Tethys Petroleum Limited

Management's Discussion and Analysis
for the period ended June 30, 2026

Contents

Basis of preparation	1
Nature of business	1
Financial highlights	2
Operational highlights	4
Operational review	6
Financial review	12
Risks, uncertainties and other information	20
Forward looking statements	21
Glossary	23

Basis of Preparation

The following Management's Discussion and Analysis ("MD&A") is dated August 24, 2026 and should be read in conjunction with the Group's unaudited condensed consolidated interim financial statements and related notes for the period ended June 30, 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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". Additional information relating to the Group can be found on the SEDAR website at *www.sedar.com* and the Group's website at *www.tethys-group.com*.

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

Nature of Business

Tethys Petroleum Limited (hereinafter "Tethys" or the "Company", together with its subsidiaries "the Group") is an oil and gas company operating within the Republic of Kazakhstan. Tethys' principal activity is the exploration and development of crude oil and natural gas fields. The address of the Company's registered office is 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 June 30			Six months ended June 30		
	2026	2025	Change	2026	2025	Change
Sales revenues	10,433	6,131	70%	18,534	10,103	83%
Profit for the period	(10)	1,292	-	1,994	1,568	27%
Earnings ($) per share - basic	(0.00)	0.01	-	0.02	0.01	100%
Adjusted EBITDA[1]	1,910	2,890	(34%)	6,086	4,400	38%
Capital expenditure	1,858	2,546	(27%)	2,879	4,581	(37%)

	As at June 30		
	2026	2025	Change
Total assets	71,996	56,335	28%
Cash & cash equivalents	6,257	6,042	4%
Short & long-term borrowings	-	-	-
Total non-current liabilities	17,496	27,447	(36%)
Net (cash)/debt[1]	(2,712)	(4,655)	(42%)
Number of ordinary shares outstanding	114,857,248	114,857,248	-

Note 1 Adjusted EBITDA and net debt are non-GAAP Measures, refer to page 18 for details.

Second quarter 2026 versus second quarter 2025

- The Group commenced processing of crude oil into refined products during the quarter. Refined products sales revenues for the quarter were $7.6 million (2025: nil) and crude oil sales were $0.4 million (2025: $4.5 million). Gas sales for the quarter were $2.4 million (2025: $1.7 million);
- The loss for the quarter was $10 thousand compared with a profit of $1.3 million in Q2 2025. The decrease primarily reflected the transition to the new refinery-based operating model, including lower margins on volumes sold and a longer processing and sales cycle, which resulted in a higher proportion of produced oil remaining in crude oil and refined product inventories at period end. Administrative expenses were also higher, particularly due to legal fees relating to the Olisol share cancellation process;
- Adjusted EBITDA was $1.9 million compared with $2.9 million in Q2 2025 due to the same factors noted above;
- Total assets increased by 28% from $56.3 million to $72.0 million due mainly to an increase in property & equipment from capital expenditure and an increase in receivables and inventory relating to the commencement of processing of crude oil into refined products;
- The Group had no borrowings at June 30, 2026 or June 30, 2025;
- Total non-current liabilities decreased by 36% from $27.4 million to $17.5 million due to a decrease in deferred tax liabilities;
- The Group had net cash of $2.7 million compared with $4.7 million at Q2 2025, refer to page 17 for further details of cash movements;
- The number of the Company's ordinary shares outstanding remained unchanged at 114.9 million, although 18 million shares are in the process of being cancelled pending completion of the required legal process referred to above.

Financial highlights - continued

Period to date

- Sales revenues for the six-month period increased by 83% to $18.5 million from $10.1 million. Refined products sales revenues for the six months were $7.6 million (2025: nil) and crude oil sales were $6.4 million (2025: $8.4 million). Gas sales for the period were $4.6 million compared with $1.7 million in 2025 partly reflecting the absence of gas production and sales in Q1 2025 while the required transportation arrangements were being completed. Production and sales resumed in April 2025.
- The profit for the six-month period was $2.0 million compared with $1.6 million in 2025. The increase primarily reflected a higher contribution from gas operations offset by higher administrative expenses;
- Adjusted EBITDA was $6.1 million compared with $4.4 million in 2025. The higher contribution from gas operations more than offset the higher administrative expenses.

