

Tethys Petroleum Limited

Condensed Consolidated Interim Financial Statements
(Unaudited)
March 31, 2025

Casey McCandless
Casey McCandless



NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4.3 (3) (a), if an auditor has not performed a review of the financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed consolidated interim financial statements of Tethys Petroleum Limited have been prepared by and are the responsibility of the Group's management and approved by the Board of Directors of the Company. The Group's independent auditor has not performed a review of these condensed consolidated interim financial statements.

Contents

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE INTERIM ACCOUNTS

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025

Statements of Financial Position.....	1
Statements of Profit and Comprehensive Income.....	2
Statements of Changes in Equity	3
Statements of Cash Flows	4
Notes to the Financial Statements.....	5-8

Responsibility Statement of the Directors in Respect of the Condensed Consolidated Interim Financial Statements

We confirm on behalf of the Board that to the best of our knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

For and on behalf of the Board

W. Wells

Chairman

May ●, 2025

A. Ogunsemi

Director

May ●, 2025

Tethys Petroleum Limited

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(in thousands of US dollars)

	Note	31 March 2025	31 December 2024
<i>Non-current assets:</i>			
Property and equipment		46,816	45,508
Exploration and evaluation assets		793	428
Trade and other receivables		342	328
Restricted cash		618	526
Total non-current assets		48,569	46,790
<i>Current assets:</i>			
Cash and cash equivalents		4,541	5,959
Prepaid income tax		1,590	1,523
Trade and other receivables		1,212	1,356
Inventories		728	603
Total current assets		8,071	9,441
Total assets		56,640	56,231
<i>Non-current liabilities:</i>			
Deferred tax liabilities		22,992	22,112
Provisions		3,331	3,254
Trade and other payables		1,715	1,751
Total non-current liabilities		28,038	27,117
<i>Current liabilities:</i>			
Current income tax payable		610	586
Contract liabilities - deferred revenue		1,331	865
Trade and other payables		3,062	4,516
Total current liabilities		5,003	5,967
Total liabilities		33,041	33,084
<i>Equity:</i>			
Share capital		11,486	11,486
Share premium		367,589	368,738
Accumulated deficit		(394,366)	(394,642)
Foreign currency translation reserve		(5,372)	(6,695)
Other reserves		44,262	44,260
Total equity		23,599	23,147
Total equity and liabilities		56,640	56,231
Going concern	1		
Events after reporting period	5		

The notes on pages 5 to 8 form part of these condensed consolidated interim financial statements. The condensed consolidated interim financial statements were approved by the Board on May ●, 2025 and were signed on its behalf.

W. Wells
Chairman
May ●, 2025

A. Ogunsemi
Director
May ●, 2025

Tethys Petroleum Limited

Condensed Consolidated Interim Statements of (Loss)/Profit and Comprehensive (Loss)/Income (unaudited)

(in thousands of US dollars, except per share information)

		Three months ended March 31	
	Note	2025	2024
Sales revenues	3	3,972	1,943
Production expenses		(1,395)	(1,827)
Depreciation, depletion and amortisation		(697)	(467)
Administrative expenses		(1,072)	(1,132)
Share-based payments		(2)	(13)
Other losses		(19)	(76)
Foreign exchange gain		5	225
Finance income, net		101	1
Total expenses		(3,079)	(3,289)
Profit/(loss) before tax		893	(1,346)
Corporate income tax (expense)/credit		(617)	363
Profit/(loss) for the year		276	(983)
Other comprehensive income			
Exchange differences from translating foreign operations		1,323	-
Total comprehensive income/(loss)		1,599	(983)
Earnings/(loss) per share attributable to shareholders:			
Basic (\$)	4	0.00	(0.01)
Diluted (\$)	4	0.00	(0.01)

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 (2024: \$nil).

The notes on pages 5 to 8 form part of these condensed consolidated interim financial statements.

