TETHYAN RESOURCES PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
MARCH 31, 2019 AND MARCH 31, 2018

(Unaudited - expressed in Great British Pounds)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of the Tethyan Resources Plc. as at and for the three-month period ended March 31, 2019 have been prepared by and are the responsibility of the Company's management.

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company discloses that KPMG LLP, its independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TETHYAN RESOURCES PLC

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - expressed in thousands of Great British Pounds)

As at	Notes	March 31 2019	December 31 2018
Assets			
Current assets			
Cash and cash equivalents		£ 1,050	£ 75
Receivables, deposits and prepayments		106	95
Deferred share issuance costs		-	26
		1,156	196
Non-current assets			
Property, plant and equipment	5	53	40
Right-of-use assets	6	355	-
Exploration and evaluation assets	7	1,588	1,588
Total assets		£ 3,152	£ 1,824
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		£ 198	£ 462
Advance on share subscription		-	175
Current portion of lease liabilities	6	122	-
Loan from related party	10	-	75
		320	712
Non-current liabilities			
Lease liabilities	6	235	-
Derivative liabilities	9	8,954	264
Total liabilities		9,509	976
Shareholders' equity (deficiency)			
Share capital	8	4,205	4,066
Share premium	8	31,228	30,097
Share-based payment reserve	8	1,100	1,639
Currency translation reserve		(1)	(10)
Own shares held reserve	8	(71)	(71)
Deficit		(42,818)	(34,873)
Total shareholders' equity		(6,357)	848
Total liabilities and shareholders' equity		£ 3,152	£ 1,824

Nature of operations and going concern	1
Contingent liabilities	11
Subsequent events	8

On behalf of the Board of Directors

"Richard Warke" Director *"Jerrold Annett"* 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)

	Notes	Three-month period ended March 31 2019	2018
Expenses			
Consulting		£ 66	£ 58
Depreciation	5,6	35	3
Director fees		-	4
Filing and regulatory		26	12
Foreign exchange loss (gain)		-	(11)
Exploration and evaluation expenditure	7	67	46
Office and administrative		153	116
Professional fees		9	56
Salaries		115	64
Share-based compensation	8	50	51
Travel		29	26
Loss before other items		550	425
Other items			
Interest on lease liabilities	6	5	-
Finance expense		-	5
Loss on change in fair value of derivative liability	9	7,390	-
		7,395	5
Net loss for the period		7,945	430
Other comprehensive (income) loss			
Exchange difference on translation of foreign currency		(9)	(56)
Total comprehensive loss for the period		£ 7,936	£ 374
Loss per share			
Basic and diluted loss per share		£ (0.12)	£ (0.02)
Weighted-average number of shares outstanding ('000)		65,268	28,047

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)

	Notes	Three-month period ended March 31 2019	2018
Cash flows from (used in) operating activities			
Net loss for the period		£ (7,945)	£ (430)
Adjustments for:			
Depreciation		35	3
Finance expense		-	5
Interest on lease liabilities		5	-
Loss on change in fair value of derivative liability		7,390	-
Share-based compensation		50	51
Changes in non-cash working capital items			
Amounts receivable		(11)	(28)
Accounts payable and accrued liabilities		(264)	8
Net cash used in operating activities		(740)	(391)
Cash flows from (used in) investing activities			
Purchase of equipment		(25)	-
Cash flows from financing activities			
Loans from related parties		(75)	350
Proceeds from common shares issued from private placements; net of share issuance costs	8	1,696	202
Proceeds from common shares issued from exercise of stock options and warrants	8	136	-
Payment of lease liabilities		(26)	-
		1,731	552
Change in cash and cash equivalents during the period		966	161
Effect of foreign exchange and joint operation on cash		9	65
Cash and cash equivalents, beginning of period		75	57
Cash and cash equivalents, end of period		£ 1,050	£ 283

Supplementary information

<u>Non-cash transactions</u>

		2019	2018
Issuance of shares for acquisition of exploration and evaluation assets		£ 550	£ 770
Units issued as finder's fees		81	-

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
(Unaudited - expressed in thousands of Great British Pounds)

