

# **Tethys Petroleum Limited**

Management's Discussion and Analysis  
for the period ended March 31, 2026

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The following Management’s Discussion and Analysis (“MD&A”) is dated May 28, 2026 and should be read in conjunction with the Group’s unaudited condensed consolidated interim financial statements and related notes for the period ended March 31, 2026 as well as the audited consolidated financial statements and the MD&A for the year ended December 31, 2025. The accompanying unaudited condensed consolidated interim financial statements of the Group have been prepared by management and approved by the Company’s Audit Committee and Board of Directors. The 2025 annual audited consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Additional information relating to the Group can be found on the SEDAR website at [www.sedar.com](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 is listed on the TSX Venture Exchange (“TSXV”).

## Financial highlights

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

	Quarter ended March 31		
	2026	2025	Change
Oil and gas sales and other revenues	8,101	3,972	104%
Profit for the period	2,004	276	624%
Earnings (\$) per share - basic	0.02	0.00	-
Adjusted EBITDA <sup>1</sup>	4,176	1,510	176%
Capital expenditure	1,021	2,035	(50%)

	As at March 31		
	2026	2025	Change
Total assets	68,758	56,640	21%
Cash & cash equivalents	6,400	4,541	41%
Short & long-term borrowings	-	-	-
Total non-current liabilities	18,012	28,038	(36%)
Net (cash)/debt <sup>1</sup>	(4,017)	(3,210)	25%
Number of ordinary shares outstanding <sup>2</sup>	96,857,248	114,857,248	(16%)

Note 1 Adjusted EBITDA and net debt are non-GAAP Measures, refer to page 15 for details.

Note 2 18 million Olisol shares subject to cancellation have been excluded from the current period total, refer to page 16 for details.

### First quarter 2026 versus first quarter 2025

- Oil and gas sales revenues for the quarter increased by 104% to \$8.1 million from \$4.0 million. Oil sales for the quarter were \$6.0 million (2025: \$4.0 million). The increase in oil sales was mainly volume related with production averaging 2,619 bopd (2025: 1,718) whilst the average price received was only marginally higher at \$25.74/bbl (2025: \$25.55/bbl). Gas sales were \$2.1 million (2025: nil) reflecting average daily production of 222 Mcm/d or 7.9 MMcf/d and an average price of \$109.31/Mcm. There were no gas sales in Q1 2025 as the gas fields were shut-in due to the contractual dispute with QazaqGaz and did not resume until April 2025;
- The profit for the quarter was \$2.0 million compared with \$0.3 million in Q1 2025. The increase in profit was mainly due to the higher oil and gas sales revenues which more than offset higher production and administrative expenses;
- Adjusted EBITDA was \$4.2 million compared with \$1.5 million in Q1 2025 due to the higher oil & gas revenues which more than offset higher production and administrative expenses;
- Total assets increased by 21% from \$56.6 million to \$68.8 million mainly higher property & equipment and capitalised exploration expenditure as well as higher prepaid costs;
- The Group had no borrowings at March 31, 2026 or March 31, 2025;
- Total non-current liabilities decreased by 36% million from \$28.0 million to \$18.0 million due to a decrease in deferred tax liabilities;
- The Group had net cash of \$4.0 million compared with \$3.2 million at Q1 2025, refer to page 14 for further details on movements in cash balances;
- The number of the Company's ordinary shares outstanding reduced by 16% to 96.9 million, assuming 18 million shares issued to Olisol will be cancelled following an arbitration court ruling.

## Operational Highlights

	Units	Quarter ended March 31		
		2026	2025	Change
<b>Kazakhstan</b>				
Oil	bopd	2,619	1,718	52%
Gas	boe/d	1,309	3	43533%
<b>Total</b>	boe/d	<b>3,928</b>	<b>1,721</b>	<b>128%</b>

<b>Oil</b>				
Oil production	bbls	235,687	154,639	52%
Oil sold	bbls	231,338	155,481	49%
Revenue	\$'000	5,954	3,972	50%
Cost of production	\$'000	3,354	2,318	45%
<b>Contribution before tax</b>	<b>\$'000</b>	<b>2,600</b>	<b>1,654</b>	<b>57%</b>
Revenue	\$/bbl	25.74	25.55	1%
Cost of production	\$/bbl	14.23	14.99	(5%)
<b>Contribution before tax</b>	<b>\$/bbl</b>	<b>11.51</b>	<b>10.56</b>	<b>9%</b>

