TETHYAN RESOURCES

TETHYAN RESOURCES PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2019

(Expressed in Great British Pounds)

This Management's Discussion and Analysis ("MD&A"), prepared as of May 29, 2019, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Tethyan Resources Plc., ("Tethyan" or the "Company") for the three months ended March 31, 2019 and audited consolidated financial statements for the year ended December 31, 2018, and related notes thereto, which have been prepared in accordance with interim Financial Reporting of International Financial Reporting Standards ("IFRS"). All amounts are stated in Great British Pounds ("GBP" or "£") and have been rounded to the nearest thousand, unless otherwise indicated. Additional information on the Company's website at www.tethyan-resources.com.

Statements in this MD&A that are not historical facts are "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Readers are cautioned not to put undue reliance on forward-looking statements.

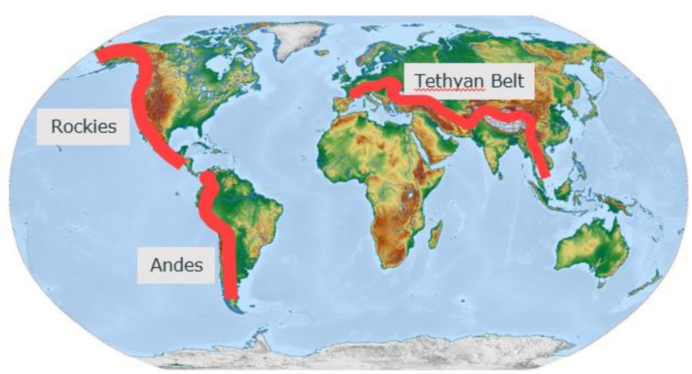
COMPANY OVERVIEW

Tethyan Resources Plc ("Tethyan" or the "Company") is a publicly listed company listed on the TSX Venture Exchange ("TSX.V") under the symbol "TETH". The Company is a junior mineral explorer with a focus on gold and base metals.

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. On November 9, 2017, Tethyan delisted its shares from trading on the London AIM market and now trades solely on the TSX.V.

Currently, Tethyan is an active explorer for gold and base metals within the Tethyan Mineral Belt in Eastern Europe, primarily in Serbia. The Company's flagship exploration projects are located in the Raška Municipality of Southern Serbia, and include the "Rudnica" project (a copper and gold porphyry target), and the "Kizevak" project (a silver-zinc-lead vein-type target). The company also has early-stage 'grassroots' exploration projects including the "Bucje" and "Zukovac" projects in Eastern Serbia and the "Cernac" and "Bistrice" projects in Kosovo.

Tethyan Mineral Belt



The Company identified Serbia as a high potential region for the discovery of new mineral deposits, due in part to its geological setting (part of the Tethyan Mineral Belt), which hosts numerous world class mineral deposits and the fact that the region has been under-explored using modern exploration techniques. The Western Tethyan Mineral Belt is the portion of Tethyan Belt with the highest endowment of gold, copper, lead and zinc and it is also the area where Tethyan Resources Plc has chosen to focus its mineral exploration efforts. Tethyan's land package of more than 600 km^2, which includes several past producing mines.

To date, the Company has not generated revenues from operations and is considered to be in the exploration stage. The Company conducts its activities through wholly-owned subsidiaries, limited liability companies, partnerships and joint ventures.

FINANCIAL SNAPSHOT

	March 31, 2019 (£,000)	December 31, 2018 (£,000)
Total assets	£ 3,152	£ 1,824
Working capital	836	(516)
Net loss	(7,945)	(2,020)
Basic and diluted loss per share (£)	(0.12)	(0.05)

RECENT EVENTS

On May 21, 2019 the Company announced the initiation of the redomiciling of the Company to British Columbia Canada, subject to shareholder and regulatory approval (see news release dated May 21, 2019 on the Company website and also under the Company's profile on SEDAR at www.sedar.com). The Company also announced the cancellation of all of the issued and outstanding Class A and Class B deferred shares, which will simplify the capital structure of the Company.

On April 22, 2019, the Company welcomed Professor Poonam Purni to the Board of Directors, replacing Dr. Michael Andrews who resigned as a Director to focus on his professional commitments at a number of other companies where he holds senior executive positions.

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 ordinary share, for aggregate gross proceeds of C$5,000,000 (£2,876,000).

