NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON JANUARY 27, 2017

AND

MANAGEMENT INFORMATION CIRCULAR

DATED DECEMBER 22, 2016

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE

IN FAVOUR

OF THE WARRANT EXERCISE RESOLUTION AND THE DEBT CONVERSION RESOLUTION

TETHYS PETROLEUM LIMITED
89 NEXUS WAY, CAMANA BAY, GRAND CAYMAN, KY1-9007, CAYMAN ISLANDS

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**Meeting**") of the holders ("**Shareholders**") of ordinary shares ("**Ordinary Shares**") of Tethys Petroleum Limited (the "**Company**") will be held at Embassy Suites by Hilton Atlanta Airport, 4700 Southport Road, Atlanta, Georgia, 30337 on January 27, 2017 at 11:00 a.m. (Eastern Daylight Time – local time in Atlanta, Georgia) to:

1. Consider, and if thought advisable, approve a resolution (the "**Warrant Exercise Resolution**"), the full text of which is set out in the Circular (as defined below), authorizing the Company to issue up to an aggregate of 192,300,000 Ordinary Shares, 96,150,000 to each of (i) Jin Guang Ltd., a nominee company owned by Medgat Kumar and formed under the laws of the Seychelles ("**JGL**"), and (ii) Prax Pte. Ltd., a nominee company owned by Winston Sanjeev Kumar Soosaipillai and formed under the laws of Singapore ("**Prax**", and together with JGL, the "**Investors**"), in each case upon the exercise of warrants previously issued to the Investors, which issuances (a) could result in either of the Investors owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the Toronto Stock Exchange Company Manual (the "**TSX Manual**"), and (b) would result in the Company having issued an aggregate number of Ordinary Shares greater than 25% of the Ordinary Shares that were outstanding at the time that the Company first issued Ordinary Shares to the Investors, and which Ordinary Shares were deemed by section 607 of the TSX Manual, to have been issued at a price below the market price, thereby requiring Shareholder approval under section 607(g)(i) of the TSX Manual, all as more particularly described and set forth in the management information circular of the Company dated December 22, 2016 (the "**Circular**"); and

2. Consider, and if thought advisable, approve a resolution (the "**Debt Conversion Resolution**" and with the Warrant Exercise Resolution, the "**Resolutions**"), the full text of which is set out in the Circular, authorizing the Company to amend certain debt instruments with Annuity and Life Reassurance Ltd. ("**ALR**") an affiliate of Pope Asset Management LLC (together with ALR and its other affiliates, "**PAM**") pursuant to which, among other things, the Company may issue up to an aggregate of 186,316,064 Ordinary Shares to ALR in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and applicable sections of the TSX Manual which issuances would result in (a) PAM owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual, (b) the Company having issued an aggregate number of Ordinary Shares greater than 25% of the Ordinary Shares that were outstanding at the time that the Company first issued Ordinary Shares to ALR to satisfy some of its debt obligations to ALR, and which Ordinary Shares were deemed by section 607 of the TSX Manual, to have been issued at a price below the market price, thereby requiring Shareholder approval under section 607(g)(i) of the TSX Manual, and (c) more than 10% of the issued and outstanding Ordinary Shares having been issued or made issuable to insiders during a six month period, all as more particularly described and set forth in the Circular.

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the Circular. At the Meeting, Shareholders will be asked to approve the Resolutions, all as more particularly described in the Circular. To be approved, (i) the Warrant Exercise Resolution must be approved by a majority of the votes attached to the Ordinary Shares held by Shareholders present in person or by proxy at the Meeting, excluding any Ordinary Shares held by the Investors or any of their affiliates, and (ii) the Debt Conversion Resolution must be approved by a majority of the votes attached to the Ordinary Shares held by Shareholders present in person or by proxy at the Meeting, excluding any Ordinary Shares held by PAM in accordance with MI 61-101 and applicable TSX rules. The Resolutions are <u>not</u> conditional on each other, so either Resolution may be approved even if the other is not.

Only Shareholders of record as of December 22, 2016, the record date (the "**Record Date**"), are entitled to receive notice of the Meeting and to attend and vote at the Meeting. Each outstanding Ordinary Share will entitle the holder thereof, as of the Record Date, to one vote at the Meeting.

THE BOARD UNANIMOUSLY RECOMMENDS THAT SECURITYHOLDERS VOTE IN FAVOUR OF THE WARRANT EXERCISE RESOLUTION AND THE DEBT CONVERSION RESOLUTION

DATED this 22nd day of December, 2016.

BY ORDER OF THE BOARD OF DIRECTORS
signed *"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 Company's Articles of Association, to be valid, all proxies must be deposited at the office of the Registrar and Transfer Agent of the Company, TMX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not later than 11:00 a.m. (Eastern Daylight Time – local time in Toronto, Canada) on January 25, 2017, or twenty-four hours preceding any adjournment of the Meeting.

The Company gives notice that only those Shareholders entered on the register of shareholders of the Company (or their duly appointed proxies) at close of business on the Record Date, 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 or her place. A proxy need not be a Shareholder. Completion of a form of proxy does not preclude a Shareholder from subsequently attending and voting at the Meeting in person if he or she so wishes.

Any transferee or person acquiring Ordinary Shares after the Record Date may not later than 11:00 a.m. (Eastern Daylight Time – local time in Toronto, Canada) on January 25, 2017 (i.e. not later than 48 hours before the Meeting) request that the Registrar and Transfer Agent of the Company, TMX Trust Company 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.