<b>Gas</b>				
Gross production	Mcm	20,013	45	44373%
Gas sold	Mcm	19,641	-	-
Revenue	\$'000	2,147	-	-
Cost of production	\$'000	1,682	542	235%
<b>Contribution before tax</b>	<b>\$'000</b>	<b>465</b>	<b>(542)</b>	-
Revenue	\$/Mcm	109.32	-	-
Cost of production	\$/Mcm	84.04	-	-
<b>Contribution before tax</b>	<b>\$/Mcm</b>	<b>25.28</b>	-	-

### Oil

- Oil production for the quarter averaged 2,619 bopd (2025: 1,718 bopd). Production was from three wells, KBD-2, KBD-6 and KBD-7. Production remained below the field's current productive capacity during the quarter and subsequent period due to a combination of logistics constraints and limitations in associated gas utilization, refer to page 6 for further details;
- Oil revenue for the quarter was \$6.0 million (2025: \$4.0 million) with the increase mainly volume related and the average price realised only marginally higher at \$25.74/bbl (2025: \$25.55/bbl);
- Total cost of oil production was \$3.4 million (2025: \$2.3 million) or \$14.23/bbl (2025: \$14.99/bbl), resulting in a contribution before tax of \$11.51/bbl (2025: \$10.56/bbl). Oil production costs, which include direct production costs, an allocation of administrative expenses and DD&A, were higher across all three of these expense categories reflecting a combination of increased activity levels, inflationary increases and one-off costs.

### Gas

- Gas production for the quarter averaged 222 Mcm/d or 7.9 MMcf/d while gas production in Q1 2025 was negligible as the gas fields were shut-in due to the contractual dispute with QazaqGaz and did not resume until April 2025;
- Gas revenue for the quarter was \$2.1 million (2025: nil) reflecting an average price of \$109.31/Mcm. There were no sales in Q1 2025 due to the aforementioned QazaqGaz issue;
- Total costs of gas production, which include direct production costs, an allocation of administrative expenses and DD&A, were \$1.7 million for the quarter or \$84.04/Mcm with a contribution before tax in Q1 2025 of \$0.5 million (2025: negative \$0.5 million due to the lack of any gas sales and an element of unavoidable costs).

## Operational Highlights - continued

### Outlook

The information provided under this heading is considered as forward-looking information; as such please refer to Forward-Looking Statements on page 18 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. 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 three months ended March 31, 2026

- *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*.

- *DSFK pledges and settlement agreement*

During the period, 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.

During the period, the Group's claim in administrative court proceedings challenging the actions of the court bailiff was dismissed. The Group appealed this decision. Subsequent to the period end, the regional appeal court upheld the administrative court decision. The Group intends to file a cassation appeal and is also considering complaints to the Prosecutor's Office and other available measures to challenge or prevent auction proceedings. Separately, enforcement proceedings to recover legal costs awarded under the AIFC arbitration award are ongoing.

- *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.

### Significant events and transactions subsequent to the period end

There were no subsequent events that would be required to be reported under IFRS Accounting Standards. Certain operational matters occurring after the end of the reporting matters have been covered in the sections below headed *Results of Operations and Operational Review*.

## Operational Review - continued

### 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 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 – Kul-Bas

	2026					2025				
	Gross fluid m3	Net barrels	Net barrels	Net production days	Net production bopd	Gross fluid m3	Net barrels	Net barrels	Net production days	Net production bopd
Q1	37,471	235,687	235,687	90	2,619	24,586	154,639	154,639	90	1,718
<b>Total</b>	<b>37,471</b>	<b>235,687</b>	<b>235,687</b>	<b>90</b>	<b>2,619</b>	<b>24,586</b>	<b>154,639</b>	<b>154,639</b>	<b>90</b>	<b>1,718</b>