	Share capital	Share premium	Share based payment reserve	Shares subscribed	Currency translation reserve	Own shares held reserve	Deficit	Total equity
As at December 31, 2017	£ 3,933	£ 27,784	£ 924	£ -	£ (50)	£ (71)	£ (32,853)	£ (333)
Shares subscribed for private placement, net of	-	-	-	202	-	-	-	202
Share-based compensation	-	-	51	-	-	-	-	51
Net loss for the period	-	-	-	-	-	-	(430)	(430)
Foreign currency translation	-	-	-	-	56	-	-	56
As at March 31, 2018	3,933	27,784	975	202	6	(71)	(33,283)	(454)
Shares subscribed for private placement, net of	67	1,094	-	(202)	-	-	-	959
Shares issued as part of Taor acquisition – Note 4 & 7(b)	42	728	550	-	-	-	-	1,320
Shares issued for debt settlement	24	482	-	-	-	-	-	506
Shares issued on warrants exercised	-	9	-	-	-	-	-	9
Share-based compensation	-	-	114	-	-	-	-	114
Net loss for the period	-	-	-	-	-	-	(1,590)	(1,590)
Foreign currency translation					(16)	-	-	(16)
As at December 31, 2018	4,066	30,097	1,639	-	(10)	(71)	(34,873)	848
Shares subscribed for private placement, net of issue costs	100	409	-	-	-	-	-	509
Shares issued as finder's fees	4	24						28
Shares issued as part of Taor acquisition – Note 4 & 7(b)	30	520	(550)	-	-	-	-	-
Shares issued on warrants and options exercised	5	178	(39)	-	-	-	-	144
Share-based compensation	-	-	50	-	-	-	-	50
Net loss for the period	-	-	-	-	-	-	(7,945)	(7,945)
Other comprehensive gain	-	-	-	-	9	-	-	9
As at March 31, 2019	£ 4,205	£ 31,228	£ 1,100	£ -	£ (1)	£ (71)	£ (42,818)	£ (6,357)

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

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Tethyan Resources plc ("Tethyan" or 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 became a reporting issuer in the province of British Columbia and the Company's ordinary shares commenced trading on the TSX Venture Exchange ("TSX-V") on September 6, 2017.

The Company operations involve acquiring, exploring and evaluating mineral properties in Serbia. The Company 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. For the three months ended March 31, 2019, the Company has incurred negative cash flows from operations of £740 and recorded a net loss of £7,945 for the three-month period ended March 31, 2019 (March 31, 2018 - £391 and £430, respectively).

Subsequent to March 31, 2019, the Company raised gross proceeds of C$5,000 (£2,876) in an underwritten private placement and received £109 upon the exercise of common share purchase options. However, the Company expects that it will require additional debt or equity funding in the next 12 months in order to continue its planned exploration and evaluation activities and meet its business objectives. The Company plans to raise the necessary funds primarily through issuance of ordinary shares. The Company's ability to continue on a going concern basis is therefore dependent on its ability to successfully raise additional funds. 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 may cast substantial doubt about the Company's ability to continue as a going concern. These unaudited consolidated 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. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). The unaudited condensed consolidated interim financial statements have been prepared on a basis consistent with the accounting policies disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018 except as described in Note 3. These unaudited condensed consolidated interim financial statements were approved for issuance by the Company's Board of Directors on May 29, 2019.

Basis of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, as well as its share of 688284 BC Ltd., a shared management services company (joint operation). All intercompany balances and transactions have been eliminated on consolidation.

The principal subsidiaries are:

Entity	Ownership Percentage	Location
Tethyan Resources Jersey Ltd.	100%	Jersey
Tethyan Resources d.o.o.	100%	Serbia
Global Mineral Resources d.o.o.	100%	Serbia
Taor d.o.o.	100%	Serbia
Tethyan Resources Bulgaria EOOD	100%	Bulgaria
Kosovo Resource Company	95%	Kosovo

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

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

Use of estimates and judgments

In preparing these unaudited condensed consolidated interim financial statements, the judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as described in and applied to the Company's consolidated financial statements for the year ended December 31, 2018, except for the new significant judgements related to lessee accounting under IFRS 16, see Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018 have been consistently applied to the preparation of these unaudited condensed consolidated interim financial statements unless otherwise noted.

Joint arrangements

Tethyan become a party to the joint operation for management and administrative services on February 1, 2019. The following outlines the accounting policy the Company uses to account for Joint operations.

Joint arrangements are arrangements where the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

(i) *Joint operation* – when the Company has rights to the assets and obligations for the liabilities relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(ii) *Joint venture* – when the Company has rights only to the net assets of the arrangement, it accounts for its interest using the equity method.

The Company has an interest in one joint operation relating to a shared management services company (688284 BC Ltd) that provides management and administrative services to Tethyan and other companies. The consolidated financial statements include the Company's proportionate share of the joint operations' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis from the date that the joint arrangement commences until the date that the joint arrangement ceases. These interests are governed by a contractual arrangement whereby rights to assets, liabilities and expenses of the management services company are attributed in proportion to the activity carried out through the arrangement that is directly related to Tethyan. Proportional sharing of costs, assets and liabilities is based on the amount of management services company time spent on each company party to the joint operation.

