

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

May 12, 2009

Item 3 News Release

The press release attached as Schedule “A” was disseminated through Marketwire on May 12, 2009 with respect to the material change.

Item 4 Summary of Material Change

The Company announced that it has completed an initial independent reserve and resource report (the “Report”) for its assets in Tajikistan with an effective date of March 31, 2009. These assets are held by Tethys’ subsidiary Kulob Petroleum Limited under the Bokhtar Area Production Sharing Contract (“PSC”), which covers an area of some 34,751 km² (8.6 million acres) in southwestern Tajikistan (the “PSC Contract Area”). This is the first time a report has been commissioned for these assets under the rules of Canadian National Instrument 51-101 and was prepared by the UK based reserve auditing firm TRACS International.

No new wells have been drilled to date by Tethys in Tajikistan with the focus to date having been on designing and implementing an extensive seismic program that will be completed later in 2009, and working over existing old wells that have provided invaluable data for future drilling prospects as well as limited gas production.

The Report concludes that the gross unrisked Prospective Resources in the area at a “mid case” total some 1,132 million barrels oil equivalent (MMboe). Some of these Prospective Resources will be further targeted by the current seismic acquisition program (which has just commenced in the Dushanbe area), and which should provide additional data in order to identify the most optimal drilling targets as well as firming up the potential of existing discoveries. Some of the key conclusions of the Report were that there are a large number of leads in several horizons that have been identified in the PSC Contract Area and that a large number of these leads are relatively shallow and would be relatively inexpensive to drill. The Report states that one of the uncertainties with this play is the type of hydrocarbon that would be encountered and the resources reported are based on the assumption of a 60% chance of encountering oil and a 40% chance of encountering non-associated gas. The “mid case” is considered the best estimate based upon the outcome of a probabilities analysis. This term is a measure of central tendency of the uncertainty distribution.

The definitions of the resource categories used in the Report are contained in the attached press release.

For both the Komsomolsk and Beshtentak fields resources the primary contingency which prevents the classification of contingent resources as reserves is the distribution of the hydrocarbons within the structure, which will only be defined by new workover or drilling activity, although both structures have the size of their hydrocarbon resources well defined. For the Khoja Sartezi field resources the primary contingency which prevents the classification of contingent resources as reserves is commerciality as it has not been demonstrated to date that sufficient volumes of gas can be produced from a single well in order to pass the economic limits that define reserves.

There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources referred to in the Report.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

See attached press release.

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

May 21, 2009

Schedule “A”

TETHYS PETROLEUM PRESS RELEASE

FOR IMMEDIATE RELEASE

Tajikistan – 1.1 Billion Barrels of Gross Prospective Resources

Dushanbe, Tajikistan, Tuesday, May 12, 2009: Tethys Petroleum Limited ("Tethys" or the "Company") (TSX: TPL) is pleased to announce that it has completed an initial independent reserve and resource report for its assets in Tajikistan. These assets are held by Tethys' subsidiary Kulob Petroleum Limited under the Bokhtar Area Production Sharing Contract ("PSC"), which covers an area of some 34,751 km² (8.6 million acres) in south-western Tajikistan, (the "PSC Contract Area"). This is the first time a report has been commissioned for these assets under the rules of Canadian National Instrument 51-101 and was carried out by the UK based reserve auditing firm TRACS International.

No new wells have been drilled to date by Tethys in Tajikistan with the focus to date having been on designing and implementing an extensive seismic program that will be completed later in 2009, and working over existing old wells that have provided invaluable data for future drilling prospects as well as limited gas production.

The results of this report has validated Tethys' strategic objective of entering Tajikistan to gain exposure to high impact exploration acreage to provide significant upside potential to the company's future growth prospects with also the potential for early cash flow from discovered deposits.

The report concludes that the gross unrisked Prospective Resources in the area at a "mid case" total some 1,132 million barrels oil equivalent (MMboe). Some of these Prospective Resources will be further targeted by the current seismic acquisition program (which has just commenced in the Dushanbe area), and which should provide additional data in order to identify the most optimal drilling targets as well as firming up the potential of existing discoveries. Some of the key conclusions of the Resource Report were that there are a large number of leads in several horizons that have been identified in the PSC Contract Area and that a large number of these leads are relatively shallow and would be relatively inexpensive to drill. The Resource Report states that one of the uncertainties with this play is the type of hydrocarbon that would be encountered and the resources reported are based on the assumption of a 60% chance of encountering oil and a 40% chance of encountering non-associated gas. The "mid case" is considered the best estimate based upon the outcome of a probabilities analysis. This term is a measure of central tendency of the uncertainty distribution.

