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TETON PETROLEUM CO  
Form 10QSB  
May 15, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

- QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2003  
 TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

Commission file number: 001-31679

TETON PETROLEUM COMPANY  
(Exact Name of Small Business Issuer as Specified in its Charter)

Delaware 84-1482290  
-----  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

(970) 870-1417  
(Issuer's Telephone Number)

1600 Broadway, Suite 2400  
Denver, Colorado 80202-4921  
(Address of Principal Executive Office)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No  
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Applicable only to corporate issuers:

As of May 12, 2003, 6,781,509 shares of the issuer's common stock were outstanding.

Transitional Small Business Disclosure Format: Yes \_\_\_ No X  
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**TETON PETROLEUM COMPANY**

PART I. FINANCIAL INFORMATION

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TETON PETROLEUM COMPANY

Consolidated Balance Sheets

	March 31, 2003	December 31, 2002
	-----	-----
	(Unaudited)	
Assets		
Current assets		
Cash .....	\$ 405,765	\$ 712,013
Proportionate share of Goloil accounts receivable .....	796,242	642,525
Proportionate share of Goloil VAT and other accounts receivable .....	1,248,822	913,583
Stock subscriptions receivable .....	25,000	1,939,610
Proportionate share of Goloil inventory .....	483,885	502,989
Prepaid expenses and other assets .....	16,000	91,446
	-----	-----
Total current assets .....	2,975,714	4,802,166
	-----	-----
Non-current assets		
Oil and gas properties, net (successful efforts) .....	7,478,577	4,896,308
Fixed assets, net .....	540,894	313,921
	-----	-----
Total non-current assets .....	8,019,471	5,210,229
	-----	-----
Total assets .....	\$ 10,995,185	\$ 10,012,395
	=====	=====
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities .....	\$ 456,753	\$ 650,356
Proportionate share of Goloil accounts payable and accrued liabilities (Note 2) .....	2,539,287	1,534,344
Current portion of proportionate share of notes payable owed to affiliate (Note 2) .....	2,844,711	2,441,424
	-----	-----
Total current liabilities .....	5,840,751	4,626,124
	-----	-----
Non-current liabilities		
Proportionate share of notes payable advances owed to affiliate .....	--	507,001
	-----	-----
Total non-current liabilities .....	--	507,001
	-----	-----
Total liabilities .....	5,840,751	5,133,125
	-----	-----

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### Commitments and contingencies

#### Stockholders' equity

Common stock, \$0.001 par value, 250,000,000 and 100,000,000 shares authorized, 6,586,942 and 6,289,520 shares issued and outstanding at March 31, 2003 and December 31, 2002 .....	6,587	6,290
Additional paid-in capital .....	26,880,017	26,165,214
Accumulated deficit .....	(22,548,670)	(22,022,734)
Foreign currency translation adjustment .....	816,500	730,500
	-----	-----
Total stockholders' equity .....	5,154,434	4,879,270
	-----	-----
Total liabilities and stockholders' equity .....	\$ 10,995,185	\$ 10,012,395
	=====	=====

See notes to unaudited consolidated financial statements.

### TETON PETROLEUM COMPANY

#### Unaudited Consolidated Statements of Operations and Comprehensive Loss

	For the Three Months Ended March 31,	
	2003	2002
	-----	-----
Sales .....	\$ 3,408,718	\$ 821,000
Cost of sales and expenses		
Oil and gas production .....	885,545	146,392
Transportation and marketing .....	280,965	78,662
Taxes other than income taxes .....	1,427,572	368,855
General and administrative - Goloil .....	219,557	93,000
General and administrative - Teton Petroleum	772,899	562,311
Depreciation, depletion and amortization ....	170,737	24,000
	-----	-----
Total cost of sales and expenses .....	3,757,275	1,273,220
	-----	-----
(Loss) income from operations .....	(348,557)	(452,220)
	-----	-----
Other income (expense)		
Other income .....	21,688	125
Financing charges .....	--	(104,591)
Interest expense .....	(94,225)	(77,126)
	-----	-----
	(72,537)	(181,592)
	-----	-----
Net loss before taxes .....	(421,094)	(633,812)
Foreign income tax .....	(104,842)	--
Net loss .....	(525,936)	(633,812)

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Other comprehensive (loss) income, net of tax		
Effect of exchange rates .....	86,000	(42,000)
	-----	-----
Other comprehensive (loss) income .....	86,000	(42,000)
	-----	-----
Comprehensive loss .....	\$ (439,936)	\$ (675,812)
	=====	=====
Basic and diluted weighted average common shares outstanding .....	6,321,218	2,374,046
	=====	=====
Basic and diluted (loss) income per common share	\$ (0.08)	\$ (0.27)
	=====	=====

See notes to unaudited consolidated financial statements.

