Tethys Petroleum Limited

Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

Contents

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

Responsibility Statement of the Directors in Respect of the Annual Report and Accounts

The accompanying consolidated financial statements of Tethys Petroleum Limited (hereinafter "the Company") and its subsidiaries (hereinafter together with subsidiaries "the Group") and all the information in the Annual Report and Accounts are the responsibility of the Board of Directors. The consolidated financial statements have been prepared by management, acting on behalf of the Board of Directors, in accordance with the accounting policies described in the notes to the consolidated financial statements. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with IFRS Accounting Standards ("IFRS Accounting Standards"), appropriate in the circumstances, as issued by the International Accounting Standards Board. The consolidated financial information contained elsewhere in the Annual Report and Accounts has been reviewed to ensure consistency with that in the consolidated financial statements.

Management has developed and maintains systems of internal accounting controls, policies and procedures in order to provide reasonable assurance as to the reliability of the financial records and the safeguarding of assets.

External auditors have examined the consolidated financial statements and have expressed an opinion on the consolidated financial statements. Their report is included with the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board of Directors of the Company has established an Audit Committee, consisting of independent non-management directors, to review the consolidated financial statements with management and the auditors. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

We confirm that to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

- the Management Discussion & Analysis includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

William Wells	**Adeola Ogunsemi**
Executive Chairman	Director
April 28, 2025	April 28, 2025

Grant Thornton LLP
Office 2103
4V BC Nurly Tau, n.p.
21V
15 Al-Farabi ave.
Almaty
050059/A15E2P5

T +7 (727) 311 13 40

almaty@kz.gt.com
www.grantthornton.kz

INDEPENDENT AUDITOR'S REPORT

To the shareholders and management of Tethys Petroleum Limited

Opinion

We have audited the consolidated financial statements of Tethys Petroleum Limited and its subsidiaries (hereinafter – "the Group"), which comprise the consolidated statement of financial position as at December 31, 2024 and 2023, and the consolidated statement of (loss) / profit and other comprehensive (loss) / income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards (hereinafter – "IFRS Accounting Standards") as issued by the International Accounting Standards Board (hereinafter – "IASB").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter – "ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (hereinafter – "IESBA Code"),* as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Republic of Kazakhstan. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

We draw attention to the section of Note 18 entitled "Exploration and Production Contract Commitments" in the consolidated financial statements, which describes that the work programs for exploration and production contracts include a required level of "Investments" (financial obligations) as defined in the contracts. Failure by the Group to meet the required level of financial obligations in any given year results in a financial penalty for that year up to 10% of the amount by which actual performance falls short of the required level. Repeated non-compliances by a license holder could result in a license being terminated, unless the non-compliances have been remedied by the license holder or waived by the licensing authority.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of oil and gas properties

Tethys Petroleum Limited has oil and gas assets in the production stage. There is the risk that long term cash flows will not be sufficient to realise the value attributed to capitalised expenditure on these assets. $45.5 million has been capitalised in property and equipment for those assets in the production stage as at December 31, 2024 (December 31, 2023: $70.6 million).

Significant management judgement is involved to determine whether there is an impairment of the assets. Impairment of the assets may result in the use of the going concern basis of preparation to be inappropriate. We therefore identified the recoverability of the oil and gas property as a significant risk, which was one of the most significant assessed risks of material misstatement.

The Group's accounting policy on recoverability of the oil and gas property is disclosed in Note 2 to the consolidated financial statements and related disclosures are included in Note 11.

In responding to the key audit matter, we performed the following audit procedures:

- Obtaining management's assessment of indicators of impairment for oil and gas property, examining licenses and reserve reports produced by geological experts;
- Testing the mathematical accuracy of management's impairment calculation;
- Determining the competence, capabilities and objectivity of third-party experts used to estimate oil and gas reserves;
- Reviewing the appropriateness of management's key assumptions including the oil and gas sales price, which was benchmarked against forecast oil and gas prices from an independent source;
- Confirming that the amount of oil and gas reserves included within the calculation was not in excess of the proved and probable amount estimated by a third-party.

Revenue recognition and contract accounting

In 2024, a total of $15.2 million of revenue was recognised for the sale of crude oil and natural gas, including $11.4 million and $3.8 million for oil sales and gas sales, respectively (2023: $36.5 million including $34.3 million and $2.2 million for oil sales and gas sales, respectively). Revenue is recognised in the consolidated financial statements at a point in time when the control over the oil and gas passes to the customer and physical delivery occurs. There is judgement involved in the classification of revenues from sold oil and in the timing of the reduction of unearned revenues. We therefore identified revenue recognition and contract accounting as a significant risk, which was one of the most significant assessed risks of material misstatement.

The Group's accounting policy on revenue recognition is disclosed in Note 2 to the consolidated financial statements and related disclosures are included in Note 6.

In responding to the key audit matter, we performed the following audit procedures:

- Performing substantive analytical procedures over both oil and gas revenue streams by comparing the quarterly volumes and amounts of revenue with customers;
- Obtaining crude oil and natural gas sales contracts that were in place during the financial year and for key components of the contracts, assessing whether revenue was recognised in accordance with IFRS 15 "Revenue from contracts with customers";
- Agreeing revenue to documentation of oil and gas extraction volume to confirm consistency of revenue recognised;
- Testing the accuracy of accounting for unearned revenues as at the reporting date and during the year with respect to the contracts entered into with customers;
- Agreeing a sample of crude oil and natural gas sales transactions to relevant supporting documentation to confirm that revenue has been recognised in accordance with the Group's accounting policy;

Key Audit Matters (continued)

- Receiving the confirmation letters, acts of reconciliation and correspondence from major customers as at the year end.

Deferred tax

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for tax assessments based on estimates of whether additional taxes will be due.

The Group's accounting policy on deferred tax is disclosed in Note 2 to the consolidated financial statements and related disclosure is included in Note 9.

In responding to the key audit matter, we performed the following audit procedures:

- Identifying the key assumptions and inputs used within management's calculation of the deferred tax and assessing the key assumptions against IFRS Accounting Standards and local tax code in order to determine whether the assumptions used are reasonable and can be sufficiently supported;
- Recalculation of deferred tax checking the mathematical accuracy and agreeing the tax balances used in calculation with tax declarations.

Going concern

Tethys Petroleum Limited assessed its ability to adopt the going concern basis in preparing the consolidated financial statements for the year ended December 31, 2024. Taking into consideration the Group's current activities, projected positive cash flows and such factors like a confirmation of commercial oil reserves and change of oil and gas prices, the Group prepared assessment and forecasts in relation to going concern.

The Group's related disclosure on going concern is included in Note 1.

In responding to the key audit matter, we performed the following audit procedures:

- Considering the inherent risks associated with the Group's business model including effects arising from external factors, assessing and challenging the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period;
- Confirming that the amount of oil and gas production and capital expenditures included in forecasts were in line with the amounts estimated by a third party;
- Assessing the construction, integrity and accuracy of the model used for the purposes of cash flow forecasting;
- Agreeing key inputs into the model, such as revenue and cost assumptions, to underlying budgets and forecasts approved by the Board of Directors;
- Reviewing the appropriateness of key judgements and key assumptions made in the Group's cash flow forecast model;
- Reading other information that includes projections beyond the assessed going concern period, and assessing whether the disclosures provided give rise to any event or condition outside of the going concern period that may cast significant doubt over the Group's ability to continue as a going concern;
- Recalculating the sensitivity analysis prepared by management to assess their accuracy, challenge management's assessment of going concern and consider the appropriateness of management's sensitivity analysis.

Other Information

Management is responsible for other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of Tethys Petroleum Limited regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton LLP

Yerzhan Dossymbekov

Engagement partner / General Director
Grant Thornton LLP

Certified Auditor of the Republic of Kazakhstan
Certificate No. MF–0000069 dated 20 January 2012

State license No. 18015053 dated 3 August 2018 for providing audit services on the territory of the Republic of Kazakhstan, issued by the Committee of Internal State Audit of the Ministry of Finance of the Republic of Kazakhstan

April 29, 2025
Almaty, the Republic of Kazakhstan

Tethys Petroleum Limited

Consolidated Statements of Financial Position

As at December 31
(in thousands of US dollars)

	Notes	2024	2023
Non-current assets:			
Property and equipment	11	45,508	70,580
Exploration and evaluation assets		428	419
Trade and other receivables	12	328	1,086
Restricted cash		526	600
Total non-current assets		**46,790**	**72,685**
Current assets:			
Cash and cash equivalents	17	5,959	7,216
Prepaid income tax		1,523	213
Trade and other receivables	12	1,356	4,680
Inventories		603	537
Total current assets		**9,441**	**12,646**
Total assets		**56,231**	**85,331**
Non-current liabilities:			
Deferred tax liabilities	9	22,112	33,956
Provisions	14	3,254	2,414
Trade and other payables	13	1,751	1,894
Total non-current liabilities		**27,117**	**38,264**
Current liabilities:			
Current income tax payable		586	90
Contract liabilities - deferred revenue	6	865	14
Trade and other payables	13	4,516	4,771
Total current liabilities		**5,967**	**4,875**
Total liabilities		**33,084**	**43,139**
Equity:			
Share capital	15	11,486	11,507
Share premium	15	368,738	368,825
Accumulated deficit		(394,642)	(382,256)
Foreign currency translation reserve		(6,695)	-
Other reserves		44,260	44,224
Treasury shares		-	(108)
Total equity		**23,147**	**42,192**
Total equity and liabilities		**56,231**	**85,331**
Commitments and contingencies	18		
Events after reporting period	19		

The notes on pages 5 to 39 form part of these consolidated financial statements.

