

Tethyan Resources plc

(formerly Aurasian Minerals plc)

Annual Report and Accounts

9 months ended 31 December 2016

Registration number 03781581 (England and Wales)

Tethyan Resources plc (formerly Aurasian Minerals plc)

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Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors and Advisers

Company Registration Number

03781581

Registered Office

27/28 Eastcastle Street
London
W1W 8DH

Directors

Christopher Goss (Non-Executive Chairman)
Peter Mullens (Executive Director)
Gokhan Kantarcigil (Non-Executive Director),
Didier Fohlen (Executive Director), appointed
31 May 2016
John Proust (Non-Executive Director),
appointed 16 December 2016
Mike Andrews (Non-Executive Director),
appointed 16 December 2016

Secretary

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Altrincham
Cheshire
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Nominated Advisor & Joint Broker

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Joint Broker

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London
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Solicitors

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London
SE1 2AU

Auditors

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Bankers

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Tethyan Resources plc (formerly Aurasian Minerals plc)

Chairman's Statement

Dear Shareholder,

During 2016, the Company built on the strategic decision taken at the end of 2015 to focus on gold and base metal exploration in the Balkans Region of south east Europe, which is geologically part of the Western Tethyan Metallogenic Belt. The Company changed its name from Aurasian Minerals plc to Tethyan Resources plc ("Tethyan") to reflect this new regional focus.

The Western Tethyan Metallogenic Belt is an orogenic belt formed by closure of the Tethys palaeo-ocean and the subsequent collision of the African and Eurasian tectonic plates over the last 120 million years. This belt extends from Pakistan in the east through Iran, Turkey, Bulgaria and the Balkans into Romania and Central Europe. It is one of the great mineral belts of the world, being prospective for porphyry copper and epithermal gold deposits as well as numerous other styles of mineralisation. This belt contains a number of world class mines, and it is relatively under-explored especially in comparison with the similar magmatic belts and metallogenic provinces of North and South America.

Tethyan's country focus has been Serbia and in May 2016 the Company acquired a Jersey-based private company, Moroccan Minerals, which held an option over a polymetallic project, the Cadinje project, located in Western Serbia. In conjunction with the acquisition of Moroccan Minerals, Didier Fohlen, Chairman of Moroccan Minerals, became a non-executive director of the Company in May 2016 and was appointed an executive director in October 2016.

In mid-year, Tethyan drill tested the Cadinje project, but the results were not encouraging and local community issues proved challenging. The Company therefore decided to withdraw from this project.

During the year Tethyan acquired options over two new projects in Serbia, Suva Ruda and Gokcanica, which the company believes have considerable potential for porphyry copper-gold and epithermal gold styles of mineralisation. The first round of drilling at the priority target in the Suva Ruda licence, the Rudnitza Porphyry system, commenced in late 2016 with encouraging results. Exploration field work also commenced on Gokcanica.

Tethyan plans to advance both the Suva Ruda and Gokcanica projects during the remainder of 2017. The work will include drilling, deep penetration IP geophysics, geochemical sampling and geological mapping. Ideally, the Rudnitza porphyry system will be advanced to an initial resource estimate and Gokcanica to a decision on drilling.

Tethyan sees strong potential for additional acquisitions in the Balkans region and continues to identify and evaluate other opportunities.

Corporately, Tethyan was very active during the year.

The following steps were taken, following shareholder approval at the AGM in July 2016:

The Company changed its name to Tethyan Resources plc. The Company consolidated its stock on a 1 for 6 basis to reduce the number of shares in issue to a more manageable number and to raise the share price further above its par value. Since then, following encouraging results from Tethyan's exploration programme, the Company's share price has traded at around or above the price at the date of consolidation.

During the year, the Company completed the three financings listed below and brought on board a major shareholder and strategic partner, Southern Arc Minerals Inc, a Canadian junior exploration company listed on the Toronto Venture stock exchange (TSX-V).

April 2016: issued 43,000,000 shares at 0.38 pence, pre-consolidation, for £ 163,400

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November 2016: issued 16,500,000 shares at 2.18 pence, post consolidation, to Southern Arc Minerals in a non-brokered placement for £ 360,000.

December 2016: issued 39,100,000 shares at 2.18 pence in a brokered placement for £ 852,380.

Subsequent to the period end, in March 2017, the Company raised a further £1million at 4.5 pence a share.

During November 2016 Southern Arc Minerals Inc. agreed to make a strategic investment of up to 29.9 % of Tethyan's issued share capital. Southern Arc subsequently bought Newmont's block of 14,653,966 shares and participated in two of the three financings completed in 2016. At the end of 2016 Southern Arc owned 43,653,966 shares in Tethyan Resources, or approximately 29.9 % of the Company's issued share capital. As part of this transaction two Southern Arc directors were appointed to the Tethyan Board, John Proust and Dr Mike Andrews.

In addition, it was agreed that Southern Arc would:

- have a first right of refusal on any further fundraisings undertaken by the Company for a period of 2 years to enable it to increase its holding to and maintain its interest at 29.9% of the issued share capital of the Company; and
- use its commercially reasonable efforts to seek a listing on the TSX Venture Exchange in as soon as reasonably practicable following completion of the Southern Arc Subscription.

As of 31 December 2016, Tethyan Resources had 145,959,829 shares outstanding and was trading at approximately 2.25 pence, representing a market capitalisation of £ 3.28 million. Subsequent to the period end, following the announcement of the results from the drilling at Rudnitsa, the share price moved above 4 pence.

Tethyan plans to list its shares on the Toronto Venture exchange and it will then be dual listed on AIM and the TSX-V. This is to allow Tethyan access to North American capital markets and increase share trading liquidity.

Tim Coughlin resigned from the board of directors during 2016. The board would like to thank Tim for helping the Company during a challenging transition phase.

Over the last year, the risk appetite of investors for early stage exploration projects has improved. It is hoped this improvement will continue into 2017 to allow Tethyan to remain well-financed and to achieve its goals of acquiring and advancing quality exploration projects to increase the Company's value for shareholders.

Your board will continue to manage expenditure to maintain a secure cash balance. Tethyan ended 2016 with approximately £1 million in the bank. The involvement of Southern Arc, who have already made two substantial investments, increases our confidence that we will be able to advance our exploration programme as planned while maintaining a robust financial position.



Christopher Goss
Non-Executive Chairman

30th May 2017

Tethyan Resources plc (formerly Aurasian Minerals plc)

Operations and Strategic Report

The principal activities of the Company are the identification, acquisition, and development of mineral projects to build value for its shareholders. Tethyan's main target commodities are gold, silver and base metals and the Company's principal goal is to advance a significant mining project towards bankable feasibility stage, thereby making the Company an attractive take-over target or alternatively Tethyan could seek a joint venture partner to bring in expertise and finance for mine development.

The Company's current focus is Serbia, however we are also evaluating opportunities elsewhere in the Western Tethyan Metallogenic Belt region, including in Serbia's neighbouring countries of Kosovo, Bulgaria and Macedonia.

Tethyan re-focused on the Balkans and entered Serbia in November 2015, following a review of many projects throughout Latin America, West Africa and the Balkans. The Balkans region was considered under-explored in relation to some of the other great porphyry and epithermal belts of the world and with less competition. Recent discoveries, by Reservoir Minerals (Cukaru Peki) in Serbia and Mariana Resources (Hot Madden project) in Eastern Turkey, have highlighted the potential of the area.

The initial project acquired by Tethyan through the take-over of Moroccan Minerals was the Cadinje polymetallic project located in Western Serbia. Cadinje was a small to moderate size resource explored by the former Yugoslav Department of Minerals and Mining throughout the 1970s and 1980s. It had a non-compliant resource of 7.7 million tons of 1.1 % Cu, 2.6 % Zn, 1.0 % Pb with Au and Ag credits. During the year Tethyan completed a drilling program comprising 6 diamond drill holes (totalling 1085.7 metres) to test the potential to expand the resource. The Tethyan technical team concluded that grades within the mineralised system were much less continuous than previously interpreted and ground conditions were very poor. These reasons as well as land access and partnership issues, lead Tethyan to the decision to exit the Cadinje project in September 2016.

During 2016 Tethyan has identified and negotiated options over two additional projects, prospecting for porphyry copper-gold style and epithermal gold style mineralisation located in Southern Serbia. These are called the Suva Ruda and Gokcanica.

Suva Ruda

Tethyan announced in September 2016 that it had signed an option agreement with Deep Research d.o.o, a private Serbian company giving Tethyan the sole and exclusive right to acquire a license over the Suva Ruda Project. The License is located in Southern Serbia near the town of Raska (30,000 inhabitants), 170 km directly south of Belgrade and within the historic Raska mining district. The License comprises one exploration permit with a surface area of 87 km².

Under the terms of the Option Agreement, Tethyan is entitled to purchase 100% of the License or Deep Research (at Tethyan's discretion), for a cash payment of €6 million plus a percentage of the eventual capital cost of building the mine, at any time during the total duration of the License, including any (which gives a period of a minimum of 7 years from the date of the Agreement). The details of the agreement were announced when the agreement was concluded and are summarised in Note 26 to the accounts.

The Suva Ruda exploration license covers Jurassic serpentinite and Cretaceous andesitic volcanics intruded by Tertiary dacite stocks. There are two well-defined targets within the Suva Ruda exploration license:

- High-grade lead and zinc veins similar to those mined historically (Kizevak) and those on the periphery of the Rudnitza porphyry; and
- A porphyry dacite stock hosting significant copper and gold stockwork style mineralisation, the 'Rudnitza' porphyry located on the Borovik hill.

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Operations and Strategic Report (continued)

Phelps Dodge located the Rudnitza porphyry stock in 2004 and drilled 7 widely spaced drill holes over an area of 1.2 kilometres by 0.8 kilometres. The holes were centred on a porphyry stock with outcropping quartz-magnetite alteration occurring over an area 600 metres by 400 metres, and a more widely spread advanced argillic zone with massive silica and alunite occurring over a broader area. Three of the drill holes were drilled into the core of this alteration, the other 4 holes were drilled on the periphery of the stock into phyllic alteration. Generally, the holes were drilled to depths between 170 and 300 meters and did not test the porphyry at depth. The 3 holes drilled into the quartz stock work all intersected substantial mineralisation, including drill hole PDRC 04-03 which intersected 144 metres @ 0.4% copper, 0.37 g/t gold from 100 metres and ended in mineralisation.

Phelps Dodge exited the project in late 2004 when copper was trading around US \$0.80 per pound and open-pit copper projects needed to average greater than 1% Cu.