Tethys Petroleum Limited

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

(in thousands of US dollars)

	Share capital	Share premium	Accumulated deficit	Foreign currency translation reserve	Other reserves	Treasury shares	Total equity
At January 1, 2024	11,507	368,825	(382,256)		44,224	(108)	42,192
Comprehensive loss for the period	-	-	(983)		-	-	(983)
Share-based payments	-	-	-		13	-	13
Shares cancelled	(21)	(87)	-		-	108	-
At March 31, 2024	11,486	368,738	(383,239)		44,237	-	41,222
At January 1, 2025	11,486	368,738	(394,642)	(6,695)	44,260	-	23,147
Comprehensive income for the period	-	-	276	1,323	-	-	1,599
Dividend paid	-	(1,149)	-	-	-	-	(1,149)
Share-based payments	-	-	-	-	2	-	2
At March 31, 2025	11,486	367,589	(394,366)	(5,372)	44,262	-	23,599

Other reserves include reserves arising on the issuance of options and warrants and are denoted together as “other reserves” on the consolidated statement of financial position. These reserves are non-distributable.

The notes on pages 5 to 8 form part of these condensed consolidated interim financial statements.

Tethys Petroleum Limited

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(in thousands of US dollars)

	Three months ended March 31	
	2025	2024
Cash flow used in operating activities		
Profit/(loss) before tax	893	(1,346)
Adjustments for:		
Share-based payments	2	13
Finance income, net	(101)	(1)
Depreciation, depletion and amortisation	697	467
Other losses	19	76
Net change in working capital	471	(1,500)
Corporate income tax paid	(373)	(1,306)
Net cash from/(used in) operating activities	1,608	(3,597)
Cash flow from investing activities:		
Interest received	178	107
Acquisition of exploration and evaluation assets	(349)	(55)
Acquisition of property and equipment	(1,686)	(1,735)
Historical costs payments	(72)	(79)
Movement in restricted cash	(93)	(8)
Net cash used in investing activities	(2,022)	(1,770)
Cash flow from financing activities:		
Dividend paid	(1,149)	-
Net cash used in financing activities	(1,149)	-
Net decrease in cash and cash equivalents	(1,563)	(5,367)
Effects of exchange rate changes on cash and cash equivalents	145	-
Cash and cash equivalents at beginning of the period	5,959	7,216
Cash and cash equivalents at end of the period	4,541	1,849

The notes on pages 5 to 8 form part of these condensed consolidated interim financial statements.

Tethys Petroleum Limited

Notes to Condensed Consolidated Interim Financial Statements (unaudited) (continued)
(in thousands of US dollars)

1 General information and going concern

Tethys Petroleum Limited (hereinafter “Tethys” or the “Company”, together with its subsidiaries “the Group”) is incorporated in the Cayman Islands and the address of the Company’s registered office is Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. Tethys is an oil and gas company operating within the Republic of Kazakhstan. Tethys’ principal activity is the acquisition of and exploration and development of crude oil and natural gas fields.

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

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 March 31, 2024. As such, this does not represent the Group’s ‘best estimate’ forecast, but was considered in the Group’s assessment of going concern, reflecting the current evolving circumstances and the most significant and reasonably possible risk identified at the date of approving the consolidated financial statements.

Scenario: The Group’s income and profits are materially reduced due to a 33% reduction in expected oil prices.

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

The Board of Directors is therefore satisfied that the Group’s forecasts and projections, including the downside scenario above, show that the Group has adequate resources to continue in operational existence for at least the next 12 months from March 31, 2025 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, 2025.

Tethys Petroleum Limited

Notes to Condensed Consolidated Interim Financial Statements (unaudited) (continued)
(in thousands of US dollars)

2 Basis of preparation and accounting policies

The condensed consolidated interim financial statements of the Group are prepared on a going concern basis under the historical cost convention except as modified by the revaluation of financial assets and financial liabilities at fair value through profit and loss and are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and effective or issued and early adopted as at the time of preparing these condensed consolidated interim financial statements.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as applicable to interim financial reporting and do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements reported for the year ended December 31, 2024.