The consolidated financial statements were approved by the Board on April 28, 2025 and were signed on its behalf.

W. Wells
Chairman

A. Ogunsemi
Director

Tethys Petroleum Limited

Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income

For the year ended December 31
(in thousands of US dollars, except per share amounts)

	Notes	2024	2023
Sales revenues	6	15,201	36,479
Production expenses	6	(6,162)	(6,081)
Depreciation, depletion and amortisation	11	(2,315)	(4,270)
Impairment charges	11	(20,518)	(1,720)
Administrative expenses	7	(4,042)	(5,354)
Share-based payments		(36)	(95)
Other losses		(564)	(298)
Foreign currency exchange gain/(loss)		(585)	36
Finance costs, net	8	(124)	(247)
Total expenses		(34,346)	(18,029)
(Loss)/profit before tax		**(19,145)**	**18,450**
Corporate income tax benefit/(expense)	9	6,759	(8,714)
(Loss)/profit for the year		**(12,386)**	**9,736**
Other comprehensive (loss)/income			
Exchange differences from translating foreign operations		(6,695)	-
Total comprehensive (loss)/income		**(19,081)**	**9,736**
Earnings per share attributable to shareholders:			
Basic ($)	10	(0.11)	0.08
Diluted ($)	10	(0.11)	0.08

No dividends were paid or declared during the year (2023: $2,599). Refer to Note 15 for further details.

The notes on pages 5 to 39 form part of these consolidated financial statements.

Tethys Petroleum Limited

Consolidated Statements of Changes in Equity

For the year ended December 31
(in thousands of US dollars)

	Notes	Share capital	Share premium	Accumulated deficit	Foreign currency translation reserve	Other reserves	Treasury shares	Total equity
At January 1, 2023	15	**11,611**	**372,011**	**(393,131)**	**-**	**45,268**	**(643)**	**35,116**
Profit and comprehensive income for the year		-	-	9,736	-	-	-	9,736
Share-based payments	15	-	-	-	-	95	-	95
Compound instrument extinguished		-	-	1,139	-	(1,139)	-	-
Transactions with shareholders								
Shares repurchased	15	-	-	-	-	-	(156)	(156)
Shares cancelled	15	(104)	(565)	-	-	-	669	-
Dividends paid	15	-	(2,621)	-	-	-	22	(2,599)
Total transactions with shareholders		(104)	(3,186)	-	-	-	535	(2,755)
At December 31, 2023	15	**11,507**	**368,825**	**(382,256)**	**-**	**44,224**	**(108)**	**42,192**
Loss and comprehensive loss for the year		-	-	(12,386)	(6,695)	-	-	(19,081)
Share-based payments		-	-	-		36	-	36
Transactions with shareholders								
Shares cancelled	15	(21)	(87)	-	-	-	108	-
Total transactions with shareholders		(21)	(87)	-	-	-	108	-
At December 31, 2024	15	**11,486**	**368,738**	**(394,642)**	**(6,695)**	**44,260**	**-**	**23,147**

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 39 form part of these consolidated financial statements.

Tethys Petroleum Limited

Consolidated Statements of Cash Flows

For the year ended December 31

(in thousands of US dollars)

	Notes	2024	2023
Cash flow from operating activities			
Profit before tax		(19,145)	18,450
Adjustments for:			
Share-based payments		36	95
Finance costs, net		124	247
Depreciation, depletion and amortisation	11	2,315	4,270
Impairment charges	11	20,518	1,720
Other losses		564	244
Net change in working capital		4,164	(5,397)
Corporate income tax paid		(1,663)	(9,519)
Net cash from operating activities		**6,913**	**10,110**
Cash flow from investing activities			
Interest received		387	736
Acquisition of exploration and evaluation assets		(86)	(251)
Acquisition of property and equipment		(7,716)	(11,817)
Historical costs payments		(308)	(158)
Movement in restricted cash		74	(62)
Net cash used in investing activities		**(7,649)**	**(11,552)**
Cash flow from financing activities			
Repayment of borrowings		-	(3,125)
Shares repurchased	15	-	(156)
Dividends paid	15	-	(2,599)
Net cash used in financing activities		**-**	**(5,880)**
Net decrease in cash and cash equivalents		**(736)**	**(7,322)**
Change in allowance for expected credit losses	17	(14)	-
Effects of exchange rate changes on cash and cash equivalents		(507)	-
Cash and cash equivalents at beginning of the year		7,216	14,538
Cash and cash equivalents at end of the year	**17**	**5,959**	**7,216**

The notes on pages 5 to 39 form part of these consolidated financial statements.

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").

The total number of full-time employees of the Group at December 31, 2024 was 202 (2023: 232).

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

2 Summary of material accounting policies

Basis of preparation

The consolidated financial statements are presented in United States dollars ("$"). Foreign operations are included in accordance with the policies set out in this note.

Statement of compliance

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention and are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the consolidated financial statements are disclosed in Note 4.

New and amended standards adopted by the Group

The Group adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with applicable transitional provisions and did not have a material impact on the consolidated financial statements.

- IAS 1 – Presentation of Financial Statements, has been amended to clarify how to classify debt and other liabilities as either current or non-current and how to determine that an entity has the right to defer settlement of a liability arising from a loan arrangement, which contains covenant(s), for at least twelve months after the reporting period. The amendments were effective for the year beginning on January 1, 2024. There was no impact on the Group's consolidated financial statements at the adoption date.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16), clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments were effective for the year beginning on January 1, 2024. There was no impact on the Group's consolidated financial statements at the adoption date.

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7), add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments were effective for the year beginning on January 1, 2024. There was no impact on the Group's consolidated financial statements at the adoption date.

- In June 2023, the International Sustainability Standards Board issued two new standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. These standards aim to enhance transparency by requiring entities to disclose information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance, or cost of capital over the short, medium, or long term.

IFRS S1 sets out general requirements for the content and presentation of sustainability-related financial disclosures, ensuring that the information provided is useful to users in making decisions related to providing resources to the entity. IFRS S2 focuses specifically on climate-related disclosures, requiring entities to provide information about:

- physical risks associated with climate change;
- transition risks related to climate change;
- climate-related opportunities;
- the climate resilience of the organization

These standards are effective for annual reporting periods beginning on or after 1 January 2024. IFRS S1 and S2 are applicable to annual reporting periods beginning on or after 1 January 2024 but have not yet been mandated for use by Canadian securities regulatory authorities.

New and amended standards and interpretations issued but not yet adopted

The Group will continue to assess the impact of the following amendments to the standards and interpretations applicable for future periods but at this stage does not expect them to have a material impact on the Group's consolidated financial statements at the adoption date:

- IFRS 18 – Presentation and Disclosure in Financial Statements ("IFRS 18"), has been issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for financial statements beginning on January 1, 2027, including interim financial statements and requires retrospective application.

- IFRS 19 Subsidiaries without Public Accountability, specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. IFRS 19 is applicable to annual reporting periods beginning on or after January 1, 2027.

- Lack of Exchangeability (Amendments to IAS 21), contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are applicable to annual reporting periods beginning on or after January 1, 2025.

- Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments, disclosures, address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments. The amendments are applicable to annual reporting periods beginning on or after January 1, 2026.

- Annual Improvements to IFRS Accounting Standards — Volume 11, the pronouncement comprises the following amendments:
    - IFRS 1: Hedge accounting by a first-time adopter
    - IFRS 7: Gain or loss on derecognition
    - IFRS 7: Disclosure of deferred difference between fair value and transaction price
    - IFRS 7: Introduction and credit risk disclosures
    - IFRS 9: Lessee derecognition of lease liabilities
    - IFRS 9: Transaction price
    - IFRS 10: Determination of a 'de facto agent'
    - IAS 7: Cost method

  The improvements are applicable to annual reporting periods beginning on or after January 1, 2026.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All subsidiaries, as listed in Note 16, have been consolidated into the Company's consolidated financial statements.