Subsequent to Phelps Dodge, Euromax Resources Limited (“Euromax”) held the project from around 2006 until the Global Financial Crisis of 2008 and 2009. Euromax dropped the project in 2009 to focus on Macedonia, where they are developing the Ilovica copper deposit. Following Euromax’s departure, a private Serbian company held the project and explored the area for lead and zinc, prior to going bankrupt and losing the license.

Suva Ruda occurs within an historical mining district and has excellent infrastructure. The town of Raska located nearby hosts a potential workforce with a mining background and the area has abundant water and grid electricity. The area is also serviced by a railway with connections to ports located on the Adriatic Coast. In addition, the Serbian Government has declared porphyry copper-gold projects to have a high priority for development, so any potential project is likely to receive strong government support.

2016 Work Program

Tethyan completed a program of 4 diamond drill holes (totalling 2,318 metres) at the Rudnitza copper-gold porphyry prospect within the Suva Ruda exploration permit in Serbia, during November-December 2016.

Highlight intersections of these drill holes include:

- **Drillhole RDD-001 : 584.6 m @ 0.27 % Cu, 0.44 g/t Au from surface.**
(including 38 m @ 1.2% Cu and 0.38 g/t Au from 122 m)
- **Drillhole RDD-004: 356 m @ 0.38% copper and 0.31 g/t gold from 48 m**
(including 30 m @ 1.45% Cu and 0.39 g/t Au from 102 m)
- **Drillhole RDD-003: 285 m @ 0.31% copper and 0.33 g/t gold from 42 m**
(including 16.7 m @ 1.55 % Cu and 0.20 g/t Au from 102 m)

This drilling expanded the size of mineralisation identified to an area of at least 300 metres by 200 metres horizontally and up to 500 metres vertically. The zone of known mineralisation is contained in a much larger intensively altered volcanic sequence with anomalous copper, gold and molybdenum in soils which extends for up to 1500 metres in a north-south direction and 500 metres east-west.

All drill holes intersected a thick package of dacitic volcanic rocks showing strong phyllic and propylitic alteration with extensive zones of thin (2-20mm) quartz-pyrite ± chalcopyrite ± chalcocite veining and stockwork.

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Operations and Strategic Report (continued)

Supergene enrichment has produced a higher-grade chalcocite rich copper zone observed in each of the drill holes that is in excess of 1 % copper. Drill Hole RDD-004 intersected 30 metres at 1.45 % copper, 0.39 g/t gold from 102 metres. Copper grades are generally seen to be lower in the leached zone above this supergene zone however gold mineralisation was encountered from the surface. Beneath the supergene zone, gold and copper grades are generally consistent over large intervals exceeding 200 metres.

Gokcanica

In July 2016, Tethyan entered into an agreement on an early stage exploration project located within the same geological belt as Suva Ruda. The Gokcanica Permits consist of two adjoining permits with a combined area of 110km² located in southern Serbia, 5 km to the north of the town Josaniska Banja. The area is located within the 500 km² Rashka ore field. A Jurassic ophiolite sequence intruded and overlain by Tertiary andesitic volcanics and intermediate stocks covers the area.

Mining in the Gokcanica licence area dates back beyond contemporary records and is evidenced by many pits and shafts, including those at Ceoviste, Ruyak, Rudniak and Drenjak. Exploration from the 1970s focused on lead-zinc-silver veins.

Euromax conducted exploration in the area from 2006 to 2008 completing detailed mapping and a soil geochemistry program over a 6 km long zone of phyllic to argillic altered andesite volcanics and intrusives, which contained abundant ancient mine workings. Drilling at the northern end of this trend by Euromax intersected multiple gossan and massive sulphide intervals, one of which reported 12.4 metres at 1.5% copper, 1.4% lead, 0.8% zinc, 62 g/t silver and 1.6 g/t gold. Euromax also defined a 3 km by 2 km magmatic complex at the southern end of the trend which remains to be drill tested.

In 2014-2015, a joint venture between a Serbian company and First Quantum Minerals, a major copper company, conducted follow up exploration on the large zone of phyllic and argillic alteration confirming the potential for the discovery of porphyry copper-gold mineralisation. They identified a coincident Cu-Mo soil anomaly within this alteration, however, after drilling 6 shallow holes First Quantum failed to locate the source of this Cu-Mo anomaly and withdrew from the project.

More recent prospecting work by Tethyan has located a number of arsenopyrite and pyrite rich veins which outcrop over a 200 metre strike length, can be up to 20 metres wide, and with individual assays up to 67 g/t gold. Detailed channel sampling and mapping has yet to be completed on this zone and it has not been drilled.

The terms of the agreement on Gokcanica were announced in July 2016 and are summarised in Note 25 to the accounts.

Results for period

The Group incurred a consolidated net loss for the nine month period of £1.296m (year ended 31st March 2016: loss of £465,000). The Directors do not recommend the payment of a dividend (year ended 31st March 2016: nil).

Financial position

The Board has prepared a budget to the end of June 2018 based on projected expenditures and considers that there are adequate financial resources for this period. New projects or developments may require additional funding. Tethyan will continue to take a cost-conscious approach to minimising expenditure while pursuing opportunities that can add shareholder value.

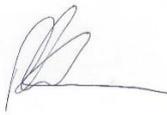
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Operations and Strategic Report (continued)

Future outlook

During the coming year, Tethyan will maintain its focus on Serbia. The Company plans to continue to explore its two key projects Suva Ruda and Gokcanica during 2017 and move them towards a resource and potential development stage decision. In addition Tethyan has initiated a program to identify and acquire further high quality projects throughout the Balkans region.

The Company's strategy is to identify and acquire exploration projects which can be moved up the value curve to the pre-feasibility and feasibility stage. The strategy is to acquire a pipeline of opportunities at different stages of exploration. Once a high quality project with development prospects is realised, the Company will seek to maximise shareholder value by, selling the project, looking for a JV partner, or raising finance and staffing up appropriately to enable the Company itself to develop the project.



Peter Mullens
Executive Director CEO

30th May 2017

Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors' Report

The Directors present their report and the audited consolidated financial statements for the 9 months ended 31 December 2016.

During 2016 the Company changed its name to "Tethyan Resources Plc" from "Aurasian Minerals Plc". This was to reflect the Company's focus on exploring for Copper/Gold projects located in the Western Tethyan Mineral belt, which is one of the great porphyry epithermal belts of the world.

The Company also changed its accounting reference date from 31 March to 31 December. These financial statements therefore cover the nine month period from 1 April 2016 to 31 December 2016.

Principal activity

The Company's principal activity continues to be exploration for gold, copper-gold and other minerals. Further details are given in the Strategic Report.

Directors

The Directors that held office during the period and remain in office as at the date of this report unless stated otherwise were:

Christopher Goss	
Peter Mullens	
Gokhan Kantarcigil	
Didier Fohlen	appointed 31 May 2016
John Proust	appointed 16 December 2016
Michael Andrews	appointed 16 December 2016
Tim Coughlin	resigned 4 October 2016

Biographic details

Christopher Goss (Non-Executive Chairman) Christopher, 68, retired in May 2010 from the IFC, the private sector arm of the World Bank Group and a leader in project finance in emerging markets. Since 2006, Christopher was based in London, leading IFC's business development for mining and oil and gas. He originated and structured several equity investments in junior mining and oil and gas companies and managed the IFC relationships with Rio Tinto, Anglo American and Lonmin. Christopher previously led IFC mining transactions in Africa, Russia, Central Asia and Latin America. Christopher had previously advised several African Governments in natural resource policy and negotiations.

Peter Mullens (Chief Executive Officer, Executive Director) Peter Mullens, 56, has a BSc in Earth Sciences from Monash University (Melbourne Australia) gained in April 1984. He is also a fellow of The Australian Institute of Mining and Metallurgy and has over 30 years of Mining, Exploration and Corporate experience. Peter worked as a Mine geologist for CRA (Rio Tinto) at Broken Hill in Australia from 1983 until 1986 then at The Hilton Mine for Mt Isa Mines (Xstrata) from 1987 to 1992. Following this he was involved with exploration in Australia and South America from 1992 until 2002, with firstly MIM Exploration then as a consultant.

From 2002 to 2009 Peter was Chief Geologist and Business Development Manager for Aquiline Resources (Tsx AQI) and oversaw the identification and acquisition of their key Argentinean Gold and Silver properties and VP Exploration and director for Laramide Resources (Tsx LAM) and was responsible for acquiring their main Westmoreland Uranium Project in Australia. Both companies enjoyed spectacular success in the 2004 to 2009 bull market in precious metals and uranium, with Aquiline being acquired by Pan American Silver in 2009 for US \$ 626 million.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors' Report (continued)

In addition to this Peter was a founder of a number of start-up companies including Lydian Resources (Tsx LYD) which listed on the Toronto Stock Exchange in January 2008. During his time at Lydian, Tim Coughlin discovered the 5 million ounce Amulsar Gold project located in Armenia currently going into construction.

Gokhan Kantarcigil (Non-Executive Director) Gokhan Kantarcigil, 39, has over 15 years' experience in the mining and engineering industry. He has a degree in Mechanical Engineering from The Middle East Technical University located in Turkey. In 2008 he was a founder of a private Turkish Mining company VTG Holdings. Gokhan was instrumental in the discovery, development and production of the Brummersheim Thermal Coal Project located in South Africa, 2008 through to 2011, which is currently producing 1 million tons of export quality thermal coal per year. Gokhan then bought the Caldaq Nickel project located in Western Turkey from AIM listed ENK. He moved the project forward to a production decision and acquired all mining and environmental permits and social licenses before selling the project in 2014. Gokhan is an entrepreneur and investor and currently looking at acquiring and developing mining projects.

Didier Fohlen (Executive Director) 59, has 36 years of experience in natural resources, energy and geoscience including senior management positions in project finance, exploration, mine development, operations and closure/rehabilitation in Africa, Europe, FSU and Asia. Didier has an engineering degree. He was Chairman for Moroccan Minerals and responsible for running and financing the company from entry into Morocco in 2014 until acquisition by Tethyan Resources in May 2016. He was instrumental in negotiating both the agreement with Tethyan Resources and also the acquisition of Suva Ruda, Tethyan's principal project, located in Serbia. He is currently General Manager Balkans for Tethyan Resources and responsible for all Tethyan's activities in the Balkans including but not limited to overseeing Exploration, Government Liaison, Social licensing and Permitting.

