, life insurance, disability insurance, hardship allowance, vacation and other similar benefits. The cost of these benefits for each Named Executive Officer is set out in the Summary Compensation Table.

We provide Named Executive Officers with the following perquisites (or their equivalent) on a limited basis:

- (i) life insurance;
- (ii) health insurance;
- (iii) income protection (disability insurance);
- (iv) critical illness insurance;
- (v) cash contribution (equal to 9% of basic salary or base management fee) towards each Named Executive Officer's personal pension requirements; and
- (vi) hardship allowance.

Performance-Related Pay

The Executive Committee, through line management, is driving a culture of personal safety responsibility and ownership of company performance into the entire organization. Key performance indicators ("KPIs") under 4 headings - Health, Safety, and Environment (HSE), Reliability and Finance, Growth and Operating Performance, and People -are tracked by line management on a monthly basis against pre-set targets, and rolled up into a management summary for discussion by the Board of Directors. The factors include continuous operational KPIs as well as progress towards achieving discrete strategic milestones, each of which has pertinence to the bottom line of the Company, and/or its license to operate.

The Compensation Committee is supportive of this principle of establishing an HSE - and performance-focused, results-led culture. It is engaging with the Executive Committee to establish a suitable incentive scheme for all

employees to share in Company success at an appropriate time. It is planned to use compensation consultants to advise and assist in this aim. The form of any compensation from this scheme has not yet been determined.

Hedging of Economic Risks in the Company's Securities

While the Company has not adopted a formal policy prohibiting Directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by Directors or officers, the Company is not aware of any Directors or officers having entered into this type of transaction.

Post-Termination or Change in Control Benefits

We currently have employment or management agreements with each of our Named Executive Officers. Details of notice periods, post-termination and change of control benefits is provided below on page 25.

Role of the Compensation Committee

Without prejudice to the specific duties of the Compensation Committee detailed below, the general aims of the Compensation Committee are to assist the Board in: (i) setting the compensation of senior management and directors; and (ii) nominating members for election or appointment to the Board, in each case pursuant to a process whereby those responsible for recommendations to the Board have no personal interest in the outcome of the decisions.

The Compensation Committee:

- (a) reviews and approves corporate goals and objectives relevant to the Executive Chairman's compensation, evaluates the performance of the Executive Chairman in the light of those corporate goals and objectives and determines (or makes recommendations to the Board with respect to) the Executive Chairman's compensation level based on this evaluation;
- (b) considers and, if deemed appropriate, approves the Executive Chairman's recommendations for compensation for the directors and executive officers and Company incentive-compensation plans;
- (c) reviews executive compensation disclosure before the Company publicly discloses this information;
- (d) reviews and assesses the risks associated with the compensation and benefit programmes and ensures such programmes' are in alignment with the Company's corporate goals and value creation objectives; and
- (e) is responsible for appointing and determining the terms of appointment of any consultants in respect of the executive officers' compensation.

In fulfilling its role, the following general policies apply:

- (i) the Compensation Committee determines and reviews with the Executive Chairman and with the Board the framework or policies for the compensation of the executive officers;
- (ii) in determining such policy, the Compensation Committee takes into account all factors which it deems necessary;
- (iii) the remuneration of non-executive directors is a matter for the Board and recommended by the Executive Board; and
- (iv) no director or executive officer is involved in any decisions as to his or her own compensation.

Under the direction of the Compensation Committee, the Company is committed to the fundamental principles of fair pay for performance, improved shareholder returns and external competitiveness in the design, development and

administration of its compensation programs. The Compensation Committee recognizes the need to attract and retain a stable and focused leadership with the capability to manage the operations, finances and assets of the Company.

Risks of Compensation Policies and Practices

The Compensation Committee regularly reviews its compensation policies and practices and considers whether the compensation programme provides executive officers of the Company with adequate incentives to achieve both short and long term objectives without motivating them to take inappropriate or excessive risk. This assessment was based on a number of considerations including the following:

- The terms of the Stock Incentive Plan provide that the recently-granted options will vest one-third on the first anniversary of the date of the grant and one third on each of the second and third anniversaries of the grant, thus encouraging executive officers to continue to develop favourable results over a longer period of time and reducing the risk of actions which may have short term advantages; and
- Discretionary cash bonuses may be awarded to Named Executive Officers in recognition of an Event. However these bonuses are not guaranteed, may not be payable annually and vary in amount.

Having reviewed these, the Compensation Committees believes that the Company's compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short-term goals at the expense of long-term sustainability. The discretionary nature of any option grants under the Stock Incentive Plan and any ad hoc bonuses provide the Compensation Committee with the ability to reward historical performance and behaviour which it believes is aligned with the Company's best interests.

Given the current stage of the Company's development, the Compensation Committee is able to closely monitor and consider any risks, which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The current members of the Compensation Committee are Mr. David Botting and Mr. David Roberts, both of whom are independent directors. The Board of Directors is of view that the Compensation Committee collectively has the knowledge, experience and background to fulfill its mandate, and that each of the members of the Compensation Committee has direct experience relevant to his responsibilities regarding executive compensation.

David Botting has more than 30 years' joint experience as a manager and as an employer. During this time David's responsibilities included the assessment of staffing requirements and business structure, assessing sector remuneration packages, securing and retaining new staff, interviewing, hiring, setting pay scales, bonuses, benefits and completing performance reviews.

Mr. Roberts has more than 20 years' experience of leading performance and benchmarking studies within the oil and gas industry, and experience of corporate incentive schemes.

The present Compensation Committee also will engage remuneration consultants to provide information on current industry benchmarks and practices, in order to ensure that all elements of Board compensation are fair.

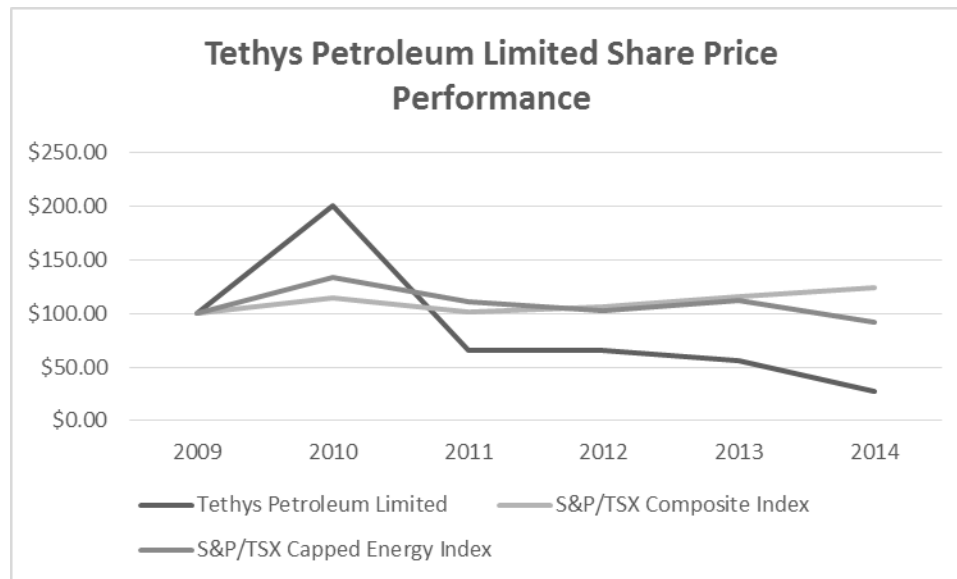
Compensation Consultants and Advisors

No compensation consultant or advisor was retained by the Company during 2014.

Performance Graph

The Ordinary Shares are listed on the Toronto Stock Exchange ("TSX") and on the London Stock Exchange. The following graph illustrates the Company's cumulative shareholder return over the five most recently completed financial years, as measured by the closing price of the Ordinary Shares at the end of the financial years ended December 31, 2010, 2011, 2012, 2013 and 2014, assuming an initial investment of CDN\$100 on December 31, 2009,

compared to the closing prices of the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index over the same period.



The following table shows the value of CDN\$100 invested in Ordinary Shares on December 31, 2009 compared to CDN\$100 invested in the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index*:

	Dec 31, 2009	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Tethys Petroleum Limited	\$100	\$201.25	\$65.00	\$65.00	\$56.25	\$27.50
S&P/TSX Composite Index	\$100	\$114.45	\$101.78	\$105.85	\$115.97	\$124.57
S&P/TSX Capped Energy Index	\$100	\$133.66	\$111.17	\$102.79	\$112.78	\$91.44

* All amounts in Canadian \$.

The base compensation paid by the Company to its Named Executive Officers in 2014 was not grounded in whole or in part on the trading price of the Ordinary Shares in 2014 and does not compare to the trends in such trading price or the above market indices.

Share-based and Option-based Awards

The process the Company follows in respect of the grant of option-based awards is set out under “*Compensation Discussion and Analysis – Long-Term Incentives (Stock Options)*”.