The Company does not have any joint arrangement that are classified as joint ventures.

Changes in accounting standards

Effective January 01, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16").

IFRS 16 - *Leases*

IFRS 16 replaces IAS 17, *Leases* ("IAS 17") and related interpretations. IFRS 16 sets out principles of recognition, measurement, presentation and disclosure of leases for both parties to a contract, the lessee and the lessor. IFRS 16 was applied using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019, with no restatement of comparative figures, which continue to be reported under IAS 17. The Company elected to measure its right-of-use assets at amounts equal to the corresponding lease liabilities, which resulted in no adjustment to retained earnings on transition.

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company identified certain leases for office space, which were previously treated as operating leases under IAS 17.

Judgement was applied adopting IFRS 16 to identify contracts within the scope of IFRS 16, evaluating lease renewal terms and determining the discount rate used to present value the lease arrangements. On transition, lease liabilities were measured at the present value of the remaining lease payments under the agreement term, after considering early termination and extension options that were reasonably expected to be exercised. Right-of-use assets are measured at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

Practical expedients applied

In applying IFRS 16 for the first time, we have used the following practical expedients under the modified retrospective approach:

- Recognition exemptions related to short-term and low value leases; and
- An election to not reassess contracts which were previously identified as leases under IAS 17.

Impact on transition

On January 1, 2019, the transition date to IFRS 16, the Company recognized £35 of new right-of-use assets and lease liabilities in the Statement of Financial Position, using a weighted average discount rate of 5%.

The following is a reconciliation between lease commitments disclosed as at December 31, 2018, under IAS 17 and lease liabilities recognized on January 1, 2019, upon initial application of IFRS 16.

		(in '000)
Operating lease commitment as at December 31, 2018 *(Note 11 annual audited financial statements)*	£	86
Discounted using the January 1, 2019 weighted average discount rate		76
Recognition exemption for leases with less than 12 months of lease term at transition		(13)
Termination options reasonably certain to be exercised		(28)
Lease liabilities recognized on January 1, 2019	£	35
Current lease liabilities	£	16
Non-current lease liabilities		19
Lease liabilities recognized on January 1, 2019	£	35

Significant accounting policies amended

As a result of the adoption of IFRS 16, the Company has amended its accounting policy for Leases, from the policy disclosed in the audited annual consolidated financial statements.

Leases

This policy is applied to contracts entered into, or modified, on or after January 1, 2019 and is as follows:

At the inception of a contract, an assessment is made as to whether a contract is, or contains a lease. A contract is, or contains a lease if the contract offers the right to control the use of a specific asset, for a period of time, in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the following criteria are considered:

- The contract involves the use of an identified asset that is physically distinct or represents substantially all of the capacity of a physically distinct asset. No asset is identified if the supplier of the assets has substantive substitution rights;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies amended (continued)

- Whether the Company has the right to obtain substantially all of the economic benefits from the asset throughout the agreement term; and
- Whether the Company has the right to direct the use of the asset and change how and for what purpose the asset is used.

A right-of-use asset and a corresponding lease liability are recognized on the date a leased asset is available for use by the Company. Assets and liabilities arising from the lease determination are initially measured on a present value basis of the following payments:

- Fixed payments, less any lease incentives receivable;
- Amounts expected to be payable by the lessee under any residual value guarantees;
- The exercise of a purchase option if the lessee is reasonably certain to exercise that option;
- Restoration costs; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate is used to calculate present value. The Company's borrowing rate is the rate that the Company, as the lessee, would pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the starting point in determining the discount rate, making adjustments based on the lease term, if required.

The lease term determined by the Company is comprised of the non-cancellable period of the lease contract, as well as options to terminate or extend the lease term if the exercise of either option is reasonably certain.

Right-of-use assets are subsequently measured at cost less depreciation on a straight-line basis and reduced to reflect impairment losses (if any) and adjusted for any remeasurement of the lease liability. After the lease commencement date, lease liabilities are measured at amortized cost using the effective interest method, which increases the liability amount to reflect interest on the lease liability and reductions to the lease liability, reflecting lease payments made and also reflects any remeasurement or lease modifications. If a remeasurement to the lease liability is deemed necessary, a corresponding adjustment is also made to the carrying value of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Right-of-use assets are depreciated over the shorter of lease term and useful life of the underlying asset.

Payments related to short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss over the respective lease terms. Short-term leases are leases with a lease term of 12 months or less.