The condensed consolidated interim financial statements are presented in thousands of United States Dollars ("\$"), except where indicated.

New and amended standards adopted by the Group

There were no new and revised IFRS Accounting Standards adopted by the Group during the three months ended March 31, 2025 that had an impact on the condensed consolidated interim financial statements.

New and amended standards and interpretations issued but not yet adopted

There are no significant new or amended standards that have been early adopted by the Group.

3 Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers have been identified as the Board of Directors.

The following is an analysis of the Group's revenue, results and assets by reportable segment for the three months ended March 31, 2025:

	Kazakhstan	Corporate	Total ¹
Oil sales	3,972	-	3,972
Gas sales	-	-	-
Other revenue	-	-	-
Segment revenue	3,972	-	3,972
Profit/(loss) before taxation	1,196	(303)	893
Corporate income tax expense	(617)	-	(617)
Profit/(loss) for the period	579	(303)	276
Total assets	55,585	95,788	56,640
Total liabilities	120,826	6,948	33,041
Expenditure on exploration & evaluation assets, property and equipment	2,035	-	2,035
Depreciation, depletion & amortization	697	-	697

Note 1 – Total is after elimination of inter-segment items of \$94,733 thousand.

Tethys Petroleum Limited

Notes to Condensed Consolidated Interim Financial Statements (unaudited) (continued)
(in thousands of US dollars)

The following is an analysis of the Group's revenue, results and assets by reportable segment for the three months ended March 31, 2024:

	Kazakhstan	Corporate	Total ¹
Oil sales	-	-	-
Gas sales	1,942	-	1,942
Other revenue	1	-	1
Segment revenue	1,943	-	1,943
Loss before taxation	(473)	(873)	(1,346)
Corporate income tax expense	363	-	363
Loss for the period	(110)	(873)	(983)
Total assets	83,025	92,914	83,084
Total liabilities	132,898	1,819	41,862
Expenditure on exploration & evaluation assets, property and equipment	1,790	-	1,790
Depreciation, depletion & amortization	467	-	467

Note 1 – Total is after elimination of inter-segment items of \$92,855 thousand.

4 Earnings per share

		Three months ended March 31	
	Units	2025	2024
Profit/(loss) for the purpose of basic and diluted earnings/(loss) attributable to ordinary shareholders	\$'000	276	(983)
Weighted average shares - basic	000s	115,075	115,488
Weighted average shares - diluted	000s	115,075	124,151
Per share amount - basic	\$	0.00	(0.01)
Per share amount - diluted	\$	0.00	(0.01)

Earnings per share is calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of ordinary shares in issue during the year. Diluted per share information is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

5 Events after the reporting period

The following subsequent events have been treated as non-adjusting and so have not been reflected in these consolidated financial statements, except where noted below.

- Resumption of gas production*

On April 10, 2025, Tethys resumed production on the Akkulka and Kyzloi gas fields. Twenty out of twenty-one wells are operating and production stabilized at a daily level of about 205,000 to 210,000 cubic meters per day.

Tethys Petroleum Limited

Notes to Condensed Consolidated Interim Financial Statements (unaudited) (continued)
(in thousands of US dollars)

- *Arbitration update*

On May 13, 2025, the International Arbitration Centre arbitrator ruled in the Group's favour on all matters in its arbitration against DSFK Special Finance Company LLP and Olisol Petroleum Limited. The Arbitrator ruled the Settlement Deed entered into by the parties should be cancelled, DSFK should repay approximately \$2.9 million to the Group and Olisol should cancel the 18 million shares in the Company issued to it pursuant to the Settlement Agreement. DSFK and Olisol were also ordered to pay the Group's legal costs. The Group is in the process of determining the next steps necessary to have the arbitration ruling enforced.