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TETHYS PETROLEUM LIMITED

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON JANUARY 27, 2017

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of Tethys Petroleum Limited (the "**Company**") for use at the extraordinary general meeting of the holders ("**Shareholders**") of ordinary shares of the Company ("**Ordinary Shares**") to be held at Embassy Suites by Hilton Atlanta Airport, 4700 Southport Road, Atlanta, Georgia, 30337 on January 27, 2017 at 11:00 a.m. (Eastern Daylight Time – local time in Atlanta, Georgia), 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 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 Circular, are being sent to both registered and non-registered owners of Ordinary Shares. If you are a non-registered owner of Ordinary Shares, and the Company 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, including National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (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 December 22, 2016 (the "Record Date").

All information provided herein is as at the date hereof 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 Trust Company. 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.

An Instrument 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 Trust Company, 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 (of more than 48 hours, but less than 28 days). 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. The board of directors of the Company (the "**Board**") has approved Mattias Sjoborg, independent non-executive director of the Company, to serve as Chairman of the Meeting.

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 Trust Company, 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 and to Holders of Depository Interests*" 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 of the Resolutions 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 Shareholders 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 Circular 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. Beneficial shareholders who hold Depository Interests will receive a form of direction. The purpose of these forms is to permit Beneficial Shareholders to direct the voting of the Ordinary 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 Shareholder 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. In accordance with the Company's Articles of Association, to be valid, all voting instruction forms must be deposited at the office of the Registrar and Transfer Agent of the Company, TMX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, not later than 11:00 a.m. (Eastern Daylight Time – local time in Toronto, Canada) on January 25, 2017, or twenty-four hours preceding any adjournment of the Meeting of more than 48 hours, but less than 28 days. 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 Ordinary 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 Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, as described above, not later than 11:00 a.m. (Eastern Daylight Time – local time in Toronto, Canada) on January 25, 2017, or twenty-four hours preceding any adjournment of the Meeting of more than 48 hours, but less than 28 days. 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.* Forms of Direction will be sent to Depositary Interest Holders for forwarding to Beneficial Shareholders. A Beneficial Shareholder who holds Depository Interests should receive from their Depository Interest Holder, 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 4:00 p.m. (Coordinated Universal Time – local time in the United Kingdom) on January 24, 2017. 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 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 the Record Date, Tethys had no preference shares and 508,136,098 Ordinary Shares issued and outstanding. Every Shareholder present has, on a show of hands, one vote and, on a poll, every Shareholder present in person or represented 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 Trust Company 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 Board and the executive officers of the Company, as of the date of this 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 (i) Pope Asset Management, LLC, which, together with its affiliates (together, "**PAM**"), owns or controls 87,903,396 Ordinary Shares or approximately 17.3% of the outstanding Ordinary Shares, and (ii) Olisol Petroleum Limited ("**Olisol**") which, together with its affiliates, owns or controls 63,044,461 Ordinary Shares or approximately 12.4% of the outstanding Ordinary Shares.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Circular contains forward-looking information that involves risks, uncertainties, and assumptions that are difficult to predict. Words and expressions reflecting optimism, satisfaction, or disappointment with current prospects, as well as words such as "believes," "hopes," "intends," "estimates," "expects," "projects," "plans," "anticipates," and variations thereof, or the use of future tense, identify forward-looking statements, but their absence does not mean that information is not forward-looking. Such forward-looking information is not a guarantee of performance and actual results could differ materially from those contained in such information.

Such forward-looking information reflects the Company's current views with respect to future events, including with respect to completion of the transactions described herein, the use of proceeds from such transactions and the Company's operations going forward. This forward-looking information is based on numerous assumptions. Please also refer to the Company's Annual Information Form for the year ended December 31, 2015 for a description of risks and uncertainties relevant to the Company's business, including its exploration activities, a copy of which is available on SEDAR at www.sedar.com.

Although the Company believes the assumptions upon which forward-looking information is based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking information based on these assumptions could be incorrect. The underlying expected actions or the Company's results of operations involve risks and uncertainties. Some risks and uncertainties are outside of the Company's control, and any one of which, or a combination of which, could materially affect (i) the Company's ability to complete any of the transactions described herein or (ii) the Company's results of operations. In light of the significant uncertainties inherent in the forward looking information, readers should not place undue reliance on forward looking information.

Readers are cautioned that any forward looking information speaks only as of the date of this Circular, and it should not be assumed that the statements remain accurate as of any future date. The Company does not undertake any obligation to update or revise any forward looking information, whether as a result of new information, future events or otherwise, except as may be required by law.

PARTICULARS OF MATTERS TO BE VOTED ON

Potential Share Ownership if the Resolutions are Approved

Shareholders are being asked to approve two resolutions, (i) the Warrant Exercise Resolution (as defined below) which, as described in more detail below, would approve the issuance of up to 192,300,000 Ordinary Shares to the Investors (up to 96,150,000 each) upon exercise of warrants previously issued to the Investors and (ii) the Debt Conversion Resolution (as defined below) which, as described in more detail below, would approve amendments to certain outstanding debt obligations to PAM which would, among other things, extend the maturity date of such debt and permit the issuance of up to 186,316,064 Ordinary Shares to PAM upon conversion of such debt. The Resolutions are <u>not</u> conditional on each other, so either Resolution may be approved even if the other is not. The following table sets out the ownership of the Ordinary Shares by each of the Investors and PAM, both before and after the Meeting in difference scenarios.