New accounting standards and pronouncements

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after December 31, 2019. There are no IFRSs or IFRS Interpretations Committee interpretations that are not yet effective that would be expected to have a significant impact on the consolidated financial statements of the Company.

4. ACQUISITION OF SUBSIDIARIES

On June 29, 2018 the Company completed the acquisition of all of the issued and outstanding shares of a Serbian company (Taor d.o.o) from Dr. Radomir Vukcevic, an executive director of the Company – see Note 7(b).

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

5. PROPERTY, PLANT AND EQUIPMENT

		Exploration equipment
Cost		
December 31, 2018	£	43
Additions for the period		25
March 31, 2019	£	68
Accumulated depreciation		
December 31, 2018	£	3
Depreciation for the period		12
March 31, 2019	£	15
Net book value		
December 31, 2018	£	40
March 31, 2019	£	53

6. LEASES

Right-of-use assets

	Note		Total
January 1, 2019	3	£	35
Additions for the period [(1)]			343
Depreciation for the period			(23)
March 31, 2019		£	355

(1) Proportional share of joint operation right-of use assets and changes to rights-of-use based on usage allocation – shared office space.

Lease liabilities

	Note		Total
January 1, 2019	3	£	35
Additions for the period [(1)]			343
Lease payments for the period			(26)
Interest on lease liabilities			5
March 31, 2019		£	357
Less current portion			(122)
Non-current lease liabilities			235

(1) Proportional share of joint operation lease liabilities and changes to liabilities based on usage allocation – shared office space.

In the three-month period ended March 31, 2019 £6 of payments related to short-term leases was expensed in the unaudited condensed consolidated interim statement of loss.

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

7. EXPLORATION AND EVALUATION

ASSETS – Exploration Licenses

(000's)	Suva Ruda (a)	Taor (b)	Gokanica (c)	Other	Total
December 31, 2017	£ -	£ -	£ -	£ -	£ -
2018 additions	-	1,588	-	-	-
December 31, 2018 and March 31, 2019	£ -	£ 1,588	£ -	£ -	£ 1,588

EXPENDITURES

For the three-month period ended March 31, 2019, exploration and evaluation expenditures consisted of the following**:**

(000's)	Suva Ruda (a)	Taor (b)	Gokanica (c)	Other	Total
Drilling	£ 5	£ -	£ -	£ -	£ 5
Drilling consumable and other	1	-	-	-	1
Geochemistry	4	-	-	-	4
Geological reports	3	5	-	-	8
Licenses	39	10	-	-	49
	£ 52	£ 14	£ -	£ -	£ 67

For the three-month period ended March 31, 2018, exploration and evaluation expenditures consisted of the following**:**

(000's)	Suva Ruda (a)	Taor [(1)] (b)	Gokanica (c)	Other	Total
Drilling	£ 8	£ -	£ -	£ -	£ 8
Drilling consumable and other	1	-	-	-	1
Geochemistry	7	-	-	-	7
Geological work	25	-	-	-	25
Licenses	5	-	-	-	5
	£ 46	£ -	£ -	£ -	£ 46

[(1)] Project acquired June 29, 2018

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

7. EXPLORATION AND EVALUATION (continued)

(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") 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 License is located in Southern Serbia near the town of Raška, 170 km directly south of Belgrade and within the Raška Ore district. The License comprises one exploration permit with a surface area of 87 km^2. The decision whether or not to exercise the Option during this period is at the sole discretion of the Company. At the time of exercise, the Company must be in compliance with certain work and payment milestones including:

Option agreement milestones		Cash Payments	Meters Drilled	Project Evaluation	Ownership Interest
Completed:					
As at December 31, 2018	€	300,000 (1)	7,000 (2)	-	-
To be completed:					
- On or before September 30, 2019		100,000		-	-
- PEA on or before September 30, 2022		-		Cost unknown	-
- Feasibility study on or before September 30, 2023		-		Cost unknown	-
- Purchase of Suva Ruda License *(at any time during duration of the agreement)*		6,000,000			-
	€	6,400,000	7,000 (2)	Cost unknown	100%

Plus
- Reasonable efforts to apply for mining permits *(before the expiration of the license)*
- A percentage of the CAPEX of mine construction (3)

(1) €0.1 million paid on or before March 31, 2017, €0.1 million paid on or before September 30, 2017 and €0.1 million paid on or before September 30, 2018.

(2) 2,000 meters of drilling completed before December 31, 2016 and a further 5,000 meters of drilling completed before December 31, 2018 in compliance with the agreement.