On March 7, 2019, the Company appointed Edward Boney as the Chief Financial Officer, and Jacqueline Allison as Vice President, Investor Relations and Strategic Analysis of the Company.

On January 31, 2019, the Company closed a non-brokered private placement which resulted in the issuance of 16,580,000 units at a price of C$0.20 per unit, for aggregate gross proceeds of C$3,316,000. In connection with the placement, the Company issued 700,000 finders' units. Each unit is 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. As part of the private placement, Augusta Investments Inc. ("Augusta"), a private company beneficially owned by Richard Warke, subscribed for 11,500,000 units, representing approximately 16% of the then issued and outstanding ordinary shares of Tethyan on a post-closing basis. 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 Tethyan. All securities issued in connection with the private placement are subject to a statutory hold period expiring on May 31, 2019. In connection with the closing of the private placement and following the resignation of John Proust and John Carlile from the board of directors, the Company appointed Richard Warke as the Executive Chairman, Donald Taylor as a Non-Executive Director, Jerrold Annett as a Director and the Chief Executive Officer. At the same time, the Company also appointed Fabian Baker as President and Chief Operating Officer, and Susy Horna as Corporate Secretary.

On October 10, 2018, the Company announced that it had submitted two composite samples from the Kizevak project for metallurgical test work at the Mining and Metallurgy Institute, Bor, Serbia (MMI). The test work was aimed at providing preliminary data from which more detailed optimisation test work can be designed, and to give a basic indication of the grade-recovery curves for zinc, lead and silver. Samples were selected from the two main styles of mineralisation identified to date; massive sulphide vein breccias and fracture fill mineralisation, and were collected from quarter-cut diamond drill core. The samples were numbered as composite 01 (Massive Sulphide) and Composite 02 (Fracture Fill), weighing 39 and 28 kg, respectively.

On September 24, 2018, the Company announced that it had contracted Terratec Geophysical Services GmbH ("Terratec") to conduct a Time Domain Induced Polarization (TDIP) geophysical survey on the Kizevak zinc-lead silver project. The Company also completed a trenching and channel sampling program in the same area for approximately 400 metres, and acquired its own magnetometer and base station to be used to conduct ground magnetic surveys over priority exploration targets.
On September 13, 2018, the Company announced that it had commenced a drill program at the Rudnica copper-gold porphyry project, to include approximately 2,000 metres of diamond drilling.

On September 4, 2018, the Company announced results from its initial diamond drill program at the Kizevak zinc-lead-silver project in Southwest Serbia, which returned broad zones of polymetallic vein and breccia type mineralization in all holes with highlights including:

- 12.0 m @ 22.03 % zinc, 10.29 % lead, 167 g/t silver and 0.18 g/t gold for 35.09 % ZnEq (Hole KSEDD002, from 130 m)
- 43.0 m @ 4.30 % zinc, 2.49 % lead, 26 g/t silver and 0.21 g/t gold for 7.39 % ZnEq (Hole KSEDD001, from 193 m)
    - including 13.1 m @ 11.28 % zinc, 5.05 % lead, 57 g/t silver and 0.32 g/t gold for 17.44 % ZnEq (from 221 m)
- 40.0 m @ 4.35 % zinc, 2.14 % lead, 27 g/t silver and 0.34 g/t gold for 7.37 % ZnEq (Hole KSEDD003, from 137 m)
- 22.2 m @ 2.95 % zinc, 2.41 % lead, 41 g/t silver and 0.18 g/t gold for 6.23 % ZnEq (Hole KSEDD003, from 160 m)

Holes were drilled on two sections 80 m apart with a spacing of 40 m between the holes. All holes intercepted significant mineralisation between 85 and 190 m below surface, and mineralisation remains open in all directions. For more information, see the Company's press release dated September 4, 2018 on the Company's website.

On August 22, 2018, the Company announced the completion of its first drill program at the recently acquired Kizevak zinc-lead silver project in Serbia. The Kizevak project is situated on an exploration license held by Tethyan's Serbian subsidiary Taor d.o.o. ("Taor") and is located 1km southeast along strike from a past-producing open pit zinc-lead mine. The drill programme consisted of 4 diamond drill holes for a total of 957.3 metres and was designed to test for extensions of mineralisation along-strike from the historic mine. The drill target is defined by a strong zinc-lead-silver soil anomaly (500 by 260m) coincident with small-scale pits and excavations containing galena and sphalerite mineralised float. All drill samples have been submitted for preparation at ALS Bor, Serbia, and analysis at ALS Loughrea, Ireland (multi-element oxidizing digestion with ICP-MS finish, code ME-ICPORE) and ALS Rosia Montana, Romania (30g fire assay, code Au-AA23).

