



November 1, 2023

**Tethys Petroleum Press Release  
(TSXV: TPL)**

**Corporate update**

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

**Oil Production**

The Company successfully tested KBD 10 at the Barremian zone. This zone had an average daily production rate of over 250 tons. The Company produced 23,446 tons in September and 16,402 tons in October (each ton is approximately 8 barrels). Tethys increased its production to over 1,000 tons/day in October. October 16<sup>th</sup> was the last day of the pilot production under the exploration license. The total production year to date amounted to 145,862 tons. Tethys is moving forward on the necessary steps to receive a license for commercial production. The Company is seeking the environmental and field development plan approvals. The goal is to sign a production contract for a 25 year period by early February of 2024.

**Oil and Gas Marketing update**

In early 2023, the Ministry of Energy issued an order restricting the export of certain refined oil products beyond the Eurasian Economic Union's territory. This regulation in combination with effects from the war in Ukraine has negatively impacted the price of domestic oil in Kazakhstan. The Company's oil price at the field dropped from approximately 50% of Brent at the beginning of the year to approximately 30% of Brent in October. The average price of the Company's oil sales dropped to \$242 per metric ton as compared to \$312 per metric ton for the same period in 2022. This decline resulted in an estimated loss in revenue exceeding \$10 million. Tethys has also had to forego estimated gas revenues of approximately \$10 million year to date due to the continued dispute with QazaqGaz. The dispute is over the lack of payment for previous gas sold and delivered in 2022 and on what price Tethys would receive for any new gas sales. Tethys is being asked to revise its existing contract to receive an offer price of 60% of the price of a barrel of Brent crude for each thousand cubic meter of gas (approximately \$51/mcm at a Brent price of \$85/barrel).

**Reorganization**

Given these issues and the requirement to shut in production until receipt of the commercial license, Tethys is particularly focused on costs optimization. This has led to delays in its exploration program in regards to seismic acquisition and in drilling new wells and in also reducing some staffing. The Company has laid off 22 temporary



employees with another 32 employees drawing a half salary without having to work. Tethys plans to maintain full time employment for the other employees (estimated at 243) but will need to continue to monitor all costs closely during this period. The Tethys board and management are appreciative of the Tethys work force and are doing what it can to find continued work within Tethys for all employees. We are hopeful both the gas and the oil field operations can resume soon.

### **Current Cash**

As of this date, Tethys has approximately \$7.7mm in cash with no debt to consider but it will have taxes, operating expenses and capital expenses on the gas utilization to address. Unfortunately, the tax on estimated profits paid by TAG in 2022 on gas revenues which were not received, cannot be used to offset taxes owed by Kulbas in 2023. The board and management believe that if there is a shortfall in cash prior to the resumption of production, that Tethys can likely enter into an oil pre-sale agreement, access the debt markets and/or use other means to retain sufficient operating liquidity.

### **Plans**

Given the reduction in oil prices in the Republic of Kazakhstan, Tethys is reducing its exploration and operating plans to incorporate lower oil price estimates. While Tethys acquired 3 new licenses in the auction at the end of last year, it has not acquired new licenses in either of the two government auctions this year. The priority has been to address the costs necessary for the gas utilization required for the commercial license. The Tethys board wishes to assure shareholders that Tethys will continue to work to maintain a good return on shareholders' equity on any new investment.

### **About Tethys**

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

### **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.

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