Although shareholders of the Company approved the adoption by the Company of an Employee Share Purchase Plan (“**ESPP**”) in 2013, the Company has deferred the effectiveness of the ESPP at this time. Accordingly, none of the executive officers participated in the ESPP to date. A maximum of 10,000,000 Ordinary Shares will be reserved for issuance to participants under the ESPP if the Company determines that the ESPP should become effective. A copy of the ESPP and summary thereof are included in the Company’s Management Information Circular dated May 24, 2013 available at www.sedar.com.

Summary Compensation Table

The following table sets forth all annual and long-term compensation paid in respect of each Named Executive Officer.

Name and Principal Position	Year	Salary paid in UK£ conv to (US\$)	Share-based awards (US\$)	Option-based awards (US\$) ⁽²⁾	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$) ⁽³⁾	Total compensation (US\$) ^{(1) (7)}
					Annual Incentive plans	Long-term Incentive plans			
Dr. David Robson ^{(4) (5)} Former Executive Chairman and President	2014	655,400	N/A	Nil	N/A	N/A	N/A	92,200	747,600
	2013	619,331	N/A	Nil	N/A	N/A	N/A	66,391	685,722
	2012	672,969	N/A	181,244	N/A	N/A	N/A	45,314	899,527
Julian Hammond ⁽⁵⁾ Director, Chief Executive Officer and Chief Commercial Officer	2014	432,705	N/A	Nil	N/A	N/A	N/A	65,288	497,993
	2013	383,915	N/A	Nil	N/A	N/A	N/A	52,061	435,976
	2012	337,590	N/A	131,742	15,939	N/A	N/A	37,430	522,701
Denise Lay ⁽⁵⁾ Finance Director and Chief Financial Officer	2014	325,765	N/A	22,512	N/A	N/A	N/A	41,128	389,405
	2013	227,056	N/A	Nil	N/A	N/A	N/A	33,119	260,175
	2012	182,348	N/A	51,784	N/A	N/A	N/A	29,544	263,676
Bernard Murphy ⁽⁵⁾ Former Finance Director and Chief Financial Officer	2014	30,938	N/A	Nil	N/A	N/A	N/A	9,343	40,281
	2013	329,399	N/A	Nil	N/A	N/A	N/A	84,509	413,908
	2012	339,909	N/A	103,568	N/A	N/A	N/A	91,267	534,744
Elizabeth Landles ^{(5) (6)} Former Director, Chief Administrative Officer and Corporate Secretary	2014	379,343	N/A	Nil	N/A	N/A	N/A	65,191	444,534
	2013	329,399	N/A	Nil	N/A	N/A	N/A	54,063	383,462
	2012	339,909	N/A	116,514	N/A	N/A	N/A	57,801	514,224
Rosemary Johnson Sabine Vice President Exploration	2014	304,954	N/A	Nil	N/A	N/A	N/A	55,094	360,048
	2013	277,947	N/A	Nil	N/A	N/A	N/A	51,786	329,733
	2012	278,082	N/A	51,784	N/A	N/A	N/A	52,158	382,024
Mark Sarssam ⁽⁸⁾ Former Senior Vice President Business Development	2014	304,954	N/A	Nil	N/A	N/A	N/A	63,768	368,722
	2013	257,395	N/A	62,688	N/A	N/A	N/A	36,002	356,085
	2012	259,718	N/A	77,676	N/A	N/A	N/A	29,015	366,409
Graham Wall Chief Operating Officer	2014	304,954	N/A	Nil	N/A	N/A	N/A	84,003	388,957
	2013	262,679	N/A	Nil	N/A	N/A	N/A	59,465	322,144
	2012	219,966	N/A	77,676	N/A	N/A	N/A	46,213	343,855

Notes:

- (1) **NOTE:** Total compensation for the year represents the sum of all cash compensation paid and the value of option-based awards granted in the year. Total cash compensation, excluding the grant date fair value of option-based awards (which value is not a cash amount), was as follows in 2014:

- (i) Dr. David Robson: US\$747,600 (equivalent to UK£453,530)
 - (ii) Julian Hammond: US\$497,993 (equivalent to UK£302,107)
 - (iii) Denise Lay: US\$366,893 (equivalent to UK£222,575)
 - (iv) Bernard Murphy: US\$40,281 (equivalent to UK£24,437)
 - (v) Elizabeth Landles: US\$444,534 (equivalent to UK£269,676)
 - (vi) Rosemary Johnson Sabine: US\$360,048 (equivalent to UK£218,422)
 - (vii) Mark Sarssam: US\$368,722 (equivalent to UK£223,684)
 - (viii) Graham Wall: US\$388,957 (equivalent to UK£235,960)
- (2) Represents the fair value of Stock Options granted in 2012, 2013 and 2014 calculated using the Black Scholes formula in accordance with International Report Standard 2 – “Share Based Payments”. The weighted average fair value on the date of grant was US\$1.46 (2012), US\$0.26 (2013) and US\$0.19 (2014) per option using the following weighted average assumptions: dividend yield of 0%; expected term of 2.96 years (2012) 3.0 years (2013) and 3.0 years (2014); a risk free interest rate of 1.08% (2012), 1.41% (2013) and 1.3% (2014); and an expected volatility of 79% (2012), 64% (2013) and 66% (2014).
- (3) The amounts shown in this column reflect for each Named Executive Officer:
- (i) the Company’s contribution equal to 9% of their annual personal pension requirements;
 - (ii) permanent health insurance (including family healthcare premiums);
 - (iii) life insurance premiums;
 - (iv) critical illness premiums;
 - (v) income protection premiums; and/or
 - (vi) hardship allowance.
- (4) Represents amounts paid to Vazon Energy Limited under the terms of the Executive Chairman Services Agreement (as defined below) in respect of services of the Former Executive Chairman and President. See “*Management and Employment Agreements*”.
- (5) Ms. Lay and Mr. Hammond are also members of the Board of Directors. Mr. Murphy was also a member of the Board of Directors until his retirement effective January 31, 2014 and Dr. Robson and Ms. Landles were members of the Board until their resignation effective November 4, 2014. However, no additional compensation is paid to them in respect of their duties as directors.
- (6) Represents amounts paid to Vazon Energy Limited under the terms of the Umbrella Services Agreement (as defined below) in respect of the services of Ms. Landles. See “*Management and Employment Agreements*”.
- (7) Amounts paid in respect of the services of the Named Executive Officers were paid in pounds sterling (£). These amounts were converted into US\$ for the purposes of the Summary Compensation Table at an average rate of UK£1.00 = US\$1.6484, based on the average exchange rate quoted by oanda.com for the year.
- (8) Mr. Sarssam’s employment was terminated effective February 15, 2015.

Management and Employment Agreements

The compensation paid in respect of the services of Dr. Robson, Mr. Hammond, Mr. Murphy, Ms. Lay Ms. Landles, Ms. Johnson Sabine, Mr. Sarssam and Mr. Wall in 2014 was paid in accordance with the management and employment agreements described below.

The Company and Vazon Energy Limited (“**Vazon**”) entered into a management services agreement dated June 8, 2007 (the “**Umbrella Management Services Agreement**”) providing for, among other services, the services of Vazon and the services of Elizabeth Landles as Chief Administrative Officer and Corporate Secretary (the “**Vazon Employees**”). The Umbrella Management Services Agreement is a “flow through” agreement and requires that the Company pays Vazon a monthly fee which was £35,289 as at December 31, 2014 (including contributions towards personal pension requirements), plus any required local or similar taxes (payable by the Company), for the services of the Vazon Employees. In addition, the Umbrella Management Services Agreement provides for the provision of other services including office accommodation, corporate, administrative, financial, treasury, accounting, technical, information technology and human resources. The Company will also be required to reimburse Vazon for expenses incurred by the Vazon Employees in connection with the services provided to the Company. Notice was given by Vazon on November 4, 2014 to terminate the Umbrella Management Services Agreement on November 4, 2015. The Company is not required to make any payments other than those due until the effective date of termination. The Umbrella Management Services Agreement was extended by a Deed of Guarantee and Indemnity on December 10, 2009 which was further amended on June 13, 2012. Vazon makes no profit out of this arrangement which is necessary to address practical and potentially regulatory issues.

Vazon’s registered office address is P.O. Box 144, St Peter Port, Guernsey GY1 3HX, British Isles.

Dr. David Robson

The Company and Vazon entered into a management services agreement dated May 10, 2007 (the “**Executive Chairman Services Agreement**”) providing for, among other services, the services of Dr. David Robson as Executive Chairman of the Board of Directors and as President of the Company. Dr. Robson is the owner and Managing Director of Vazon. The Executive Chairman Services Agreement requires that the Company pay Vazon a monthly fee of £32,375, for these services, plus a further 9% of this sum as a contribution to Dr. Robson’s personal pension requirements. The agreement also provides for the possibility of a bonus payable to Vazon, at the discretion of the Compensation Committee, if the work carried out by Vazon and Dr. Robson contributes significantly to the business progress of the Company. Dr. Robson was paid an additional AED5,000 per month (equivalent to US\$1,362 per month) in connection with a Dubai employment licence. No further cash compensation is provided to Dr. Robson by the Company. The agreement further provides that the Company will maintain specified insurance policies or equivalent (life, health, disability and travel) for Dr. Robson and provide for other customary non-cash benefits. Notice was given on November 4, 2014 to terminate the Executive Chairman Services Agreement on November 4, 2015 and the Company is not required to make any payment upon termination, other than the payment of amounts due to the effective date of termination.