Operational Highlights

	Units	Quarter ended June 30 2026	2025	Change	Six months ended June 30 2026	2025	Change
Kazakhstan							
Oil	bopd	2,425	1,997	21%	2,521	1,858	36%
Gas	boe/d	1,400	1,068	31%	1,354	538	152%
Total	boe/d	**3,825**	**3,065**	**25%**	**3,875**	**2,396**	**62%**

Oil & Refined Products							
Crude oil production	bbls	220,639	181,696	21%	456,326	336,335	36%
Crude oil sales	bbls	16,233	200,429	(92%)	247,571	355,910	(30%)
Refined product sales*	bbls	130,450	-	-	130,450	-	-
Equivalent sales volume*	**Bbls**	**146,683**	**200,429**	**(27%)**	**378,021**	**355,910**	**6%**
Crude oil sales	$'000	435	4,465	(90%)	6,389	8,437	(24%)
Refined product sales	$'000	7,575	-	-	7,575	-	-
Production costs	$'000	2,868	3,008	(5%)	6,222	5,326	17%
Refining, transport and excise costs	$'000	4,500	-	-	4,500	-	-
Sales expenses	$'000	77	-	-	77	-	-
Contribution before tax – oil & refined products	$'000	**565**	**1,457**	**(61%)**	**3,165**	**3,111**	**2%**
Contribution before tax*	$/bbl	**3.86**	**7.26**	**(47%)**	**8.37**	**8.74**	**(4%)**
Crude oil sales	$/bbl	26.84	22.28	20%	25.81	23.70	9%
Production costs	$/bbl	13.00	16.56	(22%)	13.63	15.84	(14%)
Refined product sales	$/tonne	462.08	-	-	462.08	-	-
Refining, transport & excise	$/tonne	274.50	-	-	274.50	-	-

Gas							
Gas production	Mcm	21,636	16,501	31%	41,649	16,546	152%
Gas sold	Mcm	21,166	16,203	31%	40,807	16,203	152%
Revenue	$'000	2,423	1,665	46%	4,570	1,665	174%
Cost of production	$'000	1,784	1,297	38%	3,465	1,839	88%
Contribution before tax	$'000	**639**	**368**	**74%**	**1,105**	**(174)**	**-**
Revenue	$/Mcm	114.47	102.77	11%	112.00	102.77	9%
Cost of production	$/Mcm	82.42	78.59	5%	83.20	111.13	(25%)
Contribution before tax	$/Mcm	**32.05**	**24.18**	**33%**	**28.80**	**(8.36)**	**-**

**Equivalent sales barrels are calculated as crude oil sales in barrels plus refined product sales in tonnes converted at 7.96 barrels per tonne using the Kul-Bas crude conversion factor. The conversion is used solely as a common sales-volume measure and does not represent actual refined-product volumes in barrels. Contribution before tax per equivalent sales barrel is calculated using this measure as the denominator.*

Oil

- Oil production for the quarter averaged 2,425 bopd (2025: 1,997 bopd) and for the six-month period averaged 2,521 bopd (2025: 1,858 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;
- The Group commenced processing crude oil into refined products during the quarter and sales were mainly of refined products, with only a small amount of crude oil sold directly. Refined product sales volumes were 16.4 thousand metric tonnes (130,450 bbls equivalent sales volume), generating revenue of $7.6 million, or approximately $462 per tonne;
- Total cost of oil production for the quarter was $2.9 million (2025: $3.0 million), or $13.00 per barrel produced (2025: $16.56), and for the six-month period was $6.2 million (2025: $5.3 million), or $13.63 per barrel produced (2025: $15.84). Refining, transport and excise expenses

recognised in the period were $4.5 million, or approximately $275 per tonne of refined products sold. Contribution before tax from oil and refined products was $0.6 million for the quarter (2025: positive $1.5 million), or $3.86 per equivalent sales barrel (2025: $7.26), and $3.2 million for the six-month period (2025: $3.1 million), or $8.37 per equivalent sales barrel (2025: $8.74).

- Following receipt of the commercial production licence in Q1 2026, the Group has had to adjust to a new operating model. Under the domestic allocation process, the Group has been required to direct its crude oil to refineries rather than primarily selling crude oil at the field. Under the current domestic supply chain, the Group contracts directly for transportation, transshipment and processing services and incurs the associated costs, whereas historically buyers purchasing crude oil at the field were responsible for transportation. During Q2 2026, the transition to this model adversely affected margins and lengthened the processing and sales cycle, with a greater proportion of produced oil remaining in crude oil and refined product inventories at period end before the related revenue is recognised. Economics under the refinery-based model vary depending on refinery allocation, product mix, market prices and logistics costs. The Group is seeking allocations to alternative refineries and, where available, export allocations, and is evaluating other measures to reduce logistics costs and improve netbacks.