Inter-company transactions, balances and unrealized gains or losses between subsidiaries are eliminated. The financial statements of the subsidiaries are prepared using consistent accounting policies and reporting date as the Company.

The income statements of the Group's subsidiaries are reported in their functional currency which, for the Group's principal subsidiaries in Kazakhstan, in the tenge. For the purposes of inclusion in these consolidated financial statements the results of the subsidiaries are translated into United States dollars using the monthly average rates of exchange and the assets and liabilities are translated at the closing exchange rate on the reporting date. Currency translation differences are shown as Other Comprehensive (Loss)/Income and as a movement in the foreign currency translation reserve.

Joint arrangements

The Group classifies its interests in joint arrangements as either joint operations (if the company has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considers the structure of the arrangement, the legal form of any separate vehicles, the contractual terms of the arrangement and other facts and circumstances.

Where the Group has an interest in a joint operation, it recognises its own assets, liabilities and transactions, including its share of those incurred jointly.

The Group's interests in joint ventures are accounted for using the equity method of accounting. Under the equity method, the Group's investment is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture, less distributions received and less any impairment in value of the investment. The Group's Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income reflects the Group's share of the profit or loss after tax and other comprehensive profit or loss of the joint venture, until the date on which significant influence or joint control ceases.

When the Group's share of losses in the joint venture equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. Financial statements of joint ventures are prepared for the same reporting year as the Company.

Accounting policies of the joint venture are consistent with accounting policies adopted by the Company.

Segment 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.

Foreign currency translation

These consolidated financial statements are presented in $, which is the Company's functional currency and the Group's presentation currency. Items included in the financial statements of all of the Company's subsidiaries have historically been measured in United States dollars ($) which was considered the currency of the primary economic environment in which they operate ("the functional currency"). During the year, 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 was made prospectively from the date of change of functional currency on April 30, 2024.

All monetary assets and liabilities denominated in foreign currencies are translated into $ at the rate of exchange in effect at the reporting date. Non-monetary assets are translated at historical exchange rates.

Revenue and expense items (excluding depreciation and amortisation which are translated at the same rates as the related assets) are translated at the average rate of exchange.

Exchange gains and losses arising on translation are taken to the Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income.

Revenue from contracts with customers

The Group is in the business of producing and selling crude oil and natural gas. Revenue from contracts with customers is recognised when control of the crude oil or natural gas is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the crude oil and natural gas. The Group has concluded that it is the principal in its revenue arrangements because it controls the crude oil and natural gas before transferring them to the customer. Contracts with customers have one performance obligation to deliver crude oil or natural gas at prices stated at the contracts, with no variable considerations.

Revenue from sale of natural gas is recognised at the point in time when control of the asset is transferred to the customer, when it is delivered via the Group's gas pipeline at the meter point with the State-owned gas trunk-line. The normal credit term is 30 days after the end of the calendar month of supply.

Revenue from sale of crude oil is recognised at the point in time when control of the asset is transferred to the customer, when it is delivered at the well-site. Credit terms can vary from payment in advance of delivery to 30 days after the date of delivery.

Advance payments received from customers are shown in the Group's consolidated statement of financial position as deferred revenue until such time as the conditions for revenue recognition have been met at which time they are shown as sales revenue in the Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income.

Test production and the appraisal and development phase

Test production is production that is generated in the appraisal and development phase before commercial discovery of oil or gas is officially recognised. Revenue and costs generated from a field classified as operating in the production phase is recorded through the Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income.

Oil and gas properties in the production phase

Oil and gas properties within Property and equipment are stated at cost, less accumulated depletion and accumulated impairment losses.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties, as long as the facts and circumstances indicate that the field has commercially viable reserves.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the asset retirement obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Once commercial production in an area of interest has commenced, oil and gas properties are depleted on a unit-of-production basis over the proved and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved and probable reserves of the relevant area. The unit-of-production rate for the depletion of field development costs takes into account expenditures incurred to date, together with future development expenditure to develop the proved and probable reserves. Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis.

Other property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of these assets less residual value over their estimated useful economic lives, for the following classes of assets:

Vehicles	Straight line	4 years
Computer equipment	Straight line	3 years
Office equipment	Straight line	5 years

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within the Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income.

Impairment of non-financial assets

Exploration and evaluation costs are tested for impairment when reclassified to oil and gas properties or whenever facts and circumstances indicate potential impairment. An impairment loss is recognised for the amount by which the exploration and evaluation expenditure's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation expenditure's fair value less costs to sell and their value in use.

Values of oil and gas properties and other property and equipment are reviewed for impairment when indicators of such impairment exist. If any indication of impairment exists an estimate of the asset's recoverable amount is calculated. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. An asset group’s recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income so as to reduce the carrying amount to its recoverable amount (i.e. the higher of fair value less costs to sell and value in use).

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Asset retirement obligation (“ARO”)

Provision is made for the present value of the future cost of abandonment of oil and gas wells and related facilities. This provision is recognised when a legal or constructive obligation arises.

The estimated costs, based on engineering cost levels prevailing at the reporting date, are computed on the basis of the latest assumptions as to the scope and method of abandonment. Provisions are measured at the fair value of the expenditures expected to be required to settle the obligation using a pre-tax risk free rate, updated at each reporting date that reflects current market assessments of the time value of money and the risks specific to the obligation. The corresponding amount is capitalised as part of exploration and evaluation expenditure or oil and gas properties and is amortised on a unit-of-production basis as part of the depreciation, depletion and amortisation charge. Any adjustment arising from the reassessment of estimated cost of ARO is capitalised, whilst the charge arising from the accretion of the discount applied to the ARO is treated as a component of finance costs.

Inventories

Inventories consist of spare parts and consumable materials and are shown at the lower of cost and net realisable value. Cost is determined on a first-in-first-out method for spare parts and consumable materials inventories.

Taxation including deferred taxation

The tax expense represents current tax and deferred tax.

Current tax is based on the taxable profits for the year. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting nor the taxable profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability settled.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the (Loss)/Profit and Comprehensive (Loss)/Income, net of any reimbursement. The increase in the provision due to passage of time is recognised as interest expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying capital asset or project under construction are capitalised and added to the asset or project cost during construction until such time as the asset or project is substantially ready for its intended use. Where funds are specifically borrowed to finance an asset or project, the amount capitalised represents the actual amount of borrowing cost incurred. Where funds used to finance an asset or project form part of general borrowings, the amount capitalised is calculated by using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income in the period in which they are incurred.

Restricted cash

Restricted cash comprises credit card deposits and interest-bearing deposits held in Kazakhstan to comply with subsoil use agreements terms for "asset retirement obligations".

Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognised when the Group becomes a party to the contracts that give rise to them and are classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate. The Group considers whether a contract contains an embedded derivative when the entity first becomes a party to it. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets not designated upon initial recognition as amortised cost or fair value through other comprehensive income ("FVOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVPL are measured at fair value with changes in fair value recognised in the consolidated statements of operations.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognised in other comprehensive income ("OCI") with no reclassification to the consolidated statements of earnings. The election is available on an investment-by-investment basis. Investments in equity securities, where the Group cannot exert significant influence, are designated as financial assets at FVOCI.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVPL. Financial assets classified as amortised cost are measured subsequent to initial recognition at amortised cost using the effective interest method. Cash and cash equivalents, restricted cash, trade and other receivables are classified as and measured at amortised cost.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net earnings when the liabilities are derecognised as well as through the amortisation process. Borrowing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Trade and other payables and borrowings are classified as and measured at amortised cost.

Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives are recorded in net earnings.

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cashflow analysis; and, pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

A loss allowance for expected credit losses is recognised in the Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income for financial assets measured at amortised cost. At each reporting date, on a forward-looking basis, the Group assesses the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investments in equity instruments. The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Derecognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Group has transferred its rights to receive cash flows from the asset, the Group will assess whether it has relinquished control of the asset or not. If the Group does not control the asset then derecognition is appropriate. A financial liability is derecognised when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in net earnings.

(tabular amounts in thousands of US dollars, except where otherwise noted)

Treasury shares

The Group's holdings in its own equity instruments are shown as deductions from shareholders' equity. Treasury shares represent Tethys shares repurchased under the share buy-back programme and pending cancellation. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of equity shares.