On August 17, 2018, the Company completed a non-brokered private placement for gross proceeds of C$1,500,000. 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$277,000 under the private placement. The Company also issued 1,575,000 share purchase options to officers, directors and consultants. The options are exercisable at C$0.25 per share and are valid for a period of three years.

On June 29, 2018, the Company closed the acquisition with Dr. Radomir Vukcevic ("Dr.Vukcevic") of all of the issued and outstanding shares of a Serbian company, Taor (the "Transaction"). Taor 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 were subject to a statutory hold period of four months and one day following the date of issuance. In addition, the two tranches of ordinary shares of Tethyan are subject to a lock-up period of twelve months following their issue to Dr. Vukcevic, during which these shares may not be transferred. Upon closing of the Transaction, Tethyan appointed Dr. Vukcevic as a director of the Company and engaged him as a consultant with the responsibility for overseeing the technical development of Tethyan's exploration projects. Dr. Vukcevic 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.

On January 12, 2018, Dr. Michael Andrews, a then director of the Company, loaned the Company £350,000 (approximately C$600,000) (the "Loan"). The Loan was non-interest bearing and matured 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 June 29, 2018, Dr. Michael Andrews settled the loan in consideration for 2,450,000 units of the Company on completion of the transaction described in Note 4 of the financial statements. Southern Arc also settled its C$400,000 convertible debenture in consideration for 1,600,000 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. The total warrants issued for the loan conversions was 4,050,000. All securities issued were subject to a statutory hold period of four months and one day following the date of issuance.

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 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. The Company paid a finders' fees of C$23,550 and issued 94,200 finders' warrants to certain finders. All securities issued in connection with the private placement were subject to a statutory hold period which expired on August 21, 2018.

On January 3, 2018, the Company cancelled a total of 800,000 outstanding share purchase options granted in August 2016, which were exercisable at a price of 30.00 pence (C$0.50) per share until August 2019. The Company granted a total of 711,666 new share purchase options to certain directors, consultants and employees of the Company, exercisable at a price of C$0.30 per share for a period of five years from the date of grant.

On November 15, 2017, Southern Arc advanced C$400,000 to the Company pursuant to a convertible debenture financing. The convertible debenture accrued interest annually at a rate of LIBOR plus 4% and had 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.

PROPERTY REVIEW AND OUTLOOK

The Company has several projects in Serbia, near the city of Raška which has excellent infrastructure, skilled workforce and strong local support for mining.

The Company's main exploration licenses in the Raška Mining District include the following:

Suva Ruda – exploration license (Serbia)

