TETHYAN RESOURCES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
MARCH 31, 2018 AND 2017

(Unaudited - expressed in Great British Pounds)

Notice of No Auditor Review

The accompanying unaudited condensed consolidated interim financial statements of Tethyan Resources Plc. for the three month period ended March 31, 2018 have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company.

In accordance with Canadian National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements.

TETHYAN RESOURCES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - expressed in thousands of Great British Pounds)

As at	March 31, 2018	December 31, 2017
Assets		
Current		
Cash and cash equivalents	£ 283	£ 57
Receivables, deposits and prepayments	146	118
	429	175
Non-Current Assets		
Equipment	30	43
Total assets	£ 459	£ 218
Liabilities		
Current		
Accounts payable and accrued liabilities	£ 320	£ 313
Loan from related party (Note 7)	593	238
Total liabilities	913	551
Shareholders' equity (deficiency)		
Share capital (Note 5)	3,933	3,933
Share premium (Note 5)	27,784	27,784
Shares subscribed (Note 5)	202	-
Share-based payment reserve	975	924
Currency translation reserve	6	(50)
Own shares held reserve	(71)	(71)
Retained losses	(33,283)	(32,853)
Total shareholders' equity (deficiency)	(454)	(333)
Total liabilities and shareholders' equity (deficiency)	£ 459	£ 218

Nature of operations and going concern (Note 1)
Commitments (Note 4)
Subsequent events (Note 11)

Approved by the Board of Directors and authorized for issuance May 28, 2018:

On behalf of the Board of Directors

"Mike Andrews" Director *"Fabian Baker"* Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TETHYAN RESOURCES PLC

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - expressed in thousands of Great British Pounds, except per share amount)

	Three months ended March 31, 2018	Three months ended March 31, 2017
Expenses		
Consulting	£ 58	£ 61
Depreciation	3	-
Director fees	4	24
Filing and regulatory	12	42
Foreign exchange loss (gain)	(11)	3
Exploration and evaluation expenditure (Note 4)	46	8
Office and administrative	116	15
Professional fees	56	64
Salaries	64	53
Share-based compensation (Note 5)	51	-
Travel	26	27
Loss before other items	425	297
Other items		
Loss on acquisition of subsidiaries (Note 3)	-	304
Finance expense	5	-
	5	304
Net loss for the period	430	601
Exchange difference on translation of foreign currency	(56)	-
Net comprehensive loss for the period	£ 374	£ 601
Loss per share		
Basic and diluted loss per share (in pence)	£ (1.53)	£ (4.02)
Weighted average number of shares outstanding ('000)	28,047	24,409

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TETHYAN RESOURCES PLC
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - expressed in thousands of Great British Pounds)

For the three month period ended	March 31, 2018	March 31, 2017
Cash flows from operating activities		
Net loss for the period	£ (430)	£ (601)
Adjustments for:		
Depreciation	3	-
Share-based compensation	51	-
Loss on acquisition of subsidiaries	-	304
Finance expense (income)	5	-
Changes in non-cash working capital items:		
Amounts receivable	(28)	(418)
Accounts payable and accrued liabilities	8	(85)
Net cash used in operating activities	(391)	(800)
Cash flows from investing activities		
Purchase of equipment	-	(9)
Exploration and evaluation expenditure	-	(18)
Net cash used in investing activities	-	(27)
Cash flows from financing activities		
Loan from related party	350	-
Proceeds from private placement	202	1,000
Net cash provided by financing activities	552	1,000
Change in cash during the period	161	173
Effect of foreign exchange on cash	65	(107)
Cash, beginning of the period	57	985
Cash, end of the period	£ 283	£ 1,051

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TETHYAN RESOURCES PLC
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Expressed in Thousand of Great British Pounds)

	Share capital	Share premium	Share based payment reserve	Shares subscribed	Currency translation reserve	Own shares held reserve	Retained losses
Balance, December 31, 2016	£ 3,910	£ 26,881	£ 812	£ -	£ (6)	£ (71)	£ (30,163)
Shares issued for private placement	23	903	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(675)
Foreign currency translation	-	-	-	-	(74)	-	74
Balance, March 31, 2017	3,933	27,784	812	-	(80)	(71)	(30,764)
Balance, December 31, 2017	3,933	27,784	924	-	(50)	(71)	(32,853)
Shares subscribed for private placement	-	-	-	202	-	-	-
Share-based compensation	-	-	51	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(430)
Foreign currency translation	-	-	-	-	56	-	-
Balance, March 31, 2018	£ 3,933	£ 27,784	£ 975	£ 202	£ 6	£ (71)	£ (33,283)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Tethyan Resources plc (the "Company") is a public limited company incorporated and domiciled in England. The address of the Company's registered office is 27-28 Eastcastle Street, London W1W 8DH. On August 17, 2017, the Company obtained a receipt in connection with the filing of a non-offering final prospectus in the province of British Columbia, Canada. As a result, the Company is now a reporting issuer in the province of British Columbia. In addition, the Company's ordinary shares commenced trading on the TSX Venture Exchange ("TSX-V") on September 6, 2017 and the Company delisted its shares from the AIM Market of the London Stock Exchange.