3 Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk, commodity price risk, interest rate risk and foreign currency exchange risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors has overall responsibility for the Group's management of risk, including the identification and analysis of risks faced by the Group and the consideration of controls that monitor changes in risk and minimise risk wherever possible.

a) Financial risk factors

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations. Credit risk arises from the Group's loans receivable from jointly controlled entities, cash and cash equivalents and accounts receivable balances. With respect to the Group's financial assets, the maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of these instruments. The maximum exposure to credit risk as at the reporting date is:

	2024	2023
Trade receivables	-	2,962
Other receivables	611	365
Loan receivable from joint venture, gross	4,165	3,985
Loan receivable from joint venture, allowance for expected credit losses (note 11.2)	(4,165)	(3,985)
Cash and cash equivalents, gross	5,973	7,216
Allowance for expected credit losses on cash and cash equivalents	(14)	-
Restricted cash	526	600
	7,096	**11,143**

The Group seeks to minimise credit risk from trade receivables by dealing with known counterparties and invoicing and collecting payment in advance wherever possible.

Deposits at financial institutions included in cash and cash equivalents and restricted cash are not covered by bank guarantees. Whilst deposits are held with reputable banks of good standing, there is nevertheless a risk of credit loss should one of the banks fail and default on its obligations. The Group seeks to minimise credit risk from deposits at financial institutions by utilising financial institutions with acceptable financial standing and spreading deposits across more than one financial institution when balances reach certain levels.

(tabular amounts in thousands of US dollars, except where otherwise noted)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's ability to generate or obtain sufficient cash or cash equivalents to satisfy these financial obligations as they become due.

The Group's processes for managing liquidity risk includes preparing and monitoring capital and operating budgets, co-ordinating and authorising project expenditures and ensuring appropriate authorisation of contractual agreements. The budget and expenditure levels are reviewed on a regular basis and updated when circumstances indicate change is appropriate. The Group seeks additional financing based on the results of these processes.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

As at December 31, 2024	Carrying amount	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	Thereafter
Non-derivative financial liabilities:						
Trade and other payables	6,267	7,073	4,690	636	636	1,112
Total	**6,267**	**7,073**	**4,690**	**636**	**636**	**1,112**

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as commodity prices, interest rates and foreign exchange rates.

Commodity price risk

Commodity price risk arises from the effect that fluctuations of future commodity prices may have on the price received for sales of crude oil and natural gas. The marketability and price of crude oil and natural gas that is produced and may be discovered by the Group will be affected by numerous factors that are beyond the control of the Group.

Crude oil and natural gas prices are subject to wide fluctuations. Any material decline in spot prices could result in a reduction of Tethys' future net production revenues and impact on the commercial viability of the Group's existing and future oil and gas discoveries. It may become uneconomic to produce from some wells as a result of lower prices, which could result in a reduction in volumes and the value of Tethys' oil and gas reserves, if the Group elected not to produce from certain wells at lower prices. For example, a 20% net price reduction from the 2024 average oil sales prices would result in a reduction of $2.3 million in oil revenues based on the 2024 sales volume. Gas sales in 2024 were impacted by an extended shutdown of production. For illustrative purposes, a 20% net price reduction from a reasonably possible gas sales price and assumed gas production of 100,000 Mcm per annum could result in a reduction of $1.7 million in gas revenue.

(tabular amounts in thousands of US dollars, except where otherwise noted)

All of these factors could result in a material decrease in the Group's net production revenue causing a reduction in its acquisition and development activities. There were no commodity price financial derivatives outstanding as at December 31, 2024 and 2023.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Existing long-term loans have been agreed at fixed interest rates and consequently are not exposed to changes in market interest rates and the Group accepts the opportunity cost of favourable changes in market interest rates and does not seek to mitigate this risk.

The Group has exposure to interest rate risk on cash and cash equivalents. Interest earned on cash and cash equivalents for the year ended December 31, 2024 was $0.4 million (2023: $0.7 million).

As at the reporting date the Group's interest rate profile was:

As at December 31, 2024	Fixed rate financial instruments	Total
Restricted cash	526	526
Cash and cash equivalents	5,959	5,959
Total	**6,485**	**6,485**
As at December 31, 2023		
Restricted cash	600	600
Cash and cash equivalents	7,216	7,216
Total	**7,816**	**7,816**

Foreign currency exchange risk

The Group is exposed to risks resulting from fluctuations in foreign currency exchange rates. A material change in the value of any such foreign currency could result in a material adverse effect on the Group's cash flow and future profits. The Group is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the $. In addition, expenditures in Kazakhstan are denominated in local currency, tenge. The Group also attempts to negotiate exchange rate stabilisation conditions in new local Tenge denominated service and supply contracts in Kazakhstan. If the Group holds significant surplus funds for long periods of time these are usually held in $ to minimise foreign currency exchange risk. However, the Group does maintain deposits in tenge, as disclosed in the following table, to fund ongoing general and administrative activity and other expenditure incurred in these currencies.

The carrying amounts of the Group's significant Kazakhstan tenge denominated monetary assets and liabilities at the reporting dates are as follows:

In $'000 equivalent	2024	2023
Cash and cash equivalents	4,512	5,317
Trade and other receivables	604	3,326
Trade and other payables	(4,095)	(3,673)
Net exposure	**1,021**	**4,970**

(tabular amounts in thousands of US dollars, except where otherwise noted)

The following table details the Group's sensitivity to a 10% weakening in $ against the respective foreign currencies, which represents management's assessment of a reasonably possible change in foreign exchange rates. A 10% strengthening in $ against the respective foreign currencies would the same impact.

Effect to profit or (loss) before tax in $'000	**2024**	**2023**
KZT	102	497

b) Capital risk management

The Group's capital structure is comprised of shareholders' equity and borrowings, net of cash and cash equivalents.

The Group's objectives when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group has funded its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity and debt financing. None of the outstanding debt is subject to externally imposed capital requirements.

Financing decisions are made by management and the Board of Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans. Factors considered when determining whether to issue new debt or to seek equity financing include the amount of financing required, the availability of financial resources, the terms on which financing is available and consideration of the balance between shareholder value creation and prudent financial risk management. There have not been any changes in the Group's approach capital risk management during the year.

The Group's capital structure is summarised in the table below:

	2024	**2023**
Deferred revenue	865	14
Less: cash and cash equivalents	(5,959)	(7,216)
Net cash	**(5,094)**	**(7,202)**
Total equity	22,755	42,192
Total equity and borrowings, net of cash and cash equivalents	**17,661**	**34,990**

The Group regularly assesses whether projected cash flows are sufficient to service its borrowings and support ongoing operations. Consideration is given to reducing borrowings or raising funds through an alternative route such as the issuing of equity.

4 Critical judgments and accounting estimates

The preparation of financial statements requires management to make certain judgments, accounting estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. Accordingly, the impact of these estimates, assumptions and judgments on the consolidated financial statements in future periods could be material. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are discussed below.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Critical accounting estimates and assumptions

The significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are summarised as follows:

Recoverability of asset carrying values

The Group assesses its property and equipment and intangible exploration and evaluation assets, for possible indicators of impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date. Such indicators include changes in the Group's business plans, market capitalisation, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

If there are low oil prices or natural gas prices during an extended period, the Group may need to recognise significant impairment charges. The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, the higher of fair value less cost of disposal ("FVLCD") or value-in-use ("VIU"). Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas, exchange rates and future development costs.

CGU Identification

A cash generating unit ("CGU") is defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures, and the way in which management monitors its operations. The Group's CGUs correspond to its separate subsoil use contracts.

Oil and gas reserves

Proved and probable oil and gas reserves are used in the units of production calculation for depletion as well as the determination of the timing of well closure costs and impairment analysis. There are numerous uncertainties inherent in estimating oil and gas reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being changed.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Asset retirement obligation

Provisions for environmental clean-up and remediation costs associated with the Group's drilling operations are based on current legal or constructive requirements, technology, price levels and expected plans for remediation. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, prices, discovery and analysis of site conditions and changes in clean-up technology.

Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for tax assessments based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Other significant areas of judgment

The significant areas of critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are summarised as follows:

Going concern

The Board has considered the Group's current activities, funding position and projected funding requirements from the reporting date, in determining the ability of the Group to adopt the going concern basis in preparing the consolidated financial statements for the year ended December 31, 2024. The assessment of the Group's ability to execute its strategy to meet its future funding requirements involves judgment.

Functional currency

The Group has foreign operations, principally in Kazakhstan. Significant judgment is required in determining the functional currency of those operations with consideration given to the currency of the primary economic environment in which it operates. This includes assessing inter alia the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services and the currency that mainly influences labour, material and other costs of providing goods. A number of secondary factors are also taken into account.

During the year, 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 was made prospectively from the date of change of functional currency.

De-recognition of assets and liabilities on loss of control of subsidiaries

Where subsidiaries have been struck off or dissolved and the Company loses control of those subsidiaries their assets and liabilities and the related non-controlling interest are de-recognised in the consolidated financial statements. It is possible that where a subsidiary is terminated in this way that, for a period of years after the strike-off, creditors, shareholders or other claimants can revive the struck-off company by applying to the courts to obtain satisfaction of their claims. A creditor could attempt to hold the Company responsible for a subsidiary's obligations and request a court lift or pierce the corporate veil. Significant judgment is required to assess whether the Company has lost control of a subsidiary and should de-consolidate its assets and liabilities and whether there are any facts or circumstances, for example the existence of any guarantees, that result in the Company being responsible for the obligations of its subsidiaries.