Gas

- Gas production for the quarter averaged 1,400 boe/d (2025: 1,068 boe/d) and for the six-month period was 1,354 boe/d (2025: 538 boe/d). Gas production in Q1 2025 was minimal as production and sales did not resume until April 2025 following completion of the required transportation arrangements;
- Gas revenue for the quarter was $2.4 million (2025: $1.7 million) or $114.47/Mcm (2025: $102.77/Mcm) and for the six-month period was $4.6 million (2025: $1.7 million) or $112.00/Mcm (2025: $102.77/Mcm);
- Total costs of gas production, which include direct production costs, an allocation of administrative expenses and DD&A, were $1.8 million for the quarter (2025: $1.3 million) or $82.42/Mcm (2025: $78.59/Mcm) and for the six-month period were $3.5 million (2025: $1.8 million). The contribution before tax from gas operations for the quarter was $0.6 million (2025: $0.4 million) of $32.05/Mcm (2025: $24.18/Mcm) and for the six-month period was $1.1 million (2025: negative $0.2 million) or $28.80/Mcm (2025: negative $8.36).

Operational Review

Outlook

The information provided under this heading is considered as forward-looking information; as such please refer to Forward-Looking Statements on page 21 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.

Significant events and transactions for the six months ended June 30, 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 assets of Group company TethysAralGas LLP ("TAG") and made a payment of approximately $2.2 million in connection with this arrangement. The private bailiff did not accept the appraised value used by the Group, the expected release of the pledged assets did not occur, and the payment was subsequently returned to the Group.

Separately, the Group continues to enforce the May 13, 2025 award of the International Arbitration Centre, which requires DSFK to repay KZT 1,434,692,762, or approximately $2.8 million, together with awarded costs.

On March 20, 2026, the court dismissed TAG's claim to terminate the enforcement proceedings and remove the encumbrances over the pledged assets. On May 5, 2026, the appellate court upheld that decision. Accordingly, as at June 30, 2026, the enforcement proceedings and encumbrances remained in place.

On May 28, 2026, the private bailiff issued an order transferring the pledged assets for sale. No sale had occurred as at June 30, 2026. Subsequent developments are described below under Significant events and transactions subsequent to the period end.

- *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

- *Extension of the Akkulka Gas Contract*

  Subsequent to the reporting period, on July 14, 2026, TAG and the Ministry of Energy of the Republic of Kazakhstan signed and registered Addendum No. 8 to Contract No. 3496 dated December 23, 2009. The addendum extends the production period under the Akkulka Gas Contract by 11 years, until December 23, 2036.

  Under the addendum, TAG is also required to provide additional financing of KZT 50 million for the social and economic development of the Shalkar district of the Aktobe region within one year following the extension of the production period.

- *DSFK enforcement proceedings*

  On July 29, 2026, the Administrative Cassation Court upheld the decisions of the lower courts refusing TAG's request to terminate the enforcement proceedings and remove the encumbrances over the pledged assets. Accordingly, the enforcement proceedings and encumbrances remain in place.

  In a separate proceeding concerning the manner in which the pledged assets may be sold, on July 10, 2026, the Specialized Interdistrict Administrative Court of the Aktobe Region set aside the private bailiff's May 28, 2026 order transferring the pledged assets for sale. The court directed the private bailiff to proceed with an appraisal and allow TAG an opportunity to arrange a voluntary sale of the assets based on the appraisal results. DSFK appealed the decision. At a hearing held on August 21, 2026, the appellate court announced that the first-instance decision had been upheld. The formal written decision had not yet been received as of the date of this MD&A, and no sale of the pledged assets has occurred.

Certain operational matters occurring after the period end are also discussed in the sections below headed *Results of Operations and Operational Review.*

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		Net	Net production		Gross fluid		Net	Net production	
	m3	barrels	barrels	days	bopd	m3	barrels	barrels	days	bopd
Q1	37,471	235,687	235,687	90	2,619	24,586	154,639	154,639	90	1,718
Q2	35,079	220,639	220,639	91	2,425	28,887	181,696	181,696	91	1,997
Total	**72,550**	**456,326**	**456,326**	**181**	**2,521**	**53,473**	**336,335**	**336,335**	**181**	**1,858**

- Oil production from the Kul-Bas Oil Field for the quarter averaged 2,425 bopd (2025: 1,997 bopd) and for the six-month period averaged 2,521 bopd (2025: 1,858 bopd). Production in the current period was from three wells, KBD-2, KBD-6 and KBD-7.
- Although production increased compared with 2025, oil production remained below the field's current productive capacity due to a combination of logistics constraints and limitations in associated gas utilization. Production was constrained in March 2026 by oil trucking limitations caused by poor road conditions. In April 2026, production initially improved 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.