The Company is currently in the process of acquiring, exploring and evaluating potential properties in Serbia and has not yet determined whether the properties contain reserves that are economically recoverable.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has not generated any revenues or cash flows from operations. As at March 31, 2018, the Company has a working capital deficiency of £484,000. The Company has incurred negative cash flows from operations and recorded a loss of £430,000 for the period ended March 31, 2018 (December 31, 2017- £2,690,000). During the period ended March 31, 2018, the Company obtained a loan from a director of the Company for £350,000 and subsequent to March 31, 2018, the Company raised C$1,303,375 in a private placement (Note 10). However, the Company expects that it will require additional debt or equity funding in the next year in order to continue its exploration and evaluation activities and meet its business objectives. The Company's ability to continue on a going concern basis depends on its ability to successfully raise financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These conditions result in material uncertainties that cast substantial doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These consolidated financial statements were approved for issuance by the Company's Board of Directors on May 28, 2018.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated on consolidation. The Company consolidates subsidiaries where it has the ability to exercise control. Control over an investee is defined to exist when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Particularly, the Company controls investees, if and only if, the Company has all of the following: power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

Functional and presentation currency

The consolidated financial statements are presented in Great British Pounds Sterling ("GBP"), which is the Company's functional currency. Reference to "C$" are to Canadian dollars and references to € are to Euros.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to GBP at the foreign exchange rate in effect on that date. Foreign exchange differences arising on translation are recognized in profit or loss.

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

On consolidation, the assets and liabilities of the Group's foreign operations that do not have a GPB 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 on translation are recognized in other comprehensive income and in the currency translation reserve within equity. Such translation differences are reclassified to profit and loss in the period in which the operation is disposed of.

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 recognized as goodwill, which is subsequently tested for impairment rather than amortized. If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

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

Use of estimates and judgments

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 recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The following are the Company's critical accounting judgements:

- The Company's assessment of its ability to continue as a going concern requires judgments about whether sufficient financing will be obtained in the near term. See Note 1.
- The determination of a subsidiary's functional currency often requires significant judgment where the primary economic environment in which the subsidiary operates may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates and judgments (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made are as follows:

- The determination of fair values of shares and share-based compensation which require assumptions with respect to volatility, expected life and discount rates. Changes in these assumptions impact share-based payment expense to be recognized in profit and loss.
- The application of the Company's accounting policy for exploration and evaluation costs requires estimates in determining whether it is likely that future economic benefits such as legal rights will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

New accounting standards and pronouncements

The following IFRS Standards and Interpretations, which were issued but not yet effective have not been applied in the consolidated financial statements. These new Standards and Interpretations are effective for accounting periods beginning on or after the dates shown below:

Standard	Description	Date
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019

The Company does not expect to apply IFRS 16 prior to its mandatory effective date. The adoption of IFRS 9 and IFRS 15 did not have a significant impact on the consolidated financial statements of the Company.

3. ACQUISITION OF SUBSIDIARIES

a) Tethyan Resources Serbia d.o.o Acquisition

On February 24, 2017 and April 3, 2017, the Company acquired the issued and outstanding shares of Tethyan Resources Serbia d.o.o and Global Mineral Resources d.o.o, respectively. These companies were incorporated in Serbia by Fabian Baker, the Company's current Chief Executive Officer who was the nominated owner of these entities, in order to establish a corporate presence in Serbia to explore opportunities within the region and ensure permits were applied for on a timely basis. Prior to the acquisition, the Company had provided funding to Tethyan Resources Serbia d.o.o and Global Mineral Resources d.o.o to finance the exploration activities on behalf of the Company. On acquisition, the Company expensed these advances, net of cash and certain tangible assets acquired, resulting in a total loss on acquisition of £387,000. As at March 31, 2017, the loss on acquisition for Tethyan Resources Serbia d.o.o was £304,000.