Under-fulfilment of Work Program Commitments

The Group has annual work program commitments under its exploration and production contracts where non-compliance or under-fulfilment of financial obligations carries the risk of penalties and in some instances cancellation of the contract and forfeiture of licences. The Group has not met all of its obligations under some of its exploration and production contracts in more than one year leading to the imposition of penalties but has not had any of its contracts cancelled. Significant judgment is required in determining whether the likelihood of exploration and production contracts being retained and/or extended at the end of contract terms in instances where not all obligations have been fulfilled and whether there has been any impairment to the related oil and gas assets.

(tabular amounts in thousands of US dollars, except where otherwise noted)

5 Segment Reporting

Geographical segments

The following is an analysis of the Group's revenue, results and assets by reportable segment:

2024	**Kazakhstan**	**Corporate**	**Total**
Oil sales	11,353	-	11,353
Gas sales	3,815	-	3,815
Other revenue	33	-	33
Segment revenue	**15,201**	**-**	**15,201**
Loss before taxation	**(18,172)**	**(973)**	**(19,145)**
Taxation	6,758	1	6,759
Loss for the year	**(11,414)**	**(972)**	**(12,386)**
Total assets[1]	54,748	96,335	56,231
Total liabilities[1]	121,001	6,935	33,084
Expenditure on exploration & evaluation assets, property and equipment	7,802	-	7,802
Depreciation, depletion & amortisation	2,315	-	2,315
Finance costs/(income)	175	(51)	124

Note 1 – Total is after elimination of inter-segment items of $94,852.

2023	**Kazakhstan**	**Corporate**	**Total**
Oil sales	34,259	-	34,259
Gas sales	2,209	-	2,209
Other revenue	11	-	11
Segment revenue	**36,479**	**-**	**36,479**
Profit/(loss) before taxation	**20,272**	**(1,822)**	**18,450**
Taxation	(7,837)	(877)	(8,714)
Profit/(loss) for the year	**12,435**	**(2,699)**	**9,736**
Total assets[1]	85,172	91,479	85,331
Total liabilities[1]	130,984	3,475	43,139
Expenditure on exploration & evaluation assets, property and equipment	12,068	-	12,068
Depreciation, depletion & amortisation	4,270	-	4,270
Finance (income)/costs	(367)	614	247

Note 1 – Total is after elimination of inter-segment items of $91,320.

(tabular amounts in thousands of US dollars, except where otherwise noted)

6 Sales revenues, deferred revenue and production expenses

6.1 Sales revenues

	2024	2023
Kazakhstan:		
Oil sales	11,353	34,259
Gas sales	3,815	2,209
Other revenue	33	11
Revenue	**15,201**	**36,479**

In 2024, oil sales were made to two customers (2023: three customers) in Kazakhstan representing individually more than 10% of segment revenue and collectively representing 85% (2023: 65%) of segment revenue. All gas sales were to the State gas company QazaqGaz.

Oil sales revenues were lower in 2024 due to lower production volumes and lower average price received. Gas revenues in 2023 and 2024 were impacted by the extended shut down of the gas field due to the price dispute with QazaqGaz.

6.2 Contract liabilities - deferred revenue

	2024	2023
Kazakhstan:		
Oil sales	865	14
Deferred revenue	**865**	**14**

The movement in deferred revenue was as shown in the following table.

	2024	2023
At January 1	14	5,194
Payments received	12,204	33,095
Recognised in profit or loss	(11,353)	(38,275)
Deferred revenue	**865**	**14**

The Group receives payments in advance from customers for future deliveries of crude oil. These amounts are recognised as revenue when control of the crude oil is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the crude oil.

(tabular amounts in thousands of US dollars, except where otherwise noted)

6.3 Production expenses

Direct production expenses were as shown in the following table.

	2024	2023
Kazakhstan oil production:		
Staff costs	1,744	1,837
Taxes & other mandatory payments	1,483	991
Materials & diesel	387	380
Camp services	240	254
Transportation & travel	215	481
Health & safety, blowout prevention	164	297
Contractors	124	134
Repairs & maintenance	23	12
Other	119	71
Oil production expenses	**4,499**	**4,457**
Kazakhstan gas production:		
Staff costs	803	530
Contractors & security	220	306
Health & safety, blowout prevention	159	327
Materials & diesel	134	196
Transportation	100	27
Taxes & other mandatory payments	79	51
Camp services	62	52
Repairs & maintenance	30	103
Other	76	32
Gas production expenses	**1,663**	**1,624**
Total production expenses	**6,162**	**6,081**

There was no gas production in 2023 and for most of 2024, because the gas fields were closed as a result of the price and payment dispute with customer QazaqGaz. Oil production restarted in April 2024 following receipt of the required permits. Costs continued to be incurred during the idle periods such as staff costs and mandatory costs, albeit costs were at a lower level.

7 Administrative expenses

Administrative expense by nature	**2024**	**2023**
Staff costs and director fees	2,930	4,011
Professional fees	565	567
Other administrative expenses[1]	547	776
Total	**4,042**	**5,354**

Note 1 – includes travel, office, regulatory, insurance, vehicle, investor relations, socio-economic program contributions and bank charges.

The decrease in administrative expenses from 2023 in 2024 was in response to the reduce oil & gas revenues as a result of the extended shutdown of the oil & gas fields.

(tabular amounts in thousands of US dollars, except where otherwise noted)

8 Finance costs, net

The net finance cost comprises:

	2024	2023
Finance costs – borrowings	-	615
Finance costs – unwinding of discount on asset retirement obligation	328	237
Finance costs– unwinding of discount on historical costs liability	183	131
Finance income	(387)	(736)
Total	**124**	**247**

9 Taxation

Tethys is domiciled in the Cayman Islands which has no corporate income tax. The Group also operates in other tax jurisdictions, the most significant of which is Kazakhstan. Taxation of corporate profits in Kazakhstan comprises Corporate Income Tax (CIT) at 20%. The provision for income taxes is different from the expected provision for income taxes for the following reasons:

	2024	2023
(Loss)/profit before income taxes	(19,145)	18,450
Income tax rate	20%	20%
Income tax benefit/(expense)	**3,829**	**(3,690)**
Decrease resulting from:		
Non-deductible expenses	(1,096)	(823)
Revisions in tax estimates and foreign currency exchange impact on tax pools	378	(498)
Recognition of asset retirement obligation	583	-
Change in future period expenses	(288)	-
Adjustment of excess profit tax expense for the previous year	-	332
Adjustment of deferred tax expense for the previous year	-	12
Impact of effective tax rates in foreign jurisdictions other than Kazakhstan	3,959	2,947
Impact of effective tax rates in Kazakhstan	7,369	(2,374)
Losses and tax assets not utilised/recognised	(7,975)	(4,620)
	6,759	**(8,714)**
Current tax expense	(607)	(5,201)
Adjustment of excess profit tax expense for the previous year	-	332
Adjustment of deferred tax expense for the previous year	-	12
Deferred tax expense	7,366	(3,857)
Total	**6,759**	**(8,714)**

The temporary differences comprising the deferred income tax liability are as follows:

	2024	2023
Capital assets	15,355	27,298
Estimated reserve on withholding taxes on distributions from subsidiaries	6,757	6,658
Deferred tax liability	**22,112**	**33,956**

As of December 31, 2024, the Group accrued allowance for unrecognized deferred tax assets in the amount of $5.5 million (December 31, 2023: $6.3 million).

The Group's deferred tax liabilities have been measured using the average tax rate expected to apply in the periods the deferred tax balances will reverse. The Group's deferred tax liability mainly arises from the different treatment of property and equipment capital allowances for tax purposes and depletion of oil & gas assets for accounting purposes. In addition, the deferred tax liability includes a withholding tax liability of $6.7 million (2023: $6.7 million) that may become payable on the remittance of amounts owed by subsidiaries.

The movement in deferred income tax liability in each year was as follows:

	2024	2023
Deferred tax liability at January 1	33,956	30,111
Recognised in profit or loss	(7,366)	3,845
Recognised in other comprehensive income or loss[1]	(4,478)	-
Deferred tax liability	**22,112**	**33,956**

Note 1 - This amount arose due to the change in the functional currency of the major subsidiaries from US dollars to Kazakhstan tenge during the year and represents the effect of foreign currency translation of Kazakhstan subsidiaries' deferred tax liabilities.

