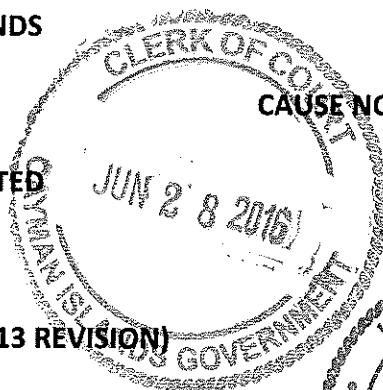


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



0092
CAUSE NO: FSD OF 2016

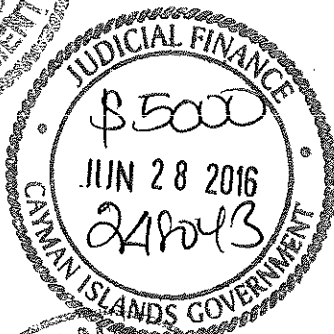
IN THE MATTER OF TETHYS PETROLEUM LIMITED

AND

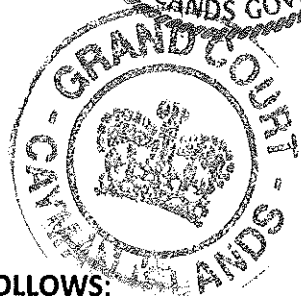
IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)

AND

IN THE MATTER OF THE GRAND COURT RULES (ORDER 102)



PETITION



TO: THE GRAND COURT OF THE CAYMAN ISLANDS

THE HUMBLE PETITION of Tethys Petroleum Limited SHOWS AS FOLLOWS:

1. The object of this petition is to seek an order of the court pursuant to Section 15 of the Companies Law (2013 Revision) (the "Companies Law") confirming a reduction of the share capital (the "Capital Reduction") of the Petitioner, Tethys Petroleum Limited (the "Company").
2. The Company was incorporated in Guernsey on 12 August 2003 under the name "Tethys Petroleum Investments Limited". By way of Certificate of Change of Name dated 22 September 2006, the Company changed its name to "Tethys Petroleum Limited". By way of a Certificate of Registration By Way of Continuation dated 17 July 2008, the Company was registered in the Cayman Islands as an exempted company with registration number 214254.
3. As at the date of incorporation of the Company, its authorized share capital was £10,000 divided into 10,000 shares of £1 each.

4. During the period 12 August 2003 to 1 January 2005:
- (i) each of the shares of £1 each in the capital of the Company was sub-divided into 10 shares of £0.10 each in the capital of the Company;
 - (ii) the share capital of the Company was increased from £10,000 divided into 100,000 ordinary shares of £0.10 each to £100,000 divided into 1,000,000 ordinary shares of £0.10.

5. On 23 October 2006:

- (i) each of the shares of £0.10 each in the capital of the Company was sub-divided into 10 shares of £0.01 each in the capital of the Company;
- (ii) the share capital of the Company was increased from £100,000 divided into 10,000,000 ordinary shares of £0.01 each to £5,000,000 divided into 50,000,000 ordinary shares of £0.01.

On 27 April 2007:

- (i) each ordinary share of £0.01 in the capital of the Company was converted into a share of US\$0.02;
- (ii) the ordinary shares were consolidated on a 5:1 basis into ordinary shares of US\$0.10 each;
- (iii) the authorized share capital of the Company was increased to US\$50,000,000 divided into 500,000,000 shares of US\$0.10 each.

6. On 24 April 2008 the authorized share capital was increased from US\$50,000 to US\$75,000,000 by the creation of 200,000,000 ordinary shares of US\$0.10 each and 50,000,000 preference shares of \$0.10 each.

7. As at the date of this Petition, the authorized share capital of the Company is US\$75,000,000, consisting of 700,000,000 ordinary shares (“the Ordinary Shares”) each with par value of US\$0.10 and 50,000,000 preference shares (the “Preference Shares”) each with par value of US\$0.10.
8. There are currently 400,004,848 Ordinary Shares in issue. No Preference Shares have been issued.
9. The Ordinary Shares are listed on the Toronto Stock Exchange, the Kazakhstan Stock Exchange and the London Stock Exchange.
10. The objects of the Company are unrestricted. Under the Memorandum of Association of the Company adopted on 17 July 2008 (the “Memorandum”) the Company shall have and is capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by section 27 (2) of the Companies Law. The Memorandum further provides that the Company shall not carry on the business of a bank and trust company or insurance business or business of company management in the Cayman Islands without being licensed to do so by relevant Cayman legislation.
11. The Company is principally engaged in oil and gas exploration and production activities in Central Asia and the Caspian Region.
12. The Articles of Association of the Company adopted on 11 June 2015 (the “Articles”) provide, inter alia, as follows:

“13 ***Alteration of Capital***

The Company may from time to time by Special Resolution:

- (i) *increase its authorised share capital by creating new shares of such sum, to be divided into shares of such amount, as the resolution shall prescribe;*

(ii) *reduce its authorised share capital as set out in these Articles; and*

(iii) *create new classes of shares.”*

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Reduction of capital

The Company may by Special Resolution reduce its share capital or any share premium account in any manner and with and subject to any incident authorised and consent required by [the Companies] Law.”