(3) The amount payable by Tethyan with respect to CAPEX post exercise of the option to acquire the License will be calculated as follows: 4% of CAPEX up to € 200 million; *(up to € 8 million),* 2% of CAPEX between €200 – 500 million; *(between € 4million and €10 million)* and 1% of CAPEX in excess of €500 million.

(b) Taor

On June 29, 2018, the Company acquired all of the issued and outstanding shares of a Serbian company, Taor d.o.o. ("Taor") (the "Transaction"). Taor holds two exploration licenses totaling approximately 100 square kilometers situated adjacent to the Suva Ruda license. The Transaction was accounted for as an asset acquisition. The fair value of the consideration paid was determined and allocated as to Exploration and evaluation assets as follows:

Fair value of consideration			(000's)
Cash paid	*€250,000*	£	221
Shares issued	*12,000,000 x £0.11 (share price on closing date)*		1,320
Transaction cost incurred			47
Total consideration		£	1,588

(c) Gokcanica

In May 2016, the Company executed a Joint Venture and Earn-in Agreement with the Rockstone Group LLC pursuant to which Tethyan could acquire up to an 80% interest in the Gokcanica project licenses in Southern Serbia. 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.

On January 14, 2019, the Company terminated the agreement after it decided not to complete the exploration expenditures required under the first of three stages of the agreement.

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

8. SHARE CAPITAL

Authorized capital

As at March 31, 2019 and December 31, 2018, the Company's authorized share capital consists of 539,259,061 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 May 20, 2019, Board of directors of the Company approved the purchased and cancellation all of the issued and outstanding Class A and Class B deferred shares on May 21, 2019. The Company announced its intention to redomicile the company from the United Kingdom to British Columbia, Canada.

Own Shares Held Reserve

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

Issued capital

The total issued and outstanding shares and the changes for the periods ended March 31, 2019 and December 31, 2018 are as follows:

	Ordinary shares		Class A deferred shares		Class B deferred shares		Total share capital	Share premium
	Number of shares	Value £'000	Number of shares	Value £'000	Number of shares	Value £'000	Value £'000	Value £'000
As at December 31, 2017 and March 31, 2018	28,047,061	168	368,716,729	3,318	89,193,163	447	3,933	27,784
Shares issued for cash in private placements, less issuance costs	11,213,500	67	-	-	-	-	67	1,094
Shares issued as part of Taor acquisition – Note 3(a)	7,000,000	42	-	-	-	-	42	728
Shares issued for loan conversion	4,050,000	24	-	-	-	-	24	482
Shares issued for exercise of warrants	45,051	-	-	-	-	-	-	9
As at December 31, 2018	50,355,612	301	368,716,729	3,318	89,193,163	447	4,066	30,097
Shares issued for cash in private placements, less issuance costs	16,580,000	100	-	-	-	-	100	409
Shares issued as finder's fees	700,000	4	-				4	24
Shares issued as part of Taor acquisition – Note 3(a)	5,000,000	30	-	-	-	-	30	520
Shares issued for exercise of warrants and stock options	823,520	5	-	-	-	-	5	178
As at March 31, 2019	73,459,132	440	368,716,729	3,318	89,193,163	447	4,205	31,228

8. SHARE CAPITAL (continued)

On April 24, 2018, the Company completed a non-brokered private placement of 5,214,500 units at a price of C$0.25 per unit for gross proceeds of C$1 (£725). Each unit was 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 from the closing of the private placement. The Company recognized the initial fair value of the 2,607 warrants issued as part of this placement of £157 as a derivative liability. The Company paid finders' fees of C$24 (£13) and issued 94,200 finders' warrants, exercisable at C$0.35 per share for a period of three years. The finders' warrants were recognized as a derivative liability at their fair value of £6.

On June 29, 2018, the Company issued 4,050,000 ordinary shares in connection with units issued on settlement of loans from related parties (see note 10).

On August 17, 2018, the Company closed a non-brokered private placement for gross proceeds of C$1,500 (£870). The private placement consisted of 6,000,000 units at a price of C$0.25 per unit. Each unit was comprised of one ordinary share and one-half of one transferable 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 from the closing date of the private placement. Dr. Michael Andrews, a then director of the Company, purchased 908,000 units and invested C$277 (£166). Under the private placement, the Company paid finders' fees of C$76 (£46) and issued 305,520 finders' warrants, exercisable at C$0.35 per share for a period of three years.

- The Company recognized the initial fair value of the 3,000,000 warrants issued as part of this placement of £165 as a derivative liability.
- The 305,520 finders' warrants were recognized as a derivative liability at their initial fair value of £17.