10 Earnings per share

	Units	2024	2023
(Loss)/profit for the purpose of basic (loss)/earnings attributable to ordinary shareholders	$'000	(12,386)	9,736
Weighted average shares – basic	000s	114,887	115,177
Per share amount – basic	$	(0.11)	0.08
(Loss)/profit for the purpose of diluted (loss)/earnings attributable to ordinary shareholders	$'000	(12,386)	9,736
Weighted average shares – diluted	000s	114,887	117,378
Per share amount – diluted	$	(0.11)	0.08

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.

In 2024 there were 1,802,188 (2023: 1,802,188) employee share options that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the years presented.

(tabular amounts in thousands of US dollars, except where otherwise noted)

11 Property and equipment

	Oil and gas properties[1]			Assets in the course of construction		Other fixed assets[2]			Total net book
	Cost	Amortisation	Total	Cost	Total	Cost	Depreciation	Total	amount
January 1, 2023	95,571	(64,322)	31,249	30,713	30,713	1,580	(1,112)	468	62,430
Additions	6,929	-	6,929	6,406	6,406	805	-	805	14,140
Disposals	(568)	568	-	-	-	(118)	118	-	-
Depletion and depreciation	-	(4,183)	(4,183)	-	-	-	(87)	(87)	(4,270)
Impairment	-	(1,720)	(1,720)	-	-	-	-	-	(1,720)
December 31, 2023	**101,932**	**(69,657)**	**32,275**	**37,119**	**37,119**	**2,267**	**(1,081)**	**1,186**	**70,580**
January 1, 2024	101,932	(69,657)	32,275	37,119	37,119	2,267	(1,081)	1,186	70,580
Additions and transfers	15,785	-	15,785	(7,591)	(7,591)	387	95	482	8,676
Disposals	-	-	-	-	-	(150)	150	-	-
Depletion and depreciation	-	(2,194)	(2,194)	-	-	-	(121)	(121)	(2,315)
Impairment[3]	-	(2,485)	(2,485)	(18,033)	(18,033)	-	-		(20,518)
Currency translation	(7,073)	3,336	(3,737)	(6,999)	(6,999)	(343)	164	(179)	(10,915)
December 31, 2024	**110,644**	**(71,000)**	**39,644**	**4,496**	**4,496**	**2,161**	**(793)**	**1,368**	**45,508**

Note 1 – certain gas transportation assets owned by the Group are the subject of pledges under previous finance arrangements, refer note 18.

Note 2 – consists of oil& gas equipment, vehicles, computer and office equipment.

Note 3 - an impairment of $20,518,000 was recognised during the year, principally in respect of drilling and other capitalised costs in relation to the Kul-Bas license area, which are not part of the Klymene field currently under development and where the Company does not intend to perform further evaluation work.

Oil and gas properties – impairment assessment

As of December 31, 2024, the Group performed an assessment for impairment on the carrying value of its oil and gas assets. The Group's Cash Generating Units ("CGU"), were tested for impairment at that date. The recoverable amount was determined using the higher of Fair Value Less Cost of Disposal ("FVLCD") or Value in Use. Based on the impairment test performed, the recoverable amount of the CGUs was higher than their carrying amounts.

The FVLCD was calculated using a discounted cash flow model based on the proved plus probable reserves using forecast crude oil and natural gas prices and an after-tax discount rate of 17.2% (2023: 17.1%). The cash flow model used is considered a Level 3 fair value technique based on the unobservable inputs used. The FVLCD of the Group's CGUs at December 31, 2024 was not sensitive to a reasonably possible change in the discount rate.

The FVLCD calculation assumes forecast crude oil and natural gas sales prices in $/bbl and $/Mcf, which are the December 31, 2024 price forecasts made by the Group's independent reserve evaluator, McDaniel Associates, as shown in the table below.

The principal CGU is the Kul-Bas oil field CGU which had an estimated FVLCD of $342.1 million compared with its carrying amount of $35.8 million. The FVLCD is particularly sensitive to the assumed level of crude oil prices and reasonably possible changes in the crude oil assumptions shown in the table below could have a material impact on the FVLCD. However, given the significant amount of headroom between FVLCD and carrying amount such changes are unlikely to give rise to an impairment.

(tabular amounts in thousands of US dollars, except where otherwise noted)

	Brent Crude Oil Price ($/bbl)	Export Crude Oil Price ($/bbl)	Domestic Crude Oil Price ($/bbl)	Domestic Natural Gas Price ($/Mcf)	Inflation rate %/year
Forecast					
2025	76.50	42.08	30.60	2.82	2.0
2026	78.03	43.61	31.21	2.88	2.0
2027	79.59	45.17	31.84	2.93	2.0
2028	81.18	46.14	32.47	2.99	2.0
2029	82.81	47.76	33.12	3.05	2.0
2030	84.46	49.42	33.78	3.11	2.0
2031	86.15	50.48	34.46	3.18	2.0
2032	87.87	52.20	35.15	3.24	2.0
2033	89.63	53.96	35.85	3.31	2.0
2034	91.42	55.12	36.57	3.37	2.0
2035	93.25	56.95	37.30	3.44	2.0
2036	95.12	58.19	38.05	3.51	2.0
2037	97.02	60.09	38.81	3.58	2.0
2038	98.96	62.03	39.58	3.65	2.0
2039	100.94	63.38	40.38	3.72	2.0
2040	102.96	65.40	41.18	3.80	2.0
2041	105.02	65.58	42.01	3.87	2.0
2042	107.12	67.68	42.85	3.95	2.0
2043	109.26	69.92	43.70	4.03	2.0
2043	111.45	72.00	44.58	4.11	2.0

12. Trade and other receivables and joint arrangements

12.1 Trade and other receivables

	2024	2023
Current		
Trade receivables	-	2,962
Prepayments	117	9
Other receivables	611	365
VAT and other taxes	628	1,344
	1,356	**4,680**
Non-current		
Prepayments	328	1,086
	328	**1,086**

Current trade and other receivables are unsecured and non-interest bearing. Normal payment terms for the Group are 30 days. At December 31, 2024, trade receivables amounted to $nil (2023: $3.0 million, representing amounts receivable from QazaqGaz for gas sales). No allowance for expected credit losses has been recognised in respect of trade receivables. The other classes within trade and other receivables do not contain impaired assets.

Non-current prepayments are advances made to suppliers and contractors for equipment and facilities construction.

(tabular amounts in thousands of US dollars, except where otherwise noted)

12.2 Joint arrangements

Aral Oil Terminal (Kazakhstan)

On February 16, 2011, the Group signed a joint venture agreement with Olisol Investments Limited ("Olisol") to construct and operate a rail oil loading terminal in Kazakhstan through a separate jointly controlled legal entity, Aral Oil Terminal LLP ("AOT"). The Group has a 50% interest in the AOT. The Group has classified the arrangement as a joint venture and it is accounted for using the equity method of accounting. At December 31, 2024 and 2023 the carrying value of the Group's investment in the joint venture was $nil and the carrying value of loans made to the joint venture was also $nil after full impairment in prior years.

13. Trade and other payables

	2024	2023
Current		
Trade payables	1,256	1,986
Accruals	1,286	815
Other payables	1,974	1,970
	4,516	**4,771**
Non-current		
Other payables	1,751	1,894
	1,751	**1,894**

Trade payables are non-interest bearing and are normally settled on contractual terms which typically range from due on presentation of invoice to 30 days. The Group payments to suppliers were on average typically made in accordance the contractual payment terms.

Non-current other payables are historical costs payable to the government of the Republic of Kazakhstan ("the Government") over 10 years from the date of approval of reserves of Kul-Bas in April 2023. The total amount payable is $3.2 million and has been discounted at 9.4% representing the rate of return on Government securities with a similar term to the payment obligation at origination date, refer also to Note 18.

14. Provisions

	2024	2023
Asset retirement obligations:		
Balance, beginning of year	2,414	2,377
Additions/change in estimated liability	512	(200)
Unwinding of discount	328	237
Balance, end of year	**3,254**	**2,414**

The Group makes provision for the future cost of decommissioning oil and gas production facilities and pipelines on a discounted basis. These costs are expected to be incurred between 2025 and 2029 and on average have been estimated at a cost of $37,000 per well (2023: $37,000). The provision has been estimated using existing technology at current prices, escalated at 5.9% and 7.4% (2023: 7.4%) and discounted at rates between 9.4% and 9.7% (2023: 9.4% and 9.7%) representing the rates of return on the Government securities with a similar term to the asset retirement obligations. The economic life and the timing of the asset retirement obligation are dependent on the Government legislation, commodity prices and the future production profiles of the projects. In addition, the estimated cash outflows are subject to inflationary and/or deflationary pressures in the cost of third-party service provision. The undiscounted amount of the liability at December 31, 2024 is $4.2 million (2023: $3.6 million).