**TETON PETROLEUM COMPANY**

**Unaudited Consolidated Statements of Cash Flows**

	For the Three Months Ended March 31,	
	2003	2002
	-----	-----
Cash flows from operating activities		
Net loss .....	\$ (525,936)	\$ (633,812)
	-----	-----
Adjustments to reconcile net (loss) income to net cash used in operating activities		
Depreciation, depletion, and amortization .....	170,737	24,000
Stock and stock options issued for services and interest .....	--	46,582
Amortization of note payable discount .....	--	58,009
Changes in assets and liabilities		
Accounts receivable .....	(488,956)	(334,000)
Prepaid expenses and other assets .....	75,446	34,000
Inventory .....	19,104	(23,500)
Accounts payable and accrued liabilities .....	1,034,540	122,432
	-----	-----
	810,871	(72,477)
	-----	-----
Net cash used in operating activities .....	284,935	(706,289)
	-----	-----
Cash flows from investing activities		
Oil and gas properties and equipment expenditures .	(2,979,979)	(128,044)
	-----	-----
Net cash used in investing activities .....	(2,979,979)	(128,044)
	-----	-----
Cash flows from financing activities		
Net (repayments) proceeds from advances under notes payable from affiliate .....	(103,714)	305,600

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Proceeds from deposits on convertible debentures ..	--	1,071,500
Proceeds from issuance of stock, net of issue costs of \$98,100 .....	2,406,510	--
Payments on notes payable .....	--	(269,210)
	-----	-----
Net cash provided by financing activities .....	2,302,796	1,107,890
	-----	-----
Effect of exchange rates .....	86,000	(10,065)
	-----	-----
Net (decrease) increase in cash .....	(306,248)	263,492
Cash - beginning of year .....	712,013	182,502
	-----	-----
Cash - end of year .....	\$ 405,765	\$ 445,994
	=====	=====

See notes to unaudited consolidated financial statements.

### Supplemental disclosure of non-cash activity:

During 2003, the Company had the following transactions:

7,408 shares of stock were issued to a consultant for services valued at \$20,000 provided in 2001 and accrued in accounts payable.

73,422 shares of stock and 66,667 warrants exercisable at \$6.00 were issued to a consultant for services provided in 2002 valued at \$200,000 and accrued in accounts payable.

\$25,000 of stock subscriptions receivable outstanding at March 31, 2003 were collected in April 2003.

During 2002, the Company had the following transactions:

In exchange for the extension of principal payments on four notes payable, the Company modified expiration dates of certain warrants previously held by the note holders and issued an additional 10,417 such warrants. The fair value of the extension of the warrants and of the issued warrants totaled \$46,582 and has been included in financing costs.

## TETON PETROLEUM COMPANY

### Notes to Unaudited Consolidated Financial Statements

#### Note 1 - Basis of Presentation and Significant Accounting Policies

The March 31, 2003 financial statements are unaudited and reflect all adjustments (consisting only of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The unaudited financial statements as of March 31, 2003, as is customary in the oil and gas industry, reflect a pro rata consolidation of the Company's 50% interest in ZAO Goloil, a Russian closed joint-stock company. The unaudited financial statements contained herein should be read in conjunction with the financial statements and notes

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thereto contained in the Company's financial statement for the year ended December 31, 2002. The results of operations for the period ended March 31, 2002 are not necessarily indicative of the results for the entire fiscal year.

### Foreign Currency Exchange Rates

The consolidated financial statements reflect the Company's pro-rata share of its subsidiary Goloil. The conversion of the functional currency of Goloil (a Russian Company) in rubles to the reporting currency of U.S. dollars is based upon the exchange rates in effect. The exchange rates in effect at March 31, 2003 and 2002 were 31.40 and 31.22 rubles to the U.S. dollar, respectively. The average rates in effect during the three-month periods ended March 31, 2003 and 2002, were 31.67 and 30.84 rubles to the U.S. dollar, respectively.

### Earnings Per Share

At the March 19, 2003 meeting, the Company's shareholders approved a reverse 1 for 12 stock split. All share amounts and earnings per share have been adjusted to reflect the split.

All potential dilutive securities have an antidilutive effect on earnings (loss) per share and accordingly, basic and dilutive weighted average shares are the same.