Julian Hammond

Julian Hammond and the Company’s wholly-owned subsidiary, Tethys Services Limited (“**TSL**”), are parties to an employment agreement dated May 2, 2007, pursuant to which Mr. Hammond is employed as Chief Executive Officer and Chief Commercial Officer of the Company (the “**CEO and CCO Agreement**”). The CEO and CCO Agreement does not have an express term and may be terminated by the Company as well as by Mr. Hammond with twelve months’ notice. Effective October 1, 2013, the annual compensation payable to Mr. Hammond was £262,500, plus £23,625 annually in respect of personal pension requirements. This was reduced on a voluntary basis by Mr. Hammond to £223,125, plus £20,081 annually in respect of personal pension requirements, effective January 1, 2015. The Company has also agreed to pay certain premiums for health and life insurance. Mr. Hammond is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Bernard Murphy

Bernard Murphy and TSL were parties to an employment agreement dated May 2, 2007, pursuant to which Mr. Murphy was employed as Finance Director and Chief Financial Officer of the Company (the “**CFO Agreement**”) until his retirement effective January 31, 2014. The CFO Agreement was novated to Vazon on August 28, 2009. The CFO Agreement was further novated to Tethys Services Guernsey Limited (“**TSG**”) on October 30, 2012. The CFO Agreement did not have an express term and could be terminated by the Company as well as by Mr. Murphy with six months’ notice. Effective October 1, 2013, the annual compensation payable to Mr. Murphy was £225,225, plus £20,270 annually in respect of personal pension requirements. The Company also agreed to pay for certain premiums for health and life insurance. Mr. Murphy was eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Denise Lay

Denise Lay and TSG are parties to an employment agreement dated November 2, 2009, pursuant to which Ms. Lay is employed as Finance Director and Chief Financial Officer of the Company (the “**New CFO Agreement**”). The New CFO Agreement does not have an express term and may be terminated by the Company as well as by Ms. Lay with twelve months’ notice. Effective October 1, 2013, the annual compensation payable to Ms. Lay is £201,500 plus £18,135 annually in respect of personal pension requirements. The Company also agreed to pay for certain premiums for health and life insurance. Ms. Lay is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Elizabeth Landles

Elizabeth Landles and Vazon entered into an employment agreement dated July 26, 2006 pursuant to which Ms. Landles was employed as Chief Administrative Officer and Corporate Secretary of the Company (the “**CAO and Corporate Secretary Agreement**”). Notice was given on November 4, 2015 to terminate the CAO and Corporate

Secretary Agreement on November 4, 2015. Effective October 1, 2013, the annual compensation payable to Ms. Landles is £225,225, plus £20,270 annually in respect of personal pension requirements. Ms. Landles was paid an additional AED5,000 per month (equivalent to US\$1,362 per month) in connection with a Dubai employment licence. The Company has also agreed to pay for certain premiums for health and life insurance. Ms. Landles was eligible to participate in the Stock Incentive Plan and any bonus plan the Company may have adopted.

Rosemary Johnson Sabine

Rosemary Johnson Sabine and TSL are parties to an employment agreement dated September 19, 2007, pursuant to which Ms. Johnson Sabine is employed as Vice President Exploration of the Company (the “**VP Exploration Agreement**”). The VP Exploration Agreement does not have an express term and may be terminated by the Company as well as by Ms. Johnson Sabine with three months’ notice. Effective October 1, 2013, the annual compensation payable to Mr. Johnson Sabine was £185,000 plus £16,650 annually in respect of personal pension requirements. This was reduced on a voluntary basis by Ms. Johnson Sabine to £166,500, plus £14,985 annually in respect of personal pension requirements, effective February 1, 2015. The Company also agreed to pay for certain premiums for health and life insurance. Ms. Johnson Sabine is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Mark Sarssam

Mark Sarssam and Tethys Petroleum Limited entered into to an employment agreement dated September 12, 2011, pursuant to which Mr. Sarssam was employed as Senior Vice President Business Development of the Company (the “**SVP Business development Agreement**”). Notice was given by the Company on November 16, 2014 to terminate the SVP Business Development Agreement on February 15, 2015. Effective October 1, 2013, the annual compensation payable to Mr. Sarssam was £185,000 plus £16,650 annually in respect of personal pension requirements. The Company also agreed to pay for certain premiums for health and life insurance. Mr. Sarssam was eligible to participate in the Stock Incentive Plan and any bonus plan the Company may have adopted.

Graham Wall

Graham Wall and Tethys Petroleum Limited entered into to an employment agreement dated July 1, 2007, pursuant to which Mr. Wall is employed as Chief Operating Officer of the Company (the “**COO Agreement**”). The COO Agreement does not have an express term and may be terminated by the Company as well as by Mr. Wall with three months’ notice. Effective October 1, 2013, the annual compensation payable to Mr. Wall was £185,000 plus £16,650 annually in respect of personal pension requirements. This was reduced on a voluntary basis by Mr. Wall to £166,500, plus £14,985 annually in respect of personal pension requirements, effective February 1, 2015. The Company also agreed to pay for certain premiums for health and life insurance. Mr. Wall is eligible to participate in the Stock Incentive Plan and any bonus plan the Company may adopt.

Incentive Plan Awards

Outstanding Option-based Awards

The following table sets forth all option-based awards held by Named Executive Officers as at December 31, 2014, consisting of Stock Options granted under the Stock Incentive Plan and 2017 Warrants (as described below under the corresponding headings). The Company has not granted any share-based awards (which term does not include option-based awards) since inception.

OPTION-BASED AWARDS				
Name	Number of securities underlying unexercised options/warrants (#)	Option exercise price per share (\$US unless otherwise stated)	Option expiration date	Value of unexercised in-the-money-options (US\$) ⁽⁹⁾
Dr. David Robson ⁽¹⁾	300,000 420,000 477,000 420,000	\$2.50 \$2.10 C\$1.60 C\$0.88 Average Option Price: \$1.61	June 26, 2015 April 8, 2015 October 19, 2015 April 22, 2017	Nil
Julian Hammond ⁽²⁾	180,000 195,000 195,000 90,000 120,000 270,000	\$2.50 \$2.10 C\$1.60 C\$1.72 C\$0.66 C\$0.88 Average Option Price: \$1.53	June 26, 2015 April 8, 2015 October 19, 2015 February 13, 2016 January 16, 2015 April 22, 2017	Nil
Bernard Murphy ⁽³⁾	180,000 210,000 285,000 60,000 240,000 190,000	\$2.50 \$2.10 C\$1.60 C\$1.72 C\$0.88 \$2.50 Average Option Price: \$2.01	June 26, 2015 April 8, 2015 October 19, 2015 April 10, 2016 April 22, 2017 June 2, 2017	Nil
Denise Lay ⁽⁴⁾	75,000 180,000 120,000 120,000	\$2.10 C\$1.60 C\$0.88 C\$0.80 Average Option Price: \$1.17	April 8, 2015 October 19, 2015 April 22, 2017 January 31, 2019	Nil
Elizabeth Landles ⁽⁵⁾	180,000 210,000 285,000 60,000 270,000	\$2.50 \$2.10 C\$1.60 C\$1.72 C\$0.88 Average Option Price: \$1.58	June 26, 2015 April 8, 2015 October 19, 2015 April 10, 2016 April 22, 2017	Nil
Rosemary Johnson Sabine ⁽⁶⁾	180,000 201,000 195,000 120,000	\$2.50 \$2.10 C\$1.60 C\$0.88 Average Option Price: \$1.77	June 26, 2015 April 8, 2015 October 19, 2015 April 22, 2017	Nil

OPTION-BASED AWARDS				
Name	Number of securities underlying unexercised options/warrants (#)	Option exercise price per share (\$US unless otherwise stated)	Option expiration date	Value of unexercised in-the-money-options (US\$) ⁽⁹⁾
Mark Sarssam ⁽⁷⁾	360,000 180,000 240,000	\$2.00 C\$0.88 C\$0.74 Average Option Price: \$1.29	February 15, 2016 April 22, 2017 September 23, 2018	Nil
Graham Wall ⁽⁸⁾	180,000 195,000 195,000 180,000 140,000	\$2.50 \$2.10 C\$1.60 C\$0.88 \$2.50 Average Option Price: \$1.87	June 26, 2015 April 8, 2015 October 19, 2015 April 22, 2017 June 2, 2017	Nil

Notes:

- (1) The unexercised options consist of 1,617,000 Stock Options.
- (2) The unexercised options consist of 1,050,000 Stock Options.
- (3) The unexercised options consist of 190,000 2017 Warrants and 975,000 Stock Options. It was agreed by the Board of Directors on November 11, 2013, that Mr. Murphy would keep all his options until they were exercised or expired rather than being forfeit after three months from his last day of employment.
- (4) The unexercised options consist of 495,000 Stock Options.
- (5) The unexercised options consist of 1,005,000 Stock Options.
- (6) The unexercised options consist of 696,000 Stock Options.
- (7) The unexercised options consist of 780,000 Stock Options all of which expired unexercised in May 2015.
- (8) The unexercised options consist of 140,000 2017 Warrants and 750,000 Stock Options.
- (9) Based on the difference between the closing price of the Ordinary Shares on the TSX on December 31, 2014 and the relevant exercise price. The closing price of the Ordinary Shares on the TSX on December 31, 2014 was the Canadian dollar equivalent of US\$0.19. The value in the column represents the aggregate value for all unexercised options set out next to the name of the relevant Named Executive Officer.