(tabular amounts in thousands of US dollars, except where otherwise noted)

15 Capital and reserves

Share capital and share premium

	Number of shares
Authorised as at December 31, 2023 and December 31, 2024:	
Ordinary shares with a par value of $0.10 each	145,000,000
Preference shares with a par value of $0.01 each	50,000,000

Ordinary equity share capital	Date	Number of shares issued	Number of treasury shares	Share Capital	Share Premium	Treasury shares
At December 31, 2022		116,107,233	1,009,740	11,611	372,011	(643)
Shares re-purchased	Various dates	-	240,245	-	-	(156)
Shares cancelled	8 February 2024	(1,032,220)	(1,032,220)	(104)	(565)	669
Dividend	9 February 2024	-	-	-	(2,621)	22
At December 31, 2023		**115,075,013**	**217,765**	**11,507**	**368,825**	**(108)**
At January 31, 2024		115,075,013	217,765	11,507	368,825	(108)
Shares cancelled	24 February 2024	(217,765)	(217,765)	(21)	(87)	108
At December 31, 2024		**114,857,248**	**-**	**11,486**	**368,738**	**-**

During the year the Company repurchased nil of its own shares (2023: 240,245 shares) and upon instruction from the Company the share registrar cancelled 217,765 shares, representing all of the shares previously repurchased by the Company (2023: 1,032,220) resulting in no treasury shares held at December 31, 2024.

Preference shares

The preference shares, none of which have been issued, have the rights as set out in the Memorandum and Articles of Association approved at the AGM on April 24, 2008. Significant terms related to preference shares are summarised below:

- May be issued in one or more series;
- Are entitled to any dividends in priority to the ordinary shares;

(tabular amounts in thousands of US dollars, except where otherwise noted)

- Confer upon the holders thereof rights in a winding-up priority to the ordinary shares;
- And may have such other rights, privileges and conditions (including voting rights) as the Board may determine prior to the first allotment of any series of preference shares, provided that if a series of preference shares has no or limited voting rights it shall be designated as such by the Board.

Other reserves

Other reserves comprise of option reserves and warrant reserves as set out in the Statement of Changes in Equity. The option and warrant reserves relate to stock options issued to employees under the stock option plan and issuance of warrants, details of which are disclosed below.

Share options

Under the option plan approved by shareholders at the Company's Annual General Meeting on September 16, 2021, the Company may grant stock options to any director, employee or consultant of the Company. The options granted under the stock option plan vest in three tranches with one third vesting after one year, one third after two years and one third after three years. The options with GBP 0.25 exercise price granted under the previous stock option plan vest in certain limited circumstances, such as a change of control. The options are equity-settled share-based payment transactions.

The following table lists the options outstanding at December 31, 2024 by exercise price:

Exercise price		**Outstanding**		**Exercisable**	
Local	**$ equivalent**	**No of options**	**Weighted average remaining term (in years)**	**No of options**	**Weighted average remaining term (in years)**
CAD1.00	0.78	525,000	1.84	-	-
GBP0.25	0.34	1,277,188	1.25	-	-

The following table summarises the activity under the stock option plan.

	2024		**2023**	
	Number of options	**Weighted average exercise price ($)**	**Number of options**	**Weighted average exercise price ($)**
Allotted at January 1	1,802,188	0.43	1,802,188	0.43
Granted	-	-	-	-
Forfeited	-	-	-	-
Allotted at December 31	1,802,188	0.43	1,802,188	0.43
Exercisable at December 31	166,667	0.74	166,667	0.74

A share-based payments expense of $36,000 was recognised during the year (2023: $95,000).

(tabular amounts in thousands of US dollars, except where otherwise noted)

Dividends

On January 18, 2023, the Company announced the approval of a quarterly dividend of 3 CAD cents per ordinary share with a record date of January 26, 2023 and payment date of February 9, 2023. The total amount of dividends paid was $2.6 million. There were no dividends approved or paid in 2024.

16 Related party transactions

A list of the investments in subsidiaries as at December 31, 2024 and 2023, including the name, proportion of ownership interest, nature of business, country of operation and country of registration, is given below.

	Percentage	Nature of business	Country of registration	Country of operation
Subsidiaries				
Tethys Kazakhstan SA	100%	Holding company	Belgium	Belgium
Transcontinental Oil Transportation srl	100%	Holding company	Belgium	Belgium
Tethyda Limited	100%	Group financing	Cyprus	Cyprus
DMS Services LLP	100%	Oil & gas E&P	Kazakhstan	Kazakhstan
Tethys Aral Gas LLP	100%	Oil & gas E&P	Kazakhstan	Kazakhstan
Kul-Bas LLP	100%	Oil & gas E&P	Kazakhstan	Kazakhstan
Tethys Services Kazakhstan LLP	100%	Inactive	Kazakhstan	Kazakhstan
Jointly controlled entities				
Aral Oil Terminal	50%	Oil terminal (non-operating)	Kazakhstan	Kazakhstan

Transactions between the Company's subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Pope Asset Management and Annuity and Life Reassurance Ltd

Pope Asset Management ("PAM") is a Registered Investment Advisor managed by William P. Wells (Executive Chairman of Tethys). PAM clients own approximately 38% of the Company's ordinary shares at December 31, 2024.

Remuneration of key management personnel

Key management personnel have been identified as the CEO, CFO and the Non-Executive Directors who have served during the year. The remuneration of the key management personnel of the Group is set out below in aggregate.

	2024	2023
Salaries and short-term employee benefits	485	476
Share options	20	20
Total	**505**	**496**

Information on share options granted during the period is given in Note 15.

(tabular amounts in thousands of US dollars, except where otherwise noted)

Ultimate controlling party

In the current and prior year there was no ultimate controlling party of the Group.

17 Cash and cash equivalents and notes to the Consolidated Statements of Cash Flows

17.1 Cash and cash equivalents

	2024	2023
Cash in bank deposit accounts	4,409	5,305
Cash in bank current accounts	297	128
Cash in money market funds	1,267	1,783
Less: allowance for expected credit losses on cash and cash equivalents	(14)	-
Total cash and cash equivalents	**5,959**	**7,216**

As at December 31, 2024 cash in bank overnight accounts were held at Forte Bank JSC with annual interest rates of between 12.75%-14.75% (2023: 15-16%). Refer also to Note 3. For the year ended 31 December 2024 interest earned on credit balances was $0.4 million (2023: $0.7 million).

17.2 Reconciliation of movements of financial liabilities to cash flows arising from financial activities

	Financial liabilities		Equity	
	Non-current borrowings	Current borrowings	Net interest	Total
At January 1, 2023	-	2,510	-	2,510
Repayment of borrowings	-	(3,125)	-	(3,125)
Net cash used in financing activities	-	(3,125)	-	(3,125)
Interest expense (Note 8)	-	615	-	615
At December 31, 2023	-	-	-	-
At December 31, 2024	**-**	**-**	**-**	**-**

18 Contingencies and commitments

Litigation, claims and assessments

The Group is involved in claims and actions arising in the course of the Group's operations and is subject to various legal actions and exposures, including potential environmental claims and tax positions taken by the Group. Although the outcome of these claims cannot be predicted with certainty, the Group does not expect these matters to have a material adverse effect on the Group's financial position, cash flows or results of operations. If an unfavourable outcome were to occur, there exists the possibility of a material adverse impact on the Group's consolidated net earnings or loss in the period in which the outcome is determined. Accruals for litigation, claims and assessments are recognised if the Group determines that the loss is probable and the amount can be reasonably estimated. The Group believes it has made adequate provision for such claims. While fully supportable in the Group's view, some of these positions, including uncertain tax positions, if challenged may not be fully sustained on review.

Kazakhstan

The regulatory environment including tax environment in the Republic of Kazakhstan is subject to change and inconsistent application, interpretations and enforcement, and in particular, existing subsoil use contracts are under close scrutiny by the tax and other authorities. This could result in unfavourable changes to the Group's tax positions. Non-compliance with Kazakhstan law and regulations as interpreted by the Kazakhstan authorities may lead to the assessment of additional taxes, penalties and interest. Kazakhstan tax legislation and practice is in a state of continuous development and therefore is subject to varying interpretations and frequent changes, which may be retroactive. Tax periods remain open to retroactive review by the tax authorities for five years. Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained.

Exploration and production contract commitments

The Group's obligations under its exploration and production contracts in the Republic of Kazakhstan are defined by the terms of the contract, including any amendments thereto, as well as the duly approved project documentation, including exploration project plans (for new contracts), field development plans, and any subsequent amendments thereto. These documents establish the project indicators, including mandatory financial obligations comprising capital expenditures, operating costs, contributions to the social sphere, obligations for training of national personnel, research and development costs, and other related expenditures.