- Oil production from the Kul-Bas Oil Field for the quarter averaged 2,619 bopd (2025: 1,718 bopd). Production was from three wells, KBD-2, KBD-6 and KBD-7.
- Although production increased compared with Q1 2025, oil production remained below the field's current productive capacity during the quarter and subsequent period due to a combination of logistics constraints and limitations in associated gas utilization. During March 2026, production was constrained by oil trucking limitations caused by poor road conditions. Subsequent to the period end, production initially improved in April as logistics constraints eased; however, production was later reduced due to technical issues with the gas turbine units used for associated gas utilization. The Group is using a rental turbine as an interim measure while repairs are undertaken and continues to progress compressor and turbine upgrades to improve gas utilization capacity and operational reliability.

#### Commercial production contract

- In February 2026, Kul-Bas LLP and the Ministry of Energy signed an addendum to Contract No. 1897, which formalises the transition of the Kul-Bas oil field to the Production Period and extends the contract term for 25 years, until July 2048. Under the addendum, Kul-Bas has undertaken to fund local social and economic development of approximately \$100 thousand per year from 2026 to 2037.

## Operational Review - continued

### Marketing and logistics

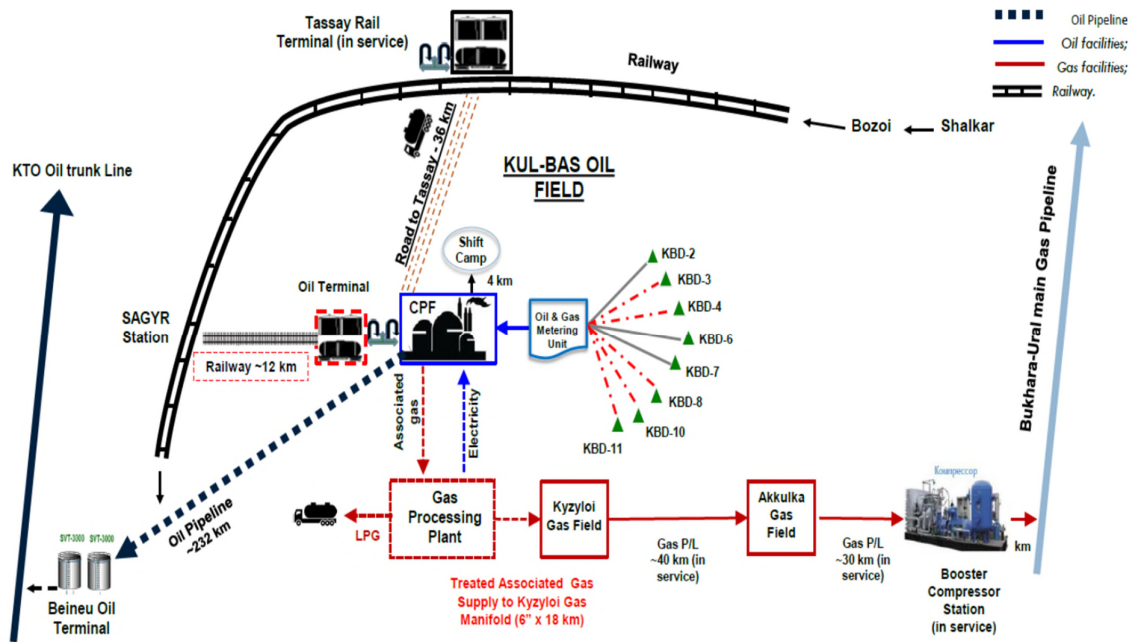
- Subsequent to the period end, the Group began delivering Kul-Bas crude oil to state-affiliated refineries in Kazakhstan under the oil delivery schedule approved by the Ministry of Energy. The Group completed delivery of approximately 2,000 tons to the Pavlodar refinery and commenced deliveries to the Atyrau refinery. This represents a shift from prior wellhead sales arrangements and may affect realised netbacks, logistics costs and working capital due to different pricing and payment timing.

