Tethys Petroleum Limited

Management's Discussion and Analysis
for the period ended September 30, 2024

Contents

Basis of preparation

The following Management's Discussion and Analysis ("MD&A") is dated November 26, 2024 and should be read in conjunction with the Group's unaudited condensed consolidated interim financial statements and related notes for the period ended September 30, 2024 as well as the audited consolidated financial statements and the MD&A for the year ended December 31, 2023. The accompanying unaudited condensed consolidated interim financial statements of the Group have been prepared by management and approved by the Group's Audit Committee and Board of Directors. The 2023 annual audited consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". Additional information relating to the Group can be found on the SEDAR website at *www.sedar.com* and the Group's website at *www.tethys-group.com*.

Readers should also read the "Forward-Looking Statements" legal advisory wording contained at the end of this MD&A.

Nature of Business

Tethys Petroleum Limited (hereinafter "Tethys" or the "Company", together with its subsidiaries "the Group") is an oil and gas company operating within the Republic of Kazakhstan. Tethys' principal activity is the exploration and development of crude oil and natural gas fields. The address of the Company's registered office is Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1–1205, Cayman Islands. The domicile of Tethys is the Cayman Islands where it is incorporated.

The Company has its primary listing on the TSX Venture Exchange. The Company is also listed on the Kazakhstan Stock Exchange ("KASE").

Financial highlights

(All references to $ are United States dollars unless otherwise noted and tabular amounts are in thousands, unless otherwise stated)

	Quarter ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Oil and gas sales and other revenues	5,357	11,069	(52%)	12,086	30,048	(60%)
Profit for the period	(613)	4,245	-	(569)	10,878	-
Basic earnings ($) per share	(0.01)	0.04	-	(0.01)	0.09	-
Adjusted EBITDA[1]	3,164	7,647	(59%)	4,269	19,836	(78%)
Capital expenditure	888	3,140	(72%)	5,091	6,658	(24%)

	As at September 30		
	2024	2023	Change
Total assets	82,148	103,606	(21%)
Cash & cash equivalents	2,637	9,973	(74%)
Short & long-term borrowings	-	-	-
Total non-current liabilities	36,542	47,572	(20%)
Net (cash)/debt[1]	(1,667)	(6,463)	(74%)
Number of ordinary shares outstanding	114,857,248	115,075,013	(0%)

Note 1 Adjusted EBITDA and net debt are non-GAAP Measures, refer to page 21 for details.

Third quarter 2024 versus third quarter 2023

- Oil and gas sales revenues decreased by 52% to $5.4 million from $11.1 million. There were no gas sales in the quarter (2023: nil) as the wells were closed due to the payment and price dispute with QazaqGaz. Gas revenue of $1.9 million was recognised in the quarter representing the additional expected revenue receivable from QazaqGaz for prior period gas deliveries. This follows acceptance by the Group of an improved settlement offer from QazaqGaz. Test oil production from two appraisal wells (KBD-10 and KBD-11) during the quarter generated revenue of $3.5 million compared with $11.1 million in 2023 from five wells.
- The loss for the quarter was $0.6 million compared with a profit of $4.2 million in Q3 2023. The reduction in profit is mainly due to the lower oil production and sales during the quarter;
- Adjusted EBITDA was $3.2 million compared with $7.6 million in Q3 2023 due to the lower oil revenues;
- Total assets decreased by 21% to $82.1 million due mainly to a $13.2 million decrease in property, plant and equipment and a reduction in cash & cash equivalents of $7.3 million;
- The Group had no borrowings at September 30, 2024 or September 30, 2023;
- Total non-current liabilities decreased by $11.0 million to $36.5 million due mainly to a decrease in the historical cost liabilities due to the government under the Kul-Bas exploration contract, refer to page 6 for further details;
- The Group had net cash of $1.7 million compared with $6.5 million at Q3 2023 mainly reflecting cash expenditures on property, plant & equipment;
- The number of ordinary shares outstanding decreased slightly due to the cancellation of shares repurchased by the Company.

Financial highlights - continued

Period to date

- Oil and gas revenues decreased by 60% to $12.1 million from $30.0 million. Oil sales were $8.2 million compared with $30.0 million in the prior period. The average oil sales price was marginally higher at $31.94/bbl while production volume was 75% lower due to wells needing to be closed at the end of the exploration contract and pilot production project in October 2023. Gas revenues were $3.8 million compared with $30 thousand in the prior period. The average gas sales price based on the improved settlement offer from QazaqGaz was 40,536 tenge/Mcm equivalent to $84.45/Mcm;
- The loss for the 9-month period was $0.6 million compared with a profit of $10.9 million in 2023. The lower profit for the period was mainly a result of the lower oil revenues partly offset by the higher gas revenues and lower expenses across most cost categories;
- Adjusted EBITDA was $4.3 million compared with $19.8 million mainly a result of the lower oil revenues partly offset by the higher gas revenues and lower expenses across most cost categories.

Operational Highlights

	Units	Quarter ended September 30 2024	2023	Change	Nine months ended September 30 2024	2023	Change
Kazakhstan							
Oil	bopd	1,208	4,896	(75%)	951	3,774	(75%)
Gas	boe/d	3	-	-	478	6	-
Total	boe/d	**1,211**	**4,896**	**(75%)**	**1,429**	**3,780**	**(62%)**

Oil							
Oil production	bbls	111,157	450,401	(75%)	259,513	1,030,291	(75%)
Oil sold	bbls	109,772	395,922	(72%)	258,083	968,920	(73%)
Revenue	$'000	3,457	11,067	(69%)	8,243	30,014	(73%)
Cost of production	$'000	2,150	3,700	(42%)	9,588	9,900	(32%)
Contribution before tax	$'000	**1,307**	**7,367**	**(82%)**	**(1,345)**	**20,114**	**-**
Revenue	$/bbl	31.49	27.95	13%	31.94	30.98	3%
Cost of production	$/bbl	19.34	8.21	136%	36.95	9.61	284%
Contribution before tax	$/bbl	**12.15**	**19.74**	**(38%)**	**(5.01)**	**21.37**	**-**

Gas							
Gas production	Mcm	46	7	557%	22,144	249	-
Gas sold	Mcm	-	-	-	21,591	232	-
Revenue	$'000	1,873	-	-	3,815	30	-
Cost of production	$'000	521	546	(5%)	2,473	2,091	18%
Contribution before tax	$'000	**1,352**	**(546)**	**-**	**1,342**	**(2,061)**	**-**
Revenue	$/Mcm	-	-	-	84.45	-	-
Cost of production	$/Mcm	-	-	-	111.68	-	-
Contribution before tax	$/Mcm	**-**	**-**	**-**	**(27.23)**	**-**	**-**