4. EXPLORATION AND EVALUATION EXPENDITURES

(a) Suva Ruda

In October 2016, Tethyan signed an option agreement with Deep Research d.o.o ("Deep Research"), a private Serbian company, that gives Tethyan the sole and exclusive right to acquire (the "Option") a license over the Suva Ruda Project in Serbia (the "License"). The License is located in Southern Serbia near the town of Raska, 170 km directly south of Belgrade and within the Raska Ore district. The License comprises one exploration permit with a surface area of 87 km^2. 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 an amount equal to a percentage of the eventual capital cost ("CAPEX") 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 option agreement).

The decision whether or not to exercise the Option during this period is at the sole discretion of the Company. However, at the time of exercise, the Company must be in compliance with certain work and payment milestones including:

1. Complete a minimum of 2000 meters of drilling before December 28, 2016 (completed);
2. Complete a minimum of 5000 meters of drilling before December 28, 2018;
3. Complete a preliminary economic assessment on or before the sixth anniversary date from the date of the option agreement;
4. Complete a feasibility study on or before the seventh anniversary date from the date of the option agreement;
5. Use reasonable efforts to apply for mining permits before the expiration of the licence
6. Make the following payments to shareholders of Deep Research:

4. EXPLORATION AND EVALUATION EXPENDITURES (continued)

i) €0.1 million on or before March 31, 2017 (paid)

ii) €0.1 million on or before first anniversary date of the option agreement (paid)

iii) €0.1 million on or before second anniversary date of the option agreement

iv) €0.1 million on or before third anniversary date of the option agreement

The amount payable by Tethyan equal to a percentage of the capital costs 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 will be calculated as follows:

1. 4% of CAPEX up to €200m;
2. 2% of CAPEX between €200 – 500m;
3. 1% of CAPEX in excess of €500m.

(b) Gokcanica

In May 2016, the Company executed a Joint Venture and Earn-in Agreement (the "Earn-in Agreement") with Rockstone Group LLC ("RSG") pursuant to which Tethyan can acquire up to an 80% interest in the Gokcanica project licenses in Southern Serbia ("the Gokcanica Permits). On execution of the agreement, the Company paid €0.01 million in cash and issued 194,444 common shares in connection with this agreement.

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 of Josaniska Banja.

In order to earn an 80% interest in the Gokcanica project licenses, the Company is required to complete the following:

(a) Stage 1:
In order to earn a 51% interest in the Gokcanica project licenses, the Company 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 project licenses, in addition to the drilling commitment outlined above, the Company must complete a Pre-Feasibility Study ("PFS") within 5 years of entering into the Earn-in Agreement.

(c) Stage 3:
In order to earn an 80% interest in the Gokcanica Permits, in addition to the drilling commitment and PFS, the Company must complete a Bankable Feasibility Study ("BFS") within the time-frame of the exploration permits, their renewals or conversion to a mining permit.

On completion of stage 1, the Company and RSG will form a joint venture which will hold the project licences. The Company will initially have a 51% interest in the joint venture increasing to up to 80% as the above stages are completed. The Company is to fund all project costs until it earns 80% in the joint venture. Subsequently, costs will be shared on a pro-rata basis between the Company and RSG.

5. SHARE CAPITAL

Authorized capital

As at March 31, 2018 and December 31, 2017, the Company's authorized share capital consists of 28,047,061 voting ordinary shares with a par value of £0.006 (0.6p) each, an unlimited number of Class A Deferred shares with a par value of £0.009 (0.9p) each and an unlimited number of Class B Deferred shares with a par value of £0.005 (0.5p) each.

The Class A and B Deferred Shares do not have any voting rights and holders are not entitled to receive dividends nor any other form of distribution other than a maximum of £0.009 (0.9p) per Class A deferred share and £0.005 (0.5p) per Class B deferred share on a return of capital on a winding up of the Company (provided the Company has sufficient cash after the holders of the Ordinary Shares have been paid an aggregate amount of the paid up capital thereon being 0.6 pence per share plus £10,000,000 for each Ordinary Share).

On each of July 20, 2016 and November 17, 2017, the Company consolidated its issued and outstanding ordinary share capital on the basis of six pre-consolidation ordinary shares for one new post-consolidation ordinary share (the "Consolidations"). All comparative references to the number of ordinary shares, weighted average number of ordinary shares and loss per share have been restated to reflect the Consolidations. As part of the July 20, 2016 consolidation, the Company issued 89,193,163 Class B Deferred Shares to existing shareholders for no consideration.