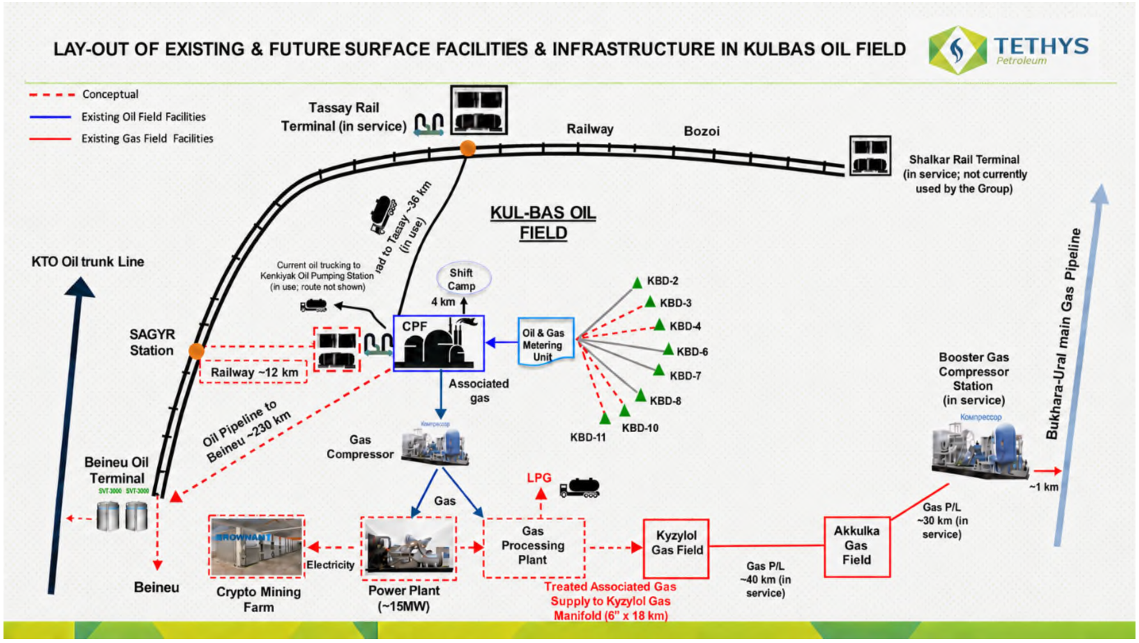
Marketing and logistics

- In April 2026, 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 tonnes to the Pavlodar refinery and commenced deliveries to the Atyrau refinery. This represents a shift from prior wellhead sales arrangements and has affected realised netbacks, logistics costs and working capital due to different pricing and payment timing as the Group has had to adjust to this new operating model.

Oil processing facilities development

- Construction of the Central Processing Facility (CPF) and Gas Utilization Facilities (GUF) was substantially completed in late 2024. Commissioning activities, completion of outstanding works and regulatory acceptance continued into early 2025, with both facilities formally accepted on February 17, 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 m3 per day up to 50,000 m3 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 complete, with commissioning currently targeted for 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 tonnes 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 has 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.

Schematic of the Kul-Bas oilfield production facilities:



Work-over and testing activities

- 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 prospect) 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 (well ARD-02), and may make the decision to drill this prospect later this year.

Operational Review - continued

Gas production – Kyzyloi and Akkulka

	2026				2025			
	Mcm	**Mcf**	**Mcm/d**	**Boe/d**	**Mcm**	**Mcf**	**Mcm/d**	**Boe/d**
Kyzyloi								
Q1	14,673	518,105	163	960	-	-	-	-
Q2	16,016	565,541	176	1,036	12,210	431,126	134	790
Total	**30,689**	**1,083,646**	**170**	**998**	**12,210**	**431,126**	**67**	**397**
Akkulka								
Q1	5,340	188,546	59	349	45	1,596	1	3
Q2	5,620	198,460	62	364	4,291	151,528	47	278
Total	**10,960**	**387,006**	**61**	**356**	**4,336**	**153,124**	**24**	**141**
Grand total	**41,649**	**1,470,652**	**231**	**1,354**	**16,546**	**584,250**	**91**	**538**

- Gas production for the quarter averaged 238 Mcm/d (2025: 181 Mcm/d). For the six-month period gas production averaged 231 Mcm/d (2025: 91 Mcm/d).