Oil

- Oil wells were closed at the end of the exploration contract and pilot production project in October 2023. Test oil production from some appraisal wells restarted in Q2 2024 and continued in Q3 2024;
- Oil revenue for the quarter was $3.5 million or $31.49/bbl compared with $11.1 million or $27.95/bbl in Q3 2023 and for the 9-month period oil revenue was $8.2 million or $31.94/bbl compared with $30.98/bbl in 2023;
- Total cost of oil production, including depletion and share of administrative costs, for the quarter amounted to $2.2 million or $19.34/bbl compared with $3.7 million or $8.21/bbl in Q3 2023, resulting in a contribution before tax of $1.3 million or $12.15/bbl compared with $7.4 million or $19.74/bbl in Q3 2023. For the 9 months total cost of oil production amounted to $9.6 million or $36.95/bbl compared with $9.9 million or $9.61/bbl, resulting in a negative contribution before tax of $1.3 million or negative $5.01/bbl compared with positive contribution of $20.1 million or $21.37/bbl in 2023.

Gas

- Gas production for the 9 months averaged 478 boe/d compared with 6 boe/d in 2023. There was no significant gas production in the current quarter or Q3 2023. The low level of production was a result of the closure of the gas fields due to the gas price dispute with the Group's customer QazaqGaz, a state-owned company, refer to page 13 for further details;
- Gas revenue recognised for the 9 months was $3.8 million compared with $30 thousand in 2023. This represents gas produced and sold to QazaqGaz in Q1 2024 and an increase in the expected gas receivable for gas delivered in prior periods following acceptance by the Group of an improved settlement offer by QazaqGaz;
- Gas production costs for the 9 months were $2.5 million of $111.68/. A large proportion of the gas costs are fixed costs and continued to be incurred in the prior period notwithstanding the closure of the gas fields.

Operational Review

Outlook

The information provided under this heading is considered as forward looking information; as such please refer to page 24 – "*Forward-Looking Statements*" of this MD&A.

The Group's objective is to become one of the leading oil and gas exploration and production company in Central Asia. The goal is to exercise capital discipline and generate cash flow from new and existing discoveries within our acreage under license. The Group seeks to provide good employment opportunities, support for the local communities and seeks to be a leading company in the economically and ecologically sensitive Aral Sea area.

The Group's long-term ambition is to achieve a significant role in the production and delivery of hydrocarbons from the Central Asian region. The specific focus of management in the short term is to:

- Continue our development of the Group's oil & gas fields and licenses to increase production levels and revenues. The particular focus is the Kul-bas oil field where we are working towards a full commercial production license;

- Continue to improve the marketing of oil and gas to achieve best prices;

- Continue to improve the logistics where the Group can increase its ability to ship oil volumes at reduced costs; and

- Continue to fund the Group's development plans from operations while exploring potential financing and partnership alternatives.

Significant events and transactions for the nine months ended September 30, 2024

- *McDaniel & Associates estimates of oil & gas reserves and economic evaluation*

  The Group's "Proved" 1P reserves at December 31, 2023 were 49.5 million BOE (2022: 45.8 million BOE) and "Proved + Probable" 2P reserves were 85.7 million BOE (2022: 82.2 million BOE). The net present value after tax of the Group's 2P reserves as at December 31, 2023 was $628.7 million (2022: $610.5 million), based on a 10% discount rate. Refer to the section below headed *Reserves* for further details and basis of preparation.

- *Oil & gas operations*

  For details of oil & gas operations during the year, refer to sections below headed *Results of Operations and Operational Review.*

- *Deferred payment obligation adjustment*

  The Group announced on February 14, 2024 that it had previously recognized in its interim financial statements a deferred payment obligation for historical costs incurred by the government on geological investigation of the Kul-Bas exploration area. The total amount of approximately $28.3 million was to be paid quarterly over a period of up to 10 years from April 2023. The equivalent amount recognized in the Group's interim financial statements was $18.1 million on a net present value basis.

After a further examination of the nature of acquired geological information, involving communication with the State Geology Committee, the Group determined that certain costs amounting to $25.1 million do not qualify as historical costs and, therefore, are not due for reimbursement to the government and that the amount owing was in fact approximately $3.2 million payable quarterly over a period of 10 years.

Subsequently, the Group communicated its findings to the Aktobe Tax Department and requested confirmation for the exclusion of these costs from its obligations. On February 12, 2024 the Aktobe Tax Department responded and affirmed the Group's position. As a result, the Group made an adjustment to the amounts previously recognized in its balance resulting in a reduction of the previously reported liabilities of approximately $16.1 million on a present value basis, from the abovementioned $18.1 million to $2.0 million.

- *Functional currency change*

Items included in the financial statements of all of the Company's subsidiaries have historically been measured in United States dollars ($) which was considered the currency of the primary economic environment in which they operate ("the functional currency"). In 2024, the Group reassessed the relevant factors and determined that it was appropriate to change the functional currency of its Kazakhstan subsidiaries from United States dollars to Kazakhstan tenge. In accordance with IFRS Accounting Standards, this change has been made prospectively from the date the change was made. The Group will continue to present its consolidated financial statements in United States dollars. As a result of this change, currency translation differences arising from the translation of financial statements from Kazakhstani tenge to United States dollar are recorded in Other Comprehensive Income.

- *Oil production regulatory approvals*

On April 5, 2024 the Group announced that it had received the permit from the Ministry of Ecology which allows for test oil production from the KBD-10 and KBD-11 wells.

- *Gas dispute*

Also on April 5, 2024 the Group announced that it was continuing to work on a resolution with QazaqGaz over the dispute on the payment of gas produced by the Group. We were unable to come to an agreement and gas production was shut down. Due to the shutdown of gas production, a number of employees were forced to take a temporary furlough and were at risk of permanent dismissal. Sixteen employees were put on furlough and in an effort to reduce the number of staff laid off, seventeen employees were transferred from TethysAralGas to Kul-Bas in order to assist with the oil production on KBD-10 and KBD-11.

On September 30, 2024 the group announced that after multiple rounds of negotiations regarding the settlement of the gas price dispute, QazaqGaz improved its offer, resulting in a total receivable for gas deliveries from May 2022 to January 4, 2023, and from January 1, 2024, to March 31, 2024 amounting to 3,315,563,439 tenge including VAT (12%), or approximately $6.9 million at an exchange rate of 480 tenge to US dollar. Although the gas sale contract originally stipulated a higher price formula, the Group opted to accept the revised offer to avoid the costly and lengthy process of resolving the dispute through arbitration. Ensuring liquidity is a priority for the Group as it continues to implement its development plans for the Kul-Bas oil field and exploration program at new exploration blocks. The Group is hopeful that, following receipt of the debt from QazaqGaz, the Group will sign a new gas sales contract and gas production can restart in December 2024 (see also Significant events section for information on subsequent cash receipt below).

