

# **Tethys Petroleum Limited**

Management's Discussion and Analysis  
for the year ended December 31, 2025

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## Chairman's Letter to Shareholders

Dear Tethys shareholders,

First of all, I want to thank you for your continued investment and support of Tethys. Most of our shareholders have held their shares for an extended period and I want to express our appreciation.

While progress is never as fast as we want, Tethys did make good progress in 2025. At the Kul-Bas oil field, Tethys completed phase #1 and commissioning of the Central Processing Facility (CPF) and restarted oil production in January of 2025 (after field suspension in 2024). Phase 1 was to primarily handle the associated gas from the first 3 wells in production and included installation of two gas turbine units. The Phase 2 program for the CPF was initiated. This CPF ties in the wells through pipelines to the individual wells to a central processing and storage capacity to handle daily field production. At present, three wells are connected to the system (KBD-02, KBD-06 and KBD-07) and the estimated production capacity is up to 1,000 tons of oil/day. The work is currently in progress and the KBD-08 well is expected to be added to the system in May of 2026. The current limiting factor is the gas treatment capacity at around 500 tons/day. Work is being done to add additional compressors and turbines to increase the gas treatment capacity. These upgrades to the gas utilization should increase the capacity from 35,000 m<sup>3</sup>/d to 70,000 m<sup>3</sup>/d. This includes the installation of a second gas compressor and a third gas turbine. The second gas compressor has been purchased and installed, and commissioning and testing work is currently underway. A further compressor is planned to be installed later this year following delivery, to support the planned expansion of gas utilization capacity and improve operational reliability. In addition, the Company acquired an existing modular shift camp for relocation to Kul-Bas. Installation work is currently in progress, and once completed, the camp is expected to improve field accommodation and support the expanded level of field operations. Tethys installed an overhead power line from the Kul-Bas CPF to the existing shift camp so that we can use the electricity generated rather than use diesel.

Progress was also made with a settlement with National Company QazaqGaz (QG) and Tethys restarted gas production on April 10, 2025. Tethys upgraded the facilities at the Gas Compressor Station in the Akkulka Gas Field, including a Gas Chromatograph, Gas Generator, and Gas Engine for one of the Gas Compressors. A telemetry system has been installed on all gas-producing wells in the Kyzylloi and Akkulka fields, allowing for real-time monitoring of wellhead parameters.

Tethys completed the seismic acquisition data and its interpretation to identify potential prospect locations for explorations wells at Aral-4 block.

Tethys made good progress in 2025 toward resolving issues in the DSFK and Olisol dispute. Astana International Financial Center Court ruled that given the failure of Olisol to comply with the agreement that parts of the Settlement Deed are declared no longer binding, that DSFK is ordered to pay Tethys Petroleum Limited 1,434,692,762 KZT and that Olisol is ordered to cancel share certificates GS44 and GS43 (totaling 18 million shares). Legal work is currently being done in Cayman, KZ and Canada to get the payment owed and to get the courts to provide the rulings supporting the cancellation of the 18 million shares.

I noted in last year's annual report that progress at Tethys is being held back by a lack of funding. We noted "The decline in realized prices for both oil and gas is occurring in parallel with rising costs across Kazakhstan's energy sector. Inflation is estimated at approximately 20% over the past year, while the netback from oil sales has dropped significantly. These dynamics have placed additional strain on the Group's cash flow and its ability to execute capital programs as originally planned. While the Group

was close to breakeven in 2024, modest profitability was achieved in 2025. However, current monthly cash flows are not sufficient to support all capital expenditures. As a result, projects are being reprioritized to focus on those expected to deliver the highest near-term cash flow benefits. In 2021, the Group sold oil at prices above \$50 per barrel. At present, average sales prices hover around \$25 per barrel, with netbacks from state-affiliated refineries estimated between \$15 and \$25 per barrel. While Tethys currently sells oil to mini-refineries on a prepayment basis, a shift to supplying the large state-owned and state-affiliated refineries would require operating under post-payment terms — with payment received only after the oil is refined and products are sold. Management remains hopeful that international prices will recover and that the domestic discount to Brent will narrow over time. Tethys benefits from having little to no fixed debt and continues to operate with financial discipline. Despite the ongoing economic headwinds, the Group has remained solvent—a challenge shared by many producers in Kazakhstan who operate outside Production Sharing Agreements (PSAs). Looking ahead, increasing oil production will require not only approval of the Commercial License but also the buildout of essential infrastructure—specifically oil handling capacity, gas utilization systems, and reliable logistics. Management is focusing its next efforts on maintaining stable output from current wells, followed by bringing wells KBD-03, KBD-04, and KBD-08 online, while simultaneously expanding gas utilization capacity to meet regulatory restrictions on flaring.”

Tethys has received in 2026 the Commercial License allowing oil production at Kul-Bas until 2048. Unfortunately, to date it hasn’t received any export allocation by the Ministry of Energy of RoK and is therefore required to sell to the state affiliated refineries. Even with the dramatic increase in world oil prices, domestic prices in Kazakhstan are still roughly in the range we outlined last year. As I noted last year, our cash position has been reduced as we are no longer selling oil on a prepaid basis but are having to get paid later on the sales of the refined products. This transfers the responsibility for the logistics to Tethys from the mini-refineries who were formerly allowed to buy our oil at a slightly higher price.

While lower prices for oil and flat prices on gas in combination with rising prices of services (ex. drilling) and higher compensation for our employees are not a good combination, the Tethys board believes Tethys is fortunate to have an exceptional oil field. This may allow for increased volumes to more than make up for the higher costs and lower product prices. Kazakhstan as a country exports approximately 80% of the oil produced and we remain hopeful that Tethys will be allowed an export allocation in the future.

Under a previous board and prior management, Tethys raised about \$300 million from shareholders. It has only paid back a small fraction in dividends to date. The board is cognizant of the long time and high cost of investment many shareholders have experienced. The hope is that Tethys will be in a position to return cash to shareholders through increased and more regular dividends. At present, this cash is needed to grow the oil production and meet corporate obligations. Given the low oil prices and higher costs, Tethys appetite for future exploration beyond the current license is reduced. This may allow for increased dividends at some point.

William P. Wells  
Chairman and Chief Executive Officer

## Tethys Top Achievements in 2025

- *Commissioning of Central Processing Facility for oil production*

Completion of Stage #1 construction and commissioning of Central Processing Facility (CPF) and start of oil production in January-February 2025 after field suspension in 2024. CPF upgrade (Phase II) initiated and in progress. This upgrade will increase the oil processing and storage capacity to handle daily field production of up to 1,000 tons of oil per day.

- *Gas utilization facilities for associated gas completed*

Completed Gas utilization facilities by commissioning two Gas Turbine units (GTU) and a compressor with current maximum capacity of 35,000 m<sup>3</sup>/d. Upgrade of the facilities has been started which includes the installation of a second gas compressor and a third gas turbine. This will allow capacity to double to 70,000 m<sup>3</sup>/d. The second gas compressor has been purchased and installed, and pre-commissioning is currently underway.

- *Upgrade of facilities at gas fields*

Facilities at the gas compressor station at the Akkulka gas field were upgraded, including a gas chromatograph, gas generator, and gas engine for one of the gas compressors.

In addition, a telemetry system has been installed on all gas-producing wells in the Kyzylai and Akkulka fields, allowing for real-time monitoring of wellhead parameters.

- *Resumption and ramp up of oil and gas production*

Restarted and significantly increased Kul-Bas oil production following the 2024 suspension to 2,353 bopd in 2025 and 3,093 bopd in Q4 2025.

Resumed gas production and sales in April 2025 following resolution of the QazaqGaz pricing issue.

- *Exploration progress*

Completed seismic data acquisition and interpretation to identify prospective exploration well locations in the Aral-4 exploration block.

- *Labor relations*

Maintained stable labor relations by signing a new collective agreement with employees securing their right to a stable job, improved social benefits, and increasing their motivation to work more productively.

- *Legal matters*

Advanced the DSFK/Olisol dispute through an Astana International Financial Centre (AIFC) arbitration award in the Group's favor and approving the cancellation of 18 million shares previously issued to Olisol and an award against DSFK for KZT 1.4 billion or approximately \$2.8 million, both subject to enforcement.

- *Financial position*

Tethys Group remains debt free. Significant investment in surface facilities and exploration was made during 2025, as noted above, funded by over \$10 million of cash generated from operating activities with Tethys ending the year and with a cash balance of \$8.1 million.

The following MD&A is dated April 30, 2026 and should be read in conjunction with the Tethys Petroleum Limited (hereinafter “the Company”) and its subsidiaries (hereinafter together with subsidiaries “the Group”) audited consolidated financial statements and related notes for the year ended December 31, 2025. The accompanying consolidated financial statements of the Group have been prepared by management and approved by the Group’s Audit Committee and Board of Directors. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). Amounts are stated in thousands of US dollars unless otherwise noted. Additional information relating to the Group can be found on the SEDAR website [www.sedar.com](http://www.sedar.com) and the Group’s website at [www.tethys-group.com](http://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 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’s shares are listed on the TSX Venture Exchange (“TSXV”) under the symbol “TPL”.