Marketing and logistics

- The Group had been involved in a long-running contractual dispute with QazaqGaz, which resulted in periods of suspended gas production and sales, with the most recent shut-in commencing in April 2024. The dispute was settled later in 2024.

- Gas production and sales resumed in April 2025 following completion of the transportation arrangements required for deliveries to NatGaz Company LLP. The Group currently sells its gas production to NatGaz as its sole gas purchaser.

Financial Review

Summary of Quarterly Results

	Q2, 2026	Q1, 2026	Q4, 2025	Q3, 2025	Q2, 2025	Q1, 2025	Q4, 2024	Q3, 2024
Sales revenues	10,433	8,101	9,212	7,101	6,131	3,972	3,115	5,357
(Loss)/profit for the period	(10)	2,004	3,737	1,360	1,292	276	(11,817)	(613)
(Loss)/earnings ($) per share	(0.00)	0.02	0.03	0.02	0.01	0.00	(0.10)	(0.01)
Adjusted EBITDA[1]	1,910	4,176	4,696	3,707	2,890	1,510	143	3,164
Capital expenditure	1,858	1,021	2,956	565	2,546	2,035	2,711	888
Total assets	71,996	68,758	64,227	55,469	56,335	56,640	56,231	82,148
Cash & cash equivalents	6,257	6,400	8,149	7,114	6,042	4,541	5,959	2,637
Short & long-term borrowings	-	-	-	-	-	-	-	-
Total non-current liabilities	17,496	18,012	17,192	27,116	27,447	28,038	27,117	36,542
Net (cash)/debt[1]	(2,712)	(4,017)	(5,698)	(6,172)	(4,655)	(3,210)	(5,094)	(1,667)
Number of common shares outstanding	114,857,248	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 18 for details.

(Loss)/profit for the period

	Quarter ended June 30			Six months ended June 30		
	2026	2025	Change	2026	2025	Change
Sales revenue	10,433	6,131	70%	18,534	10,103	83%
Sales expenses	(77)	-	-	(77)	-	-
Production expenses	(1,794)	(1,976)	(9%)	(4,026)	(3,371)	19%
Refining, transport and excise expenses	(4,500)	-	-	(4,500)	-	-
Depreciation, depletion and amortization	(1,650)	(1,287)	28%	(3,318)	(1,984)	67%
Administrative expenses	(2,159)	(1,309)	65%	(3,825)	(2,381)	61%
Share-based payments	(80)	-	-	(160)	(2)	7484%
Other gains and losses	(20)	-	-	23	(19)	-
Foreign exchange gains and losses	7	44	(84%)	(20)	49	-
Finance income, net	15	84	(82%)	184	185	(1%)
	(10,258)	(4,444)	131%	(15,719)	(7,523)	109%
Profit before tax	**175**	**1,687**	**(90%)**	**2,815**	**2,580**	**9%**
Taxation	(185)	(395)	(53%)	(821)	(1,012)	(19%)
(Loss)/profit for the period	**(10)**	**1,292**	**-**	**1,994**	**1,568**	**27%**

The loss after tax for the quarter was $10 thousand (2025: profit of $1.3 million) and for the six-month period was $2.0 million (2025: $1.6 million), the principal variances being:

- Higher profit contribution from gas operations, as the current six-month period included a full six months of production and sales, compared with production and sales resuming only in April 2025 in the comparative period;
- Lower contribution from oil and refined products, after DD&A and allocation of administrative expenses, and a marginally higher contribution for the six-month period than in 2025;

- Higher depreciation, depletion & amortisation due to higher overall production volumes; and
- Higher administration expenses, mainly relating to personnel costs and legal fees.

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

Sales & other revenue

	Quarter ended June 30			Six months ended June 30		
	2026	**2025**	**Change**	**2026**	**2025**	**Change**
Summary by product & region						
Kazakhstan – Crude Oil	435	4,465	(90%)	6,389	8,437	(24%)
Kazakhstan – Refined Products	7,575	-	-	7,575	-	-
Kazakhstan - Gas	2,423	1,665	46%	4,570	1,665	174%
Kazakhstan – other revenue	-	1	(100%)	-	1	(100%)
Total	**10,433**	**6,131**	**70%**	**18,534**	**10,103**	**83%**

Kazakhstan – Crude Oil revenue

- Crude oil sales revenue for the quarter was $0.4 million or $26.84/bbl (2025: $4.5 million or $22.28/bbl) and for the six-month period was $6.4 million or $25.81/bbl (2025: $8.4 million or $23.70/bbl).