On January 30, 2019, the Company closed a non-brokered private placement of 16,580,000 units at a price of C$0.20 per unit, for aggregate gross proceeds of C$3,316 (£1,923). In connection with the placement, the Company issued 700,000 finders' units. Each unit was comprised of one ordinary share and one transferable share purchase warrant of the Company. Each warrant is exercisable into one ordinary share of the Company at an exercise price of C$0.25 per share for a period of five years from the closing date of the private placement. All securities issued in connection with the private placement are subject to a statutory hold period expiring on May 31, 2019. As part of the private placement, Augusta Investments Inc. ("Augusta") subscribed for 11,500,000 units, representing approximately 16% of then the issued and outstanding ordinary shares of the Company. Subject to the terms of an investor rights agreement between Augusta and the Company, Augusta has been granted certain rights including anti-dilution rights, allowing it to maintain its equity ownership interest in the Company.

- The Company recognized the initial fair value of the 16,580,000 warrants issued as part of this placement of £1,254 as a derivative liability.
- The 700,000 finders' warrants were recognized as a derivative liability at their initial fair value of £53.

On January 30, 2019, the Company issued the final 5,000,000 ordinary shares for the Taor Acquisition, see Note 7(b).

On April 17, 2019, the Company closed an underwritten private placement of 6,250,000 ordinary shares of the Company at a price of C$0.80 per common share, for aggregate gross proceeds of C$5,000 (£2,876). The shares issued as part of this placement are subject to a statutory hold period expiring on August 18, 2019. The Company paid a 5.0% cash commission of C$250 (£144) to the Underwriters in connection with the offering. Augusta, a private company beneficially owned by Richard Warke, the Company's Executive Chairman purchased 1,250,000 ordinary shares and invested C$1,000 (£575), bringing Mr. Warke's beneficial ownership to 15.94% of the Company as at April 17, 2019.

In the three months ended March 31, 2019, 243,520 common share purchase warrants with a weighted average exercise price of C$0.35 were exercised and 580,000 common share purchase options with a weighted average exercise price of C$0.27 were exercised for total proceeds to the company of C$239 (£175).

Subsequent to March 31, 2019, 700,000 common share purchase options with a weighted average exercise price of C$0.27 were exercised for total proceeds to the company of C$187 (£109).

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

8. SHARE CAPITAL (continued)

Share purchase options

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

	Number of options	Weighted-average exercise price C$ (1)	Weighted-average exercise price £ (1)	Weighted-average life remaining (years)
Outstanding, December 31, 2017	2,620,000	0.36	0.21	3.51
Issued	711,666	0.30	0.17	4.76
Cancelled	(800,000)	0.45	0.25	-
Expired	(166,667)	0.45	0.25	-
Outstanding, March 31, 2018	2,364,999	0.36	0.20	3.77
Issued	1,675,000	0.25	0.14	2.63
Expired	(359,999)	0.33	0.19	-
Outstanding, December 31, 2018	3,680,000	0.27	0.16	3.22
Issued	3,700,000	0.51	0.30	4.92
Cancelled	(320,000)	0.30	0.17	-
Exercised	(580,000)	0.27	0.16	-
Outstanding, March 31, 2019	6,480,000	0.41	0.23	4.06

(1) Share purchase options with exercise prices in Canadian dollars (Sterling) have been converted to Sterling (Canadian dollars) using the exchange rate at period end (for period end balances) and the average rate for the activity within the period presented for all other movements.

All outstanding share purchase options are priced in Canadian dollars, except for 500,001 stock options, which have an exercise price in pence. As at March 31, 2019, the total number of share options outstanding was as follows:

	Outstanding			**Exercisable**	
Range of exercise prices C$	Number of options	Weighted-average exercise price (C$)	Weighted-average remaining contractual life (years)	Number of options	Weighted-average exercise price
$0.24 (0.14p)	500,001	$ 0.24	2.73	500,001	$ 0.24
0.25 – 0.50	2,279,999	0.27	2.97	2,229,999	0.27
0.51 – 0.63	3,700,000	0.51	4.92	200,000	0.51
	6,480,000	$ 0.37	4.06	2,930,000	$ 0.28

During the three months ended March 31, 2019, the Company recorded a share-based compensation expense of £50 (three months ended March 31, 2018: £51) in connection with the options granted.

Subsequent to March 31, 2019, the Company issued 200,000 ordinary share purchase options with an exercise price of C$0.78 per share, which are exercisable until 2024.