- Rudnica copper-gold porphyry
- Kremice copper-gold porphyry

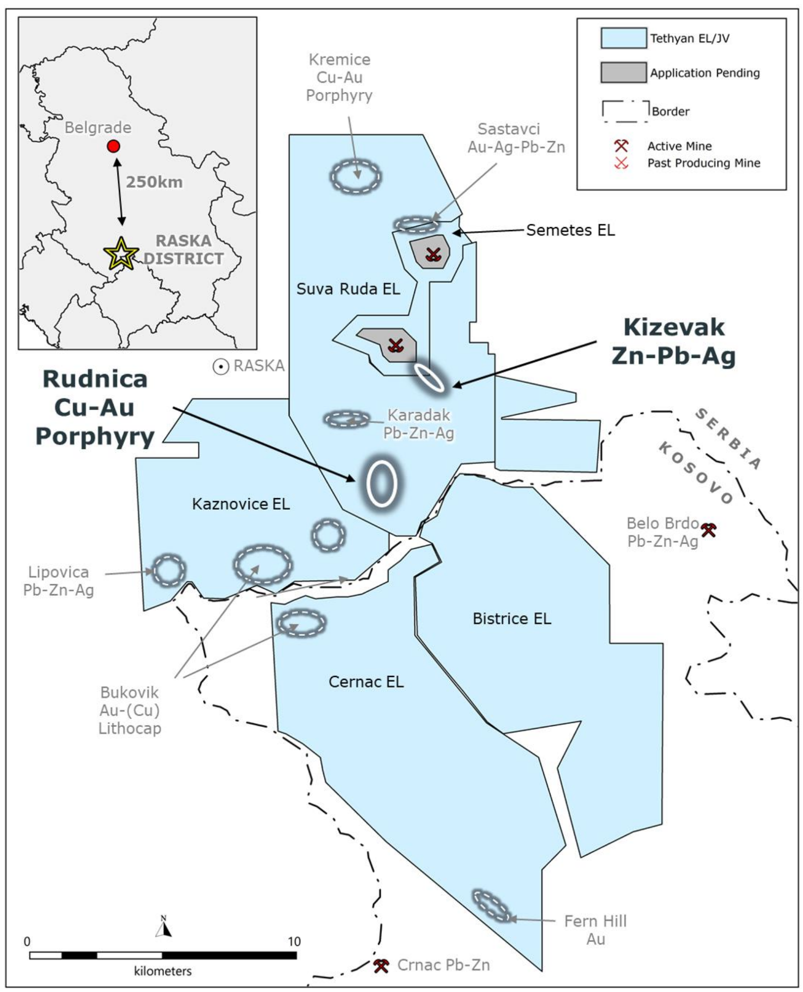
Taor – exploration licenses (Serbia)

- Kaznovice – exploration license
    - Lipovica silver -lead- zinc target
    - Plavkovo gold-copper target
- Semetes – exploration license
    - Kizevak silver-lead-zinc target
    - Sastavci gold-silver-zinc target

The Company has the following projects in Kosovo, near its projects in Serbia.

Cernac – exploration license (Kosovo)

Bistrice – exploration license (Kosovo)



Suva Ruda, Serbia

In September 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") the Suva Ruda exploration license in Serbia (the "License"). The License is located in Southern Serbia near the town of Raska (30,000 inhabitants), 170 km directly south of Belgrade and within the Raška Ore district. The License comprises one exploration permit with a surface area of 81 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 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:

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 Licence *(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 licence)*					
- 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.

Suva Ruda License Work Program

In 2016 Tethyan Resources completed first-pass geological mapping and the collection of 223 soil samples over the Rudnica copper-gold porphyry project located on the Suva Ruda license. Detailed soil sampling was completed on 50 meter sample spacing and 200 meter line spacing over the central portion of Rudnica. This sampling defined a coincident copper, gold and molybdenum anomaly in soils over a 1200 meter by up to 600 meter area. These results combined with geological mapping defined two compelling target areas, a southern zone of outcropping quartz stockwork with dimensions of 600 meters by 500 meters which was previously drilled to shallow depths by Phelps Dodge in 2004 named Rudnica, and a northern zone with dimensions of 700 meters by 300 meters which is a significant new target generated by this soil sampling program that has not been drill tested before named Rudnica North. Further soil sampling in 2017 has identified the Kremice copper-gold porphyry target located in the northern part of the Suva Ruda exploration license, 10 kilometres to the north of Rudnica.

Rudnica and Rudnica North Cu-Au Project

The copper and molybdenum soil anomaly, hosted in phyllic-altered andesitic and dacite porphyry stocks, is surrounded by a broad zinc anomaly greater than 200 ppm which is recognized as a typical geochemical zonation feature seen in many porphyry systems worldwide.

The Company completed 4 diamond drill holes for a total of 2,318 meters on the Rudnica copper-gold porphyry prospect within the Suva Ruda exploration permit located in Serbia in December 2016, and a further 2,128 metres in September 2017. The drilling programs, which were operated by contractor Drillex International, successfully achieved the Company's objectives through consistent drilling rates and positive local community support. A third drill program commenced at Rudnica in September 2018.

In accordance with the requirements of the Option Agreement between Tethyan and Deep Research d.o.o. over the Suva Ruda Project, Tethyan successfully met the requirement to drill 5,000 meters prior to the December 28, 2018 in order for the Option Agreement to remain in effect. Furthermore, it meets the exploration program requirements set out for the Suva Ruda License granted by the Serbian Government, and as a result the Suva Ruda exploration license was renewed by the Ministry of Energy and Mines of the Republic of Serbia on February 19, 2019 for a further 3 years. As well as drilling, Tethyan has also completed channel sampling and geophysical surveys on the Rudnica and Rudnica North prospects, and the results are discussed below.