Mr. Fohlen has been an advisor to Lydian International Ltd. and has considerable experience on social issues relating to mining and permitting of mining projects. Mr. Fohlen has an Engineering Degree from the School of Geology and Mines of Nancy. He has 33 years of experience in exploration, mining operations and mine closure, with a focus on investment in emerging markets, corporate social responsibility and environmental management. He also has 15 years' experience in the World Bank Group/IFC and 10 years in mining groups (Areva, Lydian) working in Europe, Africa, North America, Central Europe and Asia. After his initial exposure on mining investments with major, as well as junior, mining companies, experience in geosciences consulting and financing in emerging markets, he has gained strong corporate gold and uranium mines in Africa, Canada and the Former Soviet Union, and significant experience in executive positions in the last decade. Didier has worked with, financed and consulted to, many major and junior companies on exploration, development and mining projects in 40 countries across 6 continents Europe, Maghreb, West Africa, Southern Africa, Turkey, Russia, Armenia, and Kazakhstan. He was previously a senior environmental and social officer in IFC specialising in the mining sector and subsequently was Vice President Environment at the French nuclear company and uranium miner Areva.

John Proust (Non-Executive Director) Mr. Proust is an independent businessman and President of J. Proust & Associates Inc., through which Mr. Proust is the founder of numerous public and private companies, including Southern Arc Minerals (Executive Chairman & CEO since August 2004 and as President from August 2004 to November 2010), TekModo Industries Inc. (formerly CarbonOne Technologies Inc.) (Chairman and CEO since July 2015), Canada Energy Partners Inc. (director since May 2006) and Chairman since October 2009), Outrider Energy Corp. (director since December 2007, Interim President & Chief Executive Officer since March 2015). Mr. Proust is also a director, CEO and Chairman of Japan Gold Corp. (since September 2016).

Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors' Report (continued)

Mr. Proust was also a director (from October 2010 to June 2015) and Chief Executive Officer (from January 2011 to November 2014) of New Zealand Energy Corp., a director and Chairman (from August 2013 to August 2015) and Interim Chief Executive Officer (from August 2013 to April 2015) of Eagle Hill Exploration Corporation, and a director of American Potash Corp. (from March 2014 to December 2014).

Dr Michael Andrews, PhD, FAusIMM (Non-Executive Director)

Dr Mike Andrews is a geologist with more than 35 years of research and mining industry experience in gold, copper, coal and iron exploration. He holds an honours degree in Geology from the University of Reading, and a doctorate in Exploration Geochemistry from the University of Wales. Dr. Andrews is currently President and Chief Operating Officer of Southern Arc Minerals Inc, President and Chief Operating Officer of Japan Gold Corp and President of Q Investments, all public exploration companies listed on the Toronto Venture Exchange. He was a founding director of Kingsrose Mining and played an instrumental role in the discovery, exploration, feasibility and development of its Way Linggo Gold Mine in Indonesia and he has been closely involved with the development of three other gold mines in Southeast Asia. Dr. Andrews also held the positions of Executive Director and Chief Geologist of AuIron Energy Ltd., Director of Gold Operations for Meekatharra Minerals Ltd., and managed the Teck Corporation-MM Gold Joint Venture, an exploration portfolio of thirteen gold and copper projects in Indonesia. He also held senior exploration positions with Ashton Mining Ltd, Aurora Gold Ltd and Muswellbrook Energy and Minerals. Dr Andrews is a fellow of the Australasian Institute of Mining and Metallurgy.

Share capital, Options and Warrants

The market price of the ordinary Shares at 31 December 2016 was 0.225p and the range during the 9 month period to 31 December 2016 was 0.20p to 0.750p.

As at 31 December 2016 and at 30 May 2017 the Company had the following number of Shares, Share Options and Warrants in issue or committed:

	31 December 2016	30 May 2017
Issued Ordinary Shares	145,959,829 of 0.1 p each	168,182,052 of 0.1 p each
Issued Deferred A Shares	368,716,729 of 0.9 p each	368,716,729 of 0.9 p each
Issued Deferred B Shares	89,163,163 of 0.5 p each	89,163,163 of 0.5 p each
Warrants to acquire Ordinary Shares at 2.4p each	105,560	105,560
Warrants to acquire Ordinary Shares at CAD 3.6 each	2,341,500	2,341,500
Share options outstanding (see details below)	11,100,000	11,100,000

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Directors' Report (continued)

The Share options outstanding are held by:

Name	Price (pence)	Vesting Period	Expiry Date	31 December 2016	30 May 2017
C Goss	0.050	12 months to 08/08/2017	08/08/2019	800,000	800,000
P Mullens	0.050	12 months to 08/08/2017	08/08/2019	1,000,000	1,000,000
G Kantarcigil	0.050	12 months to 08/08/2017	08/08/2019	800,000	800,000
D Fohlen	0.050	12 months to 08/08/2017	08/08/2019	1,000,000	1,000,000
F Baker	0.050	12 months to 08/08/2017	08/08/2019	1,200,000	1,200,000
M Keates	0.050	12 months to 08/08/2017	08/08/2019	500,000	500,000
F Baker	0.024	12 months to 21/12/2017	21/12/2021	1,000,000	1,000,000
J Proust	0.024	12 months to 21/12/2017	21/12/2021	1,000,000	1,000,000
M Andrews	0.024	12 months to 21/12/2017	21/12/2021	1,000,000	1,000,000
C Goss	0.024	12 months to 21/12/2017	21/12/2021	200,000	200,000
G Kantarcigil	0.024	12 months to 21/12/2017	21/12/2021	200,000	200,000
Other employees	0.050	12 months to 08/08/2017	08/08/2019	2,400,000	2,400,000
Total outstanding				11,100,000	11,100,000

Share options may only be exercised between the first and tenth anniversaries of the date of grant by a person who remains a Director or employee and for a limited period following cessation of employment unless otherwise determined by the Board. No options were exercised during the period ended 31 December 2016 (year ended 31st March 2016: nil exercised).

Joint Share Ownership Plan ("JSOP")

The Employee Benefit Trust ("EBT") is administered by Equiom (Guernsey) Limited as trustees. The trustees hold the shares for the purpose of entering into incentive awards and other arrangements within the terms of its Trust Deed. The EBT has an interest free loan from the Company to buy shares.

Under the terms of the JSOP which the EBT has entered into, each participant enters into a joint ownership of the respective shares together with the EBT. The interest of the participant relates to the increase in value of the shares above a 'Hurdle Value'. The JSOP may be realised on certain events, including a 'change of control' of the Company, or after the earliest date for realisation set out below, but before the expiry date set out below. The amount that can be realised under the award depends on the nature of the event.

In the event that the JSOP award is realised by a sale of the shares, the difference between the Hurdle Value and the sales price will be held by the EBT and may be applied either to repay the loan outstanding with the Company or to provide further benefits to its beneficiaries.

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Directors' Report (continued)

Name	Hurdle Price (Pence)	Earliest date for realisation	Date of JSOP award	JSOP award shares at 31/12/2016	Expiry Date
C Goss	45.0	04/05/2014	30/01/2012	166,666	31/12/2021
C Goss	60.0	04/05/2014	30/01/2012	166,666	31/12/2021
C Goss	24.0	19/04/2015	4/07/2012	300,000	19/04/2022
B Howell	45.0	04/05/2014	30/01/2012	333,333	31/12/2021
B Howell	45.0	04/05/2014	30/01/2012	333,333	31/12/2021
Total Issued				1,300,000	

The remaining 2,095,124 shares held by the EBT relate to former employees whose interest in the shares has lapsed.

The Company's shares were sub-divided on a 1 for 6 basis during 2016.

The Deferred Shares are not listed on any Stock Exchange, and have no rights to vote at any meeting of the Company. Nor do they have any rights to dividends, nor any other form of distribution other than a maximum of 0.9 pence per share on a return of capital on a winding up of the Company (provided the Company has sufficient cash after the holders of the New Ordinary Shares have been paid an aggregate amount of the paid up capital thereon being 0.1 pence plus £10,000,000 for each such Ordinary Share).

Substantial Shareholders and Directors' interests in Shares

At 30 May 2017, the Directors had been notified that the following had an interest in 3 per cent or more of the nominal value of the Company's Shares:

Shareholder	Number of Ordinary Shares	% of the issued Share Capital
Southern Arc Minerals	50,298,411	29.9
Pat DiCapo	9,000,000	5.4
Peter Mullens	8,621,975	5.1
Frank Brewer	8,913,650	5.3
Khuanchai Siphakanlaya	6,700,000	4.0
Didier Fohlen	5,053,333	3.0
Alan Fairless	5,000,000	3.0

The Directors had the following interests in Shares of the Company as at 30 May 2017:

Director	Number of Ordinary Shares	% of the issued Share Capital
Peter Mullens	8,621,975	5.1
Didier Fohlen	5,053,333	3.0
Gokhan Kantarcigil	3,622,315	2.2
Christopher Goss	1,393,518	0.8
Total	18,691,141	11.0

Financial risk management

Information relating to the Group's financial risk management is set out in note 22 of the financial statements.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors' Report (continued)

Corporate Policies and Values

Tethyan is committed to responsible mining and delivering on corporate governance, including on business conduct and ethics. Simply put - this means doing the right thing. Our business decisions incorporate careful consideration of core principles embedded in our Corporate Policies. These are:

- Share Dealing and Market Abuse Regime
- Anti-Corruption and Bribery
- Disclosure and Confidentiality
- Data Protection
- Sustainability
- Whistleblower

These new corporate policies have been developed during 2016, formerly approved by the Board of Directors on 16 October 2016.

The Group's core values are:

- To be a good corporate citizen, demonstrating integrity in each business and community in which we operate;
- To be open and honest in all our dealings, while respecting commercial and personal confidentiality;
- To be objective, consistent and fair with all our stakeholders;
- To respect the dignity and wellbeing of all our stakeholders and all those with whom we are involved; and
- To operate professionally in a performance-orientated culture and be committed to continuous improvement.

Overall our business philosophy is to adhere to good international best practice (GIIP) and implement the highest standards of corporate governance.

Sustainability

Sustainability is paramount to all Tethyan's activities. The long-term success of Tethyan Resources is connected to the ability to operate in a socially and environmentally responsible way. Tethyan is committed to proactively implement sustainable health, safety and environmental management, as well as engaging with local communities and all stakeholders.