## Financial highlights

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

	Twelve months ended December 31				
	2025	2024	Change	2023	Change
Oil and gas sales revenues	26,416	15,201	74%	36,479	(58%)
Profit/(loss) for the year	6,665	(12,386)	-	9,736	-
Earnings/(loss) (\$) per share -basic	0.06	(0.11)	-	0.08	-
Adjusted EBITDA <sup>1</sup>	12,803	4,412	190%	25,080	(82%)
Capital expenditure	8,102	7,802	4%	12,068	(35%)

	As at 31 December				
	2025	2024	Change	2023	Change
Total assets	64,227	56,231	14%	85,331	(34%)
Cash & cash equivalents	8,149	5,959	37%	7,216	(17%)
Short & long-term borrowings	-	-	-	-	-
Total non-current liabilities	17,192	27,117	(37%)	38,264	(29%)
Net (cash)/debt <sup>1</sup>	(5,698)	(5,094)	12%	(7,202)	(29%)
Number of ordinary shares outstanding	114,857,248	114,857,248	(16%)	115,075,013	(0%)

Note 1 - Adjusted EBITDA and net debt are non-GAAP Measures, refer to page 28 for details.

### Twelve months 2025 versus twelve months in 2024

- Oil and gas sales revenues increased by 74% to \$26.4 million from \$15.2 million. Oil sales revenue was \$20.8 million compared with \$11.4 million in the prior year with the increase due to production being 118% higher and averaging 2,353 bopd (2024:1,077 bopd). The average price received for oil was lower in 2025 at \$23.60/bbl (2024: \$30.40 bbl) reflecting a weaker domestic oil market in Kazakhstan, refer to page 19 for further details. Gas sales revenue was \$5.6 million reflecting nine months of production in 2025 compared with \$3.8 million in the prior year reflecting only 3 months of production due to closure of the gas fields as a result of a contractual dispute with QazaqGaz. The 2024 revenue also included revenue adjustments relating to prior period deliveries of gas;
- The profit for the year was \$6.7 million compared with a loss of \$12.4 million in 2024. The main factors for the increase in profit were the higher oil revenues in 2025, partly offset by other gains and losses and an impairment of oil assets recognised in 2024;
- Adjusted EBITDA, a non-GAAP measure, was \$12.8 million, a significant increase from the \$4.4 million in 2024, mainly as a result of the higher oil revenues;
- Capital expenditure of \$8.1 million was at a similar level to the \$7.8 million in 2024 relating to the purchase of equipment and construction of oil handling and gas utilization facilities and seismic acquisition and interpretation;
- Total assets increased to \$64.2 million at the end of 2025 from \$56.2 million at the end of 2024, mainly from an increase in working capital and capitalised exploration & evaluation expenses;
- Cash & cash equivalents were \$8.1 million compared with \$6.0 million at the end of the prior year. Cash inflow from operating activities was \$10.7 million (2024: \$6.9 million), net cash used

## Financial highlights - continued

in investing activities was \$7.7 million (2024: \$7.6 million) and net cash used in financing activities (dividend paid) was \$1.0 (2024: nil);

- Total non-current liabilities were \$17.1 million (2024: \$27.1 million) mainly due to the decrease in deferred tax liability which included withholding tax payments of \$1.3 million;
- Net cash/debt (which includes deferred revenue), a non-GAAP measure, increased from \$5.1 million to \$5.7 million net cash;
- The number of ordinary shares remained unchanged at 114.9 million, although 18 million Olisol shares are subject to cancellation under the arbitration award described on page 11.

## Twelve months 2024 versus twelve months in 2023

- Oil and gas sales revenues decreased by 58% to \$15.2 million from \$36.5 million. Oil sales revenue was \$11.4 million compared with \$34.3 million in the prior year with the reduction due to lower production. Production ceased in October 2023 at the end of the pilot production project and started again in April 2024. The average price received for oil was marginally higher in 2024 than in 2023. Gas sales revenue was \$3.8 million compared with \$2.2 million in the prior year. There was only minimal gas production in 2023 and in 2024 there was production in Q1 only. The gas revenue amounts include adjustments relating to earlier periods as the negotiations with QazaqGaz developed and were finally agreed in 2024 with payment received for all previously delivered gas, further details are given on page 20;
- The loss for the year was \$12.4 million compared with a profit of \$9.7 million in 2023. The main factors for the reduction in profit were the lower oil revenues and an impairment of \$20.5 million of capitalised costs in the Kul-Bas contract area that are outside of the current Klymene field development area. These reductions were offset by an income tax benefit of \$6.8 million compared to a tax charge of \$8.7 million in 2023;
- Adjusted EBITDA, a non-GAAP measure, was \$4.4 million, a significant reduction from the \$25.1 million in 2023, mainly as a result of the lower oil revenues;
- Capital expenditure of \$7.8 million was lower than the \$12.1 million in 2023. In both years costs were mainly payments to the drilling contractor, purchase of gas utilization equipment and construction of facilities in preparation for the restart of oil production;
- Total assets reduced by 34% to \$56.2 million at the end of 2024 from \$85.3 million at the end of 2023. This was mainly due to the Kul-Bas impairment and the depreciation of the Kazakhstani tenge against the US dollar from 455 to the US dollar at December 31, 2023 to 525 at December 31, 2024;
- Cash & cash equivalents were \$6.0 million compared with \$7.2 million at the end of the prior year. Cash inflow from operating activities was \$6.9 million (2023: \$10.1 million), net cash used in investing activities was \$7.6 million (2023: \$11.6 million) and net cash used in financing activities was \$nil (2023: \$5.9 million, including repayment of borrowings of \$3.1 million and dividend payment of \$2.6 million);
- Total non-current liabilities decreased by 29% to \$27.1 million from \$38.3 million mainly due to the decrease in deferred tax liability which mainly relates to property and equipment;
- Net cash/debt (which includes deferred revenue), a non-GAAP measure, decreased from \$7.2 million to \$5.1 million net cash;
- The number of ordinary shares outstanding reduced marginally to 114.9 million as a result of shares repurchased and cancelled.

## Operational Highlights

	Units	Quarter ended December 31			Year ended December 31		
		2025	2024	Change	2025	2024	Change
<b>Kazakhstan</b>							
Oil	bopd	3,093	1,465	111%	2,353	1,077	118%
Gas	boe/d	1,368	3	45500%	917	357	157%
<b>Total</b>	<b>boe/d</b>	<b>4,461</b>	<b>1,468</b>	<b>204%</b>	<b>3,270</b>	<b>1,434</b>	<b>128%</b>

<b>Oil</b>							
Oil production	bbls	284,561	134,758	111%	858,932	394,271	118%
Oil sold	bbls	284,678	115,317	147%	879,468	373,400	136%
Revenue	\$'000	7,092	3,110	128%	20,752	11,353	83%
Cost of production	\$'000	3,214	22,835	(86%)	11,449	29,099	(61%)
<b>Contribution before tax</b>	<b>\$'000</b>	<b>3,878</b>	<b>(19,725)</b>	<b>(120%)</b>	<b>9,304</b>	<b>(17,746)</b>	<b>(152%)</b>
Revenue	\$/bbl	24.91	26.97	(8%)	23.60	30.40	(22%)
Cost of production	\$/bbl	11.29	169.45	(93%)	13.33	73.80	(82%)
<b>Contribution before tax</b>	<b>\$/bbl</b>	<b>13.62</b>	<b>(142.48)</b>	<b>-</b>	<b>10.27</b>	<b>(43.40)</b>	<b>-</b>

<b>Gas</b>							
Gas production	Mcm	21,384	46	46018%	56,876	22,191	156%
Gas sold	Mcm	21,070	-	-	55,899	21,591	159%
Revenue	\$'000	2,120	-	-	5,620	3,815	47%
Cost of production	\$'000	1,611	459	251%	4,875	2,932	66%
<b>Contribution before tax</b>	<b>\$'000</b>	<b>509</b>	<b>(459)</b>	<b>-</b>	<b>745</b>	<b>883</b>	<b>(16%)</b>
Revenue	\$/Mcm	100.60	-	-	100.55	176.69	(43%)
Cost of production	\$/Mcm	75.32	-	-	85.72	132.11	(35%)
<b>Contribution before tax</b>	<b>\$/Mcm</b>	<b>25.28</b>	<b>-</b>	<b>-</b>	<b>14.83</b>	<b>44.58</b>	<b>(67%)</b>

## Oil

- Oil production for the quarter averaged 3,093 bopd compared with 1,465 bopd in Q4 2024 and for the year averaged 2,353 bopd compared with 1,077 bopd in 2024. The 2025 production was higher as wells KBD-02 and KBD-06 only commenced production in November 2024 but produced throughout 2025 along with the addition of KBD-07 part way through 2025. Further production information is provided on page 15;
- Total oil production for Q4 2025 was 284,561 barrels compared with 134,758 barrels in Q4 2024 and for the year was 858,932 barrels compared with 394,271 barrels in 2024, an increase of 118% with the reason for the increase noted above;
- Oil revenue for the quarter was \$7.1 million (2024: \$3.1 million) or \$24.91/bbl (2024: \$26.97/bbl) and for the year was \$20.8 million (2024: \$11.4 million) or \$23.60/bbl (2024: \$30.40/bbl). The higher oil revenue in 2025 was therefore driven by the higher level of production which more than offset the lower average sales price;
- Oil production costs include direct production costs, an allocation of administrative expense, DD&A and impairment costs. Oil production costs for the quarter were \$3.2 million (2024: \$22.8 million, including impairment charge of \$20.5 million) or \$11.29/bbl (2024: \$169.45/bbl) resulting in a contribution before tax of \$13.62/bbl (2024: negative \$142.48/bbl) and for the year production costs were \$11.4 million (2024: \$29.1 million) or \$13.33/bbl (2024: \$73.80/bbl) resulting in a contribution before tax of \$10.27/bbl (2024: negative \$43.40/bbl). Production costs excluding the impact on the 2024 impairment charge were higher in 2025 reflecting the increased level of activity but were lower on a unit of production basis due to the economies of scale and a significant element of fixed costs;
- Further information on production costs is provided on page 24.