Option-based Awards – value vested during the year ended December 31, 2014

The following table provides details of the aggregate value of option-based awards (consisting of Stock Options and 2017 Warrants) held by the Named Executive Officers which vested during the financial year ended December 31, 2014 and Non-Equity Incentive Plan awards during financial year ended December 31, 2014. There were no share-based awards that vested during 2014 as the Company has not granted any share-based awards (which term does not include option-based awards) since inception.

Name	Option-based awards – Value vested during the year (US\$) ^{(1) (2)}	Non-equity incentive plan – Value earned during the year (US\$)
Dr. David Robson	Nil	Nil
Julian Hammond	Nil	Nil
Bernard Murphy	Nil	Nil
Denise Lay	Nil	Nil
Elizabeth Landles	Nil	Nil
Rosemary Johnson Sabine	Nil	Nil
Mark Sarssam	Nil	Nil
Graham Wall	Nil	Nil

Notes:

- (1) The value in the above table reflects the difference between the market value Ordinary Shares on the TSX on the date of vesting and the exercise price of the Stock Options.
- (2) The following numbers of Stock Options granted under the Stock Incentive Plan vested in 2014:
- (i) Dr. David Robson: 140,000 options
 - (ii) Julian Hammond: 130,000 options
 - (iii) Bernard Murphy: 80,000 options
 - (iv) Denise Lay: 40,000 options
 - (v) Elizabeth Landles: 90,000 options
 - (vi) Rosemary Johnson Sabine: 40,000 options
 - (vii) Mark Sarssam: 140,000 options
 - (viii) Graham Wall: 60,000 options

The Stock Options granted or which vested in 2014 were granted under our Stock Incentive Plan which is described below. In addition, certain Named Executive Officers were granted 2017 Warrants in 2007, all of which vested at the time of grant. The 2017 Warrants are described below.

The process followed by the Company for the grant of Stock Options referred to above is described under “*Compensation Discussion Analysis - Long-Term Incentives (Stock Options)*”.

Stock Incentive Plan

The Company has adopted the Stock Incentive Plan referred to as the “*2007 Long Term Stock Incentive Plan (as amended effective April 24, 2008 and May 7, 2009)*” pursuant to which the Company may grant Stock Options to any director, officer, employee or consultant of the Company, subsidiary of the Company, or historically Vazon (collectively, “**Service Providers**”). The purpose of the Stock Incentive Plan is to secure for the Company and its shareholders the benefits of incentives inherent in share ownership by Service Providers who, in the judgment of the Board of Directors, will be largely responsible for its future growth and success. The Stock Incentive Plan was adopted prior to the Company’s initial public offering and amendments thereto were approved by shareholders of the Company

at the 2008 and 2009 annual shareholders' meetings. The amendment to the Stock Incentive Plan approved by shareholders of the Company on May 7, 2009 provides that the aggregate number of Ordinary Shares reserved for issuance under the Stock Incentive Plan is equal to 12% of the number of Ordinary Shares outstanding at the time of the grant of Stock Options. The rules of the Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement which does not have a fixed number of securities issuable must be approved by shareholders every three (3) years. The shareholders approved all unallocated options under the plan at the 2012 annual shareholders' meeting.

The maximum number of Ordinary Shares reserved for issuance under the Stock Incentive Plan currently is equal to 12% of the number of outstanding issued Ordinary Shares. As at December 31, 2014, Stock Options in respect of 15,362,400 Ordinary Shares were outstanding, representing 4.6% of the issued and outstanding Ordinary Shares. Stock Options in respect of 25,011,920 Ordinary Shares, representing 7.4% of the issued and outstanding Ordinary Shares, are unallocated at the date hereof. As at May 8, 2015 the Company had 19,751,500 Stock Options outstanding (or approximately 6% of the outstanding Ordinary Shares), leaving unallocated Stock Options to purchase an aggregate of 20,622,820 Ordinary Shares (or approximately 6% of the outstanding Ordinary Shares) available for future Stock Option grants as at that date.

The Stock Incentive Plan is administered by the Compensation Committee of the Board of Directors. Stock Options may be granted pursuant to recommendations of the Compensation Committee. The Compensation Committee may determine the vesting schedule and term, provided that options may not have a term exceeding ten years. Subject to any resolution passed by the Compensation Committee, options will terminate three months after an optionee ceases to be a Service Provider.

The exercise price of Stock Options granted under the Stock Incentive Plan is determined by the Compensation Committee at the time of each grant based on the market price of the Ordinary Shares on the TSX, provided that it may not be less than the closing price of the Ordinary Shares on the TSX as at the date of the option grant. Subject to any resolution of the Compensation Committee, the Stock Options will cease to be exercisable three months after an optionee ceases to be a director, officer, employee or consultant of the Company, subsidiary of the Company, or Vazon, subject to earlier termination in the event of termination for cause. The Stock Incentive Plan contains amendment provisions which allow amendments to the Stock Incentive Plan by the Board of Directors, without shareholder approval, for: (i) amendments of a "housekeeping" nature; (ii) changes to vesting or termination provisions; (iii) discontinuance of the Stock Incentive Plan; (iv) the addition of provisions relating to phantom share units; and (v) the addition of a cashless exercise feature. The Stock Incentive Plan also provides that outstanding Stock Options will vest immediately on the occurrence of a "change in control" (as defined in the Stock Incentive Plan). Stock Options granted under the Plan are only assignable to certain related entities of an optionee or otherwise with the consent of the Company.

The Stock Incentive Plan contains provisions for adjustment in the number of Ordinary Shares issuable thereunder in the event of a subdivision, consolidation or reclassification of the Ordinary Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the capital stock of the Company.

The Stock Incentive Plan does not contain any restriction on the number of Ordinary Shares which may be reserved for issuance in respect of Stock Options granted to insiders under the Stock Incentive Plan or pursuant to any other share compensation arrangement. Accordingly, amendments to the Stock Incentive Plan and other compensation arrangements of the Company which require approval of shareholders will require approval of disinterested shareholders for as long as the number of Ordinary Shares reserved for issuance under options or other share compensation arrangements exceeds 10% of the outstanding Ordinary Shares and the Stock Incentive Plan or share compensation arrangements do not limit the participation of insiders to 10% of outstanding Ordinary Shares. The Stock Incentive Plan does not contain any restriction on the number of Ordinary Shares which may be reserved for issuance in respect of Stock Options which may be granted to any one person.

Stock Options may also be exercised from time to time in accordance with the Company's option assistance program (the "Option Assistance Plan"). Under the Option Assistance Plan, the Service Provider executes a Stock Option exercise form and Stock Option award agreement and executes a nomination agreement with the Company. Pursuant to the Option Assistance Plan, the Corporate Secretary instructs the Company's transfer agent to issue Ordinary Shares in the name of the Company and instructs its broker to sell such Ordinary Shares once they have been advised that the

Ordinary Shares have been issued. In the event that Company or the Company's broker determines that market conditions are not suitable, then, at the Company's discretion, the sale may be withdrawn, and either the Service Provider pays the Company for the option exercise price plus any costs and retains the Ordinary Shares, or else the Ordinary Shares are cancelled. Proceeds from the sale are returned to the Company minus any commissions. The amount required to exercise the Stock Options from the net proceeds received is deducted and a cheque or bank transfer is sent to the Service Provider for the balance. The Company does not bear any loss in respect of the issue and sale of Ordinary Shares under the Option Assistance Plan.

2017 Warrants

On February 14, 2007, the Company agreed to issue and on June 8, 2007 the Company issued certain warrants (the "2017 Warrants") to purchase an aggregate of 2,090,000 Ordinary Shares. The 2017 Warrants are exercisable at a price of US\$2.50 per share and expire ten years from the date of issuance. 2017 Warrants to acquire an aggregate of 340,000 Ordinary Shares were granted to certain of the Named Executive Officers. The 2017 Warrants were granted in connection with a private placement completed in January 2007.

Defined Benefit or Actuarial Plans

The Company did not have any defined benefit (or actuarial plans) or defined contribution plan during the financial year ended December 31, 2014.

Although the Company does not provide any of its Named Executive Officers with a pension plan, the Company pays a monthly contribution of 9% of the Named Executive Officer's basic salary or base management fee as a contribution towards the Named Executive Officer's pension requirements. Payments made to the Named Executive Officer with relation to pension provisions are made on the basis that the Named Executive Officer decides how to direct these payments in accordance with their own pension requirements and objectives.