Significant events and transactions subsequent to the period end

- *Oil production regulatory approvals*

  On October 18, 2024 the Group received formal approval of the protocol necessary to advance its oil production activities in Kazakhstan and subsequently filed for a gas flaring permit and pursued the required ecological permit.

  On November 11, 2024 the Group received the necessary gas flaring permit and moved to the final regulatory step: obtaining the Ecology permit.

  On November 18, 2024 the Group received the Ecology permit for oil production at Kul-Bas. This permit is valid through December 31, 2024 and allows production to commence from wells KBD-02, KBD-06, and KBD-07. Initial production will take place within the three-year preparatory period commencing July 2023, during which production levels cannot exceed those established during the prior pilot oil production phase. During the preparatory period, production from these three wells is expected to reach a daily rate of approximately 400-500 tons. The Group is in the process of commissioning the facilities to start production from KBD-02 and KBD-06 as soon as possible now the required permits have been received. The commissioning with the connection to KBD-07 is scheduled to be started on December 1, 2024. The Ecology permit application for 2025 is currently under review by the Ecology department. The permit for the gas flaring for 2025 has already been received.

- *Receipt of cash payment from QazaqQaz*

  On October 3, 2024, the Group received a cash payment of 3,315,563,439 tenge ($6.9 million at an exchange rate of 480 tenge to USD) from QazaqGaz. This payment significantly improved the Group's liquidity position.

- *Annual General Meeting*

  On November 12, 2024 the Company announced the results of its Annual General meeting. All resolutions put to shareholders at the AGM were passed at the meeting.

Reserves

Following the completion of the December 31, 2023 annual evaluation of the Group's reserves in Kazakhstan by the independent qualified reserves evaluator, McDaniel & Associates, of Calgary, Canada, in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators ("NI 51-101"), the Group's Total Gross (i.e. before the application of Kazakh Mineral Extraction Tax) Oil and Gas Reserves consisting of "Proved" 1P reserves were 49.5 million BOE (2022: 45.8 million BOE) and "Proved + Probable" 2P reserves were 85.7 million BOE (2022: 82.2 million BOE). The net present value after tax of the Group's 2P reserves as at December 31, 2023 was $628.7 million (2022: $610.5 million) based on a 10% discount rate.

Operational Review - continued

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. Both oil and gas reserves are based on availability of sufficient funding to allow development of the known accumulations.

Results of Operations and Operational Review - Kazakhstan

Oil production

	2024					2023				
	Gross fluid		Net	Net production		Gross fluid		Net	Net production	
	m^3	barrels	barrels	days	bopd	m^3	barrels	barrels	days	bopd
Q1	-	-	-	90	-	42,049	264,483	264,483	90	2,939
Q2	24,448	153,773	148,356	91	1,630	50,450	317,319	315,357	91	3,465
Q3	17,673	111,157	111,157	92	1,208	71,622	450,489	450,401	92	4,896
Total	**42,121**	**264,931**	**259,513**	**273**	**951**	**164,121**	**1,031,291**	**1,030,241**	**273**	**3,774**

Oil production from pilot production project and appraisal wells

There was no oil production in the first quarter of 2024 compared with 2,939 bopd in Q1 2023 as the wells were closed at the end of the exploration contract and pilot production project in October 2023. Test oil production from the KBD-10 and KBD-11 appraisal wells restarted in Q2 2024 and averaged 1,208 bopd for the third quarter compared with 4,896 bopd in Q3 2023. For the 9-month period the average production rate was 951 bopd compared with 3,774 bopd in 2023. Following receipt of the necessary permits described on page 8, the Group is in the process of commissioning the facilities to start production from KBD-02 and KBD-06 as soon as possible. The commissioning with the connection to KBD-07 is scheduled to be started on December 1, 2024. Initial production will likely take place within the three-year preparatory period commencing July 2023, during which production levels cannot exceed those established during the prior pilot oil production phase. During the preparatory period, production from these three wells is expected to reach a daily rate of approximately 400-500 tons or 3,200-4,000 bopd.

Production and other information on all the Kul-Bas wells during testing and the pilot production period is shown in the table on page 12.

The KBD-02, KBD-06 and KBD-07 wells were in the approved pilot production project (PPP) which initially ran until the end of 2022 but was extended until October 16, 2023. From the commencement of production until October 16, 2023 production from the PPP wells was 2,510,183 barrels.

In addition to the PPP wells, the Group has drilled five successful appraisal wells outside of the PPP area and is allowed to produce from these wells for a maximum of 90 days from each zone before the wells are closed for the required reporting and approval process.

The KBD-03 and KBD-08 appraisal wells completed their testing in 2022 and produced a total of 253,184 barrels and 226,090 barrels respectively. All wells were closed from the end of the exploration contract on October 16, 2023.

The Group received the necessary permissions to restart testing of the appraisal wells from April 2024 and produced 111,157 barrels of oil during the quarter ended September 30, 2024 (Q3 2023: 450,401 barrels) and 259,513 barrels of oil for the 9 months ended September 30, 2024 (2023: 1,030,241 barrels).

Progress towards a commercial production license

The Group completed the reserve estimation for Kul-Bas and a mining allotment of 67.72 km2 was approved at the end of June 2023. The contract for a preparatory period of three years with the assigned mining allotment for the Kul-Bas exploration and production contract was signed by the Ministry of Energy (MoE) on July 28, 2023 and the Group has prepared a Field Development Project (FDP). In order to meet the ecological requirements, the Group needed to instal gas turbines to convert the gas produced from the wells to electricity.

On January 25, 2024 the Group successfully presented the FDP to the Central Committee on Exploration and Development (CCED). The next steps included securing approval for the gas utilization program, obtaining ecology and gas flaring permits and installing the necessary equipment for the gas utilization and oil handling.

On March 20, 2024 the Group announced, regarding the commercial license, that while the Working Group for the Raw Gas Processing Program of the MoE provided a positive review on March 1, the MoE had still not yet issued the official minutes of the Working Group, causing a delay beyond the March 15 deadline. Consequently, Tethys had initiated the process of reapplying for the ecology permit necessary for restart of production. On April 5, 2024 the Group announced that it had received the permit from the Ministry of Ecology for test oil production from the KBD-10 and KBD-11 wells. However, regarding the start of main production, the Ministry of Energy had still not yet issued the official minutes of the Working Group resulting in extended delays to the commencement of oil production.

On October 18, 2024 the Group announced that it had received formal approval of the protocol necessary to advance its oil production activities. This represented a significant regulatory milestone for the Group. With the protocol approval received, the Group filed for a gas flaring permit and pursued the required ecological permit, the final regulatory step before starting main oil production.