### Oil processing facilities development

- The commissioning of the Central Processing Facility (CPF) at Kul-Bas was successfully completed in November 2024.
- Gas Utilization Facilities (GUF) were commissioned in January 2025.
- The CPF and GUF Phase 1 work help ensure compliance with environmental requirements and support increased levels of oil production at the field.
- 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 period prior to the Phase 2 program.
- The Group is executing Phase 2 construction work in the CPF to upgrade the oil processing and storage capacity. The Group also plans to increase the current gas utilization capacity of 25,000 m<sup>3</sup> per day up to 50,000 m<sup>3</sup> per day through a gas turbine power system by installing a 2nd gas compressor. The Group continued Phase 2/A construction work at the CPF to upgrade oil processing and storage capacity. The work is substantially advanced, with commissioning currently targeted for the end of June 2026. Together with the KBD-08 tie-in and planned gas utilization upgrades, these works are intended to support higher and more stable production levels.
- 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 Ministry of Energy, such as electricity generation for crypto-mining or supply to the local network.
- The Group continued work to complete the installation of the modular shift camp at Kul-Bas. The remaining installation work is being re-tendered following delays with the previous contractor.

## Operational Review - continued

Schematic of the Kul-Bas oilfield production facilities:



## Work-over and testing activities

- Subsequent to the period end, the Group continued workover and well testing activities on KBD-10 and KBD-11 to evaluate the Jurassic interval and support the planned reserves re-estimation and field development planning work.

At KBD-10, the planned acid fracturing operation was cancelled after high inter-casing pressure was encountered. The Group plans to carry out a separate well intervention operation to identify the source of the pressure and determine the required remedial work.

At KBD-11, the Group completed an acid/proppant fracturing operation in the Jurassic interval. Following clean-up operations, the well did not establish sustained natural flow, and the test results were not considered commercially successful. The Group currently expects to re-complete KBD-11 from the Barremian interval during a future workover campaign. The results of these operations are expected to be considered in the Group's reserves re-estimation and field development plan update.

## Exploration

- The Group is revising the drilling plan for the ARD-1 / Kronos exploration well on the Aral-4 block. The planned total depth has been reduced from approximately 3,000 metres to approximately 2,300 metres in order to focus on the Barremian and Upper Jurassic targets. As a result, drilling has been postponed pending revision of the well design documentation and approval of an addendum to the Aral-4 exploration project. The Group currently expects the required approval process to be completed in 2026.
- 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.

## Operational Review - continued

### Gas production – Kyzylloi and Akkulka

	2026				2025			
	Mcm	Mcf	Mcm/d	Boe/d	Mcm	Mcf	Mcm/d	Boe/d
<b>Kyzylloi</b>								
Q1	14,673	518,105	163	960	-	-	-	-
<b>Total</b>	<b>14,673</b>	<b>518,105</b>	<b>163</b>	<b>960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Akkulka</b>								
Q1	5,340	188,546	59	349	45	1,596	1	3
<b>Total</b>	<b>5,340</b>	<b>188,546</b>	<b>59</b>	<b>349</b>	<b>45</b>	<b>1,596</b>	<b>1</b>	<b>3</b>
<b>Grand total</b>	<b>20,013</b>	<b>706,651</b>	<b>222</b>	<b>1,309</b>	<b>45</b>	<b>1,596</b>	<b>1</b>	<b>3</b>

- Gas production for the quarter averaged 222 Mcm/d or 7.9 MMcf/d. There was only limited production in Q1 2025.

### Marketing and logistics

- The gas fields were closed from April 2024 until April 2025 due to a long-running contractual dispute with the Group's customer, the state-owned QazaqGaz.
- In February 2025, the Group entered into an agreement with NatGaz Company LLP to be a buyer of Tethys' natural gas and in April 2025, the Group resumed production from the Akkulka and Kyzylloi gas fields and started gas sales to NatGaz Company LLP.

### Akkulka Gas Contract

- Subsequent to the period end, the Group submitted the approved draft addendum for the extension of the Akkulka Gas Contract to the Ministry of Energy and is awaiting the Ministry's approval.