Kazakhstan – Refined Products revenue

- The Group commenced processing crude oil into refined products during the quarter. Refined product sales volumes were 16.4 thousand tonnes and revenue for the quarter and six-month period was $7.6 million (2025: nil), or approximately $462 per tonne. Refer to *Operational Highlights* and *Marketing and logistics* sections above for further discussion of the refinery-based operating model.

Kazakhstan - Gas revenue

- Gas sales revenue for the quarter was $2.4 million (2025: $1.7 million) or $114.47/Mcm (2025: $102.77/Mcm) and for the six-month period was $4.6 million (2025: $1.7 million) or $112.00/Mcm (2025: $102.77)/Mcm. The 2025 comparative includes no gas sales in Q1, as production and sales did not resume until April 2025 following completion of the required transportation arrangements.

Oil and gas sales contracts are subject to price risk – refer to page 20 – "*Sensitivities*".

Financial Review - continued

Production expenses

		Quarter ended June 30			Six months ended June 30		
	Units	2026	2025	Change	2026	2025	Change
Kazakhstan direct production expenses							
Crude oil production	$000's	1,000	1,423	(30%)	2,489	2,473	1%
Gas production	$000's	794	553	44%	1,537	898	71%
Total	$000's	**1,794**	**1,976**	**(9%)**	**4,026**	**3,371**	**19%**
Administrative expenses – management allocation*							
Oil allocation	$000's	906	782	16%	1,757	1,358	29%
Gas allocation	$000's	302	260	16%	586	452	29%
Corporate	$000's	951	267	258%	1,482	571	160%
Total	**$000's**	**2,159**	**1,309**	**65%**	**3,825**	**2,381**	**61%**
Depreciation, depletion, amortisation & impairment							
Oil production	$000's	962	803	20%	1,976	1,495	32%
Gas production	$000's	688	484	42%	1,342	489	175%
Total	**$000's**	**1,650**	**1,287**	**28%**	**3,318**	**1,984**	**67%**

Oil							
Total cost of production	$000's	2,868	3,008	(5%)	6,222	5,326	17%
Production	bbls	220,639	181,696	21%	456,326	336,335	36%
Cost per unit of production	$/bbl	13.00	16.56	(22%)	13.63	15.84	(14%)

Gas							
Total cost of production	$000's	1,784	1,297	38%	3,465	1,839	88%
Production	boe	127,341	97,115	31%	245,124	97,381	152%
Cost per unit of production	$/boe	14.09	13.35	5%	14.14	18.88	(25%)
Production	Mcm	21,636	16,501	31%	41,649	16,546	152%
Cost per unit of production	$/Mcm	82.42	78.59	5%	83.20	111.13	(25%)

Oil and gas weighted average cost	$/boe	13.37	15.44	(13%)	13.81	16.52	(16%)

**For purposes of oil and gas contribution and unit-cost analysis, certain administrative expenses are allocated between oil and gas operations using management's allocation methodology. Corporate administrative expenses are excluded from these allocations. The allocation does not represent separate expense categories in the statement of operations.*

Kazakhstan – oil production

Total oil production costs comprising direct costs, allocated administrative expenses and depreciation, depletion and amortisation were $2.9 million for the quarter or $13.00/bbl (Q2 2025: $3.0 million or $16.56/bbl) and for the six-month period were $6.2 million or $13.63/bbl (2025: $5.3 million or $15.84/bbl).

Kazakhstan – Refining, transport and excise

The Group commenced processing of crude oil into refined products during the quarter. Following receipt of the commercial production licence in Q1 2026, the Group has had to adjust to a new operating model. Rather than selling the crude oil it produces at the field with the buyers responsible for transportation, it has been required by the Ministry of Energy to deliver its crude oil to specific refineries. The Group has also moved from selling its crude oil to processing the crude oil into refined products. Refining, transport and excise costs recognised in expenses for the quarter and six-month period were $4.5 million (2025: nil), or approximately $275 per tonne of refined products sold. These costs include refining, transportation, transshipment and excise costs recognised in the period. Costs attributable to unsold refined products remain included in inventories where appropriate. Refer to *Operational Highlights* and *Marketing and logistics* sections above for further discussion of the refinery-based operating model.