Results from Drilling, Rudnica

Tethyan's geologists logged all drill core and prepared and sent the drill core for third party analysis to ALS Global's preparation laboratory located in Bor, Serbia. Assaying is being completed at ALS Global's laboratory located in Romania. Additionally, Tethyan is immediately rehabilitating the drilling sites and access roads in accordance with the Company's commitment to sustainable operation. In its first drill hole RDD-001, Tethyan drilled 567 metres at 0.28% copper and 0.45 g/t gold from surface. Detailed results of the eight drill holes are shown in the table below:

Drill Hole ID	Easting	Northing	Elevation (m)	Dip	Azimuth	Total Depth (m)	From (m)	To (m)	Length (m)	Copper Grade (%)	Gold Grade (g/t)
RDD-001	473,927	4,787,653	604	-85	136	584.6	0	567	567	0.28	0.45
		including					122	158	36	1.22	0.38
RDD-002	474,022	4,787,637	622	-76	165	461.8	6	74	68	0.11	0.23
		including					98	320	222	0.24	0.27
							354	440	86	0.16	0.30
RDD-003	473,873	4,787,734	581	-60	140	710	42	327	285	0.31	0.33
		including					102	118.7	16.7	1.55	0.20
							657	695	38	0.14	0.27
RDD-004	474,005	4,787,752	592	-60	210	558.6	48	404	356	0.38	0.31
		including					102	132	30	1.45	0.39
							476	502	26	0.12	0.19
RDD-005	473,890	4,787,657	596	-65	30	535.7	6	266	260	0.22	0.20
		including					116	128	12	0.78	0.13
							366	535.7	169.7	-	0.15
RDD-006	474,020	4,787,640	622	-80	325	500.6	0	460	460	0.21	0.20
		including					92	112	20	1.04	0.20
RDD-007	473,816	4,787,670	577	-60	140	611.6	0	572	572	0.11	0.16
		including					106	186	80	0.30	0.16
RDD-008	474,039	4,787,804	579	-60	210	479.7	138	479.7	341.7	0.17	0.24

Table: Summary of significant drill hole intersections (Coordinates are WGS84 UTM Zone 34).

These drill holes defined a large area of copper-gold porphyry-style mineralization at Rudnica. 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 stockwork veining.

Supergene enrichment has produced a higher-grade chalcocite rich copper zone observed in all drill holes and grading up to 1.55 % 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 surface. Beneath the supergene zone gold and copper grades are generally consistent over large intervals exceeding 200 metres.

Geophysical Surveys, Rudnica

Tethyan has completed a ground magnetics survey and an extensive induced polarization (IP) geophysical survey over this area to target further drilling. The IP survey was conducted by the Canadian company Quantec Geoscience, a world leader in the field, using their proprietary 'TITAN 24' system. TITAN 24 is an advanced system that collects two separate geophysical surveys, Induced Polarisation ("IP") as well as Magnetotelluric ("MT"). The advantages of the TITAN 24 system over more traditional IP techniques is that the survey generates data to greater depths (up to 1,500 metres depth), and with improved resolution at shallower depths.

The method is well tested on porphyry systems worldwide; the aim of the surveys was to gain indications of where different lithologies, alteration styles and concentrations of mineralization might occur. The data will be used to better understand and identify extensions to the areas which Tethyan has already drilled, and locate new targets for future drilling.

At the Suva Ruda Project, the survey consisted of ten survey lines, each 2.4 kilometres long and 200 metres apart, covering the entire Rudnica porphyry system where Tethyan have completed eight drill holes to date.

In preparation for the surveys, Tethyan was successful in gaining land access permissions to hundreds of small agricultural land plots, and from the municipal road and rail authorities as well as the local military and police forces. This was the result of a significant and long-term program of community and government engagement, led by Tethyan's dedicated Land and Community Officer, Mr Marko Miletic.

