

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Tethys Petroleum Limited (“Tethys” or the “Company”)
P.O. Box 524, Suite 3, Borough House
Rue du Pre,
St. Peter Port, Guernsey
GY1 6EL

Item 2 Date of Material Change

January 11, 2010

Item 3 News Release

The press release attached hereto was disseminated through Marketwire on January 11, 2010 with respect to the material change.

Item 4 Summary of Material Change

The Company announced that it will complete a non-brokered private placement of 12,615,000 Ordinary Shares for gross proceeds of US\$10 million (the “Offering”), subject to regulatory approval. The Company has received order confirmations for the US\$10 million maximum amount of the Offering.

The Ordinary Shares have been placed at a price of C\$0.82 each. The Ordinary Shares of the Company are listed on the Toronto Stock Exchange under the symbol “TPL” and the placement is subject to the Toronto Stock Exchange approval. The net proceeds of the Offering will be used by Tethys for project development and capital expenditures. The private placement is scheduled for completion on or about January 25, 2010.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

See attached press release.

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

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

(See above)

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

The purpose of the Private Placement is to increase the amount of funds available to the Company for project development and capital expenditures.

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

The Private Placement will result in a 8.7% increase in the number of ordinary shares of the Company outstanding.

- (d) *a description of*

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

Pope Investments II LLC, an entity managed by Pope Asset Management, LLC ("PAM"), has advised that it proposes to subscribe for an aggregate of 2,525,000 ordinary shares as part of the private placement. PAM is considered a related party of the Company as it exercises control over 28,078,200 ordinary shares of the Company (prior to giving effect to the Private Placement), representing 19.4% of the outstanding ordinary shares.

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

Upon completion of the Private Placement, PAM will exercise control or direction over 30,603,200 ordinary shares, representing 19.5% of the number of ordinary shares outstanding after giving effect to the Private Placement.

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

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

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

Not applicable

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

- (i) *that has been made in the 24 months before the date of the material change report; and*
- (ii) *the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer*

Not applicable

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

The Company and Pope Investments II LLC will enter into a subscription agreement (the “Subscription Agreement”) in connection with the Private Placement which evidences the agreement of the parties for the issue and sale of 2,525,000 ordinary shares to Pope Investments II LLC at a price of C\$0.82 (or US\$0.79273) per share, for an aggregate subscription price of US\$2,001,643. The Subscription Agreement includes representations and warranties of each party. Under the terms of a subscription agreement between PAM and the Company dated December 19, 2009, Pope Investments II LLC has a right to participate in future issues and sales of ordinary shares of the Company for cash consideration completed by December 31, 2010, if any, in order to maintain its then current proportionate equity interest in the Company. Such right shall not apply to the issue of ordinary shares pursuant to (i) the exercise of options granted under the Company’s 2007 Long Term Incentive Plan; (ii) the exercise of warrants outstanding on the date hereof or which may be granted in connection with loan transaction or acquisition, (iii) acquisitions. The completion of the Private Placement is subject to approval of the Toronto Stock Exchange.

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

The Private Placement is exempt from the formal valuation and minority approval requirements of MI 61-101 pursuant to paragraphs 5.5(a) and 5.7(i)(a) thereof, as, at the time the Private Placement was agreed to, neither the fair market value of the 2,525,000 Ordinary Shares to be issued to Pope Investments II LLC or the aggregate subscription price (US\$2,001,643) exceeded 25% of the Company’s market capitalization (\$87.5 million) (calculated as the average of the closing prices of the Ordinary Shares on the TSX for the 20 days ending on December 31, 2009 multiplied by 134,554,769).

- (j) *Other*

The Private Placement is scheduled for completion on January 25, 2010. The completion date is scheduled for completion fewer than 21 days from the date of the January 11, 2010 press release to ensure the availability of the proceeds of the Private Placement on a timely basis.

5.2 *Disclosure for Restructuring Transactions*

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable

Item 8 Executive Officer

The following executive officer is knowledgeable about the material change and may be contacted about this report.

Sabin Rossi
Vice President, Investor Relations
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Item 9 Date of Report

January 15, 2009



NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO US NEWSWIRE SERVICES

TETHYS PETROLEUM PRESS RELEASE

FOR IMMEDIATE RELEASE

TETHYS ANNOUNCES US\$10 MILLION PRIVATE PLACEMENT

Toronto, Canada, Monday, January 11, 2010 - Tethys Petroleum Limited ("Tethys" or the "Company") today announced that it will complete a private placement of 12,615,000 Ordinary Shares for gross proceeds of US\$10 million (the "Offering"), subject to regulatory approval. The Company has received order confirmations for the US\$10 million maximum amount of the Offering.

The Ordinary Shares have been placed at a price of C\$0.82 each. The Ordinary Shares of the Company are listed on the Toronto Stock Exchange under the symbol "TPL" and the placement is subject to approval by the Toronto Stock Exchange. The net proceeds of the Offering will be used by Tethys for project development and capital expenditures. The private placement is scheduled for completion on or about January 25, 2010.

One of the subscribers is a related party of the Company within the meaning of applicable Canadian securities laws. The proposed date for completion of the private placement is less than 21 days from the date of this release to ensure the availability of the proceeds to the Company on a timely basis. Additional information relating to the interest of the related party in the private placement will be contained in a material change report to be filed in accordance with Canadian securities law.

Tethys is focused on oil and gas exploration and production activities in Central Asia with activities currently in the Republics of Kazakhstan, Tajikistan and Uzbekistan. This highly prolific oil and gas area is rapidly developing and Tethys believes that significant potential exists in both exploration and in discovered deposits.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States or to United States Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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This press release contains “forward-looking information” which may include, but is not limited to, statements with respect to our operations. Such forward-looking statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risks relating to regulatory approvals, transaction settlement and of sufficiency of the proceeds for the purposes contemplated. See the description of risks and uncertainties and underlying factors and assumptions relevant to the offering and “forward looking information” contained herein and to the Company’s business, including its exploration and development activities, contained in the Annual Information Form dated March 31, 2009 (which are incorporated herein by reference). The “forward looking statements” contained herein speak only as of the date of this press release and, unless required by applicable law, the Company undertakes no obligation to publicly update or revise such information, whether as a result of new information, future events or otherwise.

For more information please contact:

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