## Operational Highlights - continued

### Gas

- Q4 2025 gas production averaged 1,368 boe/d (2024: 3 boe/d) and for 2025 averaged 917 boe/d compared (2024: 357 boe/d). The lower levels of gas production in 2024 was due to closure of the fields from April 2024 to March 2025 due to a contractual dispute with QazaqGaz.
- Gas revenue for Q4 2025 was \$2.1 million (2024: nil) or \$100.60/Mcm and for the year was \$5.6 million (2024: \$3.8 million) or \$100.55/Mcm. There was no revenue in Q4 2024 due to the closure of the gas fields and the revenue for the 2024 year included revenue for gas delivered in Q1 2024 only as well as upward revisions to revenue recognised in earlier periods following agreement with QazaqGaz on the applicable sales price;
- Gas production costs for the quarter were \$1.6 million or \$75.32/Mcm and for the year were \$5.6 million (2024: \$3.8 million) or \$85.72/Mcm, resulting in a contribution before tax for Q4 2025 of \$25.28/Mcm (2024: nil) and for the year of \$14.83/Mcm (2024: \$44.58). Cost reductions steps such as reduced staffing levels were taken as a result of the gas field closure resulting in the lower costs in 2024 than in 2025 when normal activity recommenced. Further details of production costs are given on pages 24.

### Outlook

The information provided under this heading is considered as forward-looking information; as such please refer to Forward-Looking Statements on page 32 of this MD&A.

The Group's objective is to become one of the leading oil and gas exploration and production companies 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 now have a full commercial production license until 2048;
- 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.

The war in Ukraine may have negatively impacted the price of domestic oil in Kazakhstan and hence the prices received by Tethys for its oil sales. Subsequent to the end of the reporting period the war in the Middle-East has resulted in a significant increase in the Brent oil price although, to date, the differential between Brent and domestic Kazakhstan oil prices has remained large and has widened.

## Operational Review

### Significant events and transactions for the year

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

The Group's "Proved" 1P reserves at December 31, 2025 were 46.7 million BOE (2024: 46.9 million BOE) and "Proved + Probable" 2P reserves were 84.8 million BOE (2024: 85.6 million BOE). The net present value after tax of the Group's 2P reserves as at December 31, 2025 was \$474.0 million (2024: \$560.4 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*.

- *Kul-Bas production contract*

On January 8, 2025, Kul-Bas LLP submitted an application to the Ministry of Energy of the Republic of Kazakhstan to transition Contract No. 1897 for the Kul Bas field to the Production Period. This extension was essential for securing the long-term development of the field, enabling the Group to continue production until July 2048 and granting the right to export hydrocarbons, thereby unlocking the field's full commercial potential.

On January 31, 2025, Kul-Bas LLP withdrew its application. While other reasons also played a part, it was determined upon further analysis that the Group would likely achieve higher revenue by continuing to sell through existing distribution channels allowed under the preparatory period contract rather than the distribution channels required by the production contract. The production contract is expected to have some component allowed for the export market and some for the domestic market. Given the high taxes for sales in the export market, Tethys was incentivized to sell the oil for export under the allowance to domestic mini-refineries. The oil sold under the domestic component will need to be sold to the state refineries and not allowed to be sold to the mini-refineries. Depending on which state refinery the Ministry of Energy requires, the discount in the oil price was estimated to be about 5-20% under market pricing.

The Preparatory Period production contract was set to expire on July 26, 2026. The production contract received in Q1 2026 allows Tethys to increase its production but, during 2025, Tethys was constrained by the limits of its oil handling facilities where only three wells were tied into the oil gathering facility. In addition, Tethys was also constrained as the gas utilization capacity did not allow for much more production than the allowed levels.

The Group resubmitted the application on November 27, 2025 and on December 19, 2025 the Ministry of Energy of the Republic of Kazakhstan issued an approval for the transition of the Kul-Bas oil field to the Production Period through July 27, 2048. This approval is a critical milestone for the Group, as it ensures the continuation of production at Kul-Bas beyond the expiry of the preparatory period in July 2026.

## Operational Review - continued

- *Dividend*

On February 20, 2025, a dividend of \$0.01 per share was paid to Tethys shareholders of record on February 10, 2025 totalling \$1,149 thousand (2024: \$nil) which after returned dividends amounted to \$973 thousand.

- *Resumption of gas production*

On April 10, 2025, the Group resumed production from the Akkulka and Kyzloi gas fields following resolution of the previous contractual dispute with QazaqGaz and started gas sales to a new buyer, NatGaz Company LLP.

- *Arbitration update*

In November of 2023, Tethys initiated an arbitration with the International Arbitration Centre in Astana, Kazakhstan regarding a Settlement Deed and Release Agreement that was entered into in December of 2019. The relief sought by Tethys was to declare that the Settlement Deed and Release is no longer binding, and for DSFK Special Finance Company LLP to pay Tethys Petroleum 1,434,692,762 KZT, and for the 18 million shares issued to Olisol Petroleum Limited to be cancelled.

On May 13, 2025 the sole Arbitrator ruled and declared that the Settlement Deed is no longer binding. DSFK Special Finance Company LLP was ordered to pay Tethys Petroleum Limited 1,434,692,762 KZT. Olisol Petroleum Limited was ordered to cancel share certificates GS 44 and GS 43 (totalling 18 million shares). DSFK Special Finance Company LLP and Olisol Petroleum Limited were ordered to pay Tethys 50,000 EUR and 50,000,000 KZT towards the costs of the arbitration and the Group's legal costs.

On July 25, 2025, Tethys provided a further update that it had submitted an application for an interpretation of the award and received a ruling from the arbitrator amending the language to clarify that Tethys has the authority to cancel the 18 million shares. DSFK and the owners of Olisol challenged the final award and the AIFC Court directed that the hearing on these challenges be conducted on November 7, 2025. The Court issued its judgment on November 17. All claims of DSFK, Olisol and its owners were rejected and the court confirmed that the award can be enforced.

The Group is in the process of having the arbitration ruling enforced via the Canadian and Cayman Islands courts.

- *Annual General Meeting*

On August 8, 2025, Tethys announced that it had been provided with notices of intention to nominate directors of the Company at the Annual General Meeting of shareholders to be held on August 11, 2025. Fincraft Group LLP had given notice of its intention to nominate Askar Ismailov as a director. Gazexport Limited had given notice of its intention to nominate Paul J. Ostling and Piers Johnson as directors. Management of Tethys had not undertaken any independent review of the credentials of the nominees and announced that consideration of the nominees would be addressed at the shareholders meeting.

On August 11, 2025, Tethys announced the results of the Annual General Meeting held on August 11, 2025. All resolutions put to shareholders at the meeting were passed on a poll at the meeting

## Operational Review - continued

except for the election of Askar Ismailov, Paul J. Ostling and Piers Johnson as directors of the Company.

At the Meeting, the Chair advised that, on May 13, 2025, Dr. Galina Zukova, the sole arbitrator, appointed by the International Arbitration Centre in Kazakhstan, issued an arbitral award that included an order cancelling 18 million shares of Tethys that were issued to Olisol Petroleum on May 29, 2020. The arbitral award has been recognized by the Court in Kazakhstan and Tethys is in the process of applying to have the arbitral award recognized in the Canadian and Cayman Islands courts. Olisol Petroleum transferred 17,536,296 shares of Tethys to Gazexport Limited after it became aware of Tethys' intention to commence the arbitration and after the arbitration had been commenced. The arbitral award and the cancellation of these 18 million shares of Tethys will result in the cancellation of all, or a substantial proportion of the 17,536,296 shares held by Gazexport Limited. The Gazexport Limited shares represent 74.06% of the total 24,304,446 shares of Olisol Petroleum held prior to Olisol transferring the subject shares to Gazexport Limited. In light of the foregoing, it was ruled at the meeting (with Gazexport Limited and Fincraft Group LLP objecting thereto) that 74.06% or 12,987,381 Tethys shares be excluded from Gazexport Limited's votes.

- *Non-Binding Letter of intent to acquire the Company*

On September 18, 2025, Tethys announced that on September 15, 2025 Fincraft Group LLP announced that it had submitted a non-binding letter of intent to the Board of Directors of Tethys in respect of a proposed transaction pursuant to which Fincraft would acquire all of the issued and outstanding ordinary shares of Tethys at a price of 1.38 CAD per share. The Tethys Board of Directors formed a special committee made up of the independent Directors to review the proposal.

