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September 18, 2026

Tethys Petroleum Press Release
(TSXV: TPL)

Corporate update

Grand Cayman, Cayman Islands - Tethys Petroleum Limited (TSXV: TPL) ("**Tethys**" or the "**Company**") is pleased to provide an update on the Company's operations in the Republic of Kazakhstan.

Tethys Petroleum Comments on Kazakhstan Excise Tax Increase

On September 11, 2026, the Government of Kazakhstan adopted Resolution No. 816, increasing from **50% to 95%** the coefficient used in the price-linked excise tax calculation applicable to gasoline and diesel fuel. The amendment applies retroactively to transactions arising from September 1, 2026.

Under the excise framework established by Government Resolution No. 1049, the excise tax payable on gasoline and diesel is linked to an official weighted-average wholesale reference price. The formula uses statutory price thresholds of **KZT 214,584 per tonne for gasoline** and **KZT 284,350 per tonne for diesel**. Prior to the September amendment, the coefficient applied to the excess over the relevant threshold was 50%. This has now been increased to 95%.

The official reference price used in the calculation is based on specified wholesale sales at Kazakhstan's major refineries and may therefore differ from the selling price actually realized by an individual producer. As a result, the revised mechanism may increase the excise burden even where a producer is unable to achieve a corresponding increase in its own realized selling prices. Based on the Company's current estimates, the gasoline threshold provides relatively limited headroom over normalized operating cash costs, while the diesel threshold provides greater headroom.

The change comes at a time when access to sell to alternative petroleum-product markets remains restricted. Current measures include restrictions through the second half of 2026 on exports of light distillates, jet fuel, diesel fuel, gasoil and certain other petroleum products outside the Eurasian Economic Union, as well as restrictions on certain petroleum-product exports by road and rail, subject to specified exceptions.

Industry participants, including **PetroMining**, have raised concerns regarding the impact of the revised excise mechanism on the economics of domestic petroleum-product sales and the potential implications for future investment and production growth.

Tethys is currently required to refine and deliver its Kul-Bas crude production into refined petroleum products for sale in the Kazakhstan domestic market. The Company expects the increase in the excise coefficient to reduce downstream margins and cash generation (where realized selling prices will not increase sufficiently enough to offset the higher tax burden). The Company is currently updating its internal operating and cash flow forecasts to reflect the revised excise tax regime and current domestic market conditions.

Bill Wells, Executive Chairman of Tethys, commented:

"The increase in the excise coefficient from 50% to 95%, combined with restrictions on petroleum-product exports, materially reduces the economic upside available for Tethys and other oil producers supplying the domestic market. We share PetroMining's concern that this will reduce the incentive to increase production and commit additional capital. While Tethys's cash costs are expected to be below

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the statutory price thresholds (where excess cash can still be generated), it appears more challenging for Tethys to recover the substantial investment previously made in exploration and overhead expenses. The Tethys board does not anticipate that the current tax and pricing mechanisms allows for sufficient profit to justify the risks and costs of new exploration projects beyond those currently anticipated (ex. Kronos). As a result, Tethys is unlikely to participate in the forthcoming auctions for new licenses offered by the Republic of Kazakhstan. The Tethys board has also decided to seek farmout partners for its Nurzhau, Diyar and Zhanasu licenses. Tethys remains focused on growing production in Kazakhstan, but future investment has to be supported by sustainable returns. We are assessing the impact of the new excise tax regime on our development plans and will continue to monitor market and regulatory developments closely."

Operations Update

Oil production at the Kul-Bas field has recently increased and is currently running at slightly above 400 tons per day. Two gas turbine units are currently in service, including a rental unit, utilizing approximately 35,000 m3 per day of associated gas.

Installation of the Company's new gas compressor is substantially complete, with commissioning currently expected in early October. Phase II of the Central Processing Facility (CPF) upgrade is substantially complete and the Company expects the upgraded facility and the CPF tie in of KBD-08 to be commissioned by the end of September. These additions are expected to increase associated gas utilization capacity and increase oil production to more than 500 tons per day following successful commissioning. The increase in the amount of oil production will be dependent not only on the oil production capacity through the CPF and the ability to treat the associated gas, but also on the Company's ability to have the oil transported from its remote Aral Sea location to the assigned refinery (currently Atyrau).

The company has also signed a contract for Phase III of the CPF upgrade, which includes additional construction and installation works to further expand the facility's processing capacity. The contractor is currently mobilizing to the site, with construction activities expected to commence shortly.

Natural gas production from the Kyzyloi and Akkulka fields was approximately 269,000 cubic meters per day as of September 16, 2026. The Akkulka production contract has been extended through December 23, 2036.

The Company continues to advance preparations for the **ARD-01 (Kronos) exploration well**. Engineering, permitting and procurement activities are progressing, with the timing of drilling to be determined based on the Company's liquidity position and the successful completion of current production-enhancement initiatives.

Tethys shares the industry's concern regarding the impact of the increased excise burden on the economics of domestic petroleum-product supply and will continue to assess the effect of the revised regime on its Kazakhstan operations.

Annual General Meeting resolution update

The Company announces that it has been provided with a notice of intention to nominate a director of the Company at the annual general meeting of shareholders to be held on September 29, 2026.

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FG Limited, a wholly owned subsidiary of Fincraft Group LLP has given notice of its intention to nominate Askar Ismailov as a director.

Fincraft has provided to the Company biographical information in respect of Mr. Ismailov which is generally summarized as follows:

- Executive with 25 years' experience in various industries with leadership roles, business transformation improvement, change management and stakeholders' management. Leadership experiences gained in diverse roles in multiple countries and cultures.
- Current experience – Advisor for Central Asia, Switzerland – representative on behalf of the Global Gas Centre. President Advisor for Fincraft Group, Kazakhstan.

Management of Tethys has not undertaken any independent review of the credentials of such nominee and consideration of such nominee will be addressed at the upcoming shareholders meeting.

About Tethys

Tethys is focused on oil and gas exploration and production activities in Central Asia.

Disclaimer

Some of the statements in this document are forward-looking. No part of this announcement constitutes, or shall be taken to constitute, an invitation or inducement to invest in the Company or any other entity and shareholders of the Company are cautioned not to place undue reliance on the forward-looking statements. Save as required by applicable law, the Company does not undertake to update or change any forward-looking statements to reflect events occurring after the date of this announcement.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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