On November 11, 2024 the Group announced that it had received the necessary gas flaring permit, a critical milestone in advancing its oil production operations in Kazakhstan. With this long-anticipated approval in hand, Tethys moved to the final regulatory step: obtaining the Ecology permit.

On November 18, 2024 the Group announced that it had received the Ecology permit for oil production at Kul-Bas. This permit is valid through December 31, 2024. The ecological permit allows production to commence from wells KBD-02, KBD-06, and KBD-07. Initial production will take place within the preparatory period, during which production levels cannot exceed those established during the prior pilot oil production phase. During the preparatory period, production from these three wells is expected to reach a daily rate of approximately 400-500 tons.

The Group is in the process of commissioning the facilities to start production from KBD-02 and KBD-06 as soon as possible. The commissioning with the connection to KBD-07 is scheduled to be started on December 1, 2024. The Ecology permit application for 2025 is currently under review by the Ecology department. The permit for the gas flaring for 2025 has already been received.

The Group will continue to actively engage with the Ministry of Energy to expedite the signing of the Production Contract, which will extend the Kul-Bas oil field's production period until July 2048 and allow the Group to export oil. With the gas flaring permit and Ecology permit now in place, the Group hopes that, after this extended waiting period, the remaining steps, including the approval of the Production Contract application, will proceed in a timely manner.

Operational Review - continued

Main facilities

Construction contractors have worked on the oil handling facilities and gas turbine site during the period and this work is now complete and the facilities have been successfully commissioned and are operational.

Oil prices and marketing

In early 2023, the MoE issued an order restricting the export of certain refined oil products beyond the Eurasian Economic Union's territory. This regulation, in combination with effects from the war in Ukraine, has negatively impacted the price of domestic oil in Kazakhstan. The average price received by the Group fell from $318 per metric ton ($40/bbl) in 2022 to $234 ($29/bbl) in 2023 and has averaged $254 per metric ton ($32/bbl) in the first 9 months of 2024.

The Group has recently negotiated oil sales contracts with three buyers and received prepayments in advance of the commencement of production for 11,000 tons of oil at prices of $212-215 per metric ton. As contracts are agreed in Kazakhstan tenge the further reduction in prices also reflects the recent depreciation of the local currency from an average rate of 459 tenge to the US dollar to around 500 at the date of this MD&A.

Given the reduction in oil prices in the Republic of Kazakhstan, Tethys is reducing its exploration and operating plans to incorporate lower oil price estimates. The priority has been to address the costs necessary for the gas utilization required for the commercial license. The Tethys board wishes to assure shareholders that Tethys will continue to work to maintain a good return on shareholders' equity on any new investment.

Operational Review - continued

Pilot production project and appraisal oil well production details

Well name	Drilling start & end dates	Zone	Perforation date (testing days)	Perforation intervals meters	Production during testing bbls	Commission date	2024 Production[1] (Production to date[2]) bbls
KBD-02	19/07/2019 06/10/2019	Jurassic	05/04/2020 (90 days)	38.9	32,268	08/09/2022	Nil (834,606)
		Barremian	11/07/2020 (84 days)	15.5	204,394	-	
		Aptian	10/10/2020 (87 days)	18.3	160,321	15/10/2021	
KBD-03	01/05/2021 27/07/2021	Jurassic	31/08/2021 (90 days)	38	41,142	Awaiting FDP[3] to convert into commercial	Nil (253,184)
		Barremian	15/12/2021 (90 days)	15.5	157,397		
		Aptian	24/03/2022 (69 days)	2.0	54,645		
KBD-04	22/04/2022 08/07/2022	Jurassic	28/07/2022 (87 days)	40.5	47,988	Awaiting FDP[3] to convert into commercial	Nil (135,152)
		Hauterivian	11/11/2022 (83 days)	2.0	54,929		
		Upper Barremian	07/03/2023 (25 days)	2.0	32,236		
KBD-06	19/05/2021 25/07/2021	Barremian	14/10/2021	9.4	-	15/10/2021	Nil (1,278,169)
KBD-07	08/10/2021 20/12/2021	Jurassic	27/12/2021 (204 days)	34.7	-	28/12/2021	Nil (397,408)
		Aptian	28/07/2022	14.5	-	29/07/2022	
KBD-08	19/10/2021 01/01/2022	Jurassic	26/02/2022 (5 days)	34.5	67	Awaiting FDP[3] to convert into commercial	Nil (226,091)
		Upper Barremian	28/05/2022 (47 days)	5.5	56,257		
		Barremian	07/07/2022 (88 days)	10	169,767		
KBD-10	17/03/2023 14/07/2023	Jurassic	17.09.2024 (0 days)	13.4	-	Awaiting FDP[3] to convert into commercial	60,741 (203,059)
		Barremian	08.08.2023 (70 days)	9.1	186,746		
		Upper Barremian	08.04.2024 (20 days)	3.0	16,313		
KBD-11	23/01/2023 24/04/2023	Jurassic	28/04/2023 (0 days)	36.9	-	Awaiting FDP[3] to convert into commercial	198,772 (324,895)
		Lower Barremian	21/08/2023 (85 days)	3.2	55,436		
		Barremian	19.05.2023 (88 days)	7.0	89,997		
		Upper Barremian	18.05.2024 (90 days)	7.0	144,902		
		Aptian	25.08.2024 (7 days)	3	34,560		

Note 1 - 9 months to 30 September 2024
Note 2 – from inception
Note 3 - Field Development Plan (FDP)

Operational Review - continued

Exploration activities

The Group has prepared a seismic campaign on the Aral-4 block that includes 1,000 km of 2D seismic acquisition and interpretation in 2025 at an estimated cost of $2.2 million and dependent on the results the drilling of an exploration well in 2026. On the Diyar block, 346 km of seismic acquisition and interpretation is planned for this underexplored area at an estimated cost of $1.3 million and dependent on the results the drilling of an exploration well in 2026.

Gas production – Kyzyloi and Akkulka Contracts

		2023				2023		
	Mcm	Mcf	Mcm/d	Boe/d	Mcm	Mcf	Mcm/d	Boe/d
Kyzyloi								
Q1	15,704	554,511	174	1,027	177	6,246	2	12
Q2	-	-	-	-	-	-	-	-
Q3	-	-	1	-	-	-	-	-
Total	**15,704**	**554,511**	**58**	**339**	**177**	**6,246**	**1**	**4**
Akkulka								
Q1	6,331	223,535	70	414	65	2,305	1	4
Q2	63	2,217	1	4	-	-	-	-
Q3	46	1,637	1	3	7	242	-	-
Total	**6,440**	**227,389**	**24**	**139**	**72**	**2,547**	**-**	**2**
Grand total	**22,144**	**781,900**	**82**	**478**	**249**	**8,793**	**1**	**6**

Gas operations update

Gas production in Q1 2024 averaged 244 Mcm/d or 1,441 boe/d compared. There was no significant gas production in Q2 2024 or Q3 2024 as wells were closed due to the payment and price dispute the Group's customer QazaqGaz, a Republic of Kazakhstan state-owned enterprise.