The press release included several disparaging and inaccurate statements. First, "the majority of the current Board do not have any experience of operating in Kazakhstan, do not understand the uniqueness of the market and its particularities, and some have never even visited Kazakhstan or have had any experience of engaging with Kazakh local communities or stakeholders." The Tethys Board members have all been to Kazakhstan and have over 33 years combined experience serving on the Board and participating in the Kazakhstan operations. Don Streu joined the Board in 2022 and has also served as the President, CEO and Director of Condor Energies since 2008 with operations in Kazakhstan. Mattias Sjoborg joined the Board in 2016 and has also served as CEO for Tethys for a period time. Adeola Ogunsemi joined the Board in 2015. William Wells joined the Board in 2015 and has served as executive chairman for the last six years and has been engaged with almost all aspects of the Kazakhstan operations.

The Fincraft press release states "the Board has also failed to make meaningful progress on its targets." In 2015, Tethys Petroleum produced a net loss of \$74.6 million and had total borrowings of \$32 million. In 2025 the Group produced positive net income with net borrowings having been eliminated. Oil and gas production and future profits at Tethys are now projected to increase significantly as the Group continues to make meaningful progress on its targets. The Group has gone from a group incurring large losses and on the verge of bankruptcy to a profitable group with no net debt and positioned for strong future growth under the current Board.

The press release also states "We believe the actions taken at its recent annual general meeting to exclude certain legally outstanding Tethys Shares from voting were contrary to law, contrary to the reasonable expectations of Fincraft and other shareholders and caused loss and damage

## Operational Review - continued

to Tethys and its shareholders.” The decision by Tethys to exclude the 18 million shares that were ordered cancelled by the International Arbitration Centre in Kazakhstan was deemed proper by the Board and legal counsel. The Board also believes it would be accretive to all Tethys shareholders for the cancellation to be confirmed. Efforts by Fincraft to cancel the arbitrator’s ruling in order for them to complete their purchase agreements on these shares would be dilutive to Tethys Shareholders. Fincraft notified Tethys that they were ready to close on a deal to acquire shares included in the Arbitration ruling as long as they received confirmation that these shares would not be cancelled. The Board did not agree to provide Fincraft with confirmation that the Arbitration ruling to cancel the 18 million shares would not be enforced.

- *Akkulka Oil contract update*

On October 17, 2025, Tethys announced the Astana Economic Court (1st instance) had rejected the Group’s claim to the Ministry of Energy for extending the Akkulka Oil contract (license #265) on September 9, 2025. The Group filed an appeal on this decision at the 2nd instance court however the appellate court upheld the 1st instance decision. The Akkulka Oil area represents a legacy asset that has been subject to impairment in prior reporting periods; The Group pursued the extension process as a matter of maintaining its contractual rights but ultimately it was not possible to retain the licence.

- *Corporate presentation*

In an effort to provide more information and visibility into the Group’s operations and business outlook the Group updated its corporate presentation in October 2025 and provided this information to all shareholders on the Group’s website under Investor Relations/Company Reports & Notices. <https://tethys-group.com/reports/corporate-presentation-october-2025/>

- *Non-binding letter of intent to acquire the Group update*

On October 17, 2025, Tethys provided an update to the Fincraft Group LLP -binding letter of intent announced by Fincraft on September 15, 2025. The Tethys Board of Directors special committee made up of the independent Directors reviewed the proposal. The Special Committee responded to the Fincraft Letter of Intent with a request for additional information including documentation of committed financing, the calculations used to arrive at the bid price, evidence of indications of regulatory approval for the proposed transaction, and additional information on the shareholders and creditors of Fincraft. The Special Committee has continued to communicate with the Fincraft on their intent to acquire the Group.

- *Collective agreement with employees*

In November 2025, the Group signed new collective agreements covering the workforces of Group companies Kul-Bas LLP, TethysAralGas LLP, and DMS Services LLP. The agreements were concluded in the ordinary course of business, and the Group continues to maintain stable and constructive labor relations across its operations.

- *Extension of Akkulka Gas Field Subsoil use Contract*

On December 26, 2025, the Group announced The Group submitted an application to the Ministry of Energy of the Republic of Kazakhstan to extend the subsoil use contract for the Akkulka gas field until December 2036, which currently expires in December 2026. The Group

## Operational Review - continued

expects to sign the Addendum to the Akkulka subsoil use contract in Q2 2026, subject to completion of the required procedures.

- *Voluntary Delisting from the Kazakhstan Stock Exchange*

On December 26, 2025, the Group announced its decision to proceed with a voluntary delisting of the Company's securities from the Kazakhstan Stock Exchange ("KASE"). Given the absence of trading activity on KASE over an extended period, the Board of Directors concluded that maintaining a secondary listing on KASE does not provide practical benefits to shareholders. The Company's primary listing and principal trading market remain on the TSX Venture Exchange ("TSXV") under symbol "TPL".

## Significant events and transactions subsequent to the year-end

- *DSFK pledges and settlement agreement*

Subsequent to December 31, 2025, the Group entered into an arrangement with the relevant parties in an attempt to secure the release of the pledged TAG assets and made a payment of approximately \$2.2 million in connection with this arrangement, while continuing efforts to recover the previously paid KZT 1,435 million, or approximately \$2.8 million, under the Settlement Agreement.

The court bailiff did not accept the appraised value used by the Group, and the expected release of the pledged assets did not occur. The \$2.2 million payment was subsequently returned to the Group.

DSFK has indicated that it may seek to enforce the sale of the pledged assets through an auction process, which could result in a higher valuation being applied.

In addition, during this period, the Group's claim in administrative court proceedings challenging the actions of the court bailiff was dismissed. The Group has initiated an appeal against this decision.

- *Kul-Bas commercial production license*

On February 17, 2026, Kul-Bas LLP and the Ministry of Energy of the Republic of Kazakhstan signed Addendum No. 14 to Contract No. 1897 dated November 11, 2005, which formalises the transition of the Kul-Bas field to the Production Period and extends the contract term for 25 years, until July 28, 2048. Under the addendum, Kul-Bas LLP has undertaken to provide annual financing for social and economic development of the Baiganin district of the Aktobe region in the amount of KZT 50 million, or approximately \$100 thousand per year from 2026 to 2037.

## Reserves

Following the completion of the 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 46.7 million BOE (2024: 46.9 million BOE) and "Proved + Probable" 2P reserves were 84.8 million BOE (2024: 85.6

## Operational Review - continued

million BOE). The net present value after tax of the Group's 2P reserves as at December 31, 2025 was \$474.0 million (2024: \$560.4 million) based on a 10% discount rate.

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

	2025					2024				
	Gross fluid		Net	Net production		Gross fluid		Net barrels	Net production	
	m3	barrels	barrels	days	bopd	m3	barrels		days	bopd
Q1	24,586	154,639	154,639	90	1,718	-	-	-	91	-
Q2	28,887	181,696	181,696	91	1,997	24,448	153,773	148,356	91	1,630
Q3	37,845	238,036	238,036	92	2,587	17,673	111,157	111,157	92	1,208
Q4	45,242	284,561	284,561	92	3,093	21,425	134,758	134,758	92	1,465
<b>Total</b>	<b>136,560</b>	<b>858,932</b>	<b>858,932</b>	<b>365</b>	<b>2,353</b>	<b>63,546</b>	<b>399,688</b>	<b>394,271</b>	<b>366</b>	<b>1,077</b>

Oil production for the quarter averaged 3,093 bopd (2024: 1,465 bopd) and for the year averaged 2,353 bopd (2024: 1,077 bopd). There was no oil production in the first quarter of 2024 as the wells were closed at the end of the exploration contract and pilot production project in October 2023 and production did not re-start until April 2024. Test oil production from the KBD-10 and KBD-11 appraisal wells commenced in April 2024 with KBD-10 testing completed in August and KBD-11 testing completed in November. Following receipt of the necessary permits, the Group successfully commissioned the oil handling and gas utilization facilities it needed to have in place to start commercial production from in November 2024. The Group produced from three wells throughout 2025, namely KBD-2, KBD-6 and KBD-7. Production and other key information on each of the Kul-Bas wells is shown in the table on page 18.

The Group completed the reserve estimation for Kul-Bas and a mining allotment of 67.72 km<sup>2</sup> was approved at the end of June 2023. The contract for the 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 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 were to get approval for the gas utilization program, secure ecology and gas flaring permits and install the necessary equipment for the gas utilization and oil handling.

On April 5, 2024 the Group announced that it had received the necessary permit from the Ministry of Ecology for test oil production from the KBD-10 and KBD-11 and on October 18, 2024 the Group announced that it had received formal approval of the protocol necessary to advance its oil production activities. 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 the 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 and that with this long-anticipated approval in hand, Tethys moved to the final regulatory step: obtaining the Ecology permit.

## Operational Review - continued

On November 18, 2024, Tethys received all ecological and environmental approvals for 2024, followed by the 2025 ecological permit on December 9, 2024. These approvals allowed the Group to produce up to 490 tons/day under the Preparatory Period of Contract No. 1897 for the Kul Bas field, which expires on July 26, 2026. As stipulated under the Subsoil Use Code, all hydrocarbons produced during the Preparatory Period must be sold domestically.