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

8. SHARE CAPITAL (continued)

Share purchase options (continued)

The following weighted-average assumptions were used for the Black-Scholes valuations of the options granted in each of the three-month periods ended March 31, 2019 and March 31, 2018.

	March 31 2019	**March 31 2018**
Number of options granted	3,700,000	711,666
Risk-free interest rate	1.80%	1.05%
Expected forfeiture rate and dividend rate	0%	0%
Weighted-average grant date share price	C$0.51	C$0.30
Volatility	87%	75%
Expected life of options (in years)	4.48 years	5.0 years
Fair value of options granted	C$ 0.34	C$ 0.12

Share purchase warrants

As at March 31, 2019, the following warrants to purchase ordinary shares were issued and outstanding:

	Number of warrants	**Weighted-average exercise price C$ [1]**	**Weighted-average exercise price £ [1]**	**Weighted-average life remaining (years)**
Outstanding, December 31, 2017	390,250	0.22	0.13	1.97
Issued	2,700,950	0.35	0.19	3.06
Outstanding, March 31, 2018	3,091,200	0.33	0.18	2.89
Issued	5,330,520	0.35	0.20	2.58
Exercised	(45,051)	0.35	0.20	-
Outstanding, December 31, 2018	8,376,669	0.34	0.20	2.42
Issued	17,280,000	0.25	0.14	4.84
Exercised	(243,520)	0.35	0.20	-
Outstanding, March 31, 2019	25,413,149	0.29	0.16	3.98

Exercise period	**Number of warrants**	**Weighted-average exercise price C$ [1]**	**Weighted-average exercise price £ [1]**	**Weighted-average life remaining (years)**
Exercisable until December 12,	390,250	0.23	0.13	0.72
Exercisable until April 24, 2021	2,583,430	0.35	0.20	2.06
Exercisable until June 29, 2021	1,979,949	0.35	0.20	2.25
Exercisable until August 17, 2021	3,179,520	0.35	0.20	2.38
Exercisable until January 30, 2024	17,280,000	0.25	0.14	4.84
Outstanding March 31, 2019	25,413,149	0.29	0.16	3.98

(1) Warrants with exercise prices in Canadian dollars (Sterling) have been converted to Sterling (Canadian dollars) using the exchange rate at period end (for period end balances) and the average rate for the activity within the period presented for all other movements.

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

9. DERIVATIVE LIABILITIES

As the exercise price of certain of the Company's share purchase warrants is fixed in C$, and the functional currency of the Company is the GBP, these warrants are considered a derivative as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these share purchase warrants are classified and accounted for as a derivative liability. A continuity of the derivative liability is as follows:

Derivative Liability Warrants	Warrants not subject to revaluation	Warrants subject to revaluation	Fair value (in '000)
Balance as at December 31, 2017 and March 31, 2018	390,250	-	£ -
April 24, 2018 issuance of units – fair value	-	2,606,750	157
April 24, 2018 issuance of agents warrants – fair value	-	94,200	6
June 29, 2018 issuance of units for debt settlements	-	2,025,000	75
August 17, 2018 issuance of units – fair value	-	3,000,000	165
August 17, 2018 issuance of agents warrants	-	305,520	17
Exercise of warrants in 2018	-	(45,051)	(1)
Change in fair value (December 31, 2018 revaluation)	-	-	(155)
Balance as at December 31, 2018	390,250	7,986,419	264
January 31, 2019 issuance of units – fair value	-	16,580,000	1,254
January 31, 2019 issuance of agents warrants – fair value	-	700,000	53
Exercise of warrants in Q1 2019	-	(243,520)	(7)
Change in fair value (March 31, 2019 revaluation)			7,390
Balance as at March 31, 2019	390,250	25,413,149	£ 8,954

The following table presents the weighted average Black-Scholes inputs used to fair value the warrants at issuance and revaluation dates as follows:

	Issued During Q1 2019	March 31, 2019 Revaluation	Issued During 2018	December 31, 2018 Revaluation
Risk-free interest rate	1.83%	1.50%	1.05%	1.05%
Expected life of warrants (in years)	5.0	4.0	3.0	2.5
Annualized volatility	88%	87%	75%	75%
Share price	C$0.20	C$0.79	C$0.24	C$0.20
Exercise price	C$0.25	C$0.28	C$0.35	C$0.35
Fair value of warrants granted	C$0.13	C$0.61	C$0.10	C$0.06
Forfeiture and dividend rate	-	-	-	-

(Expressed in thousands of Great British Pounds except share numbers and per share amounts)

10. RELATED PARTIES

The following transactions were recorded at the consideration established and agreed to by the related parties.