On April 28, 2022 the Group received a letter from QazaqGaz proposing a new gas sales pricing mechanism to apply with effect from January 1, 2022 with a minimum and maximum gas price that, in the Group's view, was unlikely to be economic for Tethys. The Group has been engaging with QazaqGaz and the Ministry of Energy ever since to reach a mutually acceptable outcome on past and future gas pricing while, at the same time, considering other options for the sale of its gas production. It has also been considering the possible impact on its future development plans.

On January 18, 2023, the Group announced, following the Department of Ecology's refusal to issue permission for emissions related to Kyzyloi and Akkulka gas operations, that it had temporarily shut down the gas field operations. On March 29, 2023, the Group announced that the gas field production remained closed while it continued to pursue a resolution with QazaqGaz, regarding both payment and price for gas already delivered and the terms of a new gas sales contract for future production.

On November 21, 2023 Tethys announced that it has had to forego estimated gas revenues of approximately $10 million in 2023 due to the continued dispute with QazaqGaz and that Tethys was being asked to amend its existing contract to receive a price of 60% of the price of a barrel of Brent crude oil for each thousand cubic meters of gas (approx. $51/Mcm at a Brent price of $85/bbl).

Due to the impasse with QazaqGaz, the Group did not receive any payment for the gas delivered in 2022 until December 2023 when it announced it had entered into an agreement with QazaqGaz resulting in payment for the gas delivered in the first four months of 2022 equivalent to $4.3 million. In view of the payment received, Tethys decided to restart gas production in January 2024

On April 5, 2024 the Group announced that it was continuing to work on a resolution with QazaqGaz over the dispute on the payment of gas produced by the Group but had been unable to come to an agreement and gas production has been shut in. Due to the shutdown of gas production, a number of employees were forced to take a temporary furlough and were at risk of permanent dismissal. Sixteen employees were put on furlough and in an effort to reduce the number of staff laid off, seventeen employees were transferred from TethysAralGas to Kul-Bas in order to assist with the oil production on KBD-10 and KBD-11.

On September 30, 2024 the group announced that after multiple rounds of negotiations regarding the settlement of the gas price dispute, QazaqGaz improved its offer, resulting in a total receivable for gas deliveries from May 2022 to January 4, 2023, and from January 1, 2024, to March 31, 202 4amounting to 3,315,563,439 tenge including VAT (12%), or approximately $6.9 million at an exchange rate of 480 tenge to US dollar. Although the gas sale contract originally stipulated a higher price formula, the Group opted to accept the revised offer to avoid the costly and lengthy process of resolving the dispute through arbitration. Ensuring liquidity is a priority for the Group as it continues to implement its development plans for the Kul-Bas oil field and exploration program at new exploration blocks. The Group is hopeful that, following receipt of the debt from QazaqGaz, the Group will sign a new gas sales contract and gas production can restart in December 2024.

Financial Review

Summary of Quarterly Results

	Q3, 2024	Q2, 2024	Q1, 2024	Q4, 2023	Q3, 2023	Q2, 2023	Q1, 2023	Q4, 2022
Oil & gas sales and other revenues	5,357	4,786	1,943	6,431	11,069	9,079	9,900	18,647
(Loss)/profit for the period	(613)	1,027	(983)	(1,142)	4,245	4,131	2,503	(9,223)
Basic earnings/(loss) ($) per share	(0.01)	0.01	(0.01)	(0.02)	0.04	0.04	0.02	(0.09)
Adjusted EBITDA[1]	3,164	1,896	(804)	5,244	7,647	6,089	6,070	12,497
Capital expenditure	888	2,413	1,790	5,289	3,140	1,319	2,321	4,099
Total assets	82,148	87,035	83,084	85,331	103,606	95,849	81,161	87,266
Cash & cash equivalents	2,637	2,094	1,849	7,216	9,973	3,597	7,264	14,538
Short & long-term borrowings	-	-	-	-	-	-	2,675	2,510
Total non-current liabilities	36,542	36,618	36,422	38,264	45,572	49,484	32,335	32,488
Net (cash)/debt[1]	(1,667)	(1,223)	(1,110)	(7,202)	(6,463)	(3,578)	(4,536)	(6,834)
Number of common shares outstanding	114,857,248	114,857,248	114,857,248	115,075,013	115,075,013	115,075,013	115,075,013	116,107,233

Note 1 Adjusted EBITDA and net debt are non-GAAP Measures, refer to page 21 for details.

(Loss)/profit for the period

	Quarter ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Sales and other revenue	5,357	11,069	(52%)	12,086	30,048	(60%)
Production expenses	(1,389)	(1,626)	(15%)	(4,710)	(4,925)	(4%)
Depreciation, depletion & amortization	(552)	(1,562)	(65%)	(1,596)	(3,850)	(59%)
Administrative expenses	(881)	(1,246)	(29%)	(3,111)	(4,023)	(23%)
Share-based payments	(9)	(24)	(63%)	(31)	(79)	(61%)
Other gains and losses	(474)	2	-	(518)	(125)	314%
Foreign exchange gains and losses	77	(550)	-	4	(1,264)	-
Finance costs	(51)	(312)	(84%)	14	(1,041)	-
	(3,279)	(5,318)	(38%)	(9,948)	(15,307)	(35%)
Profit before tax	**2,078**	**5,751**	**(64%)**	**2,138**	**14,741**	**(85%)**
Taxation	(2,691)	(1,506)	79%	(2,707)	(3,863)	(30%)
(Loss)/profit for the period	**(613)**	**4,245**	**-**	**(569)**	**10,878**	**-**

The loss after tax for the quarter was $0.6 million compared with a profit of $4.2 million in Q3 2023 and for the 9 months loss after tax was $0.6 thousand compared with a profit of $10.9 million in 2023, the principal variances being:

- Lower profit contribution from oil operations due to lower oil production in the current quarter and 9-month period as wells needed to be closed at the end of the exploration contract and pilot production project;
- Lower depreciation, depletion & amortisation due to the lower oil production;

Financial Review - continued

- Lower administration expenses, mainly staff related due to personnel reductions and staff furloughs;

- A $0.1 million foreign exchange gain for the quarter (Q3 2023: $0.6 million loss) and $0.0 million gain for the 9 months (2023: $1.3 million loss) from changes in the Kazakhstan tenge and US dollar exchange rate; and

- Tax charge of $2.7 million for the quarter (Q3 2023: $1.5 million) and for the 9 months of $2.7 million (2023: $3.9 million) based on the estimated effective tax rate for the financial year. This includes corporate income taxes on profits in Kazakhstan and withholding tax provisions for interest on intra-group funding arrangements.