Termination and Change of Control Benefits

The following agreements may be terminated by either the Company or the relevant Named Executive Officer giving the required notice as follows:

Agreement	Notice Period	Termination date
Umbrella Management Services Agreement Executive Chairman Services Agreement CAO and Corporate Secretary Agreement	12 months ⁽¹⁾	November 4, 2015
CEO and CCO Agreement New CFO Agreement	12 months ⁽¹⁾	N/A
CFO Agreement	6 months	January 31, 2014
VP Exploration Agreement COO Agreement	3 months	N/A
SVP Business Development Agreement	3 months	February 15, 2015

Note:

(1) Increased during 2014 from six months.

None of the agreements in the table above provides for payment upon a change of control of the Company.

The Stock Incentive Plan provides that, in the event of a "Change of Control" (as defined therein), all outstanding Stock Options will immediately vest and become exercisable. Had such "Change of Control" occurred as at December 31, 2014, the value of Stock Options vested upon such occurrence (calculated as the difference between the market price of the Ordinary Shares on the TSX on December 31, 2014 and the exercise price of the Stock Options) would have been nil.

Compensation of Directors

The following table sets forth all amounts of compensation provided to the directors of the Company (other than those directors who are also Named Executive Officers) during the year ended December 31, 2014.

Name ⁽¹⁾	Fee earned (US\$) ⁽²⁾	Share-based awards (US\$)	Option- based awards (US\$) ⁽³⁾	Non-equity incentive plan compensation (US\$)	Pension value	All other compensation (US\$)	Total (US\$) ⁽⁴⁾
John Bell	32,886	14,094	44,000	N/A	N/A	Nil	90,980
James Rawls	64,288	N/A	Nil	N/A	N/A	Nil	64,288
Marcus Rhodes	62,639	N/A	Nil	N/A	N/A	Nil	62,639
David Botting	37,216	N/A	Nil	N/A	N/A	Nil	37,215
David Roberts	21,555	N/A	Nil	N/A	N/A	Nil	21,555
David Henderson	7,740	N/A	Nil	N/A	N/A	Nil	7,740
Russ Hammond	45,711	N/A	Nil	N/A	N/A	Nil	45,711
Piers Johnson	58,075	N/A	Nil	N/A	N/A	Nil	58,075
Zalmay Khalilzad	54,208	N/A	Nil	N/A	N/A	Nil	54,208
Peter Lilley	68,237	N/A	Nil	N/A	N/A	Nil	68,237

Note:

- (1) The compensation information of those directors who are also executive officers is set out under “*Compensation Discussion and Analysis – Summary Compensation Table*”. No additional compensation is paid to them in respect of their duties as directors.
- (2) Cash amounts paid or accrued in respect of the services of the Non Executive directors were paid/are payable in pounds sterling (£). These amounts were converted into US\$ for the purposes of the above table at an average rate of UK£1.00 = US\$1.6484, based on the average exchange rate quoted by oanda.com for the year.
- (3) No Stock Options were granted to the Non Executive Directors in 2014.
- (4) Total compensation includes the grant date fair value of option-based awards during the year (which value is not a cash amount).

The Company’s directors who are not also executive officers are entitled to receive an annual retainer of £35,000 and receive additional annual fees ranging from £1,000 to £2,000 for serving as a member of, and/or holding the position of chairman of a committee of the Board of Directors. Mr. Lilley received an extra £5,000 per annum as a result of being the Vice Chairman and Senior Non Executive Director of the Company.

Any additional assignments undertaken for the Company as determined by the Executive Chairman are payable at the rate of £1,000 per day or as agreed in respect of each individual assignment.

The following table sets forth all option-based awards held by directors (who are not also Named Executive Officers) as at December 31, 2014, consisting of Stock Options granted under the Stock Incentive Plan. The Company has not granted any share-based awards (which term does not include option-based awards) since inception.

Name	Number of securities underlying unexercised options (#)	Option exercise price (US\$ unless otherwise stated)	Option expiration date	Value of unexercised in-the-money options ⁽⁶⁾ (\$US)
Piers Johnson ⁽¹⁾	129,000 45,000 108,000 120,000 120,000	\$2.75 \$2.50 \$2.10 C\$1.60 C\$0.88 Average Option Price: \$1.61	April 24, 2015 June 26, 2015 April 8, 2015 October 19, 2015 April 22, 2017	Nil
Zalmay Khalilzad ⁽²⁾	270,000	C\$0.88	July 5, 2017	Nil
Peter Lilley ⁽³⁾	45,000 108,000 120,000 120,000	\$2.50 \$2.10 C\$1.60 C\$0.88 Average Option Price: \$1.51	June 26, 2015 April 8, 2015 October 19, 2015 April 22, 2017	Nil
James Rawls ⁽⁴⁾	108,000 120,000 120,000	\$2.10 C\$1.60 C\$0.88 Average Option Price: \$1.39	April 8, 2015 October 19, 2015 April 22, 2017	Nil
Marcus Rhodes ⁽⁵⁾	108,000 120,000 120,000	\$2.10 C\$1.60 C\$0.88 Average Option Price: \$1.39	April 8, 2015 October 19, 2015 April 22, 2017	Nil
John Bell	Nil	N/A	N/A	Nil
David Botting	Nil	N/A	N/A	Nil
David Roberts	Nil	N/A	N/A	Nil
David Henderson	Nil	N/A	N/A	Nil

Notes:

- (1) The unexercised options consist of 522,000 Stock Options all of which expired unexercised in February 2015.
- (2) The unexercised options consist of 270,000 Stock Options all of which expired unexercised in February 2015.
- (3) The unexercised options consist of 393,000 Stock Options all of which expired unexercised in February 2015.
- (4) The unexercised options consist of 348,000 Stock Options.
- (5) The unexercised options consist of 348,000 Stock Options.
- (6) Based on the difference between the closing price of the Ordinary Shares on the TSX on December 31, 2014 and the relevant exercise price. The closing price of the Ordinary Shares on the TSX on December 31, 2013 was the Canadian dollar equivalent of US\$0.19. The value in the column represents the aggregate value for all unexercised options set out next to the name of the relevant Named Executive Officer.

The above Stock Options were granted in accordance with the terms of the Stock Incentive Plan. These Stock Options have a term of between 5 and 7 years from the date of grant. The Stock Options vest one third on the date of grant, one third on the first anniversary of the grant date and the remaining one third on the second anniversary of the grant date.

The following table provides details of the aggregate value of option based awards held by directors (who are not also Named Executive Officers) which vested during the financial year ended December 31, 2014. There were no share-based awards that vested, nor any non-equity incentive awards earned, during 2014.

Name	Option-based awards – Value vested during the year (US\$)^{(1) (2)}
Piers Johnson	Nil
Zalmay Khalilzad	Nil
Peter Lilley	Nil
James Rawls	Nil
Marcus Rhodes	Nil

Notes:

- (1) The value in the above table reflects the difference between the market value Ordinary Shares on the TSX on the date of vesting and the exercise price of the Stock Options.
- (2) The following number of Stock Options granted to directors vested in 2014:
- (i) Piers Johnson: 40,000 options;
 - (ii) Zalmay Khalilzad 90,000 options;
 - (iii) Peter Lilley: 40,000 options;
 - (iv) James Rawls: 40,000 options;
 - (v) Marcus Rhodes: 40,000 options.

The appointment of each director who is not also an executive officer (a “**non-executive director**”) is confirmed under the terms of an appointment letter. Such appointment letter provides that non-executive directors will be indemnified by the Company from and against all actions, expenses and liabilities incurred in the execution of his or her functions, subject to such limitations which may apply at law.

Equity Compensation Plan Information

The following table provides details as at December 31, 2014 with respect to all compensation plans of the Company under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein)
Equity compensation plans approved by security holders ⁽¹⁾	Options: 15,362,400	Options: US\$1.58	Options: 25,011,920
Equity compensation plans not approved by security holders ⁽²⁾	2017 Warrants: 2,090,000	2017 Warrants: US\$2.50	2017 Warrants: Nil
Total	Options: 15,362,400 2017 Warrants: 2,090,000	Options: US\$1.58 2017 Warrants: US\$2.50	Options: 25,011,920 2017 Warrants: Nil

Notes:

- (1) In addition, 10 million Ordinary Shares have been reserved for issuance pursuant to the Company’s Employee Share Purchase Plan, which received shareholder approval in 2013. The Company has deferred the effectiveness of the ESPP at this time.

- (2) The 2017 Warrants were granted in 2007 prior to the Company's initial public offering. See "*Executive Compensation - 2017 Warrants*" for a description.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, the Company is required to include in this Information Circular the disclosure required under Form 58-101F1. In addition, the Company has included in its Annual Information Form a corporate Governance Statement prepared in accordance with point 7.2 of the Disclosure and Transparency Rules of the UK Financial Services Authority (FSA) which Corporate Governance Statement includes disclosure relating to the matters set out under National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201").