On January 8, 2025, Kul-Bas LLP submitted an application to the Ministry of Energy of the Republic of Kazakhstan to transition Contract No. 1897 for the Kul Bas field to the Production Period. This extension was essential for securing the long-term development of the field, enabling the Group to continue production until July 2048 and granting the right to export hydrocarbons, thereby unlocking the field's full commercial potential.

On January 31, 2025, Kul-Bas LLP withdrew its application. While other reasons also played a part, it was determined upon further analysis that the Group would likely achieve higher revenue by continuing to sell through the existing distribution channels allowed under the preparatory period contract rather than the distribution channels required by the production contract. The production contract will have some component allowed for the export market and some for the domestic market. Given the high taxes for sales in the export market, Tethys was incentivized to sell the oil for export under the allowance to domestic mini-refineries. The oil which will be sold under the domestic component will need to be sold to the state refineries and will not be allowed to be sold to the mini-refineries. Depending on which state refinery the Ministry of Energy requires, the discount in the oil price is estimated to be about 5-20% under market pricing.

The Preparatory Period production contract was set to expire on July 26, 2026. The production contract received in early 2026 allows Tethys to increase its production but, during 2025, Tethys was constrained by the limits of its oil handling facilities where only three wells were tied into the oil gathering facility. In addition, Tethys was also constrained as the gas utilization capacity did not allow for much more production than the allowed levels.

The Group resubmitted the application on November 27, 2025 and on December 19, 2025 the Ministry of Energy of the Republic of Kazakhstan issued an approval for the transition of the Kul-Bas oil field to the Production Period through July 27, 2048. This approval was a critical milestone for the Group, as it ensures the continuation of production at Kul-Bas beyond the expiry of the preparatory period in July 2026. The next step is to sign an Addendum to the Kul-Bas subsoil use contract reflecting the approved terms.

### *Oil production facilities*

The commissioning of the Central Processing Facility (CPF) at Kul Bas was successfully completed on November 19, 2024. Additionally, the Gas Utilization Facilities (GUF) were commissioned on January 17, 2025. These developments help ensure compliance with environmental requirements and support increased levels of oil production at the field. The successful commissioning of the facilities on January 17 brought the end of the planned Phase 1 work to a conclusion. Phase 1 was to primarily handle the associated gas from the first three wells in production (KBD-2, KBD-6 and KBD-7). The plan was to allow these oil handling and gas utilization facilities to operate for a brief period and then for management to prepare a proposal for a Phase 2 program. These new oil handling and gas utilization facilities will allow for increased levels of oil production and for bringing on wells KBD-3, KBD-4 and KBD-8.

The Group is executing Phase 2 construction work in the Central Processing Facility of the Kul-Bas Oil Field to upgrade the oil processing and storage capacity. The Group also plans to increase the current

**Operational Review - continued**

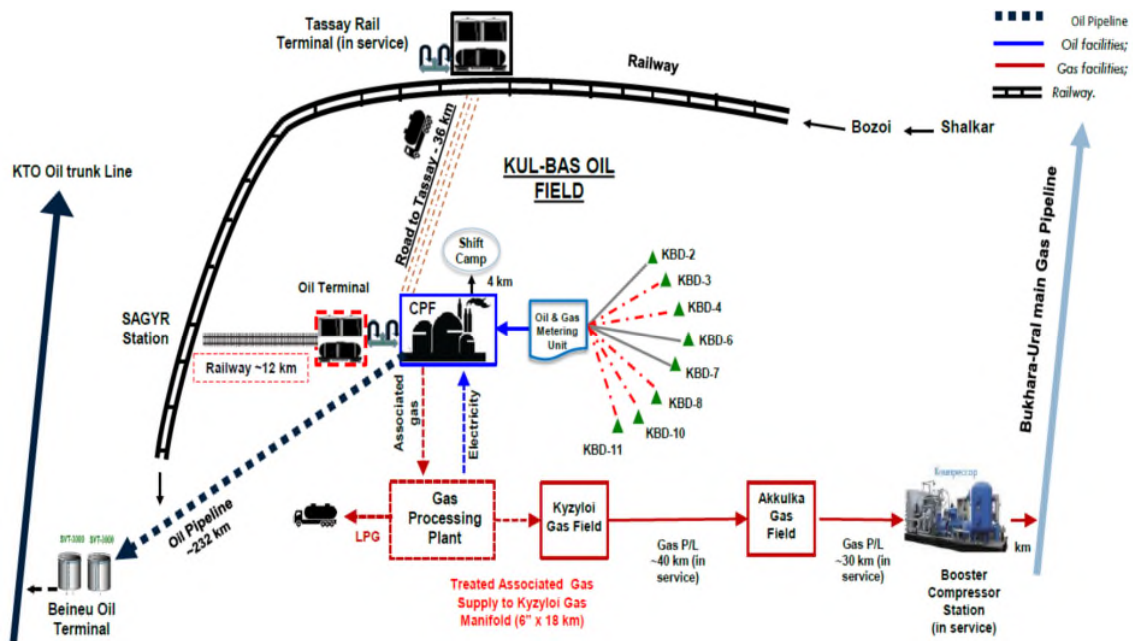
gas utilization capacity of 25,000 m3 per day up to 50,000 m3 per day through a gas turbine power system by installing a 2nd gas compressor. Phase 3 is intended to increase the oil processing and storage capacity for handling up to 2,000 tons per day after the installation of a gas processing plant (GPP), or alternative gas utilization solution acceptable to the MoE.

On August 18, 2025, Tethys announced that it had signed the contract for the Phase 2 Central Processing Facility upgrade. The Group also signed a contract for the purchase of a second gas compressor and a contract for the relocation and installation of a new shift camp and installation of an overhead power line from the Central Processing Facility to the existing shift camp completed.

On September 18, 2025, Tethys provided a further corporate update that construction of the Central Processing Facility Upgrade work of the Kul-Bas Oil Field was progressing and moving and installation of the shift camp was underway. The modification work on the gas compressor was completed and the equipment dispatched from China. The compressor was scheduled to be connected October 10th if the turbine repair was also completed. These allowed for the oil production to increase to about 500 tons per day.

On October 17, 2025, Tethys updated further that the gas turbine repair had experienced delays and the gas turbine was scheduled to be put into service in early November which should allow for the oil production to increase to about 500 tons per day in November.

*Existing and future planned oil production facilities*



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	2025 Production (Production to date) bbls
KBD-02	19/07/2019 06/10/2019	Jurassic	05/04/2020 (90 days)	38.9	32,268	08/09/2022	87,414 (940,408)
		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 connection to convert 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 connection to convert commercial	Nil (135,152)
		Hauterivian	11/11/2022 (83 days)	2.0	54,929		
		Upper Barremian	07/03/2024 (25 days)	2.0	32,236		
KBD-06	19/05/2021 25/07/2021	Barremian	14/10/2021	9.4	-	15/10/2021	407,156 (1,787,160)
KBD-07	08/10/2021 20/12/2021	Jurassic	27/12/2021 (204 days)	34.7	-	28/12/2021	364,362 (761,770)
		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 connection to convert 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	17/03/2024 14/07/2024	Jurassic	17.09.2025 (0 days)	13.4	-	Awaiting FDP <sup>3</sup> to convert into commercial	Nil (203,055)
		Barremian	08.08.2024 (70 days)	9.1	186,746		
		Upper Barremian	08.04.2025 (20 days)	3.0	16,313		
KBD-11	23/01/2024 24/04/2024	Jurassic	28/04/2024 (0 days)	36.9	-	Awaiting FDP <sup>3</sup> to convert into commercial	Nil (339,743)
		Lower Barremian	21/08/2024 (85 days)	3.2	55,436		
		Barremian	19.05.2024 (88 days)	7.0	89,997		
		Upper Barremian	18.05.2025 (90 days)	7.0	144,902		
		Aptian	25.08.2025 (87 days)	3	49,428		

## Operational Review - continued

### *Marketing and logistics*

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. Given the reduction in oil prices, Tethys has scaled back its exploration and operating plans to incorporate lower oil price estimates. The priority has been to address the costs necessary for the oil handling and gas utilization facilities.

The amount of oil that can be produced is currently limited by the logistics. The logistics is handled by the oil buyers as Tethys sells the oil at the field. The buyers' ability to handle the logistics can be influenced by the amount of trucking, rail cars, transshipment capacity (moving oil from trucks to rail cars) in the market and by the weather/road conditions. At present, Kul-Bas is selling oil primarily to mini-refineries given the higher price offered (as compared to the state refineries).

On October 8, 2024, the Republic of Kazakhstan temporarily banned the export of naphtha to the Eurasian Economic Union's territory. Although the official validity of this order expired on March 29, 2025, the ban remains effectively in force and has, in practice, become permanent. Considering that the export of certain refined oil products including naphtha and marine fuel to non-EAEU countries was already prohibited in 2023, the ability to export naphtha to EAEU countries had been an important outlet for mini-refineries operating in Kazakhstan. This situation ultimately affects how much mini-refineries can pay Tethys for its crude oil. Tethys management estimates the impact of this change at \$47.8 per ton, or approximately \$6 per barrel. The estimated reduction in net income for 2025 was significant to Tethys.

The Group remains committed to its strategy of responsible growth and is focused on optimizing its operations while meeting all regulatory requirements.