Further variances between the two periods are summarized below together with a discussion of significant variances between the two periods.

Sales & other revenue

	Quarter ended September 30			**Nine months ended September 30**		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Summary by product & region						
Kazakhstan - Oil	3,457	11,067	(69%)	8,243	30,014	(73%)
Kazakhstan - Gas	1,873	-	-	3,815	30	-
Kazakhstan - Other	27	2	1250%	28	4	600%
Total	**5,357**	**11,069**	**(52%)**	**12,086**	**30,048**	**(60%)**

Kazakhstan – Oil revenue

- Oil sales revenue in the quarter was $3.5 million or $31.49/bbl (Q3 2023: $11.1 million or $27.95/bbl) and for the 9 months was $8.2 million or $31.94/bbl (2023: $30.0 million or $30.98/bbl). There was no oil production or oil sales in the first quarter. Test oil production from the KBD-10 and KBD-11 appraisal wells restarted in Q2 2024 and production from other wells will start as soon as possible now the required permits have been received.

Kazakhstan - Gas revenue

- There were no gas sales in the quarter (2023: nil) as the wells were closed due to the payment and price dispute with QazaqGaz. Gas revenue of $1.9 million was recognised in the quarter representing the additional expected revenue receivable from QazaqGaz for prior period gas deliveries. This follows acceptance by the Group of an improved settlement offer from QazaqGaz, refer to page 13 for further details. For the 9 months gas revenues were $3.8 million compared with $30 thousand in the prior period. The average gas sales price based on the improved settlement offer from QazaqGaz was 40,536 tenge/Mcm equivalent to $84.45/Mcm

Oil and gas sales contracts are subject to price risk – refer to page 23 – "*Sensitivities*".

Financial Review - continued

Production expenses

	Units	Quarter ended September 30 2024	2023	Change	Nine months ended September 30 2024	2023	Change
Kazakhstan direct production expenses							
Oil production costs	$000's	1,063	1,345	(21%)	3,324	3,643	(9%)
Gas production	$000's	326	281	16%	1,386	1,282	8%
Total	$000's	**1,389**	**1,626**	**(15%)**	**4,710**	**4,925**	**(4%)**
Administrative expenses							
Oil production	$000's	547	793	(31%)	1,823	2,412	(24%)
Gas production	$000's	183	265	(31%)	608	804	(24%)
Corporate	$000's	151	189	(20%)	680	807	(16%)
Total	**$000's**	**881**	**1,246**	**(29%)**	**3,111**	**4,023**	**(23%)**
Depreciation, depletion, amortisation & impairment							
Oil production	$000's	540	1,562	(65%)	1,117	3,845	(71%)
Gas production	$000's	12	-	-	479	5	-
Total	**$000's**	**552**	**1,562**	**(65%)**	**1,596**	**3,850**	**(59%)**

Oil							
Total cost of production	$000's	2,150	3,700	(42%)	9,588	9,900	(32%)
Production	bbls	111,157	450,401	(75%)	259,513	1,030,291	(75%)
Cost per unit of production	$/bbl	19.34	8.21	136%	36.95	9.61	284%

Gas							
Total cost of production	$000's	521	546	(5%)	2,473	2,091	18%
Production	boe	273	40	583%	130,325	1,466	-
Cost per unit of production	$/boe	-	13,650	-	18.98	1,426.33	
Production	Mcm	46	7	557%	22,144	249	-
Cost per unit of production	$/Mcm	-	-	-	111.68	-	-

Oil and gas weighted average cost	$/boe	23.97	9.43	154%	30.94	11.62	166%

Kazakhstan – oil production

Total oil costs comprising direct costs, administrative expenses and depreciation, depletion and amortisation were $2.2 million for the quarter or $19.34/bbl (Q3 2023: $3.7 million or $8.21/bbl) and for the 9 months were $9.6 million or $36.95/bbl (2023: $9.9 million or $9.61/bbl).

Kazakhstan – gas production

Gas production costs comprising direct production costs, administrative expenses and depreciation, depletion and amortisation for the 9 months were $2.5 million (2023: $2.1 million) or $111.68/Mcm. There was negligible production in 2023. A large proportion of the gas costs are fixed and continued to be incurred in the prior period notwithstanding the shut-down of the gas field operations due to the price and payment dispute with QazaqGaz.

Financial Review - continued

Administrative expenses

	Quarter ended September 30			Nine months ended September 30		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Staff and director costs	676	1,036	(35%)	2,239	3,073	(27%)
Professional fees	103	52	98%	476	419	14%
Other administrative expenses	102	158	(35%)	396	531	(25%)
Total	**881**	**1,246**	**(29%)**	**3,111**	**4,023**	**(23%)**
G&A expenses per boe ($)	7.91	2.77	186%	7.98	3.90	105%

Administrative costs were lower in the quarter and 9 months mainly due to lower personnel costs. Steps have been taken by the Group to reduce staff costs due to the closure of the gas fields and the delay in receiving the commercial production license for oil production.

Foreign exchange loss - net

Foreign exchange gains and losses arise from the revaluation of monetary assets and liabilities denominated in currencies other than the reporting currency and the receipt or settlement of foreign currency denominated amounts at a different amount than the originally recorded transaction amount. These arise in Kazakhstan from variations in the KZT:$ exchange rate. The Group changed the functional currency of its Kazakhstan subsidiaries during the period, refer to page 7 for further details.

Finance costs - net

Finance costs comprise interest accretion on historical cost liabilities and asset retirement provision net of interest income on cash balances. In the prior period finance costs also included interest on borrowings which were fully repaid in April 2023.

Taxation

The tax charge of $2.7 million for the quarter (Q3 2023: $1.5 million) and for the 9 months of $2.7 million (2023: $3.9 million) reflects the expected full year effective tax rate for Kazakhstan profit taxes and withholding taxes. This includes corporate income taxes on profits in Kazakhstan and withholding tax provisions for interest on intra-group funding arrangements.

Liquidity and Capital Resources

The Group's processes for managing liquidity risk includes preparing and monitoring capital and operating budgets, co-ordinating and authorising project expenditures and ensuring appropriate authorisation of contractual agreements. The budget and expenditure levels are reviewed on a regular basis and updated when circumstances indicate change is appropriate. The Group seeks additional financing based on the results of these processes.