As such we are committed to:

- developing mutually beneficial partnerships with our stakeholders throughout the life cycle of our activities and operations;
- minimising the potential impact that our operations may have on the environment;
- comply with all laws, regulations, standards and international conventions which apply to our businesses and to our relationships with our stakeholders;
- having a positive impact on the people, cultures and communities in which we operate;
- upholding fundamental human rights and, accordingly, seeking to ensure the implementation of fair employment practices; and
- complying with all relevant occupational health and safety laws, regulations and standards.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors' Report (continued)

Bribery

Per our anti-bribery and corruption policy, the Group does not:

- give, receive or allow its suppliers to give or receive bribes or any inducements or;
- entertain or make gifts that might influence the behaviour of third parties in respect of the business of the Group.

Corporate governance

The listing rules of the Financial Conduct Authority incorporate the UK Corporate Governance Code which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. The Board intends that, so far as is relevant for a Company of its size and stage of development, it will comply with the Code. The Board has established appropriately constituted Audit and Remuneration Committees with formally delegated responsibilities.

The Board of Directors currently comprises the Chairman, Chief Executive Officer, Executive Director and three Non-Executive Directors. The Board has both corporate finance and mining experience, from exploration and development through to production. The Board considers that its composition and structure is appropriate given its size and the state of the Company's activities.

Board meetings are held regularly to provide effective leadership and overall management of the Group's affairs through the schedule of matters reserved for Board decisions. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies and the approval of financial statements. All Directors have access to the advice and services of the Company's solicitors and the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of their duties. The Board has delegated authority to the two Committees below to deal with matters in accordance with their written terms of reference.

1. The Audit Committee, which meets not less than twice a year, assists the board in fulfilling their oversight responsibilities in respect of the integrity of the financial statements, risk management and internal control arrangements, compliance with legal and regulatory requirements, and the performance, qualifications and independence of the external auditors. The members of the Committee during the period ended 31 December 2016 were Gokhan Kantarcigil (Chairman) and Christopher Goss. John Proust was appointed to the Audit Committee on 23 January 2017.
2. The Remuneration Committee, which meets when necessary, concerns itself with the remuneration and benefits of the Directors, the design and terms of share-based incentive plans, and the remuneration policy for the Executive Team and Senior Corporate Officers. It also makes proposals to the Board in the above areas, including specific remuneration packages for each of the Directors. The members of the Committee during the period ended 31 December were Tim Coughlin (Chairman) until 4 October 2016, Didier Fohlen (Chairman from 4 October until 14 December 2016) and Gokhan Kantarcigil. On 14 December 2016 John Proust (Chairman) and Michael Andrews were appointed.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors' Report (continued)

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst the Directors acknowledge that no internal control system can provide absolute assurance against material misstatement or loss, they are putting in place controls that they regard as appropriate, and are taking the necessary steps to ensure that the systems develop in accordance with the size of the Group.

Relations with shareholders

The Board attaches great importance to maintaining good relations with its shareholders. Information about the Group's activities is included in the Annual Report and Accounts and Interim Reports, which are posted on the Company's website. Market sensitive information is released to all Shareholders concurrently in accordance with stock exchange rules. The Annual General Meeting provides an opportunity for all Shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Company maintains a corporate website where information on the Group is updated and all announcements are posted as they are released.

Share dealing

The Company has adopted a share dealing and Market Abuse Regime (MAR) policy for Directors and relevant employees as well as partners in accordance with the AIM Rules and will take proper steps to ensure compliance by the Directors and those employees.

Going concern

The Group had cash balances of approximately £1.0 million as at 31 December 2016 with total liabilities at that date of £309,000. At 30 May 2017 the Group had cash balances of approximately £1.25 million with total liabilities at that date of £100,000.

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The activities in the period and future prospects of the Group are discussed in the Chairman's Statement and Strategic Report. The Group has not yet earned revenue as it is still in the exploration phase of its business.

On 28 March 2017, Tethyan Resources plc announced an issue of 22,222,223 new ordinary shares at a subscription price of 4.5p per ordinary share, raising £1,000,000 from a combination of new and existing strategic shareholders and management. The proceeds will be used towards a 6,000 metre drilling programme at the Company's Suva Ruda project in addition to working capital requirements.

The Board has reviewed current cash balances and projected expenditure during the next 12 months, within the Group, and is confident that all liabilities can be met. As part of the ongoing development of the company in the event that new projects are identified careful consideration will be made as to their viability and, if deemed to fit in with the company aims, additional funding will be sought at that time. The Directors have reviewed the Group's overall position and confirm that there is adequate working capital in the business to meet its liabilities for the next twelve months and beyond. Accordingly, the Directors believe that the use of the going concern basis is appropriate.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors' Report (continued)

Principal risks and uncertainties

General

The principal risks and uncertainties are summarised below. These do not necessarily comprise all of those that are potentially faced by the Company and are not intended to be presented in any assumed order of priority. The exploration for and development of natural resources is a speculative activity that involves a high degree of risk. The Directors believe that, in particular, readers of this report should be aware of these risks and uncertainties, and that the Directors take reasonable steps to mitigate and minimise the impact of the risks on the Group. However, these risks cannot be eliminated entirely.

Geology and reserves

The exploration for minerals involves significant uncertainties and the Group's operations are subject to all of the hazards and risks normally associated with such activities. The risks include not finding any economic ore bodies and physical dangers to the staff conducting such exploration. The Group works with its partners to reduce these risks by carrying out detailed analysis of the data before committing increasing levels of resource.

Environmental and permitting regulations

The Company's operations are subject to the environmental and permitting risks inherent in the exploration and mining industry. Although the Directors believe that the Group seeks to be in compliance in all material respects with any applicable environmental laws and regulations as well as exploration and mining codes requirements, there are certain risks inherent in their activities and those that the Group could undertake in the future, including without limitation risks of accidental spills, leakages, approvals delays or other unforeseen circumstances, which could subject the Company to additional liability.

Expenditure and funding

The Group's business requires significant expenditures. In the event that the Group will not be able to raise the financing required for the Group's planned expenditures, the Group will have to reduce its planned expenditures, or possibly even cease to operate.

Currency exchange risk

The Group reports its financial results in Sterling, while a proportion of the Group's costs are incurred in US Dollars, Euros and Serbian Dinars.

Accordingly, movements in the Sterling exchange rate with these currencies could have a detrimental effect on the Group's results or financial condition which could mean that it might record higher costs than would otherwise be the case, or even that it might not be able to afford to carry out certain exploration activities, and/or not be able to complete certain projects.

Liquidity risk

The Group has to date relied upon Shareholder and joint venture partners' funding of its activities. Exploration activities or the acquisition of new opportunities may be dependent upon the Group's ability to obtain further financing through joint ventures, equity or debt financing or other means. Although the Group has been successful in the past in obtaining financing, there can be no assurance that the Group will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If it fails to obtain the necessary funding then it may not be able to complete or maintain its interest in certain projects, and may even have to cease to operate.

Key performance indicators

With no active projects the Group does not currently track specific performance indicators.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors' Report (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to the auditors

The Directors confirm that in so far as each of the Directors is aware:

- There is no relevant audit information of which the Company's auditor is unaware;
- The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information; and
- The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that UHY Hacker Young LLP be re-appointed as auditors of the Company and that the Directors be authorised to determine their remuneration will be put to the Annual General Meeting.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Directors' Report (continued)

Subsequent events

On 24 February 2017 Tethyan Resources d.o.o a company incorporated in Serbia, which had been incorporated under the ownership of F Baker, COO of Tethyan Resources Jersey Ltd, formally became a wholly owned subsidiary of Tethyan Resources Jersey Ltd, and therefore part of the Group. The company, along with Global Mineral Resources d.o.o had been incorporated to secure permits within Serbia. Subsequently, Global Mineral Resources d.o.o also became a wholly owned subsidiary of Tethyan Resources Serbia d.o.o as of 3 April 2017.

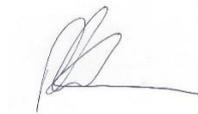
Terenure Limited, a wholly owned subsidiary based in Papua New Guinea, was formally removed from the register on 2 March 2017. The company had been dormant for over 12 months and had no assets or liabilities.

On 28 March 2017, Tethyan Resources plc announced an issue of 22,222,223 new ordinary shares at a subscription price of 4.5p per ordinary share, raising £1,000,000 from a combination of new and existing strategic shareholders and management. The proceeds will be used towards a 6,000 metre drilling programme at the Company's Suva Ruda project in addition to working capital requirements.

Annual General Meeting

The 2017 Annual General Meeting will be held at 4 More London Riverside, London, SE1 2AU at 11:00 a.m. on 26 June 2017.

By Order of the Board



Peter Mullens
Executive Director

30th May 2017

Tethyan Resources plc (formerly Aurasian Minerals plc)

Remuneration Report

Remuneration policies

Financial packages for Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognised job qualifications and skills.

The Company's policy on remuneration is to:

- attract and retain people of the appropriate quality by paying competitive remuneration packages relevant to each person's role and experience and the external market. The packages include employment related benefits; and
- reward Directors for creating shareholder value through share options and other rewards.

The packages recognise that each Non-Executive Director spends considerably more time on the Company's affairs than is usual, and aims to keep the cash remuneration at as low a level as possible through the award of shares and share options.

Directors' and officers' insurances

During the period, Directors' and officers' liability insurance was maintained for Directors and other officers of the Group as permitted by the Companies Act 2006.

Terms of the Directors' service and employment contracts

Christopher Goss is employed at an annual salary of £18,000, Peter Mullens has a service contract under which he is entitled to £8,000 per month. Didier Fohlen has service contract providing for a minimum of half time at a rate of £48,000 pa, with additional days remunerated at a daily rate of £400.

Other than their service and employment contracts, no director has a material interest in a contract with the Company.

The beneficial interests of the Directors in the shares and options of the Company as at 31 December 2016 and as at 30 May 2017 (the last practical date before the date of this report) were, as far as the Directors are aware, as set out in the sections of the Directors' Report above entitled "Substantial shareholders and Directors' interests in shares" and "Share capital, options and warrants". Details of directors emoluments are shown below

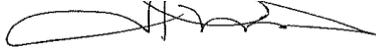
Name	Salary	Fees	Option based payments	Total
C Goss	13,500	—	5,315	18,815
P Mullens	—	66,667	5,315	71,982
D Fohlen	—	18,250	5,315	23,565
F Baker	68,960	—	11,694	80,654
G Kantarcigil	—	—	5,315	5,315
J Proust	—	—	5,315	5,315
M Andrews	—	—	5,315	5,315

Tethyan Resources plc (formerly Aurasian Minerals plc)

Reappointment of Directors

In accordance with the Company's Articles of Association, John Proust and Michael Andrews, who having been appointed as Directors following the last Annual General Meeting, along with Christopher Goss and Gokhan Kantarcigil who will retire by rotation at the Annual General Meeting and, being eligible, offer ourselves for re-election.