Results from Channel Sampling, Rudnica

In February 2018, Tethyan conducted a channel sampling program at the Rudnica and Rudnica North prospects, summarized in the table below:

Prospect	Channel ID	Total Length (m)	Significant Intersections			
			From (m)	To (m)	Length (m)	Gold Grade (g/t)
Rudnica	RCH001	22	2	10	8	0.11
	RCH002	70	0	70	70	0.27
	RCH003	71	0	71	71	0.43
	RCH004	88	84	88	4	0.25
	RCH005	78	No Significant Intercepts			
	RCH006	73	10	15	5	0.16
	RCH007	15	No Significant Intercepts			
	RCH008	17	0	5	5	0.4
	RCH009	54	25	30	5	0.11
			40	45	5	0.11
	RCH010	25	0	25	25	0.1
	RCH011	7	4	7	3	0.13
	RCH012	15	No Significant Intercepts			
	RCH013	19	No Significant Intercepts			
	RCH014	11	0	11	11	0.14
Rudnica North	RCH015	55	15	55	40	0.21
	RCH016	30	0	30	30	0.24
	RCH017	38	0	10	10	0.26
	RCH018	35	15	25	10	0.15
	RCH019	21	No Significant Intercepts			

At Rudnica, the channel samples (RCH002 and RCH003) demonstrate a continuation of the near surface, gold-bearing leached zone 50m to the south of the current limits of drilling. This information will be used to guide drill programme planning for the 2018 season and further emphasises the exploration potential at Rudnica.

At Rudnica North the channel samples were collected from argillic and advanced argillic altered andesite and andesitic volcaniclastic rocks which outcrop over an area of 160 by up to 80 metres. Outcrop is limited to road cuts and small, historic exploration pits. The Rudnica North channel samples reported herein are located on the southern edge of a moderate to high (50-70 mrad) chargeability anomaly at depth (between 200-300 metres below surface), which is coincident with a 400 by 200 metre, north-south aligned gold in soil anomaly (>100 ppb gold) and area of high magnetic intensity.

Kremice Cu-Au Prospect

Tethyan has conducted detailed mapping, stream sediment (56 samples) and soil sampling (313 samples) at Kremice, which has defined a 1200 m long by 600 to 1200 m wide gold-molybdenum-copper ± zinc ± tin soil anomaly. This anomaly is west of and partly coincident with a 1000 m by 1000 m zone of manganese ± zinc in-soil depletion and weakly anomalous lead-bismuth. The geochemical signature at Kremice is indicative of potential high-level porphyry style alteration.

Detailed mapping shows that the area of gold-copper-molybdenum geochemical soil anomalism at Kremice is related to northwest and northeast trending phyllic and argillic alteration zones with sub-vertical, sheeted and stockwork quartz-pyrite veins. The andesitic volcanic and volcaniclastic host rocks are intruded by quartz diorite porphyry stocks and dykes which display weak propylitic, argillic and silica alteration. This suite of volcanic and intrusive rocks is flanked to the southeast by a large granodiorite pluton with localised areas of weak stockwork quartz-pyrite-magnetite veins. Several historical adits have been identified during the fieldwork, spatially associated with the strongest zones of alteration in the volcanic suite and along the serpentinite-granodiorite contact.

Taor

On June 29, 2018, the Company acquired all of the issued and outstanding shares of a Serbian company, 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

Zukovac and Bucje, Serbia

In March 2018, the Company announced that Tethyan Resources d.o.o. was granted two exploration licenses named Bucje and Zukovac, totalling 200 square kilometres and situated in the south of the Timok Magmatic Complex in Eastern Serbia. The Licenses are valid for an initial period of 3 years, following which the Mining Law of Serbia allows for the license holder to apply, subject to various conditions, for extension periods of a further 3 and finally 2 years, for a total of 8 years, before the license holder is required to apply for a mining permit. Both projects are at early stages of exploration and the Company plans to conduct reconnaissance exploration before the end of 2019 including stream sediment and soil sampling.

Cernac and Bistrice, Kosovo

The Cernac and Bistrice licences are located in northern Kosovo, immediately south of the Suva Ruda licence in Serbia, and is at a grassroots stage of exploration. The Company completed geological mapping, rock-chip, stream sediment and soil sampling, and the results will be used to design follow up work programs to test the potential for copper-gold porphyry and polymetallic vein type mineralisation.

Gokcanica, Serbia

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 Josaniska Banja.