13. “Special Resolution” has, according to the definitions in the Articles of Association, the same meaning as in the Companies Law. Section 60(1) of the Companies Law states that a resolution is a special resolution when:

“(a) it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that any such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution...”

Purpose of the Capital Reduction

14. The purpose of the Capital Reduction is purely to reduce the par value of the Ordinary Shares. The Ordinary Shares of the Company are trading at a price significantly less than the par value of the Ordinary Shares. Therefore, the Company's ability to raise equity is severely hampered. A reduced par value will give the Company greater flexibility to raise equity.

Form of the Capital Reduction

15. The Capital Reduction requires, first, the reduction of the par value of the Ordinary Shares and, for consistency, the Preference Shares from US\$0.10 to US\$0.01, thereby reducing the issued share capital from US\$40,000,484.80 to US\$4,000,048.48 and the authorized share capital from US\$75,000,000 to US\$7,500,000, and, second, increasing the number of authorized shares to 1,450,000,000 Ordinary Shares each with a par value of US\$0.01, and 50,000 Preference Shares, each with a par value of US\$0.01, thereby increasing the share capital from US\$7,500,000 to US\$15,000,000. The increase in the number of authorized shares will allow the Company to offer equity in exchange for investment into the Company, as more particularly described in the affidavit of Mr. Oliver in support of this Petition.

Special Resolution

16. By a special resolution of the Company (the "Special Resolution") in accordance with Section 14(1) of the Companies Law at a general meeting held on 31 May 2016 (the "General Meeting") it was resolved that:

a) "Subject to confirmation from the Grand Court of the Cayman Islands, the Corporation's authorised share capital be reduced from US\$75,000,000 to US\$15,000,000 by (i) reducing the par value of the Corporation's ordinary shares (the "Ordinary Shares") and preferred shares (the "Preferred Shares") from US\$0.10 to US\$0.01 thereby reducing the authorized share

capital from US\$75,000,000 to US\$7,500,000 and (ii) increasing the number of authorized shares to 1,450,000,000 Ordinary Shares each with a par value of US\$0.01 and 50,000,000 Preferred Shares each with a par value of US\$0.01 with an increase in the authorized share capital of the Corporation from US\$7,500,000 to US\$15,000,000 and amending the Corporation's memorandum of association accordingly;

b) The Articles of Association of the Company adopted on July 17, 2008 as amended by special resolutions passed on February 10, 2011, June 13, 2012 and June 11, 2015 (as amended, the "Articles") be amended with immediate effect to, subject to confirmation from the Grand Court of the Cayman Islands, reflect the reduction in the par value of the Shares and the authorised share capital and that the form of articles attached as Schedule A to the management information circular dated May 2, 2016 (the "Circular") be adopted as the Company's articles of association in substitution for and to the exclusion of the Articles."

17. Each of the capitalized terms referred to in the special resolution above and not otherwise defined therein is defined in the notice of the General Meeting exhibited to the Affidavit of Mr. Oliver.
18. The number of members of the Company present and voting in person or by corporate representatives or by proxy at the General Meeting is as set out in the table below:

consisting of 700,000,000 ordinary shares of US\$0.10 each and 50,000,000 preferred shares of US\$0.10 each, to US\$15,000,000 consisting of US\$1,450,000,000 ordinary shares each with a par value of US\$0.01 and US\$50,000,000 preferred shares each with a par value of US\$0.01.”

23. YOUR PETITIONER, THE COMPANY, THEREFORE PRAYS AS FOLLOWS:

1. That the Capital Reduction of the Company proposed to be effected by the Special Resolution set forth in paragraph 16 of this Petition be confirmed and the Minutes set forth in paragraph 22 of this Petition be approved by the Court.
2. To that end, all necessary enquiries and directions may be made and given; and
3. Such further and other orders as this Honourable Court shall think fit.

AND YOUR PETITIONER WILL EVER PRAY ETC

DATED this *28th* day of *June* 2016

Solomon Harris

SOLOMON HARRIS
Attorneys-at-Law for the Petitioner

Note: It is not intended to serve this Petition on any person.