### Note 2 - Proportionate Share of Liabilities

The proportionate share of accounts payable and accrued liabilities of \$2,539,287 at March 31, 2003 are obligations of Goloil and not Teton Petroleum nor have they been guaranteed by Teton Petroleum.

The following notes reflect the Company's 50% pro-rata share of notes payable advances made of Goloil owed to an affiliate. These advances are also obligations of Goloil at March 31, 2003 and not Teton Petroleum nor have they been guaranteed by Teton Petroleum.

Pro-rata share of Goloil notes payable owed to an affiliate. The proceeds were used to pay certain operating expenses and capital expenditures of Goloil. These notes provide for interest rates of 8%, with quarterly interest payments, maturing through February 2004. These notes are secured by substantially all Goloil assets. The notes payable will be repaid from cash flow from ZAO Goloil as available, or extended to future periods.

\$ 2,844,711

Less current portion

(2,844,711)

\$ -  
=====

### Note 3 - Stockholder's Equity

In March 2003, the stockholder's approved an increase in the amount of authorized common shares from 100,000,000 to 250,000,000 and also approved 25,000,000 of preferred stock authorized for future issuances.

During the quarter ended March 31, 2003, the Company received \$466,900 of proceeds (net of costs of \$98,100) from the issuance of 207,416 shares of common

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stock. The Company also issued 9,178 shares of common stock under a stock subscription agreement for \$25,000 that was collected in April of 2003. The Company also received \$1,939,610 during the quarter related to outstanding stock subscriptions receivable at December 31, 2002.

The Company issued 1,009,870 warrants during the quarter in connection with the private placement to investors. The Company also has an obligation to issue 58,498 warrants to an entity for its services directly related to raising capital under private placements during the quarter.

### FORWARD LOOKING STATEMENTS

To the extent that financial information and management's discussion and analysis or plan of operation contain forward looking statements, such statements involve risks and uncertainties which could cause Teton's actual result to differ materially from the anticipated results discussed herein. Factors that might cause such a difference are set forth in the "Significant Factors in Company Operations" section of Teton's Registration Statement on Form 10-SB/A filed with the Securities and Exchange Commission ("SEC") on July 11, 2001 (SEC File Number: 000-31170) and in Teton's Annual Report on Form 10-KSB filed with the SEC on April 15, 2003. You are cautioned not to place undue reliance on the forward-looking statements made herein.

### ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

WITH THE EXCEPTION OF HISTORICAL MATTERS, THE MATTERS DISCUSSED HEREIN ARE FORWARD LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. FORWARD LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO STATEMENTS CONCERNING ANTICIPATED TRENDS IN REVENUES. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THE RESULTS DISCUSSED IN SUCH FORWARD LOOKING STATEMENTS. THERE IS ABSOLUTELY NO ASSURANCE THAT WE WILL ACHIEVE THE RESULTS EXPRESSED OR IMPLIED IN FORWARD LOOKING STATEMENTS.

#### Results of Operations

##### Three Months Ended March 31, 2003 compared to March 31, 2002

The Company had revenues from oil and gas production of \$3,408,718 for the three months ended March 31, 2003 as compared to \$821,000 for the three months ended March 31, 2002. The change in sales is related to the increase in production from 54,675 bbls. to 151,300 bbls., net to Teton after 50% production payment and an increase in the average price per bbl. received from \$15.00 to \$22.53 from 2002 to 2003.

The cost of oil production, including export duties, increased to \$885,545 for the three months ended March 31, 2003 from \$146,392 for the three months ended March 31, 2002 due to the Company's increased production and significantly higher per barrel export duties. The average cost per barrel of production, excluding taxes, increased from \$3.18 to \$5.85. Of this increase, the change in export duties accounted for \$2.67 per barrel. A new insurance policy for Goloil's oil pipeline also added to production costs. Teton's share of this cost during the quarter amounted to \$50,000 or \$0.33 per bbl.

Transportation and marketing expenses rose from \$78,662 for the three months ended March 31, 2002 to \$280,965 in the current quarter. The increase was due mainly to the increased sales volume and increased transportation rates.

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The average cost per bbl. of Russian taxes other than income increased from \$6.75 to \$9.44 per bbl. This tax increase is due principally to an increase in the Russian mining (extraction) tax, which is indexed to the world price of Urals Blend crude and applied to all production, regardless of where sold.

Since Teton absorbs its share of the cost of producing the oil paid under the production payment (included in the above cost amounts), the impact of changes is doubled in the "net to Teton" per bbl. costs.