On behalf of the Remuneration Committee



John Proust

Chairman of Remuneration Committee

30th May 2017

Tethyan Resources plc (formerly Aurasian Minerals plc)

Independent auditors' report to the members of Tethyan Resources plc

We have audited the Group and Parent Company financial statements of Tethyan Resources plc for the period ended 31 December 2016 (the "financial statements") which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Cash Flows and the Consolidated and Parent Company Statements of Changes in Equity together with the related notes. These financial statements have been prepared in accordance with the basis and the accounting policies set out herein.

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with relevant law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is available from the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs, as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs, as adopted by the European Union, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Independent auditors' report to the members of Tethyan Resources plc (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Colin Wright (Senior Statutory Auditor)

For and on behalf of

UHY Hacker Young LLP

Chartered Accountants

Statutory Auditor

UHY Hacker Young LLP

Quadrant House

4 Thomas More Square

London E1W 1YW

1st June 2017

Tethyan Resources plc (formerly Aurasian Minerals plc)

Consolidated income statement

For the 9 months ended 31 December 2016

	Notes	9 months ended 31 December 2016 £'000	Year ended 31 March 2016 £'000
Continuing operations			
Revenue		—	—
Cost of sales		—	—
Gross profit			
Operating expenses		(710)	(441)
Impairment of related party receivables	17	(192)	—
Loss on asset acquisition	16	(317)	—
Share-based payments	24	(76)	(29)
Operating loss	7	(1,295)	(470)
Net finance (costs)/income	11	(1)	5
Loss before taxation		(1,296)	(465)
Income tax expense	12	—	—
Loss for the period from continuing operations		(1,296)	(465)
Loss for the period attributable to equity holders of the parent		(1,296)	(465)
Loss per share			
Basic and diluted loss per share (pence)	13	(1.38)p	(0.67)p

Consolidated statement of comprehensive income

For the 9 months ended 31 December 2016

	Notes	9 months ended 31 December 2016 £'000	Year ended 31 March 2016 £'000
Loss for the period		(1,296)	(465)
Other comprehensive income:			
Exchange differences on translating foreign operations		(6)	—
Total comprehensive loss for the period attributable to equity holders of the parent		(1,302)	(465)

Tethyan Resources plc (formerly Aurasian Minerals plc)

Consolidated balance sheet

As at 31 December 2016

	Notes	31 December 2016 £'000	31 March 2016 £'000
Assets			
Non-current assets			
Amounts receivable from related parties	17	348	—
Exploration and evaluation assets	15	—	—
		348	—
Current assets			
Trade and other receivables	18	338	6
Cash and cash equivalents	19	985	1,024
		1,323	1,030
Total Assets		1,671	1,030
Equity attributable to owners of the parent			
Share capital	20	3,910	3,735
Share premium	20	26,881	25,431
Share-based payment reserve	20	812	736
Currency translation reserve		(6)	—
Own shares held reserve		(71)	(71)
Retained losses		(30,163)	(28,867)
Total Equity		1,363	964
Liabilities			
Current liabilities			
Trade and other payables	21	308	66
Total Liabilities		308	66
Total Equity and Liabilities		1,671	1,030

These financial statements were approved by the Board of Directors and authorised for issue on 30th May 2017 and were signed on their behalf by:



Christopher Goss
Executive Director

Tethyan Resources plc (formerly Aurasian Minerals plc)

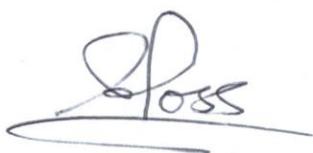
Company balance sheet

As at 31 December 2016

Company registration number 03781581 (England and Wales)

	Notes	31 December 2016 £'000	31 March 2016 £'000
Assets			
Non-current assets			
Other receivables	14	71	71
Amounts receivable from subsidiary	17	723	—
		794	71
Current assets			
Trade and other receivables	18	318	6
Cash and cash equivalents	19	939	1,024
		1,257	1,030
Total Assets		2,051	1,101
Equity attributable to owners of the parent			
Share capital	20	3,910	3,735
Share premium	20	26,881	25,431
Share-based payment reserve	20	812	736
Retained losses		(29,815)	(28,867)
Total Equity		1,788	1,035
Liabilities			
Current liabilities			
Trade and other payables	21	263	66
Total Liabilities		263	66
Total Equity and Liabilities		2,051	1,101

These financial statements were approved by the Board of Directors and authorised for issue on 30th May 2017 and were signed on their behalf by:



Christopher Goss
Executive Director

Tethyan Resources plc (formerly Aurasian Minerals plc)

Consolidated statement of cash flows

For the 9 months ended 31 December 2016

	Notes	9 months ended 31 December 2016 £'000	Year ended 31 March 2016 £'000
Cash flows from operating activities			
Loss after tax		(1,296)	(465)
Share-based payments	24	76	29
Impairment of assets		458	—
Interest received	11	(2)	(3)
Operating loss before changes in working capital		(764)	(439)
Increase in trade and other receivables		(70)	(19)
Increase in trade and other payables		237	21
Net cash used in operating activities		(597)	(437)
Investing activities			
Proceeds from disposal of investment		—	505
Loans to related parties	17	(540)	
Interest received	11	2	3
Net cash (used in)/from investing activities		(538)	508
Financing activities			
Cash proceeds from share issues	18	1,096	208
Net cash from financing activities		1,096	208
Net (decrease)/increase in cash and cash equivalents		(39)	279
Cash and cash equivalents at beginning of period		1,024	745
Cash and cash equivalents at end of period	19	985	1,024

Tethyan Resources plc (formerly Aurasian Minerals plc)

Company statement of cash flows

For the 9 months ended 31 December 2016

		9 months ended 31 December 2016 £'000	Year ended 31 March 2016 £'000
	Notes		
Cash flows from operating activities			
Loss after tax		(948)	(465)
Interest received	11	(2)	(3)
Share-based payments	24	76	29
Impairment of loans and investments	17	192	–
Increase in trade and other receivables		(50)	(19)
Increase in trade and other payables		198	21
Net cash used in operating activities		(534)	(437)
Investing activities			
Proceeds from disposal of investment		–	505
Investment and loans to subsidiary		(649)	–
Interest received	11	2	3
Net cash (used in)/from investing activities		(647)	508
Financing activities			
Cash proceeds from share issue	18	1,096	208
Net cash from financing activities		1,096	208
Net (decrease)/increase in cash and cash equivalents		(85)	279
Cash and cash equivalents at beginning of period		1,024	745
Cash and cash equivalents at end of period	19	939	1,024

Tethyan Resources plc (formerly Aurasian Minerals plc)

Consolidated statement of changes in equity

For the 9 months ended 31 December 2016

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Own shares held reserve £'000	Currency translation reserve £'000	Retained losses £'000	Total equity £'000
At 1 April 2015	3,687	25,271	707	(50)	748	(29,150)	1,213
Total comprehensive income for the year	—	—	—	—	—	(465)	(465)
Transfer from currency translation reserve	—	—	—	—	(748)	748	—
Transactions with shareholders:							
Shares held by EBT	—	—	—	(21)	—	—	(21)
Share-based payments	—	—	29	—	—	—	29
New share issues	48	160	—	—	—	—	208
At 31 March 2016	3,735	25,431	736	(71)	—	(28,867)	964
Total comprehensive income for the period	—	—	—	—	(6)	(1,296)	(1,302)
Transactions with shareholders:							
Shares held by EBT	—	—	—	—	—	—	—
Share-based payments	—	—	76	—	—	—	76
New share issues	175	1,450	—	—	—	—	1,625
At 31 December 2016	3,910	26,881	812	(71)	(6)	(30,163)	1,363

Tethyan Resources plc (formerly Aurasian Minerals plc)

Company statement of changes in equity

For the 9 months ended 31 December 2016

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained losses £'000	Total equity £'000
At 1 April 2015	3,687	25,271	707	(28,402)	1,263
Total comprehensive income for the year	—	—	—	(465)	(465)
Transactions with shareholders:					
Share-based payments	—	—	29	—	29
New share issues	48	160	—	—	208
At 31 March 2016	3,735	25,431	736	(28,867)	1,035
Total comprehensive income for the period	—	—	—	(948)	(948)
Transactions with shareholders:					
Share-based payments	—	—	76	—	76
New share issues	175	1,450	—	—	1,625
At 31 December 2016	3,910	26,881	812	(29,815)	1,788

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements

For the period ended 31 December 2016

1 Reporting entity

Tethyan Resources plc (the “Company”) is a public limited company incorporated and domiciled in England and its shares are traded on the AIM Market of London Stock Exchange plc. The address of the Company’s registered office is 27/28 Eastcastle Street London W1W 8DH. The consolidated financial statements of the Company as at and for the period ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’).

2 Going concern

The Group had cash balances of approximately £1.0 million as at 31st December 2016 with total liabilities at that date of £309,000. At 30 May 2017 the Group had cash balances of approximately £1.25 million with total liabilities at that date of £100,000.

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The activities in the period and future prospects of the Group are discussed in the Chairman’s Statement and Strategic Report. The Group has not yet earned revenue as it is still in the exploration phase of its business.

On 28 March 2017, Tethyan Resources plc announced an issue of 22,222,223 new ordinary shares at a subscription price of 4.5p per ordinary share, raising £1,000,000 from a combination of new and existing strategic shareholders and management. The proceeds will be used towards a 6,000 metre drilling programme at the Company’s Suva Ruda project in addition to working capital requirements.

The Board has reviewed current cash balances and projected expenditure during the next 12 months, within the Group, and is confident that all liabilities can be met. As part of the ongoing development of the company in the event that new projects are identified careful consideration will be made as to their viability and, if deemed to fit in with the company aims, additional funding will be sought at that time.

The Directors have reviewed the Group’s overall position and confirm that there is adequate working capital in the business to meet its liabilities for the next twelve months and beyond. Accordingly, the Directors believe that the use of the going concern basis is appropriate.

3 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company’s individual statement of comprehensive income has not been presented in the Group’s annual financial statements as the Company has taken advantage of the exemption not to disclose under Section 408(3) of the Companies Act 2006. The Company’s comprehensive loss for the period ended 31st December 2016 was £948,000 (31 March 2016: £465,000) and is included in the consolidated statement of comprehensive income.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and as a going concern.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

c) Functional and presentation currency

These consolidated financial statements are presented in GBP Sterling, which is the Company's functional currency. All information presented in GBP Sterling has been rounded to the nearest thousand, except when otherwise indicated.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are disclosed below.