Kazakhstan – gas production

Gas production costs comprising direct production costs, allocated administrative expenses and depreciation, depletion and amortisation were $1.8 million for the quarter or $82.42/Mcm (2025: $1.3 million or $78.59/Mcm) and for the six-month period was $3.5 million or $83.20/Mcm (2025: $1.8 million or $111.13/Mcm). A large proportion of the gas costs are fixed and continued to be incurred in the prior period notwithstanding the shut-down of the gas field operations at the end of March 2024 until April 2025.

Administrative expenses

	Quarter ended June 30			Six months ended June 30		
	2026	**2025**	**Change**	**2026**	**2025**	**Change**
Staff and director costs	1,082	954	14%	2,135	1,743	23%
Professional fees	892	208	328%	1,266	340	272%
Other administrative expenses	185	147	25%	424	298	42%
Total	**2,159**	**1,309**	**65%**	**3,825**	**2,381**	**61%**
G&A expenses per boe ($)	6.20	4.69	32%	5.45	5.49	(1%)

Administrative costs were higher in the quarter and six-month period mainly due to higher professional fees, in particular legal fees relating to the process of cancelling 18 million shares held in the Company by Olisol. Personnel and other administrative costs were also higher reflecting inflationary increases and a general increase in corporate activity.

Taxation

The tax charge of $0.2 million (2025: $0.4 million) for the quarter and for the six-month period of $0.8 million (2025: $1.0 million) reflects the expected full year effective tax rate for Kazakhstan profit taxes and withholding taxes.

Liquidity and Capital Resources

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

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

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

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

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

Going Concern

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

Risks and uncertainties facing the Group include the risk that oil and gas prices may be significantly lower than assumed in the Group's forecasts.

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 June 30, 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 June 30, 2026 and that it is appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended June 30, 2026.

Financial Review - continued

Cash Flow

	Quarter ended June 30			Six months ended June 30		
	2026	**2025**	**Change**	**2026**	**2025**	**Change**
Net cash from operating activities	**1,723**	**4,156**	**(58%)**	**618**	**5,764**	**(89%)**
Capital expenditure	(1,858)	(2,546)	(27%)	(2,879)	(4,581)	(37%)
Other	58	77	(23%)	101	90	13%
Net cash used in investing activities	**(1,800)**	**(2,469)**	**(27%)**	**(2,778)**	**(4,491)**	**(38%)**
Dividend paid	-	-	-	-	(1,149)	(100%)
Net cash used in financing activities	**-**	**-**	**-**	**-**	**(1,149)**	**(100%)**
Net (decrease)/increase in cash	**(77)**	**1,687**	**(104%)**	**(2,160)**	**124**	**-**
Effect of exchange rates	(68)	(186)	(63%)	268	(41)	-
Cash & cash equivalents at beginning of period	6,400	4,541	41%	8,149	5,959	37%
Cash & cash equivalents at end of period	**6,257**	**6,042**	**4%**	**6,257**	**6,042**	**4%**

Operating activities

Net cash from operating activities for the quarter was $1.7 million (2025: $4.2 million) and for the six-month period was $0.6 million (2025: $5.8 million). Net cash from operating activities was negatively impacted in the current period by the change in operating model from selling crude oil at the field on a pre-paid basis to transporting and processing crude oil at refineries into refined products with payment on a post-sales basis.

Investing activities

Capital expenditure payments in 2026 were mainly to equipment suppliers and construction contractors for the Kul-Bas oil field facilities. The prior period also included significant exploration expenditure.

Financing activities

There were no cash flows from financing activities during 2026. On February 20, 2025, a dividend of $0.01 per share was paid to shareholders of record on February 10, 2025 totalling $1,149 thousand.

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 June 30, 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.

Financial Review - continued

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 for the period is as follows:

	Quarter ended June 30			Six months ended June 30		
	2026	**2025**	**Change**	**2026**	**2025**	**Change**
Profit before taxation	175	1,687	(90%)	2,815	2,580	9%
Depreciation, depletion and amortization	1,650	1,287	28%	3,318	1,984	67%
Share-based payments	80	-	-	160	2	7484%
Other gains and losses	20	-	-	(23)	19	-
Finance costs - net	(15)	(84)	(82%)	(184)	(185)	(1%)
Adjusted EBITDA	**1,910**	**2,890**	**(34%)**	**6,086**	**4,400**	**38%**

Net debt

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

	As at June 30		
	2026	**2025**	**Change**
Total financial liabilities - borrowings	-	-	-
Contract liabilities - deferred revenue	3,545	1,387	156%
Less: cash and cash equivalents	(6,257)	(6,042)	4%
Net debt	**(2,712)**	**(4,655)**	**(42%)**
Total equity	34,223	23,784	44%
Total capital	**31,511**	**19,129**	**65%**

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

Stockholder Equity

As at June 30, 2026 the Company had authorised share capital of 145,000,000 (June 30, 2025: 145,000,000) ordinary shares of which 114,857,243 (June 30, 2025: 114,857,243) had been issued and 50,000,000 (June 30, 2025: 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 included in the outstanding share totals shown pending finalisation of the Canadian and Cayman Islands court process approving cancellation of the shares.