General and administrative expenses for Teton itself of \$772,899 were incurred for the three months ended March 31, 2003 as compared to \$562,311 for the three months ended March 31, 2002. The increase of general and administrative expenses of \$210,588 reflects the increase in consulting costs of approximately \$42,000, increase in travel and entertainment costs of approximately \$100,000 and increase in fees paid for research reports on Teton Petroleum of approximately \$85,000. The increase in consulting is a result of additional oil and gas consultants used to assist with Company's Russian operations and financial consultants involved in creating additional market awareness of the Company as well as identifying additional sources for future capital raising.

Teton also absorbs its pro-rata share of Goloil's G&A expense. Because of the significant increase in activity, Goloil's G&A expenses increased and Teton's share of the increase was \$126,557.

With the increased activity, including the addition of executive personnel mentioned below, it is now anticipated Teton's General and Administrative expenses will be higher than the \$2,000,000 budget disclosed in our previously filed 10-KSB for the year ended December 31, 2002.

Interest expense for the three months ended March 31, 2003 was \$94,225 as compared to \$77,126 for the three months ended March 31, 2002. This interest expense is principally from the pro-rata consolidation of Teton's ownership portion of Goloil's loans. Financing charges in 2002 arose from the issuance of Convertible Debt and warrants, which were recorded at "fair value", there were none of these charges in 2003.

### **Liquidity and Capital Resources**

The Company has cash balances of \$405,765 at March 31, 2002, with a working capital deficit of \$2,865,037. Approximately \$460,000 of the working capital deficit is in Teton, with the remainder arising from the pro-rata consolidation of Goloil. Teton is not liable for Goloil's debts. Cash flow from operations totaled \$284,935, with non-cash adjustments to cash flow from operations of \$810,871 including depreciation and depletion of \$170,737.

The Company used \$2,979,979 of cash in investing activities, which was all associated with oil and gas property and equipment expenditures. In particular, the Company financed its half of a new gas-powered electrical generating plant in the amount of \$1,500,000 which will be operational in the third quarter of this year. The plant will provide substantial increases in electrical capacity as compared to the diesel generators that will be replaced and at a lower cost. The plant will be fueled by natural gas from our wells, reducing or eliminating the need to "flare" the gas. The Company financed the expenditures with existing cash and sale of Common Stock. The Company continues to expect significant additional investments to be made in the future to drill and develop additional producing wells.

The Company had cash provided by financing activities of \$2,302,796, which consisted of \$2,406,510 from the sale of Common Stock, which were partially offset by the repayment of notes payable to affiliate of \$103,714.

The Company anticipates future operations and significant oil and gas property



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expenditures will be able to be funded through a combination of note payable advances from an affiliate, cash raised from raising debt and equity financing and production of oil and gas reserves.

### Other Matters:

The Company developed a plan of action to list its stock on the American Stock Exchange (AMEX) and began implementation in the first quarter of 2003. The program included the implementation of a 12 for 1 reverse stock split as well as a listing. This program was successfully completed May 6, 2003.

The Company is currently exploring possibilities to acquire additional petroleum licenses in Russia.

### Subsequent Events:

In April of 2003, H. Howard Cooper, Chairman and CEO and the Board of Directors concluded that the Chairman position and the CEO position should be separated for workload considerations as the growth of the Company warrants additional executive time and attention. Karl F. Arleth, a Director, joined the Company full-time, as President and CEO. Mr. Arleth is an experienced oil & gas executive with substantial experience in Russia and the ex-Soviet states. Mr. Cooper will continue as a full-time executive Chairman focusing on the financing of the growth of the Company as well as a search for additional petroleum licenses in Russia.

In addition, Thomas F. Conroy, currently Chief Financial Officer, Secretary and Director, informed the Board that he could not increase his time commitment to Teton as required by the Company's growth, and would need to be replaced as Chief Financial Officer. Mr. Conroy agreed to remain in his current position until an orderly transition could be made. Mr. Conroy will remain as an outside Director after the transition is completed.

On May 12, the Company announced that Mr. John J. Mahar, Managing Director of Gladstone Capital, LLC in New York would assume the role of Chief Financial Officer effective May 20, replacing Mr. Conroy. Mr. Mahar brings ten years of experience in the financing of oil and gas projects, and a total of twenty-five years of experience in the general financial sector.

## **ITEM 3. CONTROLS AND PROCEDURES**

As of March 31, 2003, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the Chief Executive Officer and the Chief Accounting Officer, concluded that the Company's disclosure controls and procedures were effective as of March 31, 2003. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to March 31, 2003.

## **PART II OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

Not applicable.