- The carrying values of balances due from subsidiaries and EBT in the Parent Company's balance sheet (note 14). The Directors consider that although the balances are recoverable in full they are not repayable on demand and so are regarded as long term in nature (i.e. due in more than one year).
- The share options and JSOP shares have been valued using a simulation model and binomial model respectively. These models require assumptions around interest rates and share price movements, further details can be found in note 24 to these financial statements.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

Investments in subsidiaries are included at cost less impairment in the financial statements of the parent Company.

ii) Transactions eliminated on consolidation

Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

iii) Business combinations

For business combinations, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition.

Any excess of the fair value of the consideration over the fair values of the identifiable net assets acquired is recognised as goodwill, which is subsequently tested for impairment rather than amortised. If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

b) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets carried at fair value and denominated in foreign currency are translated at the rate prevailing when the fair value was determined.

ii) Financial statements of foreign operations

On consolidation, the assets and liabilities of the Group's overseas operations that do not have a Sterling functional currency are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the dates of the transactions. Exchange differences arising are recognised in other comprehensive income and the Group's translation reserve. Such translation differences are reclassified to profit and loss in the period in which the operation is disposed of.

c) Intangible assets – Deferred exploration and evaluation costs

Exploration and evaluation (E&E) expenditure costs comprise costs associated with the acquisition of mineral rights and mineral exploration, including those incurred through joint operations, and are capitalised as intangible assets pending determination of the technical and commercial feasibility of the project. They also include certain administrative costs that are allocated to the extent that those costs can be related directly to operational activities.

If an exploration project is deemed successful based on feasibility studies, the related expenditures are transferred to development and production (D&P) assets and amortised over the estimated life of the ore reserves on a unit of production basis. Where a project is abandoned or considered to be no longer economically viable, the related costs are written off in the income statement.

To date the Group has not progressed to the development and production stage in any areas of operation.

d) Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

Intangible assets with an indefinite useful life and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

e) Financial instruments

i) Trade and other receivables

Trade and other receivables are not interest bearing and are recognised initially at their fair value plus transaction costs and subsequently at amortised cost. Provision is made if there is any objective evidence of impairment.

ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

iii) Trade and other payables

Trade and other payables are not interest bearing and are recognised initially at their fair value less transaction costs and subsequently at amortised cost. Provision is made if there is objective evidence of impairment.

f) Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based payments'. Directors, senior executives and consultants of the Group have been granted options to subscribe for ordinary shares. All options are equity settled.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted, at date of grant, and this is expensed on a straight line basis over the estimated vesting period with a corresponding credit in equity. The estimated fair value is determined using an appropriate valuation model considering the effects of the vesting conditions, expected exercise period and the payment of dividends by the Company.

If the share options lapse before being exercised a related portion of the share-based payment reserve is transferred to retained earnings. On cancellation any cost not yet recognised is expensed immediately in the profit and loss.

g) Operating lease payments

Operating lease payments are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

h) Share capital

The Company's ordinary shares are classified as equity. Costs directly attributable to the increase of new shares are shown in equity as a deduction from the proceeds.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

i) Taxation

The charge for taxation is based on the profit or loss for the period and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet method.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

j) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Chief Operating Decision Maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

5 New IFRS Standards and Interpretations not yet adopted

At the date of approval of these financial statements, the following IFRS Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective. These new Standards, Amendments and Interpretations are effective for accounting periods beginning on or after the dates shown below:

Standard	Description	Date
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019

6 Segmental information

The following information is given about the Group's reportable segments for continuing operations.

The Chief Operating Decision Maker is the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance of the business. Management has determined the operating segment based on the reports reviewed by the Board.

Although the board review the various exploration activities individually it considers the business has a single operating segment (as its knowledge and services are applied to a broad geographical spread of exploration interests). This incorporates the activities and services of the Head Office and the development and management of joint operations.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

	Head Office and Exploration	
	Period to 31 December 2016	31st March 2016
	£'000	£'000
External segment revenues	—	—
Internal segment revenues	—	—
Total segment revenues	—	—
EBITDA	(789)	(470)
Interest revenue	2	5
Impairments of assets	(509)	—
Loss for the period	(1,296)	(465)

Reconciliations

(i) Group revenues

	31st December 2016	31st March 2016
	£'000	£'000
Total revenues for reportable segment	—	—
Group's revenues	—	—

(ii) Group loss before tax

	2016	2015
	£'000	£'000
Loss before tax for trading segment	(1,296)	(465)
Group's loss from continuing operations before tax	(1,296)	(465)

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

(iii) Group assets

	31st December 2016 £'000	31st March 2016 £'000
Amounts due from related parties	348	—
Group other receivables	338	6
Group cash and cash equivalents	985	1,024
Group total assets	1,671	1,030

(iv) Group liabilities

	31st December 2016 £'000	31st March 2016 £'000
Group other liabilities	308	66
Group total liabilities	308	66

7 Operating loss

	31st December 2016 £'000	31st March 2016 £'000
Operating loss on continuing operations is stated after charging:		
Employee and directors' benefit expense	115	169

8 Auditors' remuneration

	31st December 2016 £'000	31st March 2016 £'000
Fees payable to the Group auditors for the audit of the Group's annual financial statements	20	15
Fees payable to the Group's auditor and its associates for other services:		
Tax services	4	—
	24	15

Auditors' remuneration in respect of the Company amounted to £24,000 (31 March 2016: £15,000).

9 Directors' remuneration

Directors' remuneration is set out below:

	9 months to 31 December 2016		Year ended 31st March 2016		31st December 2016	31st March 2016
	Salaries & Fees £'000	Share based payments £'000	Salaries & Fees £'000	Share based payments £000's	Total £'000	Total £'000
P Mullens	67	5	58	—	72	58
G Kantarcigil	—	5	6	—	5	6
C Goss	14	5	22	3	19	22
S Bullock	—	—	5	—	—	5
B Kay	—	—	10	—	—	10
T Coughlin	—	—	—	—	—	14
D Fohlen	18	5	14	—	23	—
	115	—	102	3	115	105

Details of options and shares held under the JSOP are given in note 24.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

10 Employees and Key Management

(a) Staff numbers

	31st December 2016 No.	31st March 2016 No.
The average number of staff (excluding Non-Executive Directors) employed throughout the period was	4	1

(b) Staff costs

	£'000	£'000
Salaries and benefits	115	169
Social Security costs	4	—
	119	169

Staff costs consist of remuneration for the Board of Directors and further key management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group.

11 Finance income and finance costs

Recognised in profit or loss

	31st December 2016 £'000	31st March 2016 £'000
Interest on short term bank deposits	2	3
Net foreign exchange (losses)/gains	(3)	2
Net finance (costs)/income recognised in profit or loss	(1)	5

12 Income taxes

No liability to income tax arises in the period.

The current tax charge for the period differs from that resulting from the loss before tax at the standard rate of corporation tax in the UK. The differences are explained below:

	31st December 2016 £'000	31st March 2016 £'000
Loss before tax	(1,296)	(465)
Current tax at 20% (2016: 20%)	(259)	(93)

Effects of:

Expenses not deductible for tax purposes	—	1
Unrelieved tax losses arising in the period	259	92
Income tax expense	—	—

Temporary differences for which no deferred tax assets have been recognised

	31st December 2016 £'000	31st March 2016 £'000
Cumulative tax losses	(6,551)	(5,858)
Corporation tax at 20% (2016: 20%)	1,311	1,172
Accelerated capital allowances	—	—
Unrecognised deferred tax asset at end of the period	1,311	1,172

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

Unrecognised deferred tax assets reflect only those of the United Kingdom based parent Company. No deferred tax asset has been recognised in respect of taxable overseas subsidiaries due to the relatively unsettled legal and tax codes of the countries in which they operate.

Deferred tax assets carried forward have not been recognised in these financial statements because there is insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

13 Loss per share

Basic loss per share

The calculation of basic loss per share for the period ended 31 December 2016 was based on the loss attributable to ordinary shareholders of £1,296,000 (2016: loss £465,000) and the weighted average number of ordinary shares in issue of 93,814,890 (31 March 2016: 69,384,745 adjusted for comparison), giving a basic loss per share of (1.38)p for the 9 months to 31 December 2016 and a basic loss per share of (0.67)p for the year ended 31 March 2016, calculated as follows:

Loss attributable to ordinary shareholder (basic)

	31st December 2016 Total £'000	31st March 2016 Total £'000
Loss for the period, attributable to owners of the Company	(1,296)	(465)

Weighted average number of ordinary shares (basic)

	31st December 2016	31st March 2016
Issued ordinary shares at 1 April	416,308,470	368,716,729
Shares issued in year pre-share division	118,850,508	47,591,741
	535,158,978	416,308,470
Sub-division of ordinary shares on a 6:1 basis	89,193,163	—
Shares issued post sub-division	56,766,666	—
Issued ordinary shares at period end	145,959,829	416,308,470

Diluted loss per share

There is no difference between the diluted loss per share and the basic loss per share presented. Share options granted to employees could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the period presented.

The diluted weighted average number of shares in issue and to be issued is 145,959,829.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

14 Non-current trade and other receivables

	Group		Company	
	31st December 2016 £'000	31st March 2016 £'000	31st December 2016 £'000	31st March 2016 £'000
Due from Employee Benefit Trust (note 27)	—	—	71	71
	—	—	71	71

15 Exploration and evaluation assets held

	Group		Company	
	31st December 2016 £'000	31st March 2016 £'000	31st December 2016 £'000	31st March 2016 £'000
At beginning of year	—	505	—	—
Disposals in the year	—	(505)	—	—
At end of year	—	—	—	—

16 Investment in subsidiaries

Tethyan Resources Jersey Ltd Acquisition

In May 2016 the Company acquired the entire issued share capital of Tethyan Resources Jersey Ltd (formerly Moroccan Minerals Ltd). The acquisition constitutes an asset acquisition as Tethyan Resources Jersey Ltd, at the time of the acquisition, did not meet the definition of a business, as defined in IFRS 3 'Business Combinations'. The Company acquired all of the issued and outstanding common shares of Tethyan Resources Jersey Ltd, being 17,974,054 shares, by issuing 75,850,508 shares of the Company in a 4.22 to 1 ratio. In addition 105,560 warrants were issued with a strike price of 0.348 p per share.