Issued capital

During the period ended March 31, 2018, the Company received £202,000 as part of a private placement which closed subsequent to the period ended March 31, 2018. As at March 31, 2018, a total of 1,500,170 ordinary shares at $0.25 (£0.135) per share is to be issued as part of the shares subscribed in the private placement.

During the year ended December 31, 2017, the Company issued 3,703,704 ordinary shares at £0.27 per share in a private placement for net proceeds of £924,000 and 16,667 common shares on exercise of options for proceeds of £2,400.

During the nine months ended December 31, 2016, the Company issued 1,194,444 ordinary shares at £0.14 for net proceeds of £164,000.The Company also issued 9,266,667 ordinary shares at £0.15 per share in a private placement for net proceeds of £1,359,000, of which £1,096,000 was received in 2016 and £263,000 in 2017, and 194,444 ordinary shares pursuant to an earn-in agreement (note 4(b)) valued at £0.03 or £10,000, being the fair value at the time of issuance. The Company also issued 2,106,959 shares on acquisition of Tethyan Resources Jersey Ltd. at a price of £0.13 per share or £265,000.

During the year ended March 31, 2016, the Company issued 1,321,993 ordinary shares in a private placement at £0.15 per share for net proceeds of £208,000.

5. SHARE CAPITAL (continued)

The total issued and outstanding shares and the changes there in are as follows:

	Ordinary shares		Class A deferred shares		Class B deferred shares		Total Share capital	Share premium
	Number	£	Number	£	Number	£	£	£
Balance, March 31, 2015	10,242,183	369	368,716,729	3,318	-	-	3,687	25,271
Shares issued for cash in private placement	1,321,993	48	-	-	-	-	48	160
Balance, March 31, 2016	11,564,176	417	368,716,729	3,318	-	-	3,735	25,431
Shares issued for acquisition of subsidiary	2,106,959	75	-	-	-	-	75	189
Shares issued for cash in private placement	1,194,444	43	-	-	-	-	43	121
Balance pre-reorganization on July 20, 2016	14,865,579	535	368,716,729	3,318	-	-	3,853	25,741
Effect of share re-organization		(447)	-	-	89,193,163	447	-	-
Balance post-reorganization on July 20,2016	14,865,579	88	368,716,729	3,318	89,193,163	447	3,853	25,741
Shares issued pursuant to earn in agreement	194,444	1	-	-	-	-	1	1
Shares issued for cash in private placement	9,266,667	56	-	-	-	-	56	1,139
Balance, December 31, 2016	24,326,690	145	368,716,729	3,318	89,193,163	447	3,910	26,881
Shares issued for cash in private placement	3,703,704	22	-	-	-	-	22	902
Shares issued for cash on exercise of options	16,667	1	-	-	-	-	1	1
Balance, December 31, 2017 and March 31, 2018	28,047,061	168	368,716,729	3,318	89,193,163	447	3,933	27,784

On July 20, 2016, the Company's ordinary shares were consolidated on a 6:1 basis. In order to retain the same total par value for the consolidated ordinary shares, every consolidated ordinary share was sub-divided into 1 ordinary share at a par value of £0.006 (0.6p) and one Class B Deferred share with a par value of £0.005 (0.5p). As a result, £447,000 was reclassified from ordinary share capital to the value of the Class B Deferred shares issued.

5. SHARE CAPITAL (continued)

Share options

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

	Number	WAEP Pence	Remaining weighted average Contractual life
Balance, April 1, 2015, March 31, 2016	**4,733,333**	**18.84**	**-**
Cancelled	(4,733,333)	18.84	-
Issued	1,850,000	25.20	2.33
Balance, December 31, 2016	**1,850,000**	**25.20**	**2.33**
Issued	1,120,000	17.61	4.93
Exercised	(16,667)	14.40	2.33
Expired	(333,333)	29.22	2.33
Balance, December 31, 2017	**2,620,000**	**21.25**	**3.51**
Issued	711,666	16.57	4.76
Expired	(166,667)	25.20	2.33
Cancelled	(800,000)	25.20	2.33
Balance, March 31, 2018	**2,364,999**	**20.25**	**3.77**

During the period ended March 31, 2018, the Company cancelled a total of 800,000 outstanding stock options granted in August 2016, exercisable at a price of 30.00 pence per share until August 2019. The Company granted a total of 711,666 new stock options to certain directors, consultants and employees of the Company, exercisable at a price of C$0.30 per share exercisable for a period of five years from the date of grant.