Scenario	**JGL**	**Prax**	**PAM**	**Total Shares Outstanding**
Current Ownership	43,951,698 – 8.6%	43,951,698 – 8.6%	87,903,396 – 17.3%	508,136,098
Only Warrant Exercise Resolution Approved and one Investor exercises all Warrants	140,101,698 – 23.2%	43,951,698 – 7.3%	87,903,396 – 14.5%	604,286,098
Only Warrant Exercise Resolution Approved, both Investor exercise all Warrants	140,101,698 – 20.0%	140,101,698 – 20.0%	87,903,396 – 12.5%	700,436,098
Only Debt Conversion Resolution approved and maximum amount of debt	43,951,698 – 6.3%	43,951,698 – 6.3%	274,219,460 – 39.5%	694,452,162

converted				
Both Resolutions Approved and all Warrants and debt exercised/converted	140,101,698 – 15.8%	140,101,698 – 15.8%	274,219,460 – 30.9%	886,752,162

1. THE WARRANT EXERCISE

The Private Placement

On November 6, 2016, the Company received amended non-binding proposals (the "**Share Acquisition Proposals**") from Winston Sanjeev Kumar Soosaipillai and Medgat Kumar (each an "**Investor**" and together, the "**Investors**") pursuant to which the Investors would acquire Ordinary Shares and be granted share purchase warrants ("**Warrants**"). The Company issued a press release on November 6, 2016 announcing receipt of, and describing, the Share Acquisition Proposals.

Following receipt of the Share Acquisition Proposals, the Company engaged in discussions and further negotiations with the Investors, and on November 28, 2016, the Company entered into a subscription agreement (each a "**Subscription Agreement**") with nominee companies of each Investor pursuant to which each Investor indirectly purchased 43,951,698 Ordinary Shares at a price of US$0.0159266 per share representing a 24% premium to the volume weighted average price ("**VWAP**") of the Ordinary Shares on the Toronto Stock Exchange (the "**TSX**") of Cdn$0.01726 for the five trading days to November 4, 2016 and was granted 96,150,000 Warrants for proceeds of US$700,001.11 per Investor or approximately US$1.4 million in the aggregate (collectively, the "**Private Placement**").

Each Warrant entitles the holder to receive one Ordinary Share upon exercise. The Warrants are exercisable for a period of three years from the grant date at an exercise price of US$0.031 per Ordinary Share, representing a 138% premium to the 5 day VWAP on November 4, 2016. The warrant certificates representing the Warrants provide that neither Investor may exercise any Warrants if after such exercise, the Investor would become a 10% Shareholder, until such time as the TSX has approved a Personal Information Form ("**PIF**") for such Investor. Further, while the issuance of the Ordinary Shares under the Private Placement was not subject to Shareholder approval, pursuant to the rules of the TSX (as described in more detail below) the Investors may not exercise more than an aggregate of 12,097,816 Warrants unless Shareholder approval has been obtained for such exercise.

The Relationship Agreement

The following summary describes certain of the material provisions of the Relationship Agreement (as defined below). This summary is qualified in its entirety by reference to the Relationship Agreement a copy of which is available at www.sedar.com on the Company's SEDAR page. The Company encourages Shareholders to read the Relationship Agreement carefully in its entirety for a more complete understanding of such agreement. The summary below should not be taken as an exhaustive list of the substantive provisions of the Relationship Agreement.

In connection with the Private Placement, the Company and the Investors entered into a relationship agreement dated November 28, 2016 (the "**Relationship Agreement**"). Pursuant to the Relationship Agreement, each of the Investors shall be appointed to the Board once the Investor has submitted a PIF to the TSX provided, provided that each Investor has undertaken to resign from the Board if the TSX does not accept the PIF filed by the Investor.

As of the date hereof, neither Investor has been added to the Board, though the Company anticipates that to occur in the near term.

The Relationship Agreement also provides:

- a nomination right in favour of each Investor for so long as such investor holds at least 9% of the outstanding Ordinary Shares (excluding any Ordinary Shares that may be issued to PAM in satisfaction, or conversion, of any outstanding indebtedness owed to PAM as of the date of the Relationship Agreement);
- that the Investors and the Company shall at all times comply with applicable securities laws and stock exchange requirements and the Company's Articles of Association;
- that any transactions between the Company and the Investors be at arm's length and on normal commercial terms and the Investors will not vote on any transactions where they are a related party;
- a limitation on the Company's ability to enter into financing transactions involving convertible debt of the Company for a period of 12 months without the Investor's consent;
- a limitation on the ability of the Investors to transfer any of the Ordinary Shares acquired by them for a period of 12 months; and
- a participation right in favour of the Investors for so long as they own at least 9% of the outstanding Ordinary Shares that will enable them to maintain their pro rata ownership in the Company in the event that the Company does dilutive offerings in the future, subject to certain exceptions.

The Relationship Agreement also provides that if Shareholders do not approve the issuance of Ordinary Shares to the Investors upon exercise of the Warrants, the Company will be required to pay to the Investors, for each outstanding Warrant that may not be exercised (i.e. the 180,202,184 Warrants in excess of 12,097,816 Warrants), the amount by which the five day VWAP as at the date of the Meeting exceeds the exercise price of the Warrant.

Voting Agreements

On November 28, 2016, PAM entered into a voting support agreement with the Investors pursuant to which PAM agreed to vote (or use its efforts to cause the voting of) the Ordinary Shares held or controlled by it in favour of the Warrant Exercise Resolution. Collectively, PAM holds 87,903,396 Ordinary Shares, representing approximately 17.3% of the issued and outstanding Ordinary Shares.

TSX Requirements for Shareholder Approval

Section 604(a)(i) – Material Effect on Control. Pursuant to Section 604(a)(i) of the TSX Manual, shareholder approval is required for transactions involving the issuance of listed securities that materially affect control of a company. Under the TSX Manual, a transaction in considered to "materially affect control" if it gives any security holder, or a combination of security holders acting together, the ability to influence the outcome of a vote of security holders, including the ability to block significant transactions. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together is generally considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances.