## Financial Review

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

### Summary of Quarterly Results

	Q1, 2026	Q4, 2025	Q3, 2025	Q2, 2025	Q1, 2025	Q4, 2024	Q3, 2024	Q2, 2024
Oil & gas sales and other revenues	8,101	9,212	7,101	6,131	3,972	3,115	5,357	4,786
Profit/(loss) for the period	2,004	3,737	1,360	1,292	276	(11,817)	(613)	1,027
Basic earnings/(loss) (\$) per share	0.02	0.03	0.02	0.01	0.00	(0.10)	(0.01)	0.01
Adjusted EBITDA <sup>1</sup>	4,176	4,696	3,707	2,890	1,510	143	3,164	1,896
Capital expenditure	1,021	2,956	565	2,546	2,035	2,711	888	2,413
Total assets	68,758	64,227	55,469	56,335	56,640	56,231	82,148	87,035
Cash & cash equivalents	6,400	8,149	7,114	6,042	4,541	5,959	2,637	2,094
Short & long-term borrowings	-	-	-	-	-	-	-	-
Total non-current liabilities	18,012	17,192	27,116	27,447	28,038	27,117	36,542	36,618
Net (cash)/debt <sup>1</sup>	(4,017)	(5,698)	(6,172)	(4,655)	(3,210)	(5,094)	(1,667)	(1,223)
Number of ordinary shares outstanding <sup>2</sup>	96,857,248	114,857,248	114,857,248	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 15 for details.

Note 2 Excluding 18 million shares subject to cancellation following arbitration ruling, refer to page 16 for details.

### Profit for the period

	Three months ended March 31		
	2026	2025	Change
Sales revenues	8,101	3,972	104%
Production expenses	(2,232)	(1,395)	60%
Depreciation, depletion & amortisation	(1,668)	(697)	139%
Administrative expenses	(1,666)	(1,072)	55%
Share-based payments	(80)	(2)	3692%
Other gains/(losses)	43	(19)	-
Foreign exchange (loss)/gain	(27)	5	-
Finance income, net	169	101	68%
Total expenses	(5,461)	(3,079)	79%
<b>Profit before tax</b>	<b>2,640</b>	<b>893</b>	<b>195%</b>
Corporate income tax expense	(636)	(617)	3%
<b>Profit for the period</b>	<b>2,004</b>	<b>276</b>	<b>624%</b>

The profit after tax for the quarter was \$2.0 million compared with \$0.3 million in Q1 2025, the principal variances being:

## Financial Review - continued

- Higher profit contribution from oil operations due to higher production volumes and higher contribution from gas operations as the gas fields were shut-in in Q1 2025;
- Higher direct production costs and DD&A due to the higher oil & gas production; and
- Higher administration expenses, due to increases in staff costs and legal expenses.

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

## Sales revenue

	Quarter ended March 31		
	2026	2025	Change
<i>Summary by product &amp; region</i>			
Kazakhstan - Oil	5,954	3,972	50%
Kazakhstan - Gas	2,147	-	-
Kazakhstan other revenue	-	-	-
<b>Total</b>	<b>8,101</b>	<b>3,972</b>	<b>104%</b>

## Kazakhstan – Oil revenue

- Oil sales for the quarter were \$6.0 million (2025: \$4.0 million). The increase in oil sales was mainly volume related with production averaging 2,619 bopd (2025: 1,718) whilst the average price received was only marginally higher at \$25.74/bbl (2025: \$25.55/bbl).

## Kazakhstan - Gas revenue

- Gas sales were \$2.1 million (2025: nil) reflecting average daily production of 222 Mcm/d or 7.9 MMcf/d and an average price of \$109.31/Mcm. There were no gas sales in Q1 2025 as the gas fields were shut-in due to the contractual dispute with QazaqGaz and did not resume until April 2025.

Oil and gas contracts are subject to price risk – refer to page 17 – “Sensitivities”.