### *Exploration activities*

The Group prepared a seismic campaign on the Aral-4 block that included 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 was planned for this under-explored area at an estimated cost of \$1.3 million and the possible drilling of an exploration well in 2026.

The Group is considering its options for the Nurzhau exploration block.

On August 18, 2025, Tethys announced that it had signed amendments to its exploration contracts for the Diyar, Zhanasu and Nurzhau blocks. These amendments provide until 2027 for the Group to decide whether to drill a deep well or whether to return to the Republic of Kazakhstan the portions of the geological allotments deeper than 5,000 meters in the Pre-Caspian blocks (Diyar, Zhanasu and Nurzhau). Under these amendments, the Group has agreed to make a final decision by July 1, 2027 on whether to drill exploration wells or to return the deeper-than-5,000-meter allotments. The shallower allotments (above 5,000 meters) are not affected by these amendments.

On February 19, 2026 the Group announced that the Board has approved the plans to drill an exploration well on the Aral-4 block called Kronos or ARD-01. The plan is to drill the Barremian and upper Jurassic zones down to 2,300 meters starting in Q2 2026 with a possible option of deepening

## Operational Review - continued

down to the Middle Jurassic at 2,600 meters. The Group is also evaluating a second prospect in the Aral-4 block called Kulandy or ARD-02, and may make the decision to drill this prospect later this year.

### Gas production – Kyzylloi and Akkulka Contracts

	2025				2024			
	Mcm	Mcf	Mcm/d	Boe/d	Mcm	Mcf	Mcm/d	Boe/d
<b>Kyzylloi</b>								
Q1	-	-	-	-	15,704	554,511	173	1,016
Q2	12,210	431,126	134	790	-	-	-	-
Q3	14,562	514,205	158	932	-	-	-	-
Q4	15,420	544,476	168	986	-	-	-	-
<b>Total</b>	<b>42,192</b>	<b>1,489,807</b>	<b>116</b>	<b>680</b>	<b>15,704</b>	<b>554,511</b>	<b>43</b>	<b>253</b>
<b>Akkulka</b>								
Q1	45	1,596	1	3	6,331	223,535	70	409
Q2	4,291	151,528	47	278	63	2,217	1	4
Q3	4,384	154,782	48	280	47	1,637	1	3
Q4	5,964	210,600	65	382	46	1,637	1	3
<b>Total</b>	<b>14,684</b>	<b>518,506</b>	<b>40</b>	<b>237</b>	<b>6,487</b>	<b>229,026</b>	<b>18</b>	<b>104</b>
<b>Grand total</b>	<b>56,876</b>	<b>2,008,313</b>	<b>156</b>	<b>917</b>	<b>22,191</b>	<b>783,537</b>	<b>61</b>	<b>357</b>

### Gas operations update

Gas production for the quarter averaged 233 Mcm/d or 775,076 Mcf/d and for the year was 156 Mcm/d or 2,008,313 Mcf/d. There was only limited production in 2024.

The gas fields were closed for the whole of 2023 and most of 2024 due to a long-running contractual dispute with the Group's customer QazaqGaz, a Republic of Kazakhstan state-owned enterprise.

On September 30, 2024, the Group announced that, after multiple rounds of negotiations regarding the settlement of the 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 approximately 3.3 billion tenge including VAT of 12%, or approximately \$6.9 million at an exchange rate of 480 tenge to the 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. Following receipt of the debt from QazaqGaz, the Group worked to sign a new gas sales contract and restart gas production as soon as possible.

On February 3, 2025 the Group announced it had entered into an agreement with NatGaz Company LLP to be a buyer of Tethys' natural gas. Tethys received a prepayment for future gas deliveries and an official letter that the buyer is able to start accepting the gas and the Group commenced the process of preparing the resumption of gas production and rehiring employees associated with the gas production. On April 10, 2025, the Group resumed production from the Akkulka and Kyzloi gas fields and started gas sales to NatGaz Company LLP. At current pricing, the resumption of the gas production allow for over \$700 thousand/month in revenue.

On August 18, 2025, Tethys provided a corporate update that gas production from the Kyzylloi and Akkulka Gas Fields from 20 wells had declined from approximately 220,000 m<sup>3</sup> per day to 180,000 m<sup>3</sup> per day following the breakdown of one of the compressors the previous week and that a service company crew was mobilized for repairs. On September 18, 2025, Tethys announced that this had

## Operational Review - continued

increased to 200,000 m<sup>3</sup> per day from 20 wells and that workover jobs were planned for several of the gas wells with production expected to increase significantly in October. Production increased to 222,000 m<sup>3</sup> per day from 21 gas as announced on December 5, 2025, and then to 230,000 m<sup>3</sup> per day as announced on December 26, 2025.

## Macroeconomic and financial outlook

The decline in realized prices for both oil and gas is occurring in parallel with rising costs across Kazakhstan's energy sector. Inflation is estimated at approximately 20% over the past year, while the netback from oil sales has dropped significantly. These dynamics have placed additional strain on the Group's cash flow and its ability to execute capital programs as originally planned.

While the Group was close to breakeven in 2024, modest profitability was achieved in 2025. However, current monthly cash flows are not sufficient to support all capital expenditures. As a result, projects have been reprioritized to focus on those expected to deliver the highest near-term cash flow benefits.

In 2021, the Group sold oil at prices above \$50 per barrel. At present, average sales prices are around \$25 per barrel, with netbacks from state-affiliated refineries estimated between \$11 and \$12 per barrel. While Tethys currently sells oil to mini-refineries on a prepayment basis, a shift to supplying the large state-owned and state-affiliated refineries would require operating under post-payment terms — with payment received only after the oil is refined and products are sold. Management remains hopeful that international prices will recover and that the domestic discount to Brent will narrow over time.

Tethys benefits from having little to no fixed debt and continues to operate with financial discipline. Despite the ongoing economic headwinds, the Group has remained solvent—a challenge shared by many producers in Kazakhstan who operate outside Production Sharing Agreements (PSAs).

Looking ahead, now that the commercial license has been approved, increasing oil production requires the build-out of essential infrastructure — specifically oil handling capacity, gas utilization systems, and reliable logistics. Management is focusing its next efforts on maintaining stable output from current wells, followed by bringing wells KBD-03, KBD-04, and KBD-08 online, while simultaneously expanding gas utilization capacity to meet regulatory restrictions on flaring.

In addition, the Group experienced significant delays in payment for gas deliveries to the national gas company. For nearly two years, Tethys did not receive payment for gas sold, placing added strain on liquidity. In order to resolve the situation and resume cash inflows, the Group agreed to a revised pricing arrangement at approximately half the rate originally expected under the prior contract terms as described in more detail on page 20.

## Financial Review

### Summary of Quarterly Results

	Q4, 2025	Q3, 2025	Q2, 2025	Q1, 2025	Q4, 2024	Q3, 2024	Q2, 2024	Q1, 2024
Oil & gas sales and other revenues	9,212	7,101	6,131	3,972	3,115	5,357	4,786	1,943
Profit/(loss) for the period	3,737	1,360	1,292	276	(11,817)	(613)	1,027	(983)
Basic earnings/(loss) (\$) per share	0.03	0.02	0.01	0.00	(0.10)	(0.01)	0.01	(0.01)
Adjusted EBITDA <sup>1</sup>	4,696	3,707	2,890	1,510	143	3,164	1,896	(791)
Capital expenditure	2,956	565	2,546	2,035	2,711	888	2,413	1,790
Total assets	64,227	55,469	56,335	56,640	56,231	82,148	87,035	83,084
Cash & cash equivalents	8,149	7,114	6,042	4,541	5,959	2,637	2,094	1,849
Short & long-term borrowings	-	-	-	-	-	-	-	-
Total non-current liabilities	17,192	27,116	27,447	28,038	27,117	36,542	36,618	36,422
Net (cash)/debt <sup>1</sup>	(5,698)	(6,172)	(4,655)	(3,210)	(5,094)	(1,667)	(1,223)	(1,110)
Number of common shares outstanding	114,857,248 <sup>2</sup>	114,857,248 <sup>2</sup>	114,857,248 <sup>2</sup>	114,857,248	114,857,248	114,857,248	114,857,248	114,857,248

Note 1 Adjusted EBITDA and net debt are non-GAAP Measures, refer to page 28 for details.

Note 2 Including 18 million shares subject to cancellation following arbitration ruling, refer to page 11 for details.