Introduction

The Board of Directors is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of shareholders but that it also promotes effective decision making at Board level. The Board is of the view that its approach to corporate governance is appropriate and continues to work to align with the recommendations currently in effect and contained in NP 58-201. In addition, the Board monitors and considers for implementation the corporate governance standards which are proposed by various Canadian regulatory authorities.

Board of Directors

The Board of Directors is responsible for overseeing the conduct of the business of the Company and supervising management, who are responsible for the daily conduct of the business of the Company. The Board of Directors is currently comprised of eight directors, three of whom are being nominated for re-election and four of whom are being nominated for election. A director is "independent" within the meaning of Section 1.4 of National Instrument 52-110 - *Audit Committees* ("NI 52-110") if he or she does not have any direct or indirect material relationship with the Company which, in the view of the Board of Directors, could reasonably interfere with the exercise of the member's independent judgement. In addition, under NI 52-110, certain individuals are deemed to have a "material relationship" with the Company, including any individual whose immediate family member is, or has recently been, an executive officer of the Company. Based on the foregoing definition, the Board has 5 independent directors and 3 directors who are not independent at the date of this Circular.

Independence Status of Directors				
Name	Management	Independent	Not Independent	Reason for Non-Independent Status
John Bell	✓		✓	Mr. Bell is Executive Chairman of Tethys
Julian Hammond	✓		✓	Mr. Hammond is Chief Executive Officer of Tethys
Denise Lay	✓		✓	Ms. Lay is the Chief Financial Officer and Finance Director of Tethys effective February 1, 2014
James Rawls		✓		N/A
Marcus Rhodes		✓		N/A

Independence Status of Directors				
Name	Management	Independent	Not Independent	Reason for Non-Independent Status
David Botting		✓		N/A
David Roberts		✓		N/A
David Henderson		✓		N/A

The Board of Directors is comprised of a majority of independent directors and so the Board has concluded that the Board of Directors has functioned and can continue to function independently as required. Although the independent members of the Board of Directors do not hold regularly scheduled meetings at which the non-independent directors and members of management are not in attendance, the Board is encouraged to hold such meetings in order to facilitate the exercise of the directors' independent judgement. In addition, the Board holds "in camera" sessions for independent members during each Board meeting to facilitate open and candid discussion amongst the independent directors.

The Chairman of the Board of Directors, Mr. Bell, is not an independent director as he is the Executive Chairman of the Company. In order to provide leadership for the independent directors, the Board encourages communication among the independent directors. Although the independent directors do not hold regularly scheduled meetings, the independent directors do hold meetings from time to time as requested by any independent director.

In October and November 2014, the following directors resigned: Russ Hammond, Piers Johnson, Zalmay Khalilzad, Elizabeth Landles, Peter Lilley and David Robson. The attendance of the former directors at board and committee meetings is not referred to in the table below. Denise Lay was appointed a director in February 2014 and John Bell, David Botting, David Henderson and David Roberts were appointed in November 2014. The table below refers to attendance at meetings held since the date of their appointment:

Director	Board²	Executive Board	Audit Committee	Compensation and Nomination Committee	Reserves Committee
John Bell	1/1	0/0	N/A	N/A	N/A
David Botting	2/2	N/A	1/1	0/0	N/A
Julian Hammond	10/11	11/11	N/A	N/A	N/A
David Henderson	2/2	N/A	N/A	N/A	0/0
Denise Lay	10/11	10/10	N/A	N/A	N/A
James Rawls	12/12	N/A	5/5	N/A	0/0
Marcus Rhodes	11/12	N/A	5/5	N/A	N/A
David Roberts	2/2	N/A	N/A	0/0	0/0

- (1) The above only reflects attendance at meetings held in 2014 from the date of appointment in the case of Denise Lay, John Bell, David Botting, David Henderson and David Roberts.
- (2) A meeting was held to consider and approve executive director remuneration matters which was attended by the non-executive directors only.

Certain of the directors are also directors of other reporting issuers (or the equivalent) in a Canadian or foreign jurisdiction as indicated in the table below:

Name	Reporting Issuer
John Bell	Gulfsands Petroleum Limited
Marcus Rhodes	OJSC Cherkisovo, OJSC Phosagro., QIWI plc and Zoltav Resources.

Board Mandate

The Board adopted a formal written charter (the “**Board Charter**”) in November of 2010. This was reviewed and updated in September 2013. The mandate of the Board is to supervise the management of the Company and to be the steward of the Company with a view to the best interests of the Company.

Under the Board Charter, the Board’s terms of reference include the following:

- ☐ Review and approve strategic, business and capital plans for the Company.
- ☐ Review the principal risks of the Company’s business and monitor the implementation by management of appropriate systems to manage such risks.
- ☐ Review recent developments that may impact the Company’s growth strategy.
- ☐ Develop and implement programs for management and Board succession planning including development within the organization.
- ☐ Review, approve and amend as required, the Corporate Disclosure Policy and monitor the practices of management to ensure appropriate, fair and timely communication of information concerning the Company.
- ☐ Ensure specific and relevant corporate measurement systems are developed and adequate internal controls and management information systems are in place with regard to business performance and the integrity thereof.
- ☐ Review and approve corporate governance guidelines applicable to the Company and in accordance with statutory and regulatory requirements.
- ☐ Review compliance by the Company and its subsidiaries with their constituent documents and with the laws and regulations of their incorporating jurisdictions and other applicable laws and regulations including those of any stock exchanges on which the Company’s securities may be listed.
- ☐ Approve the interim and annual financial statements.
- ☐ Responsible for, to the extent feasible, satisfying itself as to the integrity of the Executive Chairman and the other executive officers and that the Executive Chairman and the other executive officers create a culture of integrity throughout the organisation.

The Board believes management is responsible for the effective, efficient and prudent management of the Company’s day-to-day operation subject to the Board’s stewardship.

Position Descriptions

The Compensation and Nomination Committee provides a written position description for the Chairman of the Board. The Chairman is responsible for leadership of the Board, for the efficient organization and conduct of the Board’s function and for the briefing of all Directors in relation to issues arising at Board meetings. The Chairman is also responsible for shareholder communication and arranging Board performance evaluation.

The Board has not developed written position descriptions for the Chairman of the respective Board committees. During the fiscal year ended December 31, 2014, the Board had five standing committees, all of which were composed of a majority of independent directors, with the exception of the Executive Board (Executive Committee). In November 2014 the Strategic Risk Committee was disbanded and its responsibilities assumed by the full Board. The Board has delegated certain responsibilities to each of its committees, and they report to and make recommendations to the Board on a regular basis. The Chair of each committee is expected to be responsible for ensuring that the written terms of reference of the committee for which he or she serves as Chair is adhered to and that the objectives of each committee are accomplished.

The Board has established the following standing committees comprised of the members and chaired by the individuals set out in the following table.

Committee	Members	Independent
Audit Committee	Marcus Rhodes, Chair	Yes
	James Rawls	Yes
	David Henderson ⁽¹⁾⁽²⁾	Yes
Compensation and Nomination Committee	David Botting, Chair ⁽¹⁾⁽³⁾	Yes
	David Roberts ⁽¹⁾⁽³⁾	Yes
Reserves Committee	David Roberts, Chair ⁽¹⁾⁽³⁾	Yes
	James Rawls	Yes
	David Henderson ⁽¹⁾⁽³⁾	Yes
Executive Board (Executive Committee)	John Bell, Chair ⁽¹⁾⁽³⁾	No
	Julian Hammond	No
	Denise Lay ⁽⁴⁾	No

(1) David Henderson, David Botting, David Roberts and John Bell were appointed directors of the Company with effect from November 17, 2014.

(2) David Henderson was appointed a member of the Audit Committee with effect from March 23, 2015.

(3) David Henderson, David Botting, David Roberts and John Bell were appointed members of the respective committees with effect from November 26, 2014.

(4) Denise Lay was appointed a director of the Company and member of the Executive Board with effect from February 1, 2014.

The Board and the Executive Chairman have established a written position description for the Company's Executive Chairman. The Executive Chairman's prime responsibility is to lead the Company. The Executive Chairman formulates company policies and proposed action plans in conjunction with the officers of the Company and presents the same to the Board for approval. The Board approves the goals, the objectives and policies within which the Company is managed and then reviews and evaluates performance against these objectives. Reciprocally, the Executive Chairman keeps the Board fully informed of the progress of the Company towards achievement of its established goals and of all material deviations.

The Board and the Executive Chairman have also established a written position description for the Company's Chief Executive Officer. The Chief Executive Officer's prime responsibility is to manage the Company's day-to-day affairs in order to implement the strategy determined by the Board. The Chief Executive Officer implements the Company policies and proposed action plans approved by the Board in conjunction with the officers of the Company. The Chief Executive Officer keeps the Executive Chairman fully informed of the progress of the Company towards implementation of its policies and achievement of its action plans and of all material deviations.