The issuance of Ordinary Shares upon the exercise by an Investor of its Warrants could result in an Investor owning or controlling greater than 20% of the outstanding Ordinary Shares. For example, if either Investor were to exercise all 96,150,000 of its Warrants and no other Ordinary Shares were issued between the date hereof and the time of such exercise, there would be 604**,**286**,**098 Ordinary Shares outstanding following the completion of the Warrant exercise, of which approximately 23.2% would be owned by the Investor who had exercised his Warrants. Shareholders are being asked to consider and, if thought fit, pass the Warrant Exercise Resolution set out below approving the issuance of up to 192,300,000 Ordinary Shares to the Investors upon their exercise of the Warrants even if such issuance results in either or both of the Investors owning or controlling greater than 20% of the outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604(a)(i) of the TSX Manual.

Section 607(g)(i) – Issuance of Greater than 25% of Securities of a Company at less than the Market Price. Pursuant to Section 607(g)(i) of the TSX Manual, security holder approval is generally required with respect to a private placement where (i) the aggregate number of securities issuable exceeds 25% of the number of securities of a

company which are outstanding immediately prior to the share issuance and (ii) the price per listed security is less than the market price (as defined in the TSX Manual).

Section 607(f)(iv) of the TSX Manual provides that if warrants are issued as part of a transaction, the shares issuable upon exercise of the warrants are to be counted towards the total number of shares issuable in the transaction, and that each share so issued is deemed to be issued at a discount to the market price, even if the exercise price of the warrants are at, or above, the market price.

Immediately prior to the Private Placement, there were 400,004,848 Ordinary Shares issued and outstanding. Therefore, given that warrants were part of the Private Placement, the Company was able to issue up to 100,001,212 Ordinary Shares (25% of 400,004,848 Ordinary Shares) as part of the Private Placement without Shareholder approval. The Company was therefore permitted to issue the 87,903,396 Ordinary Shares it issued to the Investors on November 29, 2016, and may issue an additional 12,097,816 Ordinary Shares, in the aggregate, upon the Investors' exercise of their Warrants, each without the approval of the Shareholders. Of the 192,300,000 Ordinary Shares issuable to the Investors upon their exercise of their Warrants, 180,202,184 of these Warrants may not be issued without the approval of its Shareholders (the "**Restricted Warrants**"). The Company is therefore seeking Shareholder approval of the Warrant Exercise Resolution so that it may issue all 192,300,000 Ordinary Shares to the Investors upon exercise of their Warrants.

Reasons for, and Benefits of, the Private Placement

The Board and management of the Company believe that the Private Placement, including the grant of the Warrants and the issuance of Ordinary Shares upon exercise thereof, is in the best interests of the Company and all Shareholders. In deciding to enter into the Subscription Agreements, the Board considered numerous factors, including the following:

Extensive Review Conducted by the Company – Having announced a strategic review process on May 1, 2015, and working continuously since such time discussing and negotiating potential transactions, including attempted transactions with AGR Energy Limited No. 1, Nostrum Oil & Gas plc and Olisol, the Board is confident that the Private Placement was the best alternative available to the Company and the Shareholders at the time that the Private Placement was entered into.

Necessary Funding – At the time of entering into the Private Placement, the Company did not have sufficient funds to meet its forthcoming financial obligations. Without the US$1.4 million that was received, the Company likely would have defaulted on loan payments that were due a few days after closing the Private Placement. Furthermore, even after receiving US$1.4 million from the Private Placement, there remains significant doubt about the Company's ability to continue as a going concern.

The Company requires significant additional funding both to continue to maintain existing operations but, more importantly, to drill for oil and gas in order to increase production and cash flow, repay loans and generate future returns to shareholders. Consequently, the Company is exploring all available funding options including sale of assets/farm-outs, raising new equity and loans, restructuring and conversion of existing loans and development funding from drilling companies or other investors for specific drilling programmes which would be repayable from future production contingent on drilling success.

The Warrants, if exercised, would provide the Company with approximately an additional US$6.0 million of much needed funding at a price of US$0.031 per Ordinary Share, representing a 138% premium to the 5 day VWAP on November 4, 2016. If the Warrant Exercise Resolution is not approved such that the Restricted Warrants may not be exercised, the Company will not receive any proceeds from the exercise prices paid in respect thereof and there can be no assurance that management will be successful in securing alternative funding.

Strong in-country partner in Kazakhstan – An important factor in the decision of the Board to enter into the Private Placement with the Investors was the urgent need for a strong in-country partner for the Company in Kazakhstan, following the failure of the transactions with Olisol to complete and the serious commercial and legal issues being faced by the Company in Kazakhstan.

More particularly, the Company has recently faced the following issues in Kazakhstan which the Investors have been instrumental in assisting the Company resolve:

(i) Eurasia Gas Group ("**EGG**"), a company controlled by Mr. Alexander Skripka who is a shareholder of Olisol, has not paid in full for oil purchases for more than 10 months and more than US$1.4 million is now owed by EGG to the Company's subsidiary in Kazakhstan, Tethys Aral Gas LLP ("**TAG**"). After TAG took actions to recover this debt EGG lodged a claim in the Kazakh courts seeking an award against TAG equivalent to US$2.6 million. The lawsuit was accepted by the Court in breach of the statutory pre-trial dispute resolution procedures. The Company's view is that the claim is without merit or substance, however, TAG's bank accounts have been restricted by Court Order for a considerable period of time pending a decision by the Court whose hearings have been subject to numerous delays. As a consequence, TAG has been unable to pay salaries to employees, suppliers or taxes due to Government authorities until the accounts restrictions are lifted. It has also been prevented from receiving payment of the US$3.5 million owed by the State gas company Intergas Central Asia ("**ICA**") for gas sales and the US$1.4 million owed by EGG for oil sales due to the risk that those funds would be seized or appropriated by the Court;

Status update: the Investors have been providing valuable assistance to the Company to help resolve the EGG legal claim which it anticipates will be resolved in the near term. With the assistance of the Investors, ICA commenced taking gas produced by TAG under the existing gas supply contract on December 9, 2016 and has now paid in full the US$3.5 million due to the Company for past gas sales.