- Oil and gas revenues increased from Q4 2024 to Q4 2025 mainly due to higher oil revenue from a 147% increase in barrels of oil. In addition, there was no gas revenue in the Q4 2024 compared with \$2.1 million in the current quarter and;
- Profit for Q4 2025 of \$3.7 million compares to a loss of \$11.8 million in Q4 2024, the improvement due higher oil & gas revenue and the impairment of previously capitalised costs, net of related taxes in Q4 2025;
- Adjusted EBITDA, a non-GAAP measure, was higher in 2025 due mainly due to the higher oil revenue from significantly higher production, up 111% with average price per barrel slightly lower;
- Capital expenditure has been made consistently over the 2024-2025 period as the Group drilled and tested oil wells in the Kul-Bas field and constructed oil gathering and gas utilization facilities required to increase production volumes. Costs were also incurred for seismic acquisition and interpretation in the exploration blocks in 2025;
- Total assets decreased in Q4 2025 as a result of the \$20.5 million Kul-Bas impairment charge. Total assets also reduced from Q1 2024 to Q2 2025 from devaluation of the Kazakhstani tenge against the US dollar before strengthening up to the end of Q4 2025;
- Cash & cash equivalents increased to \$8.1 million in Q4 2025 from \$6.0 million in Q4 2024. Further information on cashflows is provided on page 27;
- Total non-current liabilities decreased from \$27.1 million in Q4 2024 to \$17.7 million in Q4 2025 mainly due to the reduction in deferred tax liabilities, including from payment of withholding tax of \$1.3 million;
- Net (cash)/debt, a non-GAAP measure which includes deferred revenue, was \$5.7 million at Q4 2025 compared with \$5.1 million at Q4 2024. Further information on net cash is provided on page 29;
- The number of ordinary shares outstanding reduced 16% to 96.9 million, reflecting 18 million Olisol shares subject to cancellation under the arbitration award as described on page 11.

## Financial Review - continued

### Profit/(loss) for the period

	Quarter ended December 31			Twelve months ended December 31		
	2025	2024	Change	2025	2024	Change
Sales revenues	9,212	3,115	196%	26,416	15,201	74%
Production expenses	(2,457)	(1,452)	69%	(7,640)	(6,162)	24%
Depreciation, depletion and amortisation	(1,029)	(719)	42%	(4,560)	(2,315)	97%
Impairment charges	-	(20,518)	(100%)	-	(20,518)	(100%)
Administrative expenses	(1,984)	(930)	113%	(5,742)	(4,042)	42%
Share-based payments	-	(5)	(100%)	(2)	(36)	(94%)
Other gains and losses	(5,486)	(46)	11826%	(5,503)	(564)	875%
Foreign exchange gains and loss	(75)	(590)	(87%)	(231)	(585)	(61%)
Finance costs	154	(138)	-	493	(124)	-
	(10,877)	(24,398)	(55%)	(23,185)	(34,346)	(32%)
<b>(Loss)/profit before tax</b>	<b>(1,665)</b>	<b>(21,283)</b>	<b>(92%)</b>	<b>3,231</b>	<b>(19,145)</b>	<b>-</b>
Taxation	5,402	9,466	(43%)	3,434	6,759	(49%)
<b>Profit/(loss) for the period</b>	<b>3,737</b>	<b>(11,817)</b>	<b>-</b>	<b>6,665</b>	<b>(12,386)</b>	<b>-</b>

The Group recorded a profit after tax of \$3.7 million for the quarter compared with a loss of \$11.8 million in Q4 2024 and a profit of \$6.7 million for the year compared with a loss of \$12.4 million in 2024, the principal variances being:

- Higher profit contribution from significantly higher oil production which was up over 100%, although average realised oil prices declined;
- Higher DD&A charge reflecting the higher oil & gas production volumes;
- A \$20.5 million impairment charge in Q4 2024 relating to previously capitalised costs in the Kul-Bas contract area, and related tax effect;
- Higher administrative expenses due to increased personnel costs and legal expenses; and
- Large tax benefit in Q4 2024 and for the 2024 year relating to the impairment charge recognised compared with smaller tax credits in 2025 due to reduction in deferred tax liabilities.

### Sales & other revenue

	Quarter ended December 31			Twelve months ended December 31		
	2025	2024	Change	2025	2024	Change
<i>By region and type</i>						
Kazakhstan - Oil	7,092	3,110	128%	20,752	11,353	83%
Kazakhstan - Gas	2,120	-	-	5,620	3,815	47%
Other revenue	-	5	(100%)	44	33	35%
<b>Total</b>	<b>9,212</b>	<b>3,115</b>	<b>196%</b>	<b>26,416</b>	<b>15,201</b>	<b>74%</b>

### Kazakhstan – Oil revenue

- Oil revenue for the quarter was \$7.1 million (Q4 2024: \$3.1 million) or \$24.91/bbl (Q4 2024: \$26.97/bbl), the increase in revenue due to more barrels of oil sold in the current quarter, up 147%.

## Financial Review - continued

Oil revenue for the year was \$20.8 million (2024: \$11.4 million) or \$23.60/bbl (2024: \$30.40/bbl) with the increase in revenue due to the 136% increase barrels of oil sold for the year.

- Further information on oil production is provided on page 15.

### Kazakhstan - Gas revenue

- Gas revenue for the quarter was \$2.1 million (2024: nil, as the gas fields remained closed) or \$100.60/Mcm. Gas revenue for the year was \$5.6 million (2024: \$3.8 million) or \$100.55/Mcm (2024: \$176.69/Mcm, including revenue adjustments relating to earlier periods). The volume of gas sold in 2025 was 159% higher in 2025 due to the gas field being on production for 9 months compared with only 3 months in 2024.
- Further information on gas production is provided on page 20.

Oil and gas sales are subject to exchange rate risk – refer to page 31 – “Sensitivities”.

### Production expenses

	Units	Quarter ended December 31			Year ended December 31		
		2025	2024	Change	2025	2024	Change
<b>Kazakhstan direct production expenses</b>							
Oil production costs	\$000's	1,523	1,175	30%	5,164	4,499	15%
Gas production	\$000's	934	277	238%	2,476	1,663	49%
<b>Total</b>	<b>\$000's</b>	<b>2,457</b>	<b>1,452</b>	<b>69%</b>	<b>7,640</b>	<b>6,162</b>	<b>24%</b>
<b>Administrative expenses</b>							
Oil production	\$000's	1,003	454	121%	3,093	2,277	36%
Gas production	\$000's	334	151	121%	1,031	759	36%
Corporate	\$000's	647	325	98%	1,618	1,006	61%
<b>Total</b>	<b>\$000's</b>	<b>1,984</b>	<b>930</b>	<b>113%</b>	<b>5,742</b>	<b>4,042</b>	<b>42%</b>
<b>Depreciation, depletion, amortisation &amp; impairment</b>							
Oil production	\$000's	687	21,206	(97%)	3,192	22,323	(86%)
Gas production	\$000's	342	31	997%	1,368	510	168%
<b>Total</b>	<b>\$000's</b>	<b>1,029</b>	<b>21,237</b>	<b>(95%)</b>	<b>4,560</b>	<b>22,833</b>	<b>(80%)</b>

<b>Oil</b>							
Total cost of production	\$000's	3,213	22,835	(86%)	11,449	29,099	(61%)
Production	bbls	284,561	134,758	111%	858,932	394,271	118%
Cost per unit of production	\$/bbl	11.29	169.45	(93%)	13.33	73.80	(82%)

<b>Gas</b>							
Total cost of production	\$000's	1,611	459	251%	4,875	2,932	66%
Production	boe	125,854	273	59612%	334,740	130,598	156%
Cost per unit of production	\$/boe	12.80	-	(99%)	14.56	22.45	(35%)
Production	Mcm	21,384	47	46018%	56,876	22,191	156%
Cost per unit of production	\$/Mcm	75.32	-	-	85.72	132.11	(35%)

Oil and gas weighted average cost	\$/boe	11.75	172.58	(93%)	13.68	61.03	(78%)
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## Financial Review - continued

### Kazakhstan – oil production

Oil production costs comprising direct production costs, administrative expenses, impairment charges and depreciation, depletion and amortisation were \$3.2 million for the quarter (Q4 2024: \$22.8 million, inclusive of a \$20.5 million impairment charge) or \$11.29/bbl (Q4 2024: \$169.45/bbl) and for the year were \$11.4 million (2024: \$29.1million) or \$13.33/bbl (2024: \$73.80/bbl). Excluding the impairment charge oil production costs for Q4 2024 were \$2.3 million or \$17.19/bbl and for the year were \$8.6 million or \$21.76/bbl. Production costs excluding the impact on the 2024 impairment charge were higher in 2025 reflecting the increased level of activity but were lower on a unit of production basis due to the economies of scale and a significant element of fixed costs.

### Kazakhstan – gas production

Gas production costs comprising direct production costs, administrative expenses and depreciation, depletion and amortisation for the quarter were \$1.6 million (Q4 2024: \$0.5 million) or \$75.32/Mcm and for the year were \$4.9 million (2024: \$2.9 million) or \$85.72/Mcm (2024: \$132.11/Mcm). Costs per unit of production were higher in 2024 as there was only 3 months of production compared with 9 months in 2025 and a significant proportion of costs are fixed. Cost reductions steps such as reduced staffing levels were taken as a result of the gas field closure resulting in the lower costs in 2024 than in 2025 when normal activity recommenced.