## Financial Review - continued

### Production expenses

	Units	Quarter ended March 31		
		2026	2025	Change
<b>Kazakhstan direct production expenses</b>				
Oil production	\$000's	1,489	1,050	42%
Gas production	\$000's	743	345	116%
<b>Total</b>	<b>\$000's</b>	<b>2,232</b>	<b>1,395</b>	<b>60%</b>
<b>Administrative expenses</b>				
Oil production	\$000's	851	576	48%
Gas production	\$000's	284	192	48%
Corporate	\$000's	531	304	74%
<b>Total</b>	<b>\$000's</b>	<b>1,666</b>	<b>1,072</b>	<b>55%</b>
<b>Depreciation, depletion &amp; amortisation</b>				
Oil production	\$000's	1,014	692	46%
Gas production	\$000's	655	5	13860%
<b>Total</b>	<b>\$000's</b>	<b>1,668</b>	<b>697</b>	<b>139%</b>
<b>Oil</b>				
Total cost of production	\$000's	3,354	2,318	45%
Production	bbls	235,687	154,639	52%
Cost per unit of production	\$/bbl	14.23	14.99	(5%)
<b>Gas</b>				
Total cost of production	\$000's	1,682	542	211%
Production	boe	117,783	266	44184%
Cost per unit of production	\$/boe	14.28	-	-
Production	Mcm	20,013	45	44373%
Cost per unit of production	\$/Mcm	84.04	-	-
Oil and gas weighted average cost	\$/boe	14.25	18.46	(23%)

### Kazakhstan – oil production

Total cost of oil production was \$3.4 million (2025: \$2.3 million) or \$14.23/bbl (2025:14.99/bbl). Oil production costs, which include direct production costs, an allocation of administrative expenses and DD&A, were higher across all three of these expense categories reflecting a combination of increased activity levels, inflationary increases and one-off costs.

### Kazakhstan – gas production

Total costs of gas production, which include direct production costs, an allocation of administrative expenses and DD&A, were \$1.7 million for the quarter or \$84.04/Mcm. Gas production costs in Q1 2025 were \$0.5 million comprising unavoidable costs which were incurred while the gas fields remained shut-in due to the contractual dispute with QazaqGas.

## Financial Review - continued

### Administrative expenses

	Quarter ended March 31		
	2026	2025	Change
Staff and director costs	1,052	789	33%
Professional fees	375	132	183%
Other administrative expenses	240	151	59%
<b>Total</b>	<b>1,666</b>	<b>1,072</b>	<b>55%</b>
G&A expenses per boe (\$)	4.71	6.92	(32%)

Administrative costs were higher in the quarter due to higher compensation costs for staff and legal fees incurred in relation to the DSFK and Olisol disputes.

### Taxation

The tax charge for the quarter was \$0.6 million (2025: \$0.6 million tax credit) reflecting the estimated full year effective tax rate. This includes both profits taxes in Kazakhstan and withholding taxes on Group funding arrangements.

### Liquidity and Capital Resources

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

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

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

The Group has funded its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity and debt financing. None of the outstanding debt is subject to externally imposed capital requirements.

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

### Going Concern

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

## Financial Review - continued

Risks and uncertainties facing the Group include the risk that oil revenues may be significantly lower than assumed in the Group's forecasts due to lower prices or production volumes, or a combination thereof.

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 March 31, 2026. 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 revenues.

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 March 31, 2026 and that it is appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended March 31, 2026.

## Cash Flow

	Quarter ended March 31		
	2026	2025	Change
<b>Net cash (used in)/from operating activities</b>	<b>(1,106)</b>	<b>1,608</b>	-
Acquisition of assets	(1,021)	(2,035)	(50%)
Other investing cash flows	43	13	215%
<b>Net cash used in investing activities</b>	<b>(978)</b>	<b>(2,022)</b>	<b>(53%)</b>
Dividend paid	-	(1,149)	(100%)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(1,149)</b>	<b>(100%)</b>
<b>Net decrease in cash</b>	<b>(2,084)</b>	<b>(1,563)</b>	<b>33%</b>
Effect of exchange rates on cash	335	145	131%
Cash & cash equivalents at beginning of period	8,149	5,959	37%
<b>Cash &amp; cash equivalents at end of period</b>	<b>6,400</b>	<b>4,541</b>	<b>41%</b>

### Operating activities

Net cash from operating activities for the quarter was negative \$1.1 million compared with positive \$1.6 million in Q1 2025. This reflects variations in timing of payments for oil & gas and payments to supplies and tax authorities.

### Investing activities

Capital expenditure payments made during the quarter were to equipment suppliers and construction contractors for the Kul-Bas oil field facilities.