Key management personnel compensation

Key management personnel include directors and officers of the Company, with compensation consisting of the following:

	Three months ended March 31			
		2019		2018
Salaries and short-term employee benefits (1)	£	29	£	25
Share-based compensation		47		29
Other compensation (2)		116		14
	£	192	£	68

(1) Amounts paid to the Company's President and COO in the current period, as well as the former President and CEO and Executive chairman in the comparative period.
(2) Amounts paid to the Company's Executive Chairman, CEO, CFO, Corporate Secretary and Vice President of Investor Relations through its joint operations (shared services company), as well as amounts paid to J. Proust and Associates Inc. for CFO and corporate secretarial services in both the current and comparative periods.

Related party transactions

Related party transactions include the following payments which were made to related parties other than key management personnel:

	Three months ended March 31			
		2019		2018
Management support services (3)	£	50	£	12
Other (6)		550		-
Share-based compensation		2		3
	£	602	£	15

(3) The Company has an interest in one joint operation (a shared management services company - 688284 BC Ltd) that provides finance, management, accounting and administrative services to Tethyan and other companies which have directors in common. Amounts presented relate to the Company's share of joint operations including office leases, support staff and other operational costs. Comparative figures include amounts paid to J. Proust & Associates Inc. for administrative services, not related to key management personnel.

Payable to related parties

As at March 31, 2019 and December 31, 2018 the following amounts were payable to related parties.

		March 31 2019		December 31 2018
Loan from Southern Arc (4)	£	-	£	75
Management support services (5)		-		9
Other (6)		-		550
	£	-	£	625

(4) On December 30, Southern Arc, a company with two directors in common with the Company (at the time) loaned C$125 (£75) plus a financing expense of 5%, this amount is included in the December 31, 2018 amount payable. The loan was settled on January 31, 2019.
(5) £9 in fees were owed to J. Proust & Associates Inc. for finance, accounting and administrative services as at December 31, 2018.
(6) Five million common shares of the Company were due to be issued to Dr. Radomir Vukcevic, the Company's Executive Director and Vice President Development, in relation to the Taor d.o.o. acquisition (Note 7 b). These shares were issued in the first quarter of 2019.

10. RELATED PARTIES (continued)

On January 12, 2018, Dr. Michael Andrews, a then director of the Company (until his resignation in April of 2019) loaned the Company £350 (the "Loan"). The Loan was non-interest bearing and was to mature on the earlier of 6 months from the date of the loan or 5 days following the date on which the Company raised in excess of £1,000 by way of an equity or debt financing with a third party. On June 29, 2018, the Company settled the loan in consideration for 2,450,000 units of the Company. Each unit was 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 from June 29, 2018.

On November 15, 2017, Southern Arc Minerals Inc. ("Southern Arc"), a company with 2 directors in common with the Company (until early 2019) advanced C$400 to the Company pursuant to a convertible debenture financing. The convertible debenture bore interest annually at a rate of LIBOR plus 4% and had a maturity date of May 15, 2018. The convertible debenture was convertible at the option of Southern Arc, into securities of the Company at a share price determined by the share price of the Company's next equity financing subject to Southern Arc not owning 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 could not be less than the market price of the Company's shares on that date. The value of the conversion feature was not considered material at the date of issuance. On June 29, 2018 the Company settled its C$400 convertible debenture in consideration for 1,600,000 units of the Company on completion of the transaction described in Note 7(b). Each unit was 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. During 2018, Southern Arc exercised 45,051 of the warrants it received in exchange for settlement of accrued interest of £9 owed to Southern Arc related to the loan in November of 2018.

11. CONTINGENT LIABILITIES

Contingent deferred consideration, estimated at £120 related to the Company's acquisition of the Larchland Group during 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 / 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.

If 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.

12. 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. The Company is exposed to foreign exchange risk to the extent that financial instruments are not denominated in the functional currency of the Company or its subsidiaries. Such exposure relates primarily to financial assets and liabilities denominated in Canadian dollars, Serbia Dinars, US dollars and Euros. As at March 31, 2019, the Company held financial assets of £640, £305 and £3 in Canadian dollars, Serbia Dinars, and US dollars and Euro, respectively, and financial liabilities of £9,366, £81 and £Nil, respectively. A 5% change in exchange rate would change net loss by £376 primarily due to £7,390 loss on change in fair value of derivative liability dominated in Canadian dollar.

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 derivative liability is measured at fair value using Level 2 inputs. The carrying values of the Company's cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities and the loan from related party approximate their fair values due to their short term to maturity.

13. 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 three-month period ended March 31, 2019.