Orientation and Continuing Education

Director Orientation

Under the Board Charter, the Chairman and Corporate Secretary are responsible for providing an induction program for new Directors and for periodically providing materials for all Directors on subjects that would assist them in discharging their duties. When a new Director is elected to the Board, he or she will be given a letter of appointment outlining his or her duties, responsibilities, the role of the Board, its committees and its directors, the nature and operation of the Company's business, remuneration and an induction package including material that will assist with the familiarization of the Director with the Company. The intention is that within a reasonable time following appointment to the Board, each new Director shall spend time visiting the Company's operations for a personal briefing by the executive on the Company's values, operations, corporate interests, strategic plans, financial statements and key policies.

Continuing Education of Directors

Under the Board Charter, the Corporate Secretary shall alert Directors to opportunities to better understand their corporate governance responsibilities through continuing education programs. In addition, directors are encouraged to visit the Company's facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Company.

Ethical Business Conduct

The Company has adopted a written Code of Business Conduct and Ethics (the "**Code**") which applies to the Company's directors, officers and employees, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com. The Company expects all Directors, officers and employees to act ethically at all times in accordance with the Code.

The Board of Directors takes reasonable steps to monitor compliance with the Code by requiring employees, on the commencement of employment and as otherwise directed by management, to sign a copy of the Code acknowledging that the employee has read, understood and will comply with the Code. The Code encourages that an employee report to their supervisor or the Board possible unethical conduct and breaches of the Code. The Company's Secretary acts as Compliance Monitor with respect to such matters.

In addition to the Code, the Company has adopted an Audit Committee Charter and a Whistleblower Policy (the "**Policy**") with respect to accounting and auditing irregularities. The Policy gives Directors, officers and employees a confidential independent "hot line" to report any concerns with respect to the Company's financial matters. Details of the Policy have been distributed to employees and the "hot line" operates in both English and Russian languages. In the event that an individual does not wish to use this system they may and should forward any accounting and auditing concerns to the Chairman of the Audit Committee on an anonymous basis. The Company has also adopted a disclosure and insider trading policy to ensure the communications to the investing public about the Company are timely, factual and accurate in accordance with applicable legal and regulatory requirements and to help ensure that the directors, officers and other insiders of the Company understand and comply with the insider trading restrictions under applicable securities legislation.

Since the beginning of the Company's most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

The Board encourages and promotes a culture of ethical business conduct by appointing directors who demonstrate integrity and high ethical standards in their business dealings and personal affairs. Directors are required to abide by the Code and are expected to make responsible and ethical decisions in discharging their duties, thereby setting an example of the standard to which management and employees should adhere.

The Board requires that the Executive Chairman, Chief Executive Officer and other executive officers are acting with integrity and fostering a culture of integrity throughout the Company. The Board is responsible for reviewing departures from the Code, reviewing and either providing or denying waivers from the Code, and disclosing any

waivers that are granted in accordance with applicable law. In addition, the Board is responsible for responding to potential conflict of interest situations, particularly with respect to considering existing or proposed transactions and agreements in respect of which directors or executive officers advise they have a material interest. Directors and executive officers are required to disclose any interest and the extent, no matter how small, of their interest in any transaction or agreement with the Company, and that directors excuse themselves from both Board deliberations and voting in respect of transactions in which they have an interest. By taking these steps the Board strives to ensure that directors exercise independent judgement, unclouded by the relationships of the directors and executive officers to each other and the Company, in considering transactions and agreements in respect of which directors and executive officers have an interest.

An Anti-Bribery Policy was put in place in 2011. The policy prohibits the offering, giving, solicitation or acceptance of any bribe, whether cash or other inducement to or from any person or company, wherever they are situated and whether they are a public official or body or private person or company, by any individual employee, agent or other person or body acting on the Company's behalf in order to gain any commercial, contractual or regulatory advantage for the Company in a way which is unethical or in order to gain any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

The policy has been implemented Company-wide and an Anti-Bribery Compliance Officer has been appointed to ensure the following:

Proportionate Procedures

Procedures are proportionate to the bribery risks faced and to the nature, scale and complexity of the Company's activities. They are also clear, practical implemented and enforced.

Top-level commitment

Top management fosters a culture where bribery is never acceptable.

Risk assessment

It assesses the nature and extent of its exposure to potential external and internal risks of bribery being committed on its behalf by persons associated with it. The assessment is periodic and documented.

Due Diligence

The Company applies appropriate due diligence in respect of persons who perform or will perform services for or on behalf of the Company in order to mitigate identified bribery risks.

Communication

Through internal and external communication, including training, the organisation seeks to ensure that its bribery prevention policies are embedded and understood throughout the Company.

Monitoring and Review

The Company monitors and reviews procedures designed to prevent bribery by persons associated with it.

The Company's Anti-Bribery Compliance Officer implemented extensive training on the Company's Anti-Bribery Policy in Kazakhstan, Tajikistan and Uzbekistan on its initial rollout in 2012 and further training was undertaken by key staff during 2013 and 2014. The Company engaged an international legal firm in 2014 to assist the Company to review and update its Anti-Bribery and Corruption policies and procedures.

Nomination of Directors and Compensation

The Compensation Committee is composed entirely of independent directors and is responsible for identifying new candidates to join the Board of Directors. The Committee is responsible for identifying qualified candidates, recommending nominees for election as directors and appointing directors to committees. The Compensation Committee is requested to objectively consider, among other things, a candidate's independence, financial and technical acumen, skills, ethical standards, career experience, financial responsibilities and risk profile, understanding of fiduciary duty and available time to devote to the duties of the Board of Directors in making their recommendations for nomination to the Board of Directors. The Committee reviews the composition and size of the Board of Directors and tenure of directors in advance of annual general meetings, as well as when individual directors indicate that their terms may end or that their status may change. The Compensation Committee encourages all directors to participate in considering the need for and in identifying and recruiting new nominees for the Board of Directors. In doing so, the directors are requested by the Compensation Committee to have regard to the skill sets which are deemed, from time to time, to be most desired in proposed nominees for the Board of Directors.

With respect to compensation, the Compensation Committee reviews and approves corporate goals and objectives relevant to the Directors and Executive Officers' compensation, evaluates the Directors and Executive Officers' performance in the light of those corporate goals and objectives and determines or makes recommendations to the Board of Directors with respect to the Directors and Executive Officers' compensation level based on this evaluation. This committee also considers and, if deemed appropriate, approves the Executive Chairman's recommendations for compensation for executive officers of the Company and incentive compensation plans of the Company. This includes the review of the Company's executive compensation and other human resource philosophies and policies, the review and administration of the Company's bonuses, stock options and share purchase plan and the preparation and submission of a report for inclusion in annual continuous disclosure documents, as required.

The Compensation Committee is comprised of non-management members of the Board of Directors and is required to convene at least two times each year.

Other Board Committees

The Company's four standing committees are the Audit Committee, the Compensation Committee, the Reserves Committee and the Executive Board (Executive Committee). The function of the Compensation Committee is set out above under "*Nomination of Directors and Compensation*" and "*Compensation Discussion and Analysis*" on page 10 and the function of the Audit Committee is set out in detail in the Company's annual information form (available at www.sedar.com). The functions of the Reserves Committee and the Executive Board are set out or referred to below.

Reserves Committee

The function of the Reserves Committee is to recommend the engagement of a reserves evaluator, ensure the reserves evaluator's independence, review the procedures for disclosure of reserves evaluation, meet independently with the reserves evaluator to review the scope of the annual review of reserves, discuss findings and disagreements with management, annually (or when deemed necessary) assess the work of the reserves evaluator and approve the Corporation's annual reserve report (and resource reports if appropriate) and consent forms of management and the reserves evaluator thereto. The Reserves Committee will act in a like manner should other external subsurface studies, beyond the annual reserves report, be required by the Company during the course of the year.

Executive Board (Executive Committee)

The Board approved the formation of an "Executive Board" (which functions as an executive committee) in February 2008. The Executive Board comprises of Mr. John Bell (who was appointed on November 26, 2014), Mr. Julian Hammond and Ms. Denise Lay (who was appointed on February 1, 2014), each of whom is an executive officer of the Company. The purpose of the Executive Board is to allow the Board of Directors to delegate to the Executive Board the authority to respond to day-to-day or time sensitive matters where it is impractical to call a full meeting of the Board of Directors. The Executive Board makes a report to the Board of Directors of its meetings and actions at subsequent meetings of the Board of Directors.

Assessments

Currently the Board, its Committees and individual directors are not regularly assessed with respect to their effectiveness and contribution as the previous Board believed that such assessments were generally more appropriate for corporations of significantly larger size and complexity than the Company and which may have significantly larger Boards of Directors. However, the Chairman of the Board meets at least annually with the individual Directors to discuss any concerns they may have on the operation of the Board and its Committees as well as individual Board members. These are informal discussions and, if any points are highlighted, they are brought to the attention of the appropriate Committee Chairman or Director. To date there have been no such issues raised.