(ii) Criminal allegations were made against employees of TAG, searches and seizures of records and computer equipment were conducted of TAG's offices and TAG's employees were interrogated by law enforcement agencies. The case was initiated by Mr. Alexander Abramov, the Company's former Chairman and a shareholder of Olisol, risking the Company being deprived of its management in Kazakhstan and risking the Company losing control over TAG and preventing the Company from operating normally in Kazakhstan;

Status update: following assistance from the Investors, the Office of the Almaty City Prosecutor quickly intervened by reviewing the claims and the case was dismissed.

(iii) Just prior to the anticipated closing date of the Investment Agreement with Olisol, ICA, the only buyer of the Company's gas in Kazakhstan, unexpectedly notified TAG that it would no longer take gas produced by TAG and was cancelling its gas sales contract with TAG. The Company disagreed with ICA's right to terminate the contract and engaged in discussions with ICA and Governmental officials, believing there was a reasonable prospect that ICA would resume taking gas under the contract.

Status update: As announced by the Company on December 12, 2016, through valuable assistance from the Investors, ICA commenced taking gas produced by TAG under the existing gas supply contract and payment for prior month's gas sales has been brought up to date by ICA**.**

In addition to the valuable assistance from the Investors to help the Company resolve the above issues, the Investors have also been working with the Company to:

- Obtain a bank loan from a reputable bank in Kazakhstan for TAG to enable it to repay and restructure current loans and to fund operations;
- Market the Company's gas sales for export;
- Improve the pricing of the Company's oil and gas products; and
- Engage with the Company's current corporate lenders with a view to restructuring existing loan terms in order to improve cash flow.

Alignment of the interests of the Investors and other shareholders – The Investors each acquired approximately 9% of the Ordinary Share in the Company and they will benefit from any share price appreciation if their efforts to assist the Company in the above areas are successful. Other shareholders will also benefit through appreciation in the value of their Ordinary Shares if these efforts are successful. The Warrants granted to the Investors will likely only be exercised by the Investors if the market price of the Ordinary Shares increases above the US$0.031 per Ordinary Share exercise price. The market price of the Ordinary Shares will need to increase by 138% compared to the 5 day

VWAP on November 4, 2016 for this to occur, representing a more than threefold increase in the market capitalisation of the Company from US$5.1 million to US$15.8 million. The value of the Company would be expected to increase further on receipt of approximately US$6.0 million in cash on exercise of the Warrants. The Warrants therefore provide the Investors with a strong incentive to work with the Company on actions that will increase the Company's value which is in the interest of all shareholders.

Terms of the Relationship Agreement – The Relationship Agreement is designed to ensure that the Company continues to operate autonomously and in the interests of all Shareholders. The Investors are committed to supporting the Company in its growth plans such that all shareholders can participate in the potential future success of the Company. The key terms are summarized above.

Recommendation of the Board

The Board unanimously recommends that Shareholders vote in favour of the Warrant Exercise Resolution. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the Warrant Exercise Resolution approving such issuances of Ordinary Shares to the Investors. The text of the Warrant Exercise Resolution which management intends to place before the Shareholders at the Meeting for approval is set forth below:

Warrant Exercise Resolution

Shareholders are being asked to consider, and if thought appropriate, approve the resolution set out below.

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

1. the Company be authorized to issue up to an aggregate of 192,300,000 ordinary shares in the capital of the Company ("**Ordinary Shares**"), 96,150,000 to each of (i) Jin Guang Ltd., a nominee company owned by Medgat Kumar and formed under the laws of the Seychelles and (ii) Prax Pte. Ltd., a nominee company owned by Winston Sanjeev Kumar Soosaipillai and formed under the laws of Singapore (together, the "**Investors**"), in each case upon the exercise of warrants previously issued to the Investors, which issuances (a) could result in either of the Investors owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the Toronto Stock Exchange Company Manual (the "**TSX Manual**"), and (b) would result in the Company having issued an aggregate number of Ordinary Shares greater than 25% of the Ordinary Shares that were outstanding at the time that the Company first issued Ordinary Shares to the Investors, and which Ordinary Shares were deemed by section 607 of the TSX Manual, to have been issued at a price below the market price, thereby requiring Shareholder approval under section 607(g)(i) of the TSX Manual, all as more particularly described and set forth in the management information circular of the Company dated December 22, 2016;

   (b) any officer or director of the Company is authorized and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of such officer or director, may be necessary or desirable to give effect to this resolution; and

   (c) the board of directors of the Company be and is authorized to abandon all or any part of these resolutions at any time prior to giving effect thereto.

In order to be adopted, the Warrant Exercise Resolution must be approved by a simple majority of the votes cast by, or on behalf of, Shareholders entitled to vote in person or by proxy voting at the Meeting excluding any Ordinary Shares held by the Investors or their affiliates.