The Company issued 1,120,000 options issued during the year ended December 31, 2017 with an exercise price of C$0.30 per share and have been converted at the year-end exchange rate for presentation purposes in the table above.

As at March 31, 2018, the total number of share options outstanding was as follows:

Exercise Period	Number	WAEP
Exercisable until 2021	533,333	14.40P
Exercisable until 2022	1,831,666	C$0.30
	2,364,999	

The following weighted average assumptions were used for the Black-Scholes valuation of the stock options granted:

	Three months ended March 31, 2018	Year ended December 31, 2017	Nine months ended December 31, 2016
Risk-free interest rate	1.05%	1.28%	2.56%
Expected life of options (in years)	5.0	5.0	3.6
Annualized volatility	75%	75%	50%
Share price	C$0.30	C$0.30	£ 0.02
Fair value of options granted	C$0.12	C$0.18	£ 0.01
Forfeiture rate and dividend rate	-	-	-

During the period ended March 31, 2018, the Company recorded a share-based compensation expense of £51,190 (Twelve months ended December 31, 2017: £112,000) in connection with the options granted.

Own Shares Held Reserve

As at March 31, 2018 and December 31, 2017, there are 222,222 shares outstanding which are owned on behalf of the Company and have not been cancelled. The carrying value of these shares of $71,000 is included in Own Shares Held Reserve in shareholders' equity.

5. SHARE CAPITAL (continued)

Share Warrants

As at March 31, 2018, the following warrants were issued and outstanding:

Exercise period	Number	Weighted average exercise price (pence)
Exercisable until October 4, 2018	17,593	20.88
Exercisable until December 12, 2019	390,250	13.20
	407,843	13.56

6. CONTINGENT LIABILITIES

Contingent deferred consideration, estimated at £120,000 related to the Company's acquisition of the Larchland Group in the year ended March 31, 2005 becomes payable to the vendors if either of the following events occur:

(a) the Company 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 all of the 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 occur, any liability would be settled by further payment in the form of a share issue equal to the lesser of:

(a) 925,926 Consideration Shares each issued at the market value at the date of issue; or

(b) such number of Consideration Shares as will be equal to 7.5% of the number of Ordinary Shares issued and outstanding at the market value at the issue date.

As the likelihood of these events occurring is presently considered remote, the deferred consideration has not been recognised as a liability.

7. RELATED PARTIES

Key management personnel compensation

Key management personnel include the directors and officers of the Company. Key management compensation consists of the following:

For the three months ended	March 31, 2018	March 31, 2017
P Mullens	4	24
C Goss	-	5
F Baker	19	28
Martyn Keates	-	15
Share-based compensation	29	-
	52	72

Related party transactions

On January 12, 2018, Dr. Michael Andrews, a director of the Company, loaned the Company £350,000 (approximately C$600,000) (the "Loan"). The Loan is non-interest bearing and matures on the earlier of 6 months or 5 days following the date on which the Company raises in excess of £1,000,000 by way of an equity or debt financing with a third party. On April 26, 2018, Dr. Michael Andrews agreed to settle the loan in consideration for 2,450,000 units of the Company on completion of the transaction described in Note 10. Southern Arc Minerals Inc. ("Southern Arc") also agreed to settle its C$400,000 convertible debenture in consideration for 1,600,000 units of the Company on completion of the transaction described in Note 10. Each unit is to be comprised of one ordinary share and one-half of one share purchase warrant of the Company. Each whole warrant is to be exercisable into one ordinary share of the Company at an exercise price of C$0.35 per share for a period of three years The issuance of the units are subject to TSX Venture Exchange acceptance and shareholder approval.

During the year ended December 31, 2017, the Company engaged the services of J. Proust & Associates Inc., a company controlled by a director of both the Company and Southern Arc, a company which owns 29.91% of the Company's shares as at March 31, 2018. During the period ended March 31, 2018, in addition to the amounts described in the key management personnel compensation table above, the Company paid £25,049 to J. Proust & Associates Inc. for finance, accounting and administrative services. As at March 31, 2018, a balance of £41,503 remains payable to J. Proust & Associates Inc.