As the acquisition was deemed to be for an asset acquisition and not a business combination, the excess of the consideration over the net assets or liabilities acquired is expensed to the income statement and is not treated as goodwill arising on the acquisition. The 'loss on asset acquisition' expensed in the income statement is arrived at as follows:

Fair value of net assets of Tethyan Resources Jersey Ltd at acquisition date:

Plant & equipment	4,792
Bank	37,215
Prepaid expenses	11,787
Amounts due from related parties	85,727
Accounts payable	(55,330)
Amounts due to company	(135,340)

Net liabilities at acquisition	(51,149)

Consideration for acquisition:

75,850,508 shares at 0.35p per share 265,477 (non-cash consideration)

Loss on asset acquisition 316,626

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

Company's subsidiary undertakings

As at 31 December 2016, the Group owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements:

Company	Principal activity	Country of incorporation	Class of share held	Portion held by the Group	Portion held by Parent Company
Tethyan Resources Jersey Ltd	Mineral Exploration	Jersey (UK)	Ordinary	100%	100%
Terenure Limited	Mineral Exploration	Papua New Guinea	Ordinary	100%	100%

17 Amounts receivable from subsidiary and related parties

	Group		Company	
	31st December 2016	31 March 2016	31st December 2016	31 March 2016
	£'000	£'000	£'000	£'000
Amounts due from Tethyan Resources Jersey Ltd	—	—	723	—
Amounts due from related parties	348	—	—	—
	348	—	723	—

The amounts due from related parties are due from Global Mineral Resources d.o.o, and Tethyan Resources Serbia d.o.o, companies incorporated in Serbia which were incorporated under the ownership of F Baker, COO of the Company. These two companies became subsidiaries of the group subsequent to the period end (note 28). Both the amounts due from subsidiaries and related parties shown above are net of impairment charges of £192,000 against amounts not deemed to be recoverable in connection with funds spent on the unsuccessful Cadinje project.

18 Current trade and other receivables

	Group		Company	
	31st December 2016	31 March 2016	31st December 2016	31 March 2016
	£'000	£'000	£'000	£'000
Other taxes and social security	6	5	6	5
Unpaid share capital	263	—	263	—
Prepayments and accrued income	69	1	49	1
	338	6	318	6

The unpaid share capital arose from a share issue near the period end and was received subsequent to the end of the period. The cash proceeds for share issues of £1,096,000 in the statements of cash flows therefore excludes the £263,000 unpaid share capital and also excludes shares issued as consideration (£266,000) for the acquisition of Tethyan Resources Jersey Ltd in the period.

19 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and short term fixed deposits. Cash and cash equivalents comprise the following:

	Group		Company	
	31st December 2016	31 March 2016	31st December 2016	31 March 2016
	£'000	£'000	£'000	£'000
Cash on hand and demand deposits	985	1,024	939	1,024

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

20 Share capital

	31st December 2016 Number	£'000	31 March 2016 Number	£'000
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	145,959,829	146	416,308,470	417
Deferred A shares of 0.9p each	368,716,729	3,318	368,716,729	3,318
Deferred B shares of 0.5p each	89,193,163	446		
		3,910		3,735

In July 2016 the Company's ordinary shares were sub-divided on a 1 for 6 basis.

The Deferred Shares are not listed on any Stock Exchange, and have no rights to vote at any meeting of the Company. Nor do they have any rights to dividends, nor any other form of distribution other than a maximum of 0.9 pence per share on a return of capital on a winding up of the Company (provided the Company has sufficient cash after the holders of the New Ordinary Shares have been paid an aggregate amount of the paid up capital thereon being 0.1 pence plus £10,000,000 for each such Ordinary Share).

Details of share options issued during the period and outstanding at 31st December 2016 are set out in the Directors' Report.

Changes in issued share capital and share premium:

	Number of shares	Nominal value £'000	Share premium £'000	Total £'000
At 31st March 2012 – Ordinary shares of 1p each	366,916,729	3,669	25,255	28,924
JSOP Shares issued at £0.019 each in July 2012	1,800,000	18	16	34
At 31st March 2013 – Ordinary shares of 1p each	368,716,729	3,687	25,271	28,958
At 31st March 2014 – Ordinary shares of 1p each	368,716,729	3,687	25,271	28,958
13th May 2014 Share Reorganisation				
Ordinary shares of 0.1p each	368,716,729	369	2,527	2,896
Deferred shares of 0.9p each	368,716,729	3,318	22,744	26,062
At 31st March 2015 – Ordinary shares of 0.1p each	368,716,729	3,687	25,271	28,958
Shares issued at £0.043 each in July 2015	47,591,741	47	160	207
At 31st March 2016 – Ordinary shares of 0.1p each	416,308,470	3,734	25,431	29,165
Shares issued at £0.038 each in April 2016	30,000,000	30	84	114
Shares issued at £0.038 each in May 2016	13,000,000	13	37	50
Shares issued at £0.043 each in May 2016	75,850,508	76	190	266
Total Pre Share Reorganisation on 20 July 2016	535,158,978	3,853	25,742	29,595
Ordinary A shares of 0.1p each	89,193,163	89	2,998	3,087
Ordinary B shares of 0.9p each	368,716,729	3,318	22,744	26,062
Ordinary B shares of 0.5p each	89,193,163	446	-	446
Shares issued at 0.1p each in August 2016	1,166,666	1	-	1
Shares issued at 0.1p each in November 2016	55,600,000	56	1,139	1,195
At 31st December 2016 – Ordinary shares of 0.1p each	145,959,829	3,910	26,881	30,791

Subsequent to the period end, on 28 March 2017, Tethyan Resources plc announced an issue of 22,222,223 new ordinary shares at a subscription price of 4.5p per ordinary share, raising £1,000,000 from a combination of new and existing strategic shareholders and management.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

Capital and reserves

The share-based payment reserve includes a charge for the period in respect of the fair value of share options issued in the period of £76,000. Details of the share options outstanding are set out in note 24.

21 Trade and other payables

	Group		Company	
	31st December 2016 £'000	31st March 2016 £'000	31st December 2016 £'000	31st March 2016 £'000
Trade payables	233	29	187	29
Accruals and deferred income	75	37	76	37
	308	66	263	66

22 Financial risk management

The Group's and Company's principal financial assets comprise cash and cash equivalents, trade receivables and other receivables. In addition the Company's financial assets include amounts due from subsidiaries. The Group's and Company's financial liabilities comprise: trade payables and other payables.

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate financial risks. The main risks for which such instruments may be appropriate are interest rate risk, liquidity risk and foreign currency risk, each of which is discussed below. All non-routine transactions require Board approval. During 2016 and 2015 the Group has not used derivative financial instruments.

The Board consider that the risk components detailed below apply to both Group and Company. Financial risks are managed at Group rather than Company level.

Credit risk

Credit risk refers to the risk that the Group's financial assets will be impaired by the default of a third party. The Group is exposed to credit risk on its cash and cash equivalents, as set out in note 18, and to other receivables as set out in notes 14 and 17. Credit risk is managed by ensuring that surplus funds are deposited only with well-established financial institutions of high quality credit standing.

The Group's maximum exposure to credit risk is limited to its bank balances and trade and other receivables.

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group reports its financial results in Sterling and is therefore exposed to foreign currency risk as a result of financial assets and future transactions denominated in currencies other than Sterling.

Exchange gains and losses on financial assets or future transactions are recognised directly in profit or loss. A proportion of the Group's costs are incurred in US Dollars. Accordingly, movements in exchange rates could have a detrimental effect on the Group's results and financial condition.

The cash balances carried within the Group comprise the following currency holdings:

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

	31st December 2016 £'000	31st March 2016 £'000
Sterling	956	981
US Dollars	24	43
Euro	5	-
	985	1,024

The Group operates within the UK and Europe. All transactions are denominated in Sterling, Euro or US Dollars. As such the Group is exposed to transactional foreign exchange risk. The mix of currencies and terms of trade are such that the Directors believe that the Company's exposure is minimal and consequently they do not specifically seek to hedge that exposure.

The table below demonstrates the sensitivity of the Group's consolidated loss before tax to illustrative changes in the value of the US dollar with respect to Sterling, all other variables held constant. The sensitivity analysis includes only US dollars because the effect of other currencies is not significant. The sensitivities reflect the effect on profit before tax and total equity respectively of 5% changes in the exchange rates of US dollars vs. GBP £'s.

	Effect on profit before tax US\$ vs. £ £'000	Effect on total equity US\$ vs. £ £'000
31 December 2016	2	2
31 March 2016	4	4

The table below shows an analysis of net monetary assets and liabilities by functional currency of the Group:

31 December 2016

	Sterling £'000	Total £'000
Balances denominated in		
Sterling	956	956
US Dollars	24	24
Euros	5	5
	985	985

31 March 2016

	Sterling £'000	Total £'000
Balances denominated in		
Sterling	981	981
US Dollars	43	43
	1,024	1,024

Liquidity risk

Liquidity risk relates to the ability of the Group to meet future obligations and financial liabilities. The Group monitors its risk to a shortage of funds using cash flow models, which consider existing financial assets, liabilities and projected cash inflows and outflows from operations.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

The table below sets out the maturity profile of financial liabilities at 31st December:

	31st December 2016 £'000	31st March 2016 £'000
Due in less than one month	308	49
Due between one and three months	—	—
Due between three months and one year	—	—
	308	49

To date the Group has relied upon shareholder funding of its activities. Development of mineral properties, the acquisition of new opportunities, or the recovery of royalty income from third party assets, may be dependent upon the Group's ability to obtain further financing through joint ventures, equity or debt financing or other means. Although the Group has been successful in the past in obtaining equity financing there can be no assurance that the Group will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Interest rate risk profile of financial assets

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does not therefore incur interest on overdue balances.

At 31st December 2016 the Group had cash balances and short term deposits which attracted interest as follows:

	31st December 2016		31st March 2016	
	£'000	Interest rate	£'000	Interest rate
Sterling	980	0.05%	981	0.90%
US Dollars	24	0.00%	43	0.00%

The value of the Group's assets at 31st December 2016 and the result for the period would not be materially affected by changes in interest rates.

The interest rate risk profile of the Company is materially the same as the Group.

Fair values of financial assets and liabilities

It is the Directors' opinion that the carrying values of the Group's and the Company's financial assets and liabilities as at 31st December 2016 and 31st March 2016 are not materially different from their fair values. They have therefore not been shown separately.

23 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, and develop its activities to provide returns for shareholders and benefits for other stakeholders.

The Group's capital structure comprises all components of equity (i.e. ordinary share capital, share premium, retained earnings and other reserves). At 31 December 2016 the Group had no debt.