Consequences if Warrant Exercise Resolution is not Approved

If the Warrant Exercise Resolution is not approved, the Company shall only be permitted to issue up to an aggregate of 12,097,816 Ordinary Shares to the Investors upon their exercise of their Warrants which means that the Company will not be able to receive any of the proceeds it would otherwise receive from the exercise of the Warrants.

Further, the Company will be required to pay to the Investors, for each Restricted Warrant, the amount, if any, by which the five day VWAP at the time of the Meeting exceeds the exercise price of the Restricted Warrants.

2. THE DEBT CONVERSION

The ALR Loans

On March 9, 2015, the Company entered into a non-convertible loan agreement (the "**Non-Convertible Loan Agreement**") with Annuity and Life Reassurance Ltd. ("**ALR**"), an affiliate of PAM, pursuant to which ALR loaned US$3.5 million (the "**Non-Convertible Loan**") to the Company at 8% interest per annum. The Non-Convertible Loan is due on March 9, 2017. On December 20, 2016, the Company repaid US$322,161 of the Non-Convertible Loan (the "**Prepayment**") through the issuance of 20,227,854 Ordinary Shares (the "**Prepayment Shares**") at an effective price of US$0.0159266 (the price the Investors paid for the Ordinary Shares acquired as part of the Private Placement), following which, the outstanding balance of the Non-Convertible Loan, together with accrued, but unpaid interest, as of the date of the Meeting, will be US$3,276,798.

On June 1, 2015, the Company issued a US$1,760,978 9% convertible debenture (the "**Convertible Debenture**" and together with the Non-Convertible Loan, the "**ALR Loans**") to ALR. The Convertible Debenture has a maturity date of June 30, 2017 and is convertible into Ordinary Shares at a conversion price of US$0.10 per share. As of the date of the Meeting, the outstanding balance of the Convertible Debenture, including accrued, but unpaid interest will be approximately US$1,851,946.

The total amount outstanding under the ALR Loans as of the date of the Meeting (including accrued, but unpaid interest) will be approximately US$5,128,744. The conversion price of US$0.031 is a 166.3% premium to the 5 day VWAP on December 16, 2016, the date the Company applied to list the Conversion Shares on the TSX.

Amendments to the ALR Loans

The following summary describes certain of the material provisions of the amending agreements to the ALR Loans. This summary is qualified in its entirety by reference to the amending agreements, copies of which are available at www.sedar.com on the Company's SEDAR page. The Company encourages Shareholders to read the amending agreements carefully in their entirety for a more complete understanding of such agreements. The summary below should not be taken as an exhaustive list of the substantive provisions of such agreements.

On December 20, 2016, the Company and ALR agreed to amend both the Non-Convertible Loan Agreement and the Convertible Debenture to: (i) extend the maturity dates of both to January 27, 2020, (ii) waive any defaults for any interest payments that are in arrears, (iii) add a conversion feature to the Non-Convertible Loan Agreement and revise the conversion feature of the Convertible Debenture to provide that both of the ALR Loans will be convertible in whole, or in part, at ALR's option at any time prior to the extended maturity date at a conversion price of US$0.031, subject to customary anti-dilution adjustments as set out in the amending agreements, (iv) add a covenant that, other than a loan with a bank, the Company may not enter into any new secured loan or amend an existing loan to provide security, unless ALR consents to such loan or is provided with equivalent security, and (v) amend the interest rate payable to provide that if the ALR Loans are converted, semi-annual interest shall accrue at a rate of 4% per annum payable only at the time of conversion through the issuance of Ordinary Shares at the US$0.031 conversion price, however, if any part of the ALR Loans are not converted, but rather repaid at maturity, the interest rate under the portion of the Convertible Debenture that is not converted shall remain at 9% and the interest rate under the portion of the Non-Convertible Loan that is not redeemed shall be increased from 8% to 9%. If the ALR Loans are converted in full immediately prior to maturity, the outstanding balance of the ALR Loans, together with accrued interest will be approximately US$5,775,798. If the ALR Loans are not converted but are repaid in cash at maturity, the outstanding balance, including accrued, but unpaid interest will be US$6,678,958.

The amendments, including the extension of the maturity dates, will only take effect if the Debt Conversion Resolution is approved at the Meeting.

If all of the ALR Loans are converted at maturity, the outstanding principal, together with accrued but unpaid interest will be approximately US$5,775,798 which would result in the issuance to ALR of 186,316,064 Ordinary

Shares (the "**Conversion Shares**") at a conversion price of US$0.031 and the Company will have fully repaid the ALR Loans, including all accrued and unpaid interest.

TSX Requirements for Shareholder Approval

Section 604(a)(i) – Material Effect on Control. Pursuant to Section 604(a)(i) of the TSX Manual, shareholder approval is required for transactions involving the issuance of listed securities that materially affect control of a company. Under the TSX Manual, a transaction in considered to "materially affect control" if it gives any security holder, or a combination of security holders acting together, the ability to influence the outcome of a vote of security holders, including the ability to block significant transactions. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together is generally considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances.

The issuance of Ordinary Shares to ALR upon conversion of the ALR Loans could result in PAM owning or controlling greater than 20% of the outstanding Ordinary Shares – see the table set out above under "*Potential Share Ownership if the Resolutions are Approved"*. Shareholders are being asked to consider and, if thought fit, pass the Debt Conversion Resolution set out below approving the issuance of up to 186,316,064 Ordinary Shares to ALR upon conversion of the ALR Loans even if such issuance results in PAM owning or controlling greater than 20% of the outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604(a)(i) of the TSX Manual.