These financial obligations form the principal basis for assessing the Group's compliance with its contractual commitments, alongside production volumes under production contracts.

Failure to meet the required level of financial obligations in any given year may result in a financial penalty. The applicable penalty rate is 10% of the shortfall amount under the Kul-Bas Contract and exploration contracts, and 1% under the Kyzyloi and Akkulka Production Contracts. Repeated non-compliances by a license holder could result in a license being terminated, unless the non-compliances have been remedied by the license holder or waived by the licensing authority. At the date of this report the Group had not received any notifications of actual or threatened termination of any of the Group's licenses, with the exception of the Akkulka Oil, as described in the following section.

For exploration contracts, the assessment of financial obligations is typically performed at the end of the exploration period, rather than annually. Accordingly, any underperformance under exploration contracts would be subject to review only upon expiry of the contract term.

(tabular amounts in thousands of US dollars, except where otherwise noted)

The contractual commitments in Kazakhstan can be summarised as follows:

		Kazakhstan Contractual Commitments		
	Expiry date	**Program 2024**	**Spent during 2024**	**Program 2025 & later**
Akkulka Production Contract (Gas)	2026			
Financial obligations		843	445	4,234
Investments		254	234	3,731
Kyzyloi Production Contract (Gas)	2029			
Financial obligations		3,279	2,108	18,304
Investments		1,139	1,031	14,222
Kul-Bas Contract*	2024			
Financial obligations		32,787	10,363	176,700
Investments		16,661	5,822	132,047
Exploration blocks	2027			
Financial obligations		-	-	10,592
Total				
Financial obligations		**36,909**	**12,916**	**209,830**
Investments (part of financial obligations)		**18,054**	**7,087**	**150,000**

* 3-year preparatory period for commercial production ends July 26, 2026, see below for further details

Amounts disclosed under “Spent during 2024” represent actual expenditures incurred in fulfilling these contractual obligations and have been recognized in these consolidated financial statements in either the Consolidated Statements of (Loss)/Profit and Comprehensive (Loss)/Income, Consolidated Statement of Financial Position or Consolidated Statement of Cash Flows in accordance with the Group’s respective accounting policies. Amounts shown in the table above under ‘Program 2025 & later’ have generally not been incurred as they are in the nature of future contractual commitments and so have not been recognised in these consolidated financial statements.

Apart from the Group’s work program commitments, other amounts may become payable in certain circumstances as described below.

Akkulka Oil

In December 2023, the Group received a notification from the Ministry of Energy regarding the termination of the Akkulka Oil contract due to expiry of the exploration period. The Group submitted a formal explanation in support of an extension request; however, the Ministry issued a final termination notice on April 16, 2024.

An appeal of the termination decision was filed in court on November 26, 2024, with the hearing held on January 28, 2025. The claim was subsequently withdrawn and refiled against the Committee of Geology, seeking recognition of unlawful inaction.

All capitalized costs related to the Akkulka Oil exploration contract were fully impaired in prior reporting periods, and no further impairment was recognized in 2024.

Kul Bas Contract

On July 26, 2023, the Group signed an amendment to the Kul-Bas Exploration and Production Contract, which provided for the approval of the field development plan, the assignment of a mining allotment, and the establishment of a three-year preparatory period. Oil production is permitted during the preparatory period, provided that volumes do not exceed those achieved during the prior pilot production phase. The Company plans to enter into Contract No. 1897 by July 26, 2026, which would enable a transition to the production period for up to 25 years, subject to a reduction for the actual duration of the preparatory period.

The Group's contractual obligations for the production period, including the preparatory phase, are determined in accordance with the approved field development plan. Obligations relating to the social sphere, training, and R&D become applicable only after the full production period begins. To align future production targets for 2026–2027 with operational capacity, the Group is preparing an updated Field Development Analysis (APM) for submission to the competent authorities.

The Group's financial obligations and production indicators under the Kul-Bas Contract were not fully met in 2024. This underperformance resulted from delays outside of the Group's control, primarily due to the Ministry of Energy's failure to issue the required approvals within statutory timeframes. Although the gas utilization program was approved by the Working Group in March 2024, the official protocol was issued by the Ministry only in October 2024. As a result, the Group was unable to obtain the necessary gas flaring and environmental permits in time and commenced production only in November 2024.

Management believes it has strong legal grounds that no penalties should apply in this case. While no penalties have been imposed, the risk of such penalties is considered low, particularly in light of a related court ruling in early 2025, in which a fine imposed by the regional subsoil use inspection for non-fulfillment of project indicators was successfully overturned on similar grounds.

Historical cost obligations

In the event of an official confirmation of reserves by the Kazakhstan Ministry of Energy, which is a requirement for a commercial production license, the Group would be required to pay for historical costs of up to $2.7 million in the case of the Akkulka Exploration License.

Historical costs for the Kul-Bas license are payable to the government over 10 years from the date of approval of reserves of Kul-Bas in April 2024. The total amount payable is $3.2 million discounted at 9.4%, representing the rate of return on Republic of Kazakhstan government securities with a similar term to the payment obligation, has been recorded as a liability of the Group, refer to Note 13.

DSFK pledges and settlement agreement

On February 8, 2021, the Group announced that it had reached a legally binding settlement agreement with Olisol Petroleum Limited, Eurasia Gas Group LLP ("EGG") and their principals and DSFK Special Finance Company ("DSFK"), (hereinafter the "Settlement Agreement").

Tethys subsidiary, TethysAralGas LLP ("TAG"), agreed to pay DSFK a settlement payment of KZT1,435 million (approximately $3.4 million) to cancel and release TAG from all obligations under the pledge agreements under which TAG's gas transportation assets were pledged to DSFK.

On June 8, 2021, the Company announced that the Kazakhstan Supreme court had ratified the agreement effective May 26, 2021. TAG subsequently made the required financial payment of KZT1,435 million, equivalent to $3.4 million, and the Company issued the 18 million shares necessary to fulfil the Group's obligations under the Settlement Agreement. At the date of approval of these Consolidated Financial Statements DSFK has not yet released TAG from all obligations under the pledge agreements under which TAG's gas transportation assets were pledged to DSFK.

On January 22, 2024, DSFK informed TAG that they will proceed to release the pledged assets only after EGG has fulfilled its obligations under the Settlement Agreement, otherwise DSFK will apply to court for a writ to enforce repayment of the debt owed by EGG and to foreclose on TAG's pledged assets. The Company has submitted an arbitration claim at the Astana International Financial Centre to enforce the Settlement Agreement and release the pledged assets and proceedings are ongoing.

Tajikistan

In May 2016, the Group's former subsidiary Kulob Petroleum Limited ("Kulob") was notified by Total E&P Tajikistan B.V. ("Total") that it had been required to pay the equivalent of $5.0 million to the tax authorities in Tajikistan in relation to the farm-out of part of the Group's interest to Total in 2013. Total was seeking to have Kulob indemnify it for these taxes under the terms of the farm-out agreement. Kulob disagreed with Total's interpretation of the farm-out agreement or that it is liable to indemnify Total for these taxes. No similar claim has been received from CNPC although the terms of the farm-out with CNPC were the same for Total and CNPC.

On December 30, 2017, the Group announced that Kulob had been notified of a final arbitration award in respect of Kulob's interest in the Bokhtar Production Sharing Contract and Joint Operating Agreement and Shareholders' Agreement with Total and CNPC Central Asia B.V. ("CNPC") pertaining to oil and gas exploration and production rights in Tajikistan.

The Arbitral Tribunal of the ICC (the "Tribunal") ordered, inter alia, that Kulob should pay Total and CNPC an amount of damages of approximately $13.9 million.

Tethys does not expect the decisions of the Tribunal to have a significant effect on the results, cash flows or financial position of the Group since Tethys and its other subsidiaries were not a party to the arbitration, do not believe they are responsible for the obligations of Kulob and have not provided any guarantees on behalf of Kulob. Total and CNPC have asserted that Tethys Petroleum Limited should be responsible for Kulob's liabilities however Tethys does not believe there is any basis for this claim and no provisions has been made in these consolidated financial statements.

19 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.

- *Dividend*

  On February 2, 2025, the Company announced the payment of a $0.01 dividend per share to shareholders of record on February 10, 2025 which was paid on February 20, 2025 amounting to approximately $1.1 million in total.

- *Kul-Bas production contract*

  On January 8, 2025, Kul-Bas LLP submitted an application to the Ministry of Energy of the Republic of Kazakhstan to transition Contract No. 1897 for the Kul Bas field to the Production Period. On January 31, 2025, Kul-Bas LLP withdrew its application, after determining that it would be more beneficial to re-submit the application at a later date.

- *Resumption of gas production*

  On April 10, 2025, the Group resumed production from the Akkulka and Kyzloi gas fields and started gas sales to a new buyer.