The number of options issued under the Company's Long Term Stock Incentive Plan and outstanding as at June 30, 2026 was 1,425,000 (June 30, 2025: 1,802,188).

There were no other potentially issuable shares at June 30, 2026 (June 30, 2025: nil).

There were no changes after June 30, 2026 and up to the date of this MD&A.

Dividends

No dividends were paid during the six months ended June 30, 2026. On February 20, 2025, a dividend of $0.01 per share was paid to shareholders of record on February 10, 2025 totalling $1,149 thousand.

Transactions with Related Parties

There were no transactions with related parties requiring disclosure.

Commitments and contingencies

Details of the Group's commitments and contingencies including litigation, claims and assessments, work programme commitments are provided in note 21 of the 2025 audited 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:

	Total	Payments due by period			
Contractual obligations		**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Kazakhstan work programme commitments	131,574	35,191	85,783	10,600	-
Trade and other payables	17,284	15,297	636	636	715
Provisions	4,505	534	-	648	3,323
Total contractual obligations	**153,363**	**51,022**	**86,419**	**11,884**	**4,038**

Risks, uncertainties and other information

Risk management is carried out by senior management, in particular the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") as well as the Board of Directors. The Group has identified its principal risks for 2026 to include:

(1) Liquidity;

(2) Retention and extension of existing licences;

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

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

Financial Risk Management

The Group's activities expose it to a variety of financial risks including: market risk, credit risk, liquidity risk, interest rate, commodity price and foreign exchange risk. Details of the Group's exposure to these risks and how this is managed is given in note 3 to the audited consolidated financial statements for the year ended December 31, 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 audited consolidated financial statements 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 Group has made assumptions regarding, amongst other things, the continued existence and operation of existing pipelines; future prices for oil and natural gas; future currency and exchange rates; the Group's ability to generate sufficient cash flow from operations and access to capital markets to meet its future obligations and ability to continue as a going concern; the regulatory framework representing mineral extraction taxes, royalties, taxes and environmental matters in the countries in which the Group conducts its business, gas production levels; and the Group's ability to obtain qualified staff and equipment in a timely and cost effective manner to meet the Group's demands. Statements relating to "reserves" or "resources" or "resource potential" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described exist in the quantities predicted or estimated, and can be profitably produced in the future. Although Tethys believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except as required by law, Tethys does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Glossary

Bbls	Barrels of oil
boe/d	Barrel of oil equivalent per day (using a conversion factor of 1Mcm to 5.8854 boe)
bopd	Barrels of oil per day
EBITDA	Earnings before interest, taxes, depreciation and amortisation
GAAP	Generally accepted accounting principles
IFRS	International Financial Reporting Standards
KBD	Kul-bas Deep well in the Kul-bas Exploration Contract area
Kul-Bas	The Kul-Bas Exploration Contract area held by Kul-Bas LLP
KZT	Kazakhstani Tenge
m3	Cubic metre
Mcf	Thousand cubic feet
Mcf/d	Thousand cubic feet per day
Mcm	Thousand cubic metres
Mcm/d	Thousand cubic metres per day
MD&A	Management's Discussion & Analysis
MoE	Ministry of Energy
NI 51-101	National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators
NPV	Net present value
Q1	Three-month period commencing January 1 and ending 31 March
Q2	Three-month period commencing April 1 and ending 30 June
Q3	Three-month period commencing July 1 and ending 30 September
Q4	Three-month period commencing October 1 and ending 31 December
TAG	TethysAralGas LLP, a wholly-owned subsidiary of the Company
Tethys	Tethys Petroleum Limited and subsidiary companies
TSX	Toronto Stock Exchange
TSXV	TSX Venture Exchange
VAT	Value added tax
YTD	Year to date cumulative
$	United States Dollar
$/bbl	$ per barrel
$/Mcm	$ per thousand cubic metres