The Group's capital structure is comprised of shareholders' equity and borrowings, net of cash and cash equivalents.

The Group's objectives when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group has funded its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity and debt financing. There are no externally imposed capital requirements.

Financing decisions are made by management and the Board of Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans. Factors considered when determining whether to issue new debt or to seek equity financing include the amount of financing required, the availability of financial resources, the terms on which financing is available and consideration of the balance between shareholder value creation and prudent financial risk management.

Going Concern

In assessing its going concern status, the Group has taken account of its principal risks and uncertainties, financial position, sources of cash generation, anticipated future trading performance, its borrowings, and its capital expenditure commitments and plans.

Risks and uncertainties facing the Group include the risk that oil and gas prices may be significantly lower than assumed in the Group's forecasts, that the restart of gas production may continue to be delayed if new gas sales contracts cannot be agreed on acceptable terms with QazaqGaz or other buyers and that Kul-Bas may not be awarded a commercial production licence for oil production on a timely basis.

To assess the resilience of the Group's going concern assessment management performed the following downside scenario that is considered reasonably possible over the next 12 months from September 30, 2024. As such, this does not represent the Group's 'best estimate' forecast, but was considered in the Group's assessment of going concern, reflecting the current evolving circumstances and the most significant and reasonably possible risk identified at the date of approving the consolidated financial statements.

Scenario: The Group's income and profits are materially reduced due to a 25% reduction in expected oil prices and a delay in the restart of gas production.

The Group's forecast net cashflows under the downside scenario above is considered to be adequate to meet the Group's financial obligations as they fall due over the next 12 months.

The Board of Directors is therefore satisfied that the Group's forecasts and projections, including the downside scenario above, show that the Group has adequate resources to continue in operational existence for at least the next 12 months from September 30, 2024 and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the period ended September 30, 2024.

Financial Review - continued

Cash Flow

	Quarter ended September 30			Nine months ended September 30		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Net cash from operating activities	**1,534**	**11,490**	**(87%)**	**506**	**10,121**	**(95%)**
Capital expenditure	(888)	(3,140)	(72%)	(5,091)	(6,658)	(24%)
Historical costs payments	(158)	(707)	(78%)	(237)	(707)	(66%)
Other movements	55	184	(70%)	243	479	(49%)
Net cash used in investing activities	**(991)**	**(3,663)**	**(73%)**	**(5,085)**	**(7,007)**	**(27%)**
Repayment of borrowings		-	-	-	(3,125)	(100%)
Dividends paid	-	-	-	-	(2,598)	(100%)
Share repurchases	-	(60)	(100%)	-	(153)	(100%)
Net cash used in financing activities	**-**	**(60)**	**(100%)**	**-**	**(5,876)**	**(100%)**
Effect of exchange rates	-	(1,391)	(100%)	-	(1,803)	(100%)
Net increase/(decrease) in cash	**543**	**6,376**	**(91%)**	**(4,579)**	**(4,565)**	**0%**
Cash & cash equivalents at beginning of period	2,094	3,597	(42%)	7,216	14,538	(50%)
Cash & cash equivalents at end of period	**2,637**	**9,973**	**(74%)**	**2,637**	**9,973**	**(74%)**

Operating activities

Net cash from operating activities for the quarter of $1.5 million compared with $11.5 million in Q3 2023 due mainly to a reduction in oil sales receipts.

Investing activities

Capital expenditure payments made during the quarter and 9-month period were principally to the Group's drilling contractor, payment for gas turbines and construction of oil handling and gas utilisation facilities at Kul-Bas.

Financing activities

There were no dividends or share repurchases in the quarter or 9-month period compared with $2.6 million of dividends in Q1 2023. The Group's borrowings were fully repaid in Q2 2023 in the amount of $3.1 million.

Accounting policies, changes to accounting standards and critical estimates

The Group's significant accounting policies and discussion of changes to accounting standards are disclosed in note 2 of the September 30, 2024 condensed consolidated interim financial statements. Refer to note 4 of the 2023 audited consolidated financial statements for information on the Group's significant judgments and assumptions and critical estimates.

Off-Balance Sheet Arrangements

The Group has no off-balance sheet arrangements.

Financial Review - continued

Non-GAAP Measures

Adjusted EBITDA

Adjusted EBITDA is defined as "Profit or loss before Interest, Tax, Depreciation, Amortization, Impairment and Share Based Payments" and is calculated on the results of continuing operations. It provides an indication of the results generated by the Group's principal business activities prior to how these activities are financed, assets are depreciated and amortized, or how results are taxed in various jurisdictions.

The reconciliation of Adjusted EBITDA to profit for the period is as follows:

	Quarter ended September 30			Nine months ended September 30		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Profit before taxation	2,078	5,751	(64%)	2,138	14,741	(85%)
Depreciation, depletion and amortization	552	1,562	(65%)	1,596	3,850	(59%)
Share-based payments	9	24	(63%)	31	79	(61%)
Other gains and losses	474	(2)	-	518	125	314%
Finance costs - net	51	312	(64%)	(14)	1,041	-
Adjusted EBITDA	**3,164**	**7,647**	**(59%)**	**4,269**	**19,836**	**(78%)**

Net debt

Net debt is calculated as total borrowings and deferred revenue less cash and cash equivalents. Total capital is calculated as equity plus net debt. All figures are as stated in the statements of financial position for the respective reporting periods.

	As at September 30		
	2024	**2023**	**Change**
Total financial liabilities - borrowings	-	-	-
Deferred revenue	970	3,510	(72%)
Less: cash and cash equivalents	(2,637)	(9,973)	(74%)
Net (cash)/debt	**(1,667)**	**(6,463)**	**(74%)**
Total equity	38,476	43,321	(11%)
Total capital	**36,809**	**36,858**	**(0%)**

Adjusted EBITDA and Net debt shown in this MD&A do not have any standardised meaning as prescribed under IFRS and, therefore, are considered non-GAAP measures. These measures have been described and presented to provide shareholders and potential investors with additional information regarding the Group's financial results. These measures may not be comparable to similar measures presented by other entities.

Stockholder Equity

As at September 30, 2024 the Company had authorised share capital of 145,000,000 (September 30, 2023: 145,000,000) ordinary shares of which 114,857,243 (September 30, 2023: 115,075,013) had been issued and 50,000,000 (September 30, 2023: 50,000,000) preference shares of which none had yet been issued. The preference shares have the rights as set out in the Memorandum and Articles of Association of the Company.

The number of options issued under the Company's Long Term Stock Incentive Plan and outstanding as at September 30, 2024 was 1,802,188 (September 30, 2023: 1,877,188).

There were no changes after September 30, 2024 and up to the date of this MD&A.