	2025	2024
<i>Kazakhstan oil production:</i>		
Staff costs	2,397	1,744
Taxes & other mandatory payments	1,183	1,483
Contractors & security	321	124
Materials & diesel	306	387
Camp services	259	240
Health & safety, blowout prevention	247	164
Transportation & travel	243	215
Repairs & maintenance	47	23
Other	161	119
<b>Oil production expenses</b>	<b>5,164</b>	<b>4,499</b>
<i>Kazakhstan gas production:</i>		
Staff costs	1,015	803
Health & safety, blowout prevention	463	159
Contractors & security	418	220
Materials & diesel	249	134
Taxes & other mandatory payments	98	79
Camp services	62	62
Repairs & maintenance	56	30
Transportation	54	100
Other	61	76
<b>Gas production expenses</b>	<b>2,476</b>	<b>1,663</b>
<b>Total production expenses</b>	<b>7,640</b>	<b>6,162</b>

## Financial Review - continued

### Administrative expenses

	Quarter ended December 31			Twelve months ended December 31		
	2025	2024	Change	2025	2024	Change
Staff costs and director fees	1,291	692	87%	3,915	2,930	34%
Professional fees	375	89	320%	1,057	565	87%
Other administrative expenses	318	149	112%	770	547	41%
<b>Total</b>	<b>1,984</b>	<b>930</b>	<b>113%</b>	<b>5,742</b>	<b>4,042</b>	<b>42%</b>
G&A expenses per boe (\$)	4.83	6.89	(30%)	4.81	7.70	(38%)

- Administrative costs were higher in the current quarter and year due mainly to higher personnel costs from a higher headcount, inflationary increases and bonuses.
- Professional fees, which mainly relate to audit fees, legal expenses, reserves evaluator fees and consultants were higher mainly due to higher legal expenses including the DSFK/Olisol arbitration matter described on page 11.
- Other administrative costs includes office costs, travel expenses, regulatory costs, insurance, investor relations costs, socio-economic contributions, vehicles expenses and bank fees. As a category, these have increased due to higher levels of corporate activity and inflationary pressures.

### Taxation

Taxation on corporate profits in Kazakhstan comprises Corporate Income Tax (CIT) at 20% and Excess Profits Tax (EPT) which applies at graduated rates on profits earned above certain profit thresholds. The Group measures its deferred tax liabilities using the average CIT and EPT rate expected to apply over the periods the deferred tax balances are expected to reverse. The Group's deferred tax liability mainly arises from the different treatment of oil & gas assets capital allowances for tax purposes and depletion of oil & gas assets for accounting purposes. It also includes withholding taxes that apply on payment of interest payable by subsidiaries on intra-group loans.

### 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, although the Group does not currently have any borrowings.

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 historically funded its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity and debt financing. The Group does not have any outstanding borrowings and is not subject to externally imposed capital requirements.

## Financial Review - continued

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.

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 December 31, 2025. 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 20% reduction in expected oil prices.

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 December 31, 2025 and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the year ended December 31, 2025.

### Cash Flow

	Quarter ended December 31			Twelve months ended December 31		
	2025	2024	Change	2025	2024	Change
<b>Net cash from operating activities</b>	<b>3,383</b>	<b>6,407</b>	<b>(47%)</b>	<b>10,768</b>	<b>6,913</b>	<b>55%</b>
Capital expenditure	(3,042)	(2,711)	12%	(8,188)	(7,802)	5%
Other investing cash flows	130	147	(12%)	390	153	155%
<b>Net cash used in investing activities</b>	<b>(2,912)</b>	<b>(2,564)</b>	<b>10%</b>	<b>(7,798)</b>	<b>(7,649)</b>	<b>2%</b>
Dividend paid	176	-	-	(973)	-	-
<b>Net cash from/(used in) financing activities</b>	<b>176</b>	<b>-</b>	<b>-</b>	<b>(973)</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash</b>	<b>647</b>	<b>3,843</b>	<b>(83%)</b>	<b>1,997</b>	<b>(736)</b>	<b>-</b>
Exchange rate effect and credit loss allowance	388	(521)	-	193	(521)	-
Cash & cash equivalents at beginning of period	7,114	2,637	170%	5,959	7,216	(17%)
<b>Cash &amp; cash equivalents at end of period</b>	<b>8,149</b>	<b>5,959</b>	<b>37%</b>	<b>8,149</b>	<b>5,959</b>	<b>37%</b>

## Financial Review - continued

### Operating activities

Net cash from operating activities in the quarter was \$3.4 million (2024: \$6.4 million) and for the year was positive \$10.8 million (2024: \$6.9 million). The lower amount for the quarter principally relates to payment received in in Q4 2024 for past deliveries of gas by QazaqGaz following resolution of a long-running contractual dispute. The increase for the year reflects the higher oil & gas receipts due to higher production and sales volumes, partly offset by lower oil prices realized.

### Investing activities

Capital expenditure payments made mainly relate to purchases of equipment and construction of oil handling and gas utilization facilities equipment purchase and seismic acquisition and interpretation.

### Financing activities

On February 20, 2025, the Company paid a dividend of \$1.0 million or \$0.01 cents per ordinary share with a record date of February 10, 2025.

### 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 – *Summary of Material Accounting Policies* of the December 31, 2025 consolidated financial statements. Refer to note 4 – *Critical Judgments and Accounting Estimates* of the December 31, 2025 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.

### Non-GAAP Measures

#### Adjusted EBITDA

Adjusted EBITDA is defined as "Profit or loss before Interest, Tax, Depreciation, Amortization, Impairment, Fair value gains or losses 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 before taxation is as follows:

	Quarter ended December 31			Twelve months ended December 31		
	2025	2024	Change	2025	2024	Change
<b>Profit before taxation</b>	<b>(1,665)</b>	<b>(21,283)</b>	<b>(92%)</b>	<b>3,231</b>	<b>(19,145)</b>	<b>-</b>
Depreciation, depletion and amortisation	1,029	719	42%	4,560	2,315	97%
Impairment charges	-	20,518	(100%)	-	20,518	(100%)
Share-based payments	-	5	(100%)	2	36	(94%)
Other gains and losses	5,486	46	11826%	5,503	564	875%
Finance costs - net	(154)	138	-	(493)	124	-
<b>Adjusted EBITDA</b>	<b>4,696</b>	<b>143</b>	<b>3189%</b>	<b>12,803</b>	<b>4,412</b>	<b>190%</b>

## Financial Review - continued

### Net (cash)/debt

Net (cash)/debt is calculated as total borrowings and deferred revenue less cash and cash equivalents. Total capital is calculated as equity (minus) or plus net (cash)/debt. All figures are as stated in the consolidated financial statements for the year ended December 31, 2025.

	As at December 31		
	2025	2024	Change
Deferred revenue	2,452	865	184%
Less: cash and cash equivalents	(8,149)	(5,959)	37%
<b>Net (cash)/debt</b>	<b>(5,698)</b>	<b>(5,094)</b>	<b>12%</b>
Total equity	30,258	23,147	31%
<b>Total capital</b>	<b>24,560</b>	<b>18,053</b>	<b>36%</b>

Adjusted EBITDA and net (cash)/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 December 31, 2025 the Company had authorised share capital of 145,000,000 (2024: 145,000,000) ordinary shares of which 96,857,248 (2024: 115,075,013) were outstanding (assumed cancellation of 18 million Olisol shares, see below) and 50,000,000 (2024: 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.

On May 13, 2025 the sole Arbitrator of the International Arbitration Centre ruled and declared, amongst other things, that Olisol Petroleum Limited is ordered to cancel share certificates GS 44 and GS 43 (totalling 18 million shares). Tethys subsequently sought and received a ruling from the arbitrator amending the language to clarify that Tethys has the authority to cancel the 18 million shares. The Olisol Petroleum Limited shares have been excluded from the outstanding share totals above although the Canadian and Cayman Islands court process to complete the cancellation is not yet complete.

The number of ordinary shares issued and preference shares outstanding at the date of this MD&A were unchanged from the December 31, 2025 totals.

The number of options issued under the Company's Long Term Stock Incentive Plan and outstanding as at December 31, 2025 and also at the date of this MD&A was 1,802,188 (2024: 1,802,188).

There were no other potential issuable shares at December 31, 2025 (2024: nil) or at the date of this MD&A.

## Financial Review - continued

### Dividends

On February 20, 2025, the Company paid a dividend of \$1.0 million or \$0.01 cents per ordinary share with a record date of February 10, 2025. No dividend was paid in 2024.

### Transactions with Related Parties

Disclosure of the Group's transactions with related parties are provided in note 17 of the consolidated financial statements.

### Commitments and contingencies

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

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

Contractual obligations	Total	Less than 1 year	Payments due by period		
			1 – 3 years	4 – 5 years	After 5 years
Kazakhstan work program commitments	129,424	33,464	78,846	17,114	-
Trade and other payables	13,283	11,217	636	636	794
Provisions	4,283	507	-	616	3,160
<b>Total contractual obligations</b>	<b>146,990</b>	<b>45,188</b>	<b>79,482</b>	<b>18,366</b>	<b>3,954</b>

## Risks, uncertainties and other information

Risk management is carried out by senior management as well as the Board of Directors. The Group has identified its principal risks for 2025 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 they are managed is given in note 3 to the consolidated financial statements for the year ended December 31, 2025. 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 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 and gas prices could result in a reduction of the Group's revenues in Kazakhstan. For example, a 20% net price reduction from the 2025 average oil sales price would result in a reduction of \$4.2 million in oil revenues based on the 2025 sales volume and a 20% net price reduction from the 2025 average gas sales price would result in a reduction of \$1.1 million in gas revenues based on the 2025 sales volume.

## Derivative Financial Instruments

The Group does not have 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 Group's 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 Group's 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 Group's 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 Group's 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 operates; 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 operates; 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 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.

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