In 2012, the Board undertook an assessment of its effectiveness by undertaking a Board Governance Analysis through the Institute of Directors of the United Kingdom. This assessment reviewed the Board's effectiveness in key areas including strategy, business principles, internal controls, risk management, performance management, boardroom activity and the Company's five standing committees and the role of the board members, including the Chairman. The results of the assessment showed that the Board was working effectively.

The Executive Board regularly reviews the performance of the Officers of the Company and, should any issues arise, the Chairman would then discuss any issues with the Compensation Committee.

The previous Board believed that these procedures are adequate for the Company in its current stage of development and effectively addresses issues related to Board assessment and evaluation. The new Board intends to consider the adoption and the implementation of an assessment process at some point in 2015. One component of good corporate governance, for example to identify gaps between a company's strategy and the skillset of the Board of Directors to deliver the strategy, is to periodically hold a board review, facilitated by external nomination consultants. The Compensation Committee believes that such an exercise would add value to the Company beyond mere compliance with corporate governance practice, and intends to instigate a review at an appropriate juncture.

Director Term Limits and Other Mechanisms of Board Renewal

Tethys does not impose director term limits or other mechanisms of Board renewal. The Company has not adopted term limits because it is committed to developing and retaining the expertise on its Board required to provide effective oversight. Moreover, the Board has experienced recent changes to its composition without the need for term limits or other mechanisms of board renewal.

Policies Regarding the Representation of Women on the Board

Tethys has not adopted written policies relating to the identification and nomination of women to the Board. While committed to diversity, the Company is of the view that the identification and nomination of individuals to the Board should be made on the basis of the knowledge and experience of candidates and that the imposition of other requirements would complicate this objective.

Consideration of the Representation of Women in the Director Identification and Selection Process

Tethys does not consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election. The Company remains committed to diversity but is of the view that director identification and selection should focus on the knowledge and experience of candidates.

Consideration Given to the Representation of Women in Executive Office Appointments

Tethys does not consider the level of representation of women in executive officer positions when making executive officer appointments. The Company is of the view that executive officer appointments should be made on the basis of the knowledge and experience of candidates.

Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

Tethys has not adopted targets regarding the representation of women on the Board or in executive officer positions. The Company believes that targets are unnecessary and would detract from a focus on the knowledge and experience of candidates.

Number of Women on the Board and in Executive Officer Positions

The Company has one woman on its Board, representing 12.5% of Board membership and two women in executive officer positions, representing 20% of all executive officers.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of them is or was indebted to the Company at any time since the beginning of the last completed financial year of the Company except for "routine indebtedness" (as defined under Canadian securities laws).

The following table sets out the aggregate indebtedness outstanding as at April 30, 2015 of all executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries.

Aggregate Indebtedness (USD)
(as at April 30, 2015)

Purpose	To the Company or its subsidiaries	To Another Entity
Share Purchases	Nil	Nil
Other	Nil	Nil

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this Information Circular, management of the Company is not aware of any material interest, direct or indirect, of any director or executive officer of the Company, any shareholder of the Company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting securities of the Company or any associate or affiliate of such persons, in any transaction within the most recently completed financial year or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

Vazon Energy Limited

Vazon Energy Limited ("Vazon") is a corporation organized under the laws of the Bailiwick of Guernsey, of which Dr. David Robson, the Company's former Executive Chairman and President, is the sole owner and managing director.

Tethys has a management services contract with Vazon that came into effect from June 27, 2007 whereby the services of Dr. Robson and other Vazon employees are provided to the Company. The total cost charged to Tethys for services from Vazon in the year ended December 31, 2014 was USD1,369,307 (paid in Pounds Sterling).

On June 17, 2013, the company made a deposit of GBP400,000 as security for amounts owing to Vazon under the management services contract. The deposit is non-current and restricted. On November 4, 2014, Vazon gave the required one year's notice to terminate the management services contract.

Dr. David Robson participated in the 2014 loan financing described in note 21.1 to the Company's 2014 Consolidated Financial Statements advancing GBP100,000 to the Company. The balance due to him at December 31, 2014 was GBP88,756.

Oilfield Production Consultants

Oilfield Production Consultants (OPC) Limited, Oilfield Production Consultants (OPC) Asia LLC and Oilfield Production Consultants USA LLC (collectively "OPC") had one common former director with the Company, Piers Johnson. Mr. Johnson resigned as a Director of the Company on November 17, 2014. Total fees paid by the Company to OPC for the year ended December 31, 2014 were USD 55,887. These fees represented significantly less than 1% of the turnover of OPC. OPC participated in the 2014 loan financing described in note 21.1 to the Company's 2014 Consolidated Financial Statements advancing USD400,000 to the Company. The balance due to OPC at December 31, 2014 was USD349,774.

Khalilzad Associates

Ambassador Khalilzad was a non-executive director of the Company until his resignation on November 6, 2014. His company, Khalilzad Associates, provides consultancy services with respect to business development. Total fees for these services amounted to USD45,000 for the year ended December 31, 2014.

He participated in the 2014 loan financing described in note 21.1 to the Company's 2014 Consolidated Financial Statements advancing USD200,000 to the Company. The balance due to him at December 31, 2014 was USD174,887.

Additional information relating to related party transactions with key management personnel appears in the Company's Annual Information Form dated March 31, 2015 available on the SEDAR website under the heading "Interest of Management and Others in Material Transactions".

MANAGEMENT CONTRACTS

During the financial year ended December 31, 2014, certain management functions of the Company were performed by Vazon. See "*Management and Employment Agreements*". Dr. David Robson of Guernsey is the only "informed person" of Vazon (as such term is defined under applicable Canadian securities legislation).

AUDIT COMMITTEE

Under Canadian securities laws, the Company is required to include in its annual information form for the year ended December 31, 2014 (the "AIF") prescribed disclosure with respect to its audit committee, including the text of its audit committee charter, the composition of the audit committee and the fees paid to the external auditor. The Company's disclosure with respect to the foregoing is contained in the AIF under the heading "*Audit Committee*", a copy of which is available on SEDAR.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com. Financial information relating to Tethys is provided in the Company's financial statements and management's discussion and analysis ("MD&A") for the financial year ended December 31, 2014. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to P.O. Box 524, St. Peter Port, Guernsey, British Isles, GY1 6EL; (ii) fax to +44 1481 725922; or (iii) email to info@tethyspetroleum.com.

SCHEDULE A

**Notice of Change of Auditor
and letters from KPMG LLP
and PricewaterhouseCoopers LLP**



Tethys Petroleum Limited

Change of Auditor Notice

Pursuant to National Instrument 51-102, Section 4.11

It is proposed that Tethys Petroleum Limited (the "Corporation") will change its auditor from KPMG LLP, Chartered Accountants, London, UK (the "former auditor") to PricewaterhouseCoopers LLP, Chartered Accountants, Calgary, Canada (the "successor auditor"), effective as of the date hereof.

The Audit Committee of the Board of Directors made the recommendation for the change of auditors.

In accordance with National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102"), the Corporation reports that:

1. the former auditor has therefore been terminated as auditor of the Corporation effective as of the date hereof;
2. the former auditor will not be proposed to shareholders at the next annual meeting of shareholders for reappointment;
3. there were no reservations in the former auditor's reports in connection with the audits of the two most recently completed fiscal years and any period subsequent to the most recently completed fiscal year for which an audit report was issued and preceding the date of expiry of the former auditor's term of office; and
4. there are no "reportable events" as such term is defined in NI 51-102.

The change of auditor and the recommendation to appoint the successor auditor was approved by the audit committee and the board of directors of the Corporation.

Dated at Guernsey, British Isles, and this November 25 day of 2014.

Tethys Petroleum Limited

(signed) "*Denise Lay*"

ON BEHALF OF THE BOARD OF DIRECTORS

per: Ms. Denise Lay, Finance Director and Chief Financial Officer



KPMG LLP
Audit
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London E14 5GL
United Kingdom

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Fax +44 (0) 20 7311 3311
DX 157460 Canary Wharf 5

To: British Columbia Securities Commission,
Alberta Securities Commission,
Saskatchewan Financial Services Commission,
Manitoba Securities Commission,
Ontario Securities Commission,
New Brunswick Securities Commission,
Nova Scotia Securities Commission,
Prince Edward Island Securities Office, and
Securities Commission of Newfoundland.

Our ref

26 November 2014

Dear Sirs

Re: Notice of Change of Auditors of Tethys Petroleum Limited

We have read the Notice of Tethys Petroleum Limited dated 26 November 2014 and are in agreement with the statements contained in such Notice.

Yours faithfully

KPMG LLP

KPMG LLP
Chartered Accountants, London, United Kingdom



December 1, 2014

To: British Columbia Securities Commission,
Alberta Securities Commission,
Saskatchewan Financial Services Commission,
Manitoba Securities Commission,
Ontario Securities Commission,
New Brunswick Securities Commission,
Nova Scotia Securities Commission,
Prince Edward Island Securities Office, and
Securities Commission of Newfoundland

We have read the statements made by Tethys Petroleum Limited in the attached copy of change of auditor notice dated November 25, 2014, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the change of auditor notice dated November 25, 2014.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Accountants