When considering the future capital requirements of the Group and the potential to fund specific project development the Group's preferred funding option is equity rather than debt.

Tethyan Resources plc (formerly Aurasian Minerals plc)

Notes to the financial statements (continued)

For the period ended 31 December 2016

24 Share-based payments

Share options

The Company and Group operate an unapproved share option plan for the benefit of employees.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the period are as follows:

	31st December 2016		31st March 2016	
	Number	WAEP Pence	Number	WAEP Pence
Outstanding at the beginning of the period	28,400,000	3.14	28,400,000	3.14
Cancelled during the period	(28,400,000)	3.14		
Issued during the period	11,100,000	0.29		
Exercisable at the period end	11,100,000	0.29	28,400,000	3.14

The fair value of share options and warrants granted during the period was estimated using a Black Scholes pricing model, with a resulting expense of £76,000 for the period ended 31 December 2016, the inputs to which were as follows:

Share options outstanding at 31 December 2016 had a weighted average exercise price of 3.14 pence (2016: 3.14 pence) and a weighted average contractual life of 4.5 years (2015: 5.6 years). The expected volatility was 50% and the risk free rate used was 2.56%, giving a fair value at date of grant of £59,350.

To date no share options have been exercised. There are no market based vesting conditions attaching to any share options outstanding at 31st December 2016.

At 31st December 2016 the total number of options over ordinary shares outstanding was as follows:

Exercise period	Number	Weighted average exercise price (pence)
Exercisable until 2019	7,700,000	5.00
Exercisable until 2021	3,400,000	2.40
Exercisable at the period end	11,100,000	7.40

The Directors' report, under the section "Share capital, options and warrants", provides further details.

Joint Share Ownership Plan ("JSOP")

The Employee Benefit Trust ("EBT") is administered by Equiom (Guernsey) Limited as trustees. The trustees hold the shares for the purpose of entering into incentive awards and other arrangements within the terms of its trust deed. The EBT has an interest free loan from the Company to buy shares.

Under the terms of the JSOP which the EBT has entered into, each participant enters into a joint ownership of the respective shares together with the EBT. The interest of the participant relates to the increase in value of the shares above a 'Hurdle Value'. The JSOP may be realised on certain events, including a 'change of control' of the Company, or after the earliest date for realisation set out below, but before the expiry date set out below. The amount that can be realised under the award depends on the nature of the event.

In the event that the JSOP award is realised by a sale of the shares, the difference between the Hurdle Value and the sales price will be held by the EBT and may be applied either to repay the loan outstanding with the Company or to provide further benefits to its beneficiaries.

References in the statement of financial position and changes in equity to own shares held by EBT relate to those shares issued as part of the JSOP.

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Notes to the financial statements (continued)

For the period ended 31 December 2016

Due to the conditions described above this is considered an equity settled share-based payment transaction.

The number of shares granted and outstanding as 31 December 2016 is as follows:

Exercise period	Number	Weighted average exercise price (pence)
Outstanding as at 31st March 2016 and 31st December 2016	1,333,333	45.3
Outstanding as at 31st December 2016	1,333,333	45.3

The fair value of this incentive was measured at the date of the award using a binomial option valuation model and is considered the most appropriate method taking into account the effect of the vesting conditions, the expected exercise period and the dividend policy of the Company. There are no market vesting conditions attached to these awards.

The variables used in arriving at a fair value of the awards were as follows:

Exercise period	Awards as at 31st March 2012	Awards as at 31st March 2013
Number of shares awarded	6,500,000	1,800,000
Share price at 31st March	3.18 pence	2.58 pence
Weighted average exercise price	8.54 pence	4.00 pence
Expected volatility	50%	50%
Option life (years)	2 years	3 years
Expected dividends	Nil	Nil
Risk free interest rate	2.8%	0.5%
Fair Value	£161,870	£9,477

The calculation of the volatility of the share price was based upon the FTSE All Share Gold Mining Index. The life of the embedded option is estimated in the light of relevant factors, including behavioural considerations.

Share Warrants

As at 31 December 2016 there were 2,447,060 warrants outstanding with a weighted average exercise price of 1.31 pence per share. Details were as follows:

Exercise period	Number	Weighted average exercise price (pence)
Exercisable until 4 October 2018	105,560	3.48
Exercisable until 12 December 2019	2,341,500	2.20
Exercisable at the period end	2,447,060	2.26

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Notes to the financial statements (continued)

For the period ended 31 December 2016

25 Contingent liabilities

Deferred Consideration

Contingent deferred consideration, estimated at £100,000 (31 March 2016: £100,000), becomes payable if either of the following events crystallise:

- a. the Group discovering a proven deposit of at least three million ounces of gold or gold equivalent at the Pu Sam Cap operation in Vietnam and such deposit having been proven to be capable of extraction by bulk-mining methods; or
- b. a bona fide takeover offer having been made for the entire issued share capital of the Company which values the Company at no less than £133,333,333.

In the event either of the above events crystallise, any liability would be settled by further payment in the form of a share issue equal to the lesser of:

- 33,333,333 Consideration Shares of 1p each issued at the market value at the date of issue; or
- such number of Consideration Shares as will be equal to 7.5% of the number of Ordinary Shares in issue.

As the likelihood of these events happening is presently considered remote the deferred consideration has not been recognised as a liability. The contingency arose when the Company acquired the Larchland Group from the vendors in the year ended 31 March 2005 and was part of the terms of the sale and purchase agreement with Candice Holdings Limited.

26 Capital commitments and project options

As at 31 December 2016 the Group has not been notified of any capital commitments by its joint venture partners (31 March 2016: nil). Tethyan has long term option deals on two projects located in Serbia, Suva Ruda and Gokcanica. These are option deals and Tethyan is not obligated to continue with either deal should they desire to terminate the deals.

On the Suva Ruda deal the first 2000 meters of drilling was completed in December 2016 and the first payment of €100,000 was completed by 1 March 2017.

As of the date of approval of these financial statements both deals were in good standing.

Suva Ruda deal

Under the terms of the Agreement Tethyan is entitled to purchase 100% of the License or Deep Research (at Tethyan's discretion) for a cash payment of €6 million, plus a percentage of the eventual capital cost of building the mine (details set out below), at any time during the total duration of the License and any future extensions of the License (a minimum of 7 years from the date of the Agreement).

The decision whether or not to exercise the Option during this period is at the sole discretion of the Company. The percentage of the capital costs payable by Tethyan in relation to the building of the mine, will only become payable if Tethyan exercises the Option, secures the necessary financing and proceeds with the building of the mine. The percentage of these costs due to Deep Research will be calculated as follows:

- 4% of CAPEX up to €200m;
- 2% of CAPEX between €200 – 500m;
- 1% of CAPEX in excess of €500m.

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Notes to the financial statements (continued)

For the period ended 31 December 2016

Pursuant to the terms of the Agreement, and in order to retain the Option, the Company will arrange to complete, at its sole discretion, the following work program on the License:

- a minimum of 2,000m drilling before 28 December 2016;
- a minimum of 5,000m additional drilling before 28 December 2018;
- complete a preliminary economic assessment before the sixth anniversary of the date of the Agreement; and
- complete an economic feasibility study before the seventh anniversary of the Agreement.

The Company will also make certain milestone payments, at its sole discretion, in order to retain the Option:

- €100,000 by 1 March 2017;
- €100,000 on each anniversary of the signing the Agreement up until the third year (September 2017, September 2018, September 2019).

Gokcanica option agreement

Tethyan may earn up to an 80% interest in the Gokcanica project by completing the following:

(a) Stage 1:

In order to earn a 51% interest in the Gokcanica Permits, Tethyan must commit a minimum expenditure of USD 500,000 on an exploration program that will include a drilling of a minimum of 1,000m of either reverse circulation and/or diamond drilling within 2 years. This could include, but is not restricted to, mapping, trenching, rock-chip sampling, soil sampling, remote sensing, geophysics as well as other relevant items such as logistics and administration.

(b) Stage 2:

In order to earn a 70% interest in the Gokcanica Permits, in addition to the drilling commitment outlined above, Tethyan must complete a Pre-Feasibility Study (“PFS”) within 5 years.

(c) Stage 3:

In order to earn an 80% interest in the Gokcanica Permits, in addition to the drilling commitment and PFS, Tethyan must complete a Bankable Feasibility Study (“BFS”) within the time-frame of the exploration permits, their renewals or conversion to a mining permit.

Restoration commitments

The Group has no obligations at 31 December 2016 to undertake any rehabilitation or restoration activity on the licences currently held.

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Notes to the financial statements (continued)

For the period ended 31 December 2016

27 Related parties transactions

The Group's investments in subsidiaries have been disclosed in note 16.

The Group's Key Management Personnel remuneration is disclosed in note 9.

During the period ended 31 December 2016 the Group transferred £305,754 to Global Mineral Resources d.o.o and £260,000 to Tethyan Resources Serbia d.o.o, both companies are incorporated in Serbia. The owner of these companies is Fabian Baker, COO of Tethyan Resources Jersey Ltd, who was the nominated owner in order to incorporate the business locally to ensure permits were applied for in respect of Chadine and Gokinica exploration work.

During the period the Company financed exploration activity relating to the Cadinje project through a related party transaction. Of the £225,000 that was remitted the Board have considered that £192,000 related to exploration activities which have ceased and therefore came to the conclusion to fully impair that cost.

28 Subsequent events

On 24 February 2017 Tethyan Resources d.o.o a company incorporated in Serbia, which had been incorporated under the ownership of F Baker, COO of Tethyan Resources Jersey Ltd, formally became a wholly owned subsidiary of Tethyan Resources Jersey Ltd, and therefore part of the Group. The company, along with Global Mineral Resources d.o.o had been incorporated to secure permits within Serbia. Subsequently, Global Mineral Resources d.o.o also became a wholly owned subsidiary of Tethyan Resources Serbia d.o.o as of 3 April 2017.

Terenure Limited, a wholly owned subsidiary based in Papua New Guinea, was formally removed from the register on 2 March 2017. The company had been dormant for over 12 months and had no assets or liabilities.

On 28 March 2017, Tethyan Resources plc announced an issue of 22,222,223 new ordinary shares at a subscription price of 4.5p per ordinary share, raising £1,000,000 from a combination of new and existing strategic shareholders and management. The proceeds will be used towards a 6,000 metre drilling programme at the Company's Suva Ruda project in addition to working capital requirements.

29 Control

No one party is identified as controlling the Group.

Tethyan Resources plc (formerly Aurasian Minerals plc)

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