

# **Tethys Petroleum Limited**

Condensed Consolidated Interim Financial Statements  
(Unaudited)  
**March 31, 2024**

## **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.

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## **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 ●, 2024

**A. Ogunsemi**  
Director  
May ●, 2024

# Tethys Petroleum Limited

## Condensed Consolidated Interim Statements of Financial Position (unaudited)

(in thousands of US dollars)

	Note	31 March 2024	31 December 2023
<i>Non-current assets:</i>			
Property, plant and equipment		68,964	70,580
Exploration and evaluation assets		474	419
Trade and other receivables		2,923	1,086
Restricted cash		608	600
<b>Total non-current assets</b>		<b>72,969</b>	<b>72,685</b>
<i>Current assets:</i>			
Cash and cash equivalents		1,849	7,216
Prepaid income tax		171	213
Trade and other receivables		7,461	4,680
Inventories		464	537
<b>Total current assets</b>		<b>9,945</b>	<b>12,646</b>
<b>Total assets</b>		<b>82,914</b>	<b>85,331</b>
<i>Non-current liabilities:</i>			
Deferred tax liabilities		32,236	33,956
Provisions		2,328	2,414
Trade and other payables		1,817	1,894
<b>Total non-current liabilities</b>		<b>36,381</b>	<b>38,264</b>
<i>Current liabilities:</i>			
Current income tax payable		135	90
Contract liabilities - deferred revenue		739	14
Trade and other payables		4,547	4,771
<b>Total current liabilities</b>		<b>5,421</b>	<b>4,875</b>
<b>Total liabilities</b>		<b>41,802</b>	<b>43,139</b>
<i>Equity:</i>			
Share capital		11,486	11,507
Share premium		368,738	368,825
Other reserves		44,237	44,224
Treasury shares		-	(108)
Accumulated deficit		(383,349)	(382,256)
<b>Total equity</b>		<b>41,112</b>	<b>42,192</b>
<b>Total equity and liabilities</b>		<b>82,914</b>	<b>85,331</b>
<b>Going concern</b>	1		
<b>Subsequent events</b>	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 ●, 2024 and were signed on its behalf.

**W. Wells**  
Chairman  
May ●, 2024

**A. Ogunsemi**  
Director  
May ●, 2024

# Tethys Petroleum Limited

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

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

	Note	Three months ended March 31	
		2024	2023
Sales revenues	3	1,792	9,900
Production expenses		(1,827)	(1,980)
Depreciation, depletion and amortisation		(467)	(941)
Administrative expenses		(1,132)	(1,363)
Share-based payments		(13)	(31)
Other losses		(76)	(108)
Foreign exchange gain/(loss)		225	(456)
Finance income/(costs), net		1	(32)
<b>Total expenses</b>		<b>(3,289)</b>	<b>(4,911)</b>
<b>(Loss)/profit before tax</b>		<b>(1,497)</b>	<b>4,989</b>
Corporate income tax expense		404	(2,486)
<b>(Loss)/profit for the year and total comprehensive (loss)/income for the year attributable to shareholders</b>		<b>(1,093)</b>	<b>2,503</b>
<b>(Loss)/earnings per share attributable to shareholders:</b>			
Basic (\$)	4	(0.01)	0.02
Diluted (\$)	4	(0.01)	0.02

No dividends were paid during the period (2023: \$2,261 or 3 CAD cents per share).

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	Other reserves	Treasury shares	Total equity
<b>At January 1, 2023</b>	<b>11,611</b>	<b>372,011</b>	<b>(393,131)</b>	<b>45,268</b>	<b>(643)</b>	<b>35,116</b>
Comprehensive income for the period	-	-	2,503	-	-	2,503
Share-based payments	-	-	-	31	-	31
Share repurchases	-	-	-	-	(44)	(44)
Shares cancelled	(103)	(560)	-	-	663	-
Dividends paid	-	(2,621)	-	-	-	(2,621)
<b>At March 31, 2023</b>	<b>11,508</b>	<b>368,830</b>	<b>(390,628)</b>	<b>45,299</b>	<b>(24)</b>	<b>34,985</b>
<b>At January 1, 2024</b>	<b>11,507</b>	<b>368,825</b>	<b>(382,256)</b>	<b>44,224</b>	<b>(108)</b>	<b>42,192</b>
Comprehensive income for the period	-	-	(1,093)	-	-	(1,093)
Share-based payments	-	-	-	13	-	13
Shares cancelled	(21)	(87)	-	-	108	-
<b>At March 31, 2024</b>	<b>11,486</b>	<b>368,738</b>	<b>(383,349)</b>	<b>44,237</b>	<b>-</b>	<b>41,112</b>