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### ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On March 19, 2003, Teton's shareholders approved a reverse 1 for 12 stock split. All share amounts have been adjusted to reflect the split.

The securities described below represent our securities sold by us for the period starting January 1, 2002 and ending March 31, 2003 that were not registered under the Securities Act of 1933, as amended, all of which were issued by us pursuant to exemptions under the Securities Act. Underwriters were involved in none of these transactions.

#### PRIVATE PLACEMENTS OF COMMON STOCK AND WARRANTS FOR CASH

Not applicable

#### SALES OF DEBT AND WARRANTS FOR CASH

Not applicable.

#### OPTION GRANTS

Not applicable.

#### ISSUANCES OF STOCK FOR SERVICES OR IN SATISFACTION OF OBLIGATIONS

On January 14, 2003, we issued the following shares of our common stock to the following parties for services rendered:

1. 20,191 shares of common stock and 18,334 warrants exercisable at \$6.00 to Rockwell Capital Ventures in consideration of \$55,000 for capital raising services rendered.
2. 406 shares of common stock to Ivy L. Frederick in consideration of \$12,000 for capital raising services rendered.
3. 380 shares of common stock to John P. O'Shea in consideration of \$11,250 for capital raising services rendered.
4. 76 shares of common stock to Henry S. Kraus in consideration of \$2,250 for capital raising services rendered.
5. 76 shares of common stock to Daniel Luskind in consideration of \$2,250 for capital raising services rendered.
6. 76 shares of common stock to Arthur Niebaur in consideration of \$2,250 for capital raising services rendered.

On January 22, 2003, we issued 44,052 shares of our common stock and 40,000 warrants exercisable at \$6.00 to Current Capital Corporation in consideration of \$120,000 for capital raising services rendered.

On March 23, 2003, we issued 7,408 shares of our common stock to Karl F. Arleth, our director, in consideration of \$20,000 for services rendered.

On March 27, 2003, we issued 6,898 shares of our common stock and 6,274 warrants exercisable at \$6.00 to Ilia Gurevich in consideration of \$18,790 for consulting services rendered.

On March 27, 2003, we issued 11,013 shares of our common stock and 10,000 warrants exercisable at \$6.00 to Maxim Partners in consideration of \$30,000 for financial services rendered.

On March 28, 2003, we issued 73,422 shares of our common stock and 66,667 warrants exercisable at \$6.00 to Strategic Partners Ltd. in consideration of \$200,000 for capital raising services rendered.

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**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not Applicable.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

1. The Annual Meeting was on March 19, 2003 at 5:00 PM.
2. There were present in person or by proxy 45,204,977 shares of Common Stock, of a total of 69,423,319 shares of Common Stock entitled to vote.
3. The number of shares voted in favor of the election of the following nominees for director is set forth opposite each nominee's name:

Nominee -----	No. of Shares -----
H. Howard Cooper	45,089,762
Thomas F. Conroy	45,204,975
Karl F. Arleth	45,225,709
James J. Woodcock	45,204,977

4. 34,739,525 shares were voted in favor of the amendment of the Company's Certificate of Incorporation to increase the authorized number of shares of common stock from 100,000,000 shares to 250,000,000 shares and creation of 25,000,000 shares of blank check preferred.
5. 34,363,240 shares were voted in favor of 2003 Stock Option Plan.
6. 43,914,680 shares were voted in favor of the 1 for 12 reverse stock split.
7. 45,106,056 shares were voted in favor of the appointment of Ehrhardt Keefe Steiner & Hottman PC as auditors.

**ITEM 5. OTHER INFORMATION**

Not Applicable.

**ITEM 6. EXHIBITS AND REPORTS ON 8-K:**

- 99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**SIGNATURES**

In accordance with the requirements of the Exchange Act of 1933, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TETON PETROLEUM COMPANY, a Delaware Corporation

Date: May 15, 2003

By: /s/Karl F. Arleth  
-----

Karl F. Arleth, President and CEO

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Date: May 15, 2003

By: /s/Thomas F. Conroy

-----  
Thomas F. Conroy, CFO

### CERTIFICATION

I, Karl F. Arleth, CEO, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Teton Petroleum Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal

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controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

May 15, 2003

/s/ Karl F. Arleth

-----  
Karl F. Arleth  
Chief Executive Officer

### CERTIFICATION

I, Thomas F. Conroy, CFO, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Teton Petroleum Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other

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employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

May 15, 2003

/s/ Thomas F. Conroy

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Thomas F. Conroy  
Chief Financial Officer