TRACS also assessed specific existing discoveries in the PSC Contract Area with a view to establishing Reserves and Contingent Resources within the framework of the existing limited data set which will be improved on and developed by the ongoing Tethys seismic and future drilling.



On the Komsomolsk Field, located near and under the city of Dushanbe, Prospective and Contingent Resources were assessed at a gross unrisks summed mid-case of some 74.95 billion cubic feet (Bcf) (2.12 billion cubic metres (Bcm)) of natural gas and with Proven plus Probable Gross Reserves being assessed as 1.55 Bcf of natural gas plus a small amount of gas condensate. The Company hopes to drill directional inclined wells to target these Reserves and Resources, which lie beneath the city of Dushanbe and have not been developed primarily due to the lack of directional drilling technology. Any success on these wells would move the Prospective Resources into the Reserves category. This field lies next to the capital city Dushanbe and has existing pipeline infrastructure in place. Currently Tajikistan imports almost all its gas at a price of US\$240 per thousand cubic metres (US\$6.80 per thousand cubic feet).

In December 2007 Tethys announced that it had signed an agreement to take a partner on these projects in Tajikistan that would have given Tethys a 51% operating interest in these projects that includes the PSC. As at March 31, 2009 this partnership had not been completed and as such the Company currently owns 100% of the contractor interest in these assets, but discussions are currently underway with the partners as to certain issues relating to the possible completion of this agreement. It is not known what the commercial terms would be at this time but any commercial arrangement could reduce the attributable reserves and resources in this report to the Company by whatever the percentage of the ownership in Kulob Petroleum Limited, ("KPL") is agreed to be assigned to the partner. The Company's interest in the prospective and contingent Resources and Gross Reserves is subject to the terms of the PSC. Under the PSC, KPL will recover 100% of its costs from up to 70% of total production from oil and natural gas. The remaining production will then be split in accordance with a fixed formula between KPL and the Tajik State.

Dr. David Robson, President and Chief Executive Officer of Tethys, commented, "We are very pleased that the TRACS report has confirmed the Company's decision to enter Tajikistan to gain exposure to very high exploration upside potential. Over a billion barrels of Prospective Resources is a remarkable asset to have for a company of our size and bodes well for our future growth prospects. The current seismic program will provide additional high quality data that will allow us to firm up these resources and to evaluate the best prospects to drill in the future. This will move us a step closer to achieving our goal of enabling Tajikistan to gain energy independence."

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.

Prospective Resources are those quantities of natural gas and oil that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. As a result of the lack of sufficient exploration drilling, the Prospective Resources estimated and included in the TRACS Resource Report cannot be classified as Reserves pursuant to NI 51-101. The Resource Report includes an evaluation of both prospects and leads, with the distinction between these subcategories of prospects being the current stage of technical evaluation. The different stages of technical evaluation relate to the amount of



geologic, geophysical, engineering and petrophysical data, as well as the quality of available data. A prospect is a potential accumulation that is sufficiently well defined to represent a viable drilling target. For a prospect, sufficient data and analyses exist to identify and quantify the technical uncertainties, determine reasonable ranges of geologic chance factors, engineering and petrophysical parameters, and estimate prospective resources. A lead is a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be considered a prospect. A lead may or may not be elevated to prospect status depending on the results of additional technical work.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies or where evaluation of the accumulation is insufficient to clearly assess commerciality.

Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status. There can be no assurance that the prospects identified in the Resource Report will be developed or will result in successful discoveries and the timing of the drilling of these prospects is uncertain. The estimate of (unrisked) prospective resources has not been adjusted for risk based on the chance of discovery or the chance of development. It is not an estimate of volumes that may be recovered. Actual recovery is likely to be less and may be substantially less or zero.

There are numerous uncertainties inherent in estimated resources, including many factors beyond the Company's control, and no assurance can be given that the indicated levels of resources or recovery of natural gas can crude oil will be realized. In general, estimates of recoverable natural gas and crude oil resources are based upon a number of factors and assumptions made as of the date on which resource estimates were determined, such as geological and engineering estimates which have inherent uncertainties and the assumed effect of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of resources are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the recoverable natural gas and crude oil and the classification of such resources based on risk of recovery, prepared by different engineers or by the same engineers at different times, may vary substantially. Barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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. See our Annual Information Form for the year ended December 31, 2008 available on sedar.com for a description of risks and uncertainties relevant to our business, including our exploration and development activities.

For more information please contact:

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