

Tethys Petroleum Limited

Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 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
August 29, 2024

A. Ogunsemi
Director
August 29, 2024

Tethys Petroleum Limited

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(in thousands of US dollars)

	Note	30 June 2024	31 December 2023
<i>Non-current assets:</i>			
Property, plant and equipment		75,783	70,580
Exploration and evaluation assets		477	419
Trade and other receivables		2,923	1,086
Restricted cash		583	600
Total non-current assets		79,766	72,685
<i>Current assets:</i>			
Cash and cash equivalents		2,094	7,216
Prepaid income tax			213
Trade and other receivables		4,693	4,680
Inventories		482	537
Total current assets		7,269	12,646
Total assets		87,035	85,331
<i>Non-current liabilities:</i>			
Deferred tax liabilities		32,585	33,956
Provisions		2,328	2,414
Trade and other payables		1,705	1,894
Total non-current liabilities		36,618	38,264
<i>Current liabilities:</i>			
Current income tax payable		44	90
Contract liabilities - deferred revenue		871	14
Trade and other payables		7,244	4,771
Total current liabilities		8,159	4,875
Total liabilities		44,777	43,139
<i>Equity:</i>			
Share capital		11,486	11,507
Share premium		368,738	368,825
Other reserves		44,246	44,224
Treasury shares		-	(108)
Accumulated deficit		(382,212)	(382,256)
Total equity		42,258	42,192
Total equity and liabilities		87,035	85,331
Going concern	1		
Subsequent events	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 August 28, 2024 and were signed on its behalf.

W. Wells
Chairman
August 29, 2024

A. Ogunsemi
Director
August 29, 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 June 30		Six months ended June 30	
		2024	2023	2024	2023
Sales revenue	3	4,786	9,079	6,729	18,979
Production expenses		(1,495)	(1,319)	(3,321)	(3,300)
Depreciation, depletion and amortisation		(577)	(1,347)	(1,044)	(2,288)
Administrative expenses		(1,097)	(1,413)	(2,230)	(2,776)
Share-based payments		(9)	(24)	(22)	(55)
Other gains and losses		32	(20)	(44)	(127)
Foreign exchange gains and losses		(298)	(258)	(73)	(714)
Finance costs		64	(697)	65	(729)
Total expenses		(3,380)	(5,078)	(6,664)	(9,989)
Profit before tax from continuing operations		1,406	4,001	60	8,990
Taxation		(379)	130	(16)	(2,355)
Profit from continuing operations and total comprehensive income		1,027	4,131	44	6,635
Earnings per share:					
Basic (\$)	4	0.01	0.04	0.00	0.06
Diluted (\$)	4	0.01	0.04	0.00	0.06

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
At January 1, 2023	11,611	372,011	(393,131)	45,268	(643)	35,116
Compound instrument extinguished	-	-	1,139	(1,139)	-	-
Comprehensive income for the period	-	-	6,635	-	-	6,635
Dividend paid	-	(2,621)	-	-	23	(2,598)
Share repurchases	-	-	-	-	(93)	(93)
Shares cancelled	(104)	(565)	-	-	669	-
Share-based payments	-	-	-	55	-	55
At June 30, 2023	11,507	368,825	(385,357)	44,184	(44)	39,115
At January 1, 2024	11,507	368,825	(382,256)	44,224	(108)	42,192
Comprehensive income for the period	-	-	44	-	-	44
Shares cancelled	(21)	(87)	-	-	108	-
Share-based payments	-	-	-	22	-	22
At June 30, 2024	11,486	368,738	(382,212)	44,246	-	42,258

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 June 30		Six months ended June 30	
	2024	2023	2024	2023
Cash flow from operating activities				
Profit before tax	1,406	4,001	60	8,990
Adjustments for:				
Net finance cost	(64)	697	(65)	729
Depreciation, depletion and amortisation	577	1,347	1,044	2,288
Share-based payments	9	24	22	55
Other gains and losses	(32)	20	44	127
Net change in working capital	673	(5,842)	(827)	(12,069)
Corporate income tax paid	-	(88)	(1,306)	(1,488)
Net cash from/(used in) operating activities	2,569	159	(1,028)	(1,368)
Cash flow from investing activities:				
Interest received	64	102	171	301
Acquisition of exploration and evaluation assets	(4)	-	(59)	(182)
Acquisition of property, plant and equipment	(2,409)	(3,086)	(4,144)	(5,072)
Historical cost payments	-	-	(79)	-
Movement in restricted cash	25	(6)	17	(6)
Net change in working capital	-	1,768	-	1,614
Net cash used in investing activities	(2,324)	(1,222)	(4,094)	(3,345)
Cash flow from financing activities:				
Repayment of borrowings	-	(3,125)	-	(3,125)
Dividend paid	-	23	-	(2,598)
Share repurchases	-	(48)	-	(93)
Net cash used in financing activities	-	(3,150)	-	(5,816)
Effects of exchange rate changes on cash and cash equivalents	-	546	-	(412)
Net increase/(decrease) in cash and cash equivalents	245	(3,667)	(5,122)	(10,941)
Cash and cash equivalents at beginning of the period	1,849	7,264	7,216	14,538
Cash and cash equivalents at end of the period	2,094	3,597	2,094	3,597

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 continue to 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 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 June 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 June 30, 2024 and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the period ended June 30, 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 six months ended June 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 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 six months ended June 30, 2024:

	Kazakhstan	Corporate	Total ¹
Oil sales	4,786	-	4,786
Gas sales	1,942	-	1,942
Other revenue	1	-	1
Segment revenue	6,729	-	6,729
Profit/(loss) before taxation	1,135	(1,075)	60
Corporate income tax expense	(16)	-	(16)
Profit/(loss) for the period	1,119	(1,075)	44
Total assets	86,978	93,954	87,035
Total liabilities	135,264	3,410	44,777
Expenditure on exploration & evaluation assets, property, plant and equipment	4,203	-	4,203
Depreciation, depletion & amortization	1,044	-	1,044

Note 1 – Total is after elimination of inter-segment items of \$93,897.

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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 June 30, 2023:

	Kazakhstan	Corporate	Total ¹
Oil sales	18,947	-	18,947
Gas sales	30	-	30
Other revenue	2	-	2
Segment revenue and other income	18,979	-	18,979
Profit/(loss) before taxation	10,395	(1,405)	8,990
Taxation	(2,334)	(21)	(2,355)
Profit/(loss) for the period	8,061	(1,426)	6,635
Total assets	95,493	90,577	95,849
Total liabilities	144,413	2,542	56,734
Expenditure on exploration & evaluation assets, property, plant and equipment	5,254	-	5,254
Depreciation, depletion & amortization	2,288	-	2,288

Note 1 – Total is after elimination of inter-segment items of \$90,221.

4 Earnings per share

Continuing operations	Units	Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
Profit for the purpose of basic and diluted earnings per share attributable to ordinary shareholders	\$'000	1,027	4,131	44	6,635
Weighted average shares - basic	000s	114,857	115,075	114,917	115,280
Weighted average shares - diluted	000s	114,857	115,075	114,917	115,280
Earnings per share - basic	\$	0.01	0.04	0.00	0.06
Earnings per share - diluted	\$	0.01	0.04	0.00	0.06

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

There were no events after the end of the reporting period to report.