

Tethys Petroleum Limited

Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2024

Casey McCandles
Casey McCandles



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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ENDED SEPTEMBER 30, 2024

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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
November 26, 2024

A. Ogunsemi
Director
November 26, 2024

Tethys Petroleum Limited

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(in thousands of US dollars except per share information)

	Note	As at September 30, 2024	December 31, 2023
<i>Non-current assets:</i>			
Property, plant and equipment		69,455	70,580
Exploration and evaluation assets		467	419
Trade and other receivables		-	1,086
Restricted cash		580	600
Total non-current assets		70,502	72,685
<i>Current assets:</i>			
Cash and cash equivalents		2,637	7,216
Prepaid income tax		81	213
Trade and other receivables		8,276	4,680
Inventories		652	537
Total current assets		11,646	12,646
Total assets		82,148	85,331
<i>Non-current liabilities:</i>			
Deferred tax liabilities		32,968	33,956
Provisions		2,139	2,414
Trade and other payables		1,435	1,894
Total non-current liabilities		36,542	38,264
<i>Current liabilities:</i>			
Current income tax payable		-	90
Contract liabilities - deferred revenue		970	14
Trade and other payables		6,160	4,771
Total current liabilities		7,130	4,875
Total liabilities		43,672	43,139
<i>Equity:</i>			
Share capital		11,486	11,507
Share premium		368,738	368,825
Accumulated deficit		(382,825)	(382,256)
Foreign currency translation reserve		(3,178)	-
Other reserves		44,255	44,224
Treasury shares		-	(108)
Total equity		38,476	42,192
Total equity and liabilities		82,148	85,331
Going concern	1		
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The notes on pages 5 to 7 form part of these condensed consolidated interim financial statements. The condensed consolidated interim financial statements were approved by the Board on November 26, 2024 and were signed on its behalf.

W. Wells
Chairman
November 26, 2024

A. Ogunsemi
Director
November 26, 2024

Tethys Petroleum Limited

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

(in thousands of US dollars except per share information)

	Note	Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
Sales and other revenues	3	5,357	11,069	12,086	30,048
Production expenses		(1,389)	(1,626)	(4,710)	(4,925)
Depreciation, depletion and amortisation		(552)	(1,562)	(1,596)	(3,850)
Administrative expenses		(881)	(1,246)	(3,111)	(4,023)
Share-based payments		(9)	(24)	(31)	(79)
Other gains and losses		(474)	2	(518)	(125)
Foreign exchange gains and losses		77	(550)	4	(1,264)
Finance (costs)/income		(51)	(312)	14	(1,041)
Total expenses		(3,279)	(5,318)	(9,948)	(15,307)
Profit before taxation		2,078	5,751	2,138	14,741
Taxation		(2,691)	(1,506)	(2,707)	(3,863)
(Loss)/profit for the year		(613)	4,245	(569)	10,878
Other comprehensive income					
Currency translation differences		(3,178)	-	(3,178)	-
Total comprehensive (loss)/income		(3,791)	4,245	(3,747)	10,878
Earnings per share:					
Basic (\$)	4	(0.01)	0.04	(0.01)	0.09
Diluted (\$)	4	(0.01)	0.04	(0.01)	0.09

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

The notes on pages 5 to 7 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, 2023	11,611	372,011	(393,131)	-	45,268	(643)	35,116
Comprehensive income for the period	-	-	10,878	-	-	-	10,878
Compound instrument extinguished	-	-	1,139	-	(1,139)	-	-
Dividend paid	-	(2,621)	-	-	-	23	(2,598)
Share repurchases	-	-	-	-	-	(154)	(154)
Shares cancelled	(104)	(565)	-	-	-	669	-
Share-based payments	-	-	-	-	79	-	79
At September 30, 2023	11,507	368,825	(381,114)	-	44,208	(105)	43,321
At January 1, 2024	11,507	368,825	(382,256)	-	44,224	(108)	42,192
Comprehensive income for the period	-	-	(569)	(3,178)	-	-	(3,747)
Shares cancelled	(21)	(87)	-	-	-	108	-
Share-based payments	-	-	-	-	31	-	31
At September 30, 2024	11,486	368,738	(382,825)	(3,178)	44,255	-	38,476