Financial Review - continued

Dividends

On January 18, 2023, the Company announced the approval of a quarterly dividend of 3 CAD cents per ordinary share with a record date of January 26, 2023 and payment date of February 9, 2023. The total amount of the dividend was $2.6 million.

Transactions with Related Parties

There were no transactions with related parties requiring disclosure.

Commitments and contingencies

Details of the Group's commitments and contingencies including litigation, claims and assessments, work programme commitments and operating leases are provided in note 19 of the 2023 consolidated financial statements.

A summary of the Group's contractual obligations for each of the next five years and thereafter is shown in the table below:

Contractual obligations	Total	Payments due by period Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Kazakhstan work programme commitments	35,381	4,803	7,945	19,557	3,076
Trade and other payables	8,941	6,160	636	636	1,509
Provisions	3,525	832	846	-	1,847
Total contractual obligations	**47,847**	**11,795**	**9,427**	**20,193**	**6,432**

Risks, uncertainties and other information

Risk management is carried out by senior management, in particular the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") as well as the Board of Directors. The Group has identified its principal risks for 2024 to include:

(1) Liquidity and going concern;

(2) Retention and extension of existing licences;

(3) Production volumes and pricing – both oil and gas; and

(4) Political, fiscal, litigation and related risks.

Financial Risk Management

The Group's activities expose it to a variety of financial risks including: market risk, credit risk, liquidity risk, interest rate, commodity price and foreign exchange risk. Details of the Group's exposure to these risks and how this is managed is given in note 3 to the audited consolidated financial statements for the year ended December 31, 2023. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors of the Company has overall responsibility for the Group's management of risk, including the identification and analysis of risks faced by the Group and the consideration of controls that monitor changes in risk and minimise risk wherever possible.

Sensitivities

Any material decline in oil prices could result in a reduction of the Group's oil revenues in Kazakhstan. For example, a 20% net price reduction from the 2023 average sales price, would result in a reduction of $6.8 million in oil revenues based on the 2023 oil sales volume.

There was negligible gas production and sales in 2023 although based on a reasonably possible price of $90/Mcm and volume of 100,000 Mcm per annum a 20% net price reduction would result in a reduction of $1.8 million in gas revenues.

Critical Accounting Policies and Estimates

The annual and condensed consolidated interim financial statements of the Group are prepared in accordance with IFRS and IFRIC Interpretations issued by the IFRS Interpretations Committee, refer to 2023 audited consolidated financial statements - note 2 *Summary of Significant Accounting Policies* and Note 4 – *Critical Judgements and Accounting Estimates* – for further details.

Derivative Financial Instruments

The Group has not recognised any derivative financial instruments.

Significant equity investees

The Group does not have any significant equity investees.

Forward-looking statements

In the interest of providing Tethys' shareholders and potential investors with information regarding the Group, including management's assessment of the Company's and its subsidiaries' future plans and operations, certain statements contained in this MD&A constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of the "safe harbour" provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project" or similar words suggesting future outcomes or statements regarding an outlook.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the Group's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements.

These risks, uncertainties and assumptions include, among other things: the significant uncertainty over the Group's ability to generate sufficient cash flow from operations to meet its current and future obligations and continue as a going concern; risks of exploration and production licenses, contracts and permits being cancelled due to non-fulfilment of contractual commitments or not being renewed when they expire; the Group will not be successful obtaining governmental approvals for the export of oil at prices significantly higher than price currently realised; volatility of and assumptions regarding oil and gas prices; fluctuations in currency and interest rates; product supply and demand; market competition; ability to realise current market oil and gas prices; risks inherent in the Company's and its subsidiaries' marketing operations, including credit risks; imprecision of reserve estimates and estimates of recoverable quantities of oil and natural gas and other sources not currently classified as proved; the Company's and its subsidiaries' ability to replace and expand oil and gas reserves; unexpected cost increases or technical difficulties in constructing pipeline or other facilities; unexpected delays in its drilling operations; unexpected difficulties in transporting oil or natural gas; risks associated with technology; the timing and the costs of well and pipeline construction; the Company's and its subsidiaries' ability to secure adequate product transportation; changes in royalty, tax, environmental and other laws or regulations or the interpretations of such laws or regulations; political and economic conditions in the countries in which the Group operate; the risk associated with the uncertainties, inconsistencies and contradictions in local laws and their interpretation and application in local jurisdictions in which the Group operates; the risk of international war, hostilities and terrorist threats, civil insurrection and instability affecting countries in which the Group operate; risks associated with existing and potential future lawsuits and regulatory actions made against the Group; and other risks and uncertainties described from time to time in the reports and filings made with securities regulatory authorities by Tethys.

Forward-looking statements - continued

With regard to forward looking information contained in this MD&A, the Group has made assumptions regarding, amongst other things, the continued existence and operation of existing pipelines; future prices for oil and natural gas; future currency and exchange rates; the Group's ability to generate sufficient cash flow from operations and access to capital markets to meet its future obligations and ability to continue as a going concern; the regulatory framework representing mineral extraction taxes, royalties, taxes and environmental matters in the countries in which the Group conducts its business, gas production levels; and the Group's ability to obtain qualified staff and equipment in a timely and cost effective manner to meet the Group's demands. Statements relating to "reserves" or "resources" or "resource potential" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future. Although Tethys believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except as required by law, Tethys does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Glossary

Bbls	Barrels of oil
boe/d	Barrel of oil equivalent per day
bopd	Barrels of oil per day
EBITDA	Earnings before interest, taxes, depreciation and amortisation
GAAP	Generally accepted accounting principles
IFRS	International Financial Reporting Standards
KASE	Kazakhstan Stock Exchange
KBD	Kul-bas Deep well in the Kul-bas Exploration Contract area
Kul-Bas	The Kul-Bas Exploration Contract area held by Kul-Bas LLP
KZT	Kazakhstani Tenge
m3	Cubic metre
Mcf	Thousand cubic feet
Mcf/d	Thousand cubic feet per day
Mcm	Thousand cubic metres
Mcm/d	Thousand cubic metres per day
MD&A	Management's Discussion & Analysis
MoE	Ministry of Energy
NI 51-101	National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators
NPV	Net present value
Q1	Three-month period commencing January 1 and ending 31 March
Q2	Three-month period commencing April 1 and ending 30 June
Q3	Three-month period commencing July 1 and ending 30 September
Q4	Three-month period commencing October 1 and ending 31 December
Tethys	Tethys Petroleum Limited and subsidiary companies
TSX	Toronto Stock Exchange
TSXV	TSX Venture Exchange
VAT	Value added tax
YTD	Year to date cumulative
$	United States Dollar
$/bbl	$ per barrel
$/Mcm	$ per thousand cubic metres