On November 15, 2017, Southern Arc advanced C$400,000 to the Company pursuant to a convertible debenture financing. The convertible debenture bears interest annually at a rate of LIBOR plus 4% and has a maturity date of May 15, 2018. The convertible debenture is convertible at the option of Southern Arc, into securities of the Company at a share price to be determined by the share price of the Company's next equity financing, provided that Southern Arc may not own more than 29.99% of the total issued and outstanding number of ordinary shares of the Company on completion of the financing and that the conversion price cannot be less than the market price of the Company's shares on that date. As the conversion price was not fixed at the time of issuance, a conversion option was not recognized. Subsequent to March 31, 2018, Southern Arc agreed to covert the convertible debenture into units of the Company (Note 10).

As described in Note 3(a), the Company acquired two subsidiaries from the Company's Chief Executive Officer for no consideration.

The above transactions occurred during the normal course of operations and are recorded at the consideration established and agreed to by the related parties.

8. FINANCIAL INSTRUMENTS

The nature of the Company's operations exposes the Company to liquidity risk and market risk, which may have a material effect on cash flows, profit or loss and comprehensive income (loss).

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. All of the Company's financial liabilities are classified as current. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. See also Note 1.

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. Credit risk is managed by ensuring that surplus funds are deposited only with well-established financial institutions of high quality credit standing. The Company assess the collectability and fair value of this receivable at each reporting period. The Company's maximum exposure to credit risk is limited to its cash and cash equivalents and trade and other receivables.

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is currently exposed to interest rate risk to the extent that the cash and cash and cash equivalents maintained at the financial institutions are subject to a floating rate of interest. The interest rate risk on the Company's cash and cash equivalents is not considered significant.

Fair value

IFRS requires disclosure about fair value measurements for financial instruments and liquidity risk using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three-level hierarchy is as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 - Inputs that are not based on observable market data.

The Company does not currently have assets or liabilities that are measured at fair value on the balance sheet date. The carrying values of the Company's cash and cash equivalents. Trade and other receivables and accounts payable and accrued liabilities and the loan from related party approximate their fair values due to their short term to maturity.

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of unproven mineral properties, and to maintain a flexible capital structure. The Company considers items included in shareholders' equity as capital, which consists of shares issued to its parent company and deficit. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholder.

The Company currently does not earn any revenue and has relied on existing cash balances, related party loans and equity financing to fund its operations. The Company is currently not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management in the period ended March 31, 2018.

10. SUBSEQUENT EVENTS

a) On April 24, 2018, the Company completed a non-brokered private placement of 5,213,500 units at a price of C$0.25 per unit for gross proceeds of C$1,303,375. Each unit is comprised of one ordinary share and one-half of one share purchase warrant of the Company. Each whole warrant is exercisable into one ordinary share of the Company at an exercise price of C$0.35 per share for a period of three years. The Company paid finders' fees of C$23,550 and issued 94,200 finders' warrants to certain finders exercisable at C$0.35 per share for a period of three years. All securities issued in connection with the private placement are subject to a statutory hold period expiring on August 21, 2018.

b) On March 20, 2018, the Company entered into a definitive share purchase agreement with Balkan Minerals Limited ("Balkan") and Dr. Radomir Vukcevic ("Dr. Vukcevic") to acquire all of the issued and outstanding shares of Balkan's wholly-owned Serbian subsidiary, Taor d.o.o. (the "Transaction"). Taor d.o.o holds two exploration licenses totaling approximately 100 square kilometres situated adjacent to the Suva Ruda license, which the Company has an option to acquire. Terms of the agreement are:

- Issue 7,000,000 ordinary shares of Tethyan and pay €125,000 in cash to Dr. Vukcevic on closing of the Transaction;

- Pay €125,000 in cash to Dr. Vukcevic within three months of closing of the Transaction; and

- Issue 5,000,000 ordinary shares of Tethyan to Dr. Vukcevic on the 12 month anniversary of closing of the Transaction.

All Tethyan shares issued pursuant to the Transaction will be subject to a statutory hold period of four months and one day following the date of issuance thereof. In addition, the two tranches of ordinary shares of Tethyan to be issued will be subject to lock-up period of twelve months following their issue to Dr. Vukcevic, during which these shares may not be transferred. On closing of the Transaction, Tethyan intends to appoint Dr. Vukcevic as a director of the Company and engage him as a consultant with the responsibility for overseeing the technical development of Tethyan's exploration projects. Dr. Vukcevic has agreed to provide Tethyan with a first right of refusal to acquire all mineral and mining opportunities which are or become known to him within Servia, Bulgaria, Kosovo, Macedonia, Albania and Romania.

The closing of the Transaction is subject to various conditions, including the completion by Tethyan of satisfactory due diligence and approval by the Company's shareholders and the TSX Venture Exchange.