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 7 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 September 30		Nine months ended September 30	
	2024	2023	2024	2023
Cash flow from operating activities				
Profit before tax	2,078	5,751	2,138	14,741
Adjustments for:				
Net finance cost	51	312	(14)	1,041
Depreciation, depletion and amortisation	552	1,562	1,596	3,850
Share-based payments	9	24	31	79
Other gains and losses	474	(2)	518	125
Net change in working capital	(1,501)	3,917	(2,328)	(4,454)
Corporate income tax paid	(129)	(74)	(1,435)	(5,261)
Net cash from operating activities	1,534	11,490	506	10,121
Cash flow from investing activities:				
Interest received	52	190	223	491
Acquisition of exploration and evaluation assets	(20)	(15)	(79)	(197)
Acquisition of property, plant and equipment	(868)	(3,125)	(5,012)	(6,582)
Historical costs payments	(158)	(707)	(237)	(707)
Movement in restricted cash	3	(6)	20	(12)
Net cash used in investing activities	(991)	(3,663)	(5,085)	(7,007)
Cash flow from financing activities:				
Repayment of borrowings	-	-	-	(3,125)
Dividends paid	-	-	-	(2,598)
Share repurchases	-	(60)	-	(153)
Net cash used in financing activities		(60)		(5,876)
Effects of exchange rate changes on cash and cash equivalents	-	(1,391)	-	(1,803)
Net increase/(decrease) in cash and cash equivalents	543	6,376	(4,579)	(4,565)
Cash and cash equivalents at beginning of the period	2,094	3,597	7,216	14,538
Cash and cash equivalents at end of the period	2,637	9,973	2,637	9,973

The notes on pages 5 to 7 form part of these condensed consolidated interim financial statements.

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Notes to Condensed Consolidated Interim Financial Statements (unaudited)

(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. 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 continue to be delayed if the issues with Qazaqgaz are not resolved and that the start of commercial oil production in Kul-Bas may continue to 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 management performed the following downside scenario that is considered reasonably possible over the next 12 months from September 30, 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 September 30, 2024 and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the period ended September 30, 2024.

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

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Notes to Condensed Consolidated Interim Financial Statements (unaudited)

(in thousands of US dollars)

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.

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”). In 2024, 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 has been made prospectively from the date the change was made. The Group will continue to present its consolidated financial statements in United States dollars. As a result of this change, currency translation differences arising from the translation of financial statements from Kazakhstani tenge to United States dollar are recorded in Other Comprehensive Income.

New and amended standards adopted by the Group

There were no new and revised IFRS Accounting Standards adopted by the Group during the nine months ended September 30, 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 Significant Events During the Period

During the third quarter, the Group reached an agreement with QazaqGaz resolving a long-standing gas price dispute. This agreement enabled the recognition of revenue for an agreed price adjustment in gas deliveries made between May 2022 and March 31, 2024, amounting to \$1,873 thousand in the Group’s Statements of Profit and Other Comprehensive Income for the quarter and the nine months ended September 30, 2024 (see also Note 6).

4 Segmental Reporting

Geographical segments

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.

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(in thousands of US dollars)

The following is an analysis of the Group's revenue, results and assets by reportable segment for the nine months ended September 30, 2024:

	Kazakhstan	Corporate	Total ¹
Gas sales	3,815	-	3,815
Oil sales	8,243	-	8,243
Other income	28	-	28
Segment revenue and other income	12,086	-	12,086
Profit/(loss) before taxation	3,442	(1,304)	2,138
Taxation	(1,479)	(1,228)	(2,707)
Profit/(loss) for the period	1,963	(2,532)	(569)
Total assets	81,930	95,167	82,148
Total liabilities	135,168	3,453	43,672
Expenditure on exploration & evaluation assets, property, plant and equipment	5,091	-	5,091
Depreciation, depletion & amortization	1,596	-	1,596

Note 1 – Total is after elimination of inter-segment items of \$94,949.

The following is an analysis of the Group's revenue, results and assets by reportable segment for the nine months ended September 30, 2023:

	Kazakhstan	Corporate	Total ¹
Gas sales	30	-	30
Oil sales	30,014	-	30,014
Other income	4	-	4
Segment revenue and other income	30,048	-	30,048
Profit/(loss) before taxation	16,330	(1,589)	14,741
Taxation	(3,842)	(21)	(3,863)
Profit/(loss) for the period	12,488	(1,610)	10,878
Total assets	103,460	90,410	103,606
Total liabilities	147,970	2,579	60,285
Expenditure on exploration & evaluation assets, property, plant and equipment	6,779	-	6,779
Depreciation, depletion & amortization	3,850	-	3,850

Note 1 – Total is after elimination of inter-segment items of \$90,264.

5 Earnings per share

Continuing operations	Units	Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
Profit for the purpose of basic and diluted earnings per share attributable to ordinary shareholders	\$'000	(613)	4,245	(569)	10,878
Weighted average shares - basic	000s	114,857	115,075	114,897	115,211
Weighted average shares - diluted	000s	114,857	115,075	114,897	115,211
Earnings per share - basic	\$	(0.01)	0.04	(0.01)	0.09
Earnings per share - diluted	\$	(0.01)	0.04	(0.01)	0.09

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

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(in thousands of US dollars)

information is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

6 Subsequent events

On October 3, 2024, the Group received a cash payment of 3,315,563,439 tenge (\$6.9 million at an exchange rate of 480 tenge to USD) from QazaqGaz. This payment significantly improved the Group's liquidity position.