### Financing activities

Cash flow from financing activities was nil in the quarter whereas in Q1 2025 a dividend totalling \$1,149 thousand was paid.

## Financial Review - continued

### Accounting policies, changes to accounting standards and critical estimates

The Group's significant accounting policies and discussion of changes to accounting standards are disclosed in note 2 of the March 31, 2026 condensed consolidated interim financial statements. Refer to note 4 of the 2025 audited consolidated financial statements for information on the Group's significant judgments and assumptions and critical estimates.

### Off-Balance Sheet Arrangements

The Group has no off-balance sheet arrangements.

### 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 March 31		Change
	2026	2025	
Profit before taxation	2,640	893	195%
Depreciation, depletion and amortization	1,668	697	139%
Share-based payments	80	2	3692%
Other (gains)/losses	(43)	19	-
Finance income, net	(169)	(101)	68%
<b>Adjusted EBITDA</b>	<b>4,176</b>	<b>1,510</b>	<b>176%</b>

#### Net debt

Net 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 statements of financial position for the respective reporting periods.

	As at March 31		Change
	2026	2025	
Total financial liabilities - borrowings	-	-	
Deferred revenue	2,383	1,331	79%
Less: cash and cash equivalents	(6,400)	(4,541)	41%
<b>Net (cash)/debt</b>	<b>(4,017)</b>	<b>(3,210)</b>	<b>25%</b>
Total equity	34,267	23,599	45%
<b>Total capital</b>	<b>30,250</b>	<b>20,389</b>	<b>48%</b>

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

## Financial Review - continued

### Stockholder Equity

As at March 31, 2026 the Company had authorised share capital of 145,000,000 (2025: 145,000,000) ordinary shares of which 114,857,248 (March 31, 2025: 114,857,248) had been issued and 50,000,000 (March 31, 2025: 50,000,000) preference shares with none 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 shown above for the current period on the assumption the cancellation will be effected upon finalisation of the Canadian and Cayman Islands court process.

The number of options issued under the Company's Long Term Stock Incentive Plan and outstanding as at March 31, 2026 was 1,425,000 (March 31, 2025: 1,802,188).

There were no other potentially issuable shares at March 31, 2026 (March 31, 2025: nil).

There were no changes after March 31, 2026 and up to the date of this MD&A.

### Dividends

No dividends were paid during the period. 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..

### Transactions with Related Parties

There were no transactions with related parties requiring disclosure.

### Commitments and contingencies

Details of the Group's commitments and contingencies including litigation, claims and assessments and work programme commitments are provided in note 18 of the 2025 consolidated financial statements.

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

Contractual obligations	Total	Payments due by period			
		Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Kazakhstan work programme commitments	131,753	35,334	85,818	10,601	-
Trade and other payables	14,141	12,158	636	636	711
Provisions	4,524	536	-	651	3,337
<b>Total contractual obligations</b>	<b>150,418</b>	<b>48,028</b>	<b>86,454</b>	<b>11,888</b>	<b>4,048</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 2026 to include:

- (1) Liquidity and going concern;
- (2) Retention and extension of existing licences;
- (3) Production volumes and pricing – both oil and gas; and
- (4) Political, fiscal, litigation and related risks.

## Financial Risk Management

The Group's activities expose it to a variety of financial risks including: market risk, credit risk, liquidity risk, interest rate, commodity price and foreign exchange risk. Details of the Group's exposure to these risks and how this is managed is given in note 3 to the 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.

## Critical Accounting Policies and Estimates

The annual and condensed consolidated interim financial statements of the Group are prepared in accordance with IFRS and IFRIC Interpretations issued by the IFRS Interpretations Committee, refer to 2025 audited consolidated financial statements - note 2 *Summary of Significant Accounting Policies* and Note 4 – *Critical Judgements and Accounting Estimates* – for further details.

## Derivative Financial Instruments

The Group 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 Company 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 Company'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 Company conducts its business, gas production levels; and the Company's ability to obtain qualified staff and equipment in a timely and cost effective manner to meet the Company's demands. Statements relating to "reserves" or "resources" or "resource potential" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future. Although Tethys believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except as required by law, Tethys does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

## Glossary

<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