Section 607(g)(i) – Issuance of Greater than 25% of Securities of a Company at less than the Market Price. Pursuant to Section 607(g)(i) of the TSX Manual, security holder approval is generally required with respect to a private placement where (i) the aggregate number of securities issuable exceeds 25% of the number of securities of a company which are outstanding immediately prior to the share issuance and (ii) the price per listed security is less than the market price (as defined in the TSX Manual).

Section 607(f)(iii) of the TSX Manual provides that if convertible securities are issued as part of a transaction, the shares issuable upon exercise of the convertible securities are to be counted towards the total number of shares issuable in the transaction and the underlying shares will be deemed to be issued at a price less than the market price unless the conversion price is defined as at least market price at the time of conversion.

The proposed conversion price for the conversion of the ALR Loans is US$0.031 and while such price was a premium to the market price of the Ordinary Shares at the date of this Circular, it is not defined as the market price at the time of conversion, and therefore will be considered to be issued at a discount for purposes of Section 607(f)(iii) of the TSX Manual. In addition, since the maximum number of Ordinary Shares issuable upon the conversion of the ALR Loans exceeds 25% of the 487,908,244 Ordinary Shares that were outstanding prior to the Prepayment, section 607(g)(i) of the TSX Manual requires shareholder approval for the issuance of any Ordinary Shares in excess of 121,977,061 Ordinary Shares (25% of 487,908,244 Ordinary Shares). The Company is therefore seeking Shareholder approval of the Debt Conversion Resolution so that it may issue the Conversion Shares to ALR even though doing so would result in greater than 25% of the outstanding shares being issued at a deemed discount to the then market price of the Ordinary Shares.

Section 604(g)(ii) – Issuance of Greater than 10% of Securities to Insiders in Six Month Period
Pursuant to Section 604(a)(ii) of the TSX Manual, shareholder approval is required for transactions involving the issuance or potential issuance of listed securities to insiders of a listed issuer during any six month period, if the listed securities issuable amount to more than 10% of the number of securities of the issuer which are outstanding on a non-diluted basis prior to the closing date of the first issuance of securities.

Prior to the issuance of the Prepayment Shares there were 487,908,244 Ordinary Shares outstanding, therefore the Company may not issue more than 48,790,824 Ordinary Shares to insiders within six months from December 20, 2016, the date the Prepayment Shares were issued. If the amendments to the ALR Loans are approved, this would result in Ordinary Shares being issued, or being made issuable, to an insider of the Company in a number that exceeds 10% of the outstanding Shares as of December 20, 2016.

Consequently, Shareholders, excluding PAM, are being asked to consider and, if thought fit, pass the Debt Conversion Resolution approving the issuance of the Conversion Shares even though such issuance will result in insiders being issued securities that will result in greater than 10% of the outstanding Ordinary Shares being issued or made issuable to insiders of the Company in a six month period.

MI 61-101

Prior to the Prepayment, PAM owned or controlled 67,675,542 Ordinary Shares, representing approximately 13.9% of the outstanding Ordinary Shares as at such date and therefore was, and still is, considered a "related party" of the Company under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). As such, the issuance of the Prepayment Shares was, and the amendments to the ALR Loans, including the issuance of the Conversion Shares, will constitute, a "related party transaction" in respect of the Company within the meaning of MI 61-101.

Exemption from Valuation Requirement

The issuance of the Prepayment Shares and the Conversion Shares were, and are, exempt from the requirement to obtain a formal valuation under MI 61-101 pursuant to section 5.5(g) of MI 61-101 since the Company is in serious financial difficulty, the issuance of both the Prepayment Shares and the Conversion Shares (as well as the amendments to the ALR Loans) are designed to improve the financial condition of the Company (both through satisfying debt for shares rather than cash which the Company does not have, and extending the maturity date of the ALR Loans), the Board includes one or more independent directors in respect of the issuance of the Prepayment Shares and the Conversion Shares (and the amendment of the ALR Loans) and the Board determined, including all of its independent directors, that the Company was in serious financial difficulty, the issuance of the Prepayment Shares and the Conversion Shares (and the amendment of the ALR Loans) are designed to improve the financial condition of the Company and the terms of both are reasonable in the circumstances.

Requirement for Minority Shareholder Approval

The issuance of the Prepayment Shares was exempt from the requirement to obtain minority shareholder approval under MI 61-101 pursuant to section 5.7(e) of MI 61-101 for the reasons noted above and since there was no other requirement to hold a shareholder meeting to approve the issuance of the Prepayment Shares.

Section 5.6 of MI 61-101 does require that the Company obtain shareholder approval in connection with the amendment of the ALR Loans, including the issuance of the Conversion Shares. In order to be approved under MI 61-101, the Debt Conversion Resolution must be approved by a majority of the votes cast at the Meeting by shareholders in person or by proxy, excluding any votes attaching to Ordinary Shares beneficially owned by PAM.

Recommendation of the Board

The Board and management of the Company believe that the amendments to the ALR Loans, including the issuance of the Conversion Shares, are in the best interests of the Company and all Shareholders since without the amendments to the ALR Loans, the Non-Convertible Debt would become due on March 9, 2017 and the Convertible Debenture would be due on June 30, 2017. The Company does not currently have the funds required to pay such debt and there is serious doubt as to the Company's ability to raise the funds, either through operations or otherwise, necessary to satisfy such debt if it becomes due on the current maturity dates. Further, if the amendments to the ALR Loans are approved and the ALR Loans are converted, the Company will have paid a reduced interest rate of 4% rather than the current rates of 8% under the Non-Convertible Loan and 9% under the Convertible Debenture.