Other reserves include reserves arising on the issuance of options, warrants and compound instruments 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	
	2024	2023
<b>Cash flow used in operating activities</b>		
(Loss)/profit before tax	(1,497)	4,989
Adjustments for:		
Share-based payments	13	31
Finance (income)/costs, net	(1)	32
Depreciation, depletion and amortisation	467	941
Other losses	76	108
Net change in working capital	(1,349)	(7,304)
Corporate income tax paid	(1,306)	(1,400)
<b>Net cash used in operating activities</b>	<b>(3,597)</b>	<b>(2,603)</b>
Cash flow from investing activities:		
Interest received	107	199
Acquisition of exploration and evaluation assets	(55)	(181)
Acquisition of property, plant and equipment	(1,735)	(1,986)
Historical costs payments	(79)	-
Movement in restricted cash	(8)	-
Net change in working capital	-	(154)
<b>Net cash used in investing activities</b>	<b>(1,770)</b>	<b>(2,122)</b>
Cash flow from financing activities:		
Dividend paid	-	(2,621)
Share repurchases	-	(44)
<b>Net cash used in financing activities</b>		<b>(2,665)</b>
Effects of exchange rate changes on cash and cash equivalents	-	116
<b>Net decrease in cash and cash equivalents</b>	<b>(5,367)</b>	<b>(7,274)</b>
Cash and cash equivalents at beginning of the period	7,216	14,538
<b>Cash and cash equivalents at end of the period</b>	<b>1,849</b>	<b>7,264</b>

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, that the restart of gas production may be delayed if the issues with Qazaq gas over the price for 2022 gas deliveries and 2024 production are not resolved and that the start of commercial oil production in Kul-Bas may be delayed if the Group does not receive all the required approvals and permits for it to be awarded a commercial production licence on a timely basis.

To assess the resilience of the Group’s going concern assessment in light of the sanctions imposed on certain Russian institutions and individuals by the global community in February 2023 and subsequently, that could impact the oil price received by the Group, 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 25% reduction in expected oil prices and a delay in the restart of gas production.

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, 2024 and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the period ended March 31, 2024.



# 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, 2023.

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, 2024 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, 2024:

	Kazakhstan	Corporate	Total <sup>1</sup>
Oil sales	-	-	-
Gas sales	1,791	-	1,791
Other revenue	1	-	1
<b>Segment revenue</b>	<b>1,792</b>	<b>-</b>	<b>1,792</b>
<b>(Loss)/profit before taxation</b>	<b>(624)</b>	<b>(873)</b>	<b>(1,497)</b>
Corporate income tax expense	404	-	404
<b>(Loss)/profit for the period</b>	<b>(220)</b>	<b>(873)</b>	<b>(1,093)</b>
Total assets	82,855	92,914	82,914
Total liabilities	132,838	1,819	41,802
Expenditure on exploration & evaluation assets, property, plant and equipment	1,790	-	1,790
Depreciation, depletion & amortization	467	-	467

Note 1 – Total is after elimination of inter-segment items of \$92,855,000.

# 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, 2023:

	Kazakhstan	Corporate	Total <sup>1</sup>
Oil sales	9,868	-	9,868
Gas sales	30	-	30
Other revenue	2	-	2
<b>Segment revenue and other income</b>	<b>9,900</b>	<b>-</b>	<b>9,900</b>
<b>Profit/(loss) before taxation</b>	<b>5,632</b>	<b>(643)</b>	<b>4,989</b>
Corporate income tax expense	(2,486)	-	(2,486)
<b>Profit/(loss) for the period</b>	<b>3,146</b>	<b>(643)</b>	<b>2,503</b>
Total assets	80,866	89,043	81,161
Total liabilities	128,833	6,091	46,176
Expenditure on exploration & evaluation assets, property, plant and equipment	2,167	-	2,167
Depreciation, depletion & amortization	941	-	941

Note 1 – Total is after elimination of inter-segment items of \$88,748,000.

## 4 Earnings per share

	Units	Three months ended March 31	
		2024	2023
(Loss)/profit for the purpose of basic and diluted (loss)/earnings attributable to ordinary shareholders	\$'000	(1,093)	2,503
Weighted average shares - basic	000s	114,977	115,488
Weighted average shares - diluted	000s	114,977	124,151
Per share amount - basic	\$	(0.01)	0.02
Per share amount - diluted	\$	(0.01)	0.02

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 as so have not been reflected in these consolidated financial statements, except where noted below.

- *Regulatory matters*

On April 5, 2024 the Group announced that it had received the permit from the Ministry of Ecology which will allow for test oil production from the KBD-10 and KBD-11 wells and regarding the commercial license, the Ministry of Energy has not yet issued the official minutes of the Working Group, and the Company is trying to determine the reason for the delay.

# Tethys Petroleum Limited

Notes to Condensed Consolidated Interim Financial Statements (unaudited) (continued)

(in thousands of US dollars)

- *Gas dispute*

Also on April 5, 2024 the Group announced that it has been continuing to work on a resolution with QazaqGaz over the dispute on the payment of gas produced by the Group. We have been unable to come to an agreement and gas production has been shut down. Due to the shutdown of gas production, a significant number of employees may be forced to take a temporary furlough and are at risk of permanent dismissal. Sixteen employees have been put on furlough. In an effort to reduce the number of staff laid off, seventeen employees have been transferred from TethysAralGas to KulBas in order to assist with the oil production on KBD-10 and KBD-11.

- *Functional currency change*

Items included in the financial statements of all of the Company's subsidiaries have historically been measured in United States dollars (\$) which was considered the currency of the primary economic environment in which they operate ("the functional currency"). Subsequent to the end of the reporting period the Group reassessed the relevant factors and determined that it was appropriate to change the functional currency of its Kazakhstan subsidiaries from United States dollars to Kazakhstan tenge. In accordance with IFRS Accounting Standards, this change will be made prospectively from the date the change was made. The Group will continue to present its consolidated financial statements in United States dollars.