The Board, excluding William Wells, who is an affiliate of PAM and therefore abstained from voting, unanimously recommends that Shareholders vote in favour of the Debt Conversion Resolution. Unless such authority is withheld, the persons named in the enclosed instrument of proxy intend to vote FOR the Debt Conversion Resolution approving the amendments to the ALR Loans, including the issuance of the Conversion Shares. The text of the Debt Conversion Resolution which management intends to place before the Shareholders at the Meeting for approval is set forth below.

Debt Conversion Resolution

Shareholders are being asked to consider, and if thought appropriate, approve the resolution set out below.

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

(a) the Company be authorized to amend certain debt instruments with Annuity and Life Reassurance Ltd. ("**ALR**") an affiliate of Pope Asset Management LLC (together with ALR and its other affiliates, "**PAM**") pursuant to which, among other things, the Company may issue up to an aggregate of 186,316,064 Ordinary Shares to ALR in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and applicable sections of the TSX Manual which issuances would result in (a) PAM owning or controlling greater than 20% of the issued and outstanding Ordinary Shares, thereby materially affecting control of the Company under Section 604 of the TSX Manual, (b) the Company having issued an aggregate number of Ordinary Shares greater than 25% of the Ordinary Shares that were outstanding at the time that the Company first issued Ordinary Shares to ALR to satisfy some of its debt obligations to ALR, and which Ordinary Shares were deemed by section 607 of the TSX Manual, to have been issued at a price below the market price, thereby requiring Shareholder approval under section 607(g)(i) of the TSX Manual, and (c) more than 10% of the issued and outstanding Ordinary Shares having been issued or made issuable to insiders during a six month period, all as more particularly described and set forth in the Circular.;

(b) any officer or director of the Company is authorized and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as, in the opinion of such officer or director, may be necessary or desirable to give effect to this resolution; and

(c) the board of directors of the Company be and is authorized to abandon all or any part of these resolutions at any time prior to giving effect thereto.

In order to be adopted, the Debt Conversion Resolution must be approved by a simple majority of the votes cast by, or on behalf of, Shareholders entitled to vote in person or by proxy voting at the Meeting excluding any Ordinary Shares held by PAM.

Consequences if Debt Conversion Resolution is not Approved

If the Debt Conversion Resolution is not approved, ALR will not extend the maturity date of the ALR Loans and the Company will be required to satisfy the ALR Loans in cash at the current maturity dates of such debt. As the Company does not currently have the funds necessary to satisfy the ALR Loans, there is a serious risk of the Company's ability to remain a going concern if the Debt Conversion Resolution is not approved.

TRADING IN ORDINARY SHARES

The Ordinary Shares are listed on the TSX under the symbol "TPL". The following table sets forth the reported high and low sales prices (which are not necessarily closing prices) and the trading volumes for the Ordinary Shares on the TSX during the six month period preceding this Circular (in Canadian dollars):

Period	Trading Volume	High	Low
June 2016	53,083,961	$0.04	$0.02
July 2016	2,679,931	$0.03	$0.025
August 2016	12,170,669	$0.035	$0.02
September 2016	7,411.809	$0.03	$0.02
October 2016	11,298,577	$0.04	$0.015
November 2016	4,722,469	$0.02	$0.015
December 1- 20, 2016	3,712,373	$0.03	$0.015

The Ordinary Shares are also listed on the LSE under the symbol "TPL". The following table sets forth the reported high and low sales prices (which are not necessarily closing prices) and the trading volumes for the Ordinary Shares on the LSE during the six month period preceding this Circular (in Pounds Sterling):

Period	Trading Volume	High	Low
June 2016	9,971,062	£0.02	£0.01
July 2016	3,591,936	£0.02	£0.01
August 2016	29,085,465	£0.03	£0.01
September 2016	17,495,632	£0.02	£0.01
October 2016	10,759,135	£0.02	£0.01
November 2016	5,304,419	£0.01	£0.01
December 1-20, 2016	3,050,555	£0.03	£0.015

PRIOR PURCHASES AND SALES

The Company has not purchased or sold any of its securities in the twelve months preceding the date of this Circular other than Ordinary Shares issued to convert or satisfy outstanding debt as set forth below.

Date	Ordinary Shares	Effective Price Per Share
March 21, 2016	37,440,042	US$0.10 per share (1)
April 15, 2016	25,604,419	US$0.10 per share (1)
December 20, 2016	20,227,854	US$0.0159266 per share (2)

(1) Issued upon conversion of principal and interest due under a facility agreement that the Company entered into with Olisol on November 19, 2015, as amended on March 2, 2016.

(2) Issued to ALR in satisfaction of a prepayment of US$322,161 of outstanding debt.

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

No person who is or has been director or executive officer of the Company, or an associate or affiliate thereof since the beginning of the Company's last financial year, 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

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.

AUDITORS

The auditors of the Company are PricewaterhouseCoopers LLP, who were appointed as auditors of the Company on November 25, 2014.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com, including the Relationship Agreement. Financial information relating to the Company is provided in the Company's financial statements and management's discussion and analysis ("**MD&A**") for the financial year ended December 31, 2015. Shareholders may contact the Company to request copies of the financial statements and MD&A by: (i) mail to Camana Bay, 89 Nexus Way, KY1-9007 Cayman Islands; or (ii) email to info@tethyspetroleum.com.

APPROVAL OF DIRECTORS

The contents of this Circular and the sending, communication or delivery thereof to the Shareholders entitled to receive the Notice of the Meeting, to each director of the Company, to the auditors of the Company and to the appropriate governmental agencies have been approved and authorized by the directors of the Company.

DATED December 22, 2016

ON BEHALF OF THE BOARD OF DIRECTORS

William P. Wells, Chairman

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