During 2017 and 2018 Tethyan completed geological mapping, stream sediment sampling and soil sampling, and a TITAN24 geophysical survey over the Gokcanica Project. Interpretation of results from this program did not indicate a target worthy of further exploration and as a result on January 14, 2019, the Company terminated the Earn-In Agreement.

SUMMARY OF QUARTERLY RESULTS

As at and for the three months ended	March 31, 2019 (£,000)	December 31, 2018 (£,000)	September 30, 2018 (£,000)	June 30, 2018 (£,000)
Total assets	£ 3,152	£ 1,824	£ 2,124	£ 1,739
Exploration properties	1,588	1,588	1,588	-
Working capital (deficiency)	836	(516)	183	(129)
Net loss	(7,945)	(588)	(507)	(495)
Basic and diluted loss per share (£)	(0.12)	(0.01)	(0.01)	(0.01)

As at and for the three months ended	March 31, 2018 (£,000)	December 31, 2017 (£,000)	September 30, 2017 (£,000)	June 30, 2017 (£,000)
Total assets	£ 459	£ 218	£ 1,162	£ 1,603
Exploration properties	-	-	497	245
Working capital	(484)	(376)	348	910
Net loss	(430)	(1,251)	(315)	(523)
Basic and diluted loss per share (£)	(0.02)	(0.05)	(0.01)	(0.02)

The Company did not generate any revenues and did not declare any dividends.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2019

During the three-month period ended March 31, 2019, the Company had a net loss of £7,945,000 compared to a loss of £430,000 for the three-month period ended March 31, 2018. Significant fluctuations occurred in the following categories:

- During the three-month period ended March 31, 2019, the Company recorded loss on change in fair value of derivative liability of £7,390,000 (three-month period ended March 31, 2018: £Nil). The exercise price of certain of the Company's share purchase warrants is fixed in C$ but the functional currency of the Company is the GBP. As such, 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, and the change in fair value of derivative liability was recorded as a gain or loss during the period. The main reason for the gain is the increase in the value of the Company's shares in the period, which is a valuation input.

- During the three-month period ended March 31, 2019, the Company incurred consulting fees of £66,000 (three-month period ended March 31, 2018: £58,000), office and administrative expenditures of £153,000 (three-month period ended March, 2018: £116,000) and salaries of £115,000 (three-month period ended March 31, 2018: £64,000), mainly due to more operational activities during the first quarter of 2019, versus the comparative period.

- During the three-month period ended March 31, 2019, the Company recorded exploration and evaluation expenditures of £67,000 related to expenditures related to exploration activities within the Suva Ruda region (March 31, 2018 – £46,000).

- During the three-month period ended March 31, 2019, the Company recorded a realized foreign exchange loss of £Nil (three-month period ended March 31, 2018: a gain of £11,000)

- During the three-month period ended March 31, 2019, the Company incurred professional fees of £9,000 (three-month period ended March 31, 2018: £116,000) mainly due to legal fees incurred in Q1 2018 related to the Serbian acquisition, with no comparable activity in the current period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at March 31, 2019 was £1,050,000. As at March 31, 2019, the Company's working capital was £836,000 compared to a working capital deficiency of £516,000 as at December 31, 2018.

Net cash used in operating activities for the three months ended March 31, 2019 was (£740,000) compared to net cash used of (£391,000) during the prior period ended March 31, 2018.

Net cash used in investing activities during the three months ended March 31, 2019 of £25,000 for the property and equipment. £Nil of cash used in property and equipment during the three months ended March 31, 2018.

Financing activities during the three-month period ended March 31, 2019 included net proceeds of £1,731,000 received from the private placement completed during the quarter and net proceeds of £136,000 received from common shares issued from exercise of share purchase options and warrants.

The consolidated 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 significant revenues or cash flows from operations to date.

The Company recorded a net loss of £7,945,000 for the three-month period ended March 31, 2019. Subsequent to March 31, 2019, the Company completed a non-brokered private placement which resulted in gross proceeds of C$5,000,000. However, the Company expects that it will require additional debt or equity funding in the next year in order to continue its planned 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. The conditions result in material uncertainties that cast substantial doubt about the Company's ability to continue as a going concern. The unaudited 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.

RELATED PARTY TRANSACTIONS

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$125,000 (£75,000) 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) £8,601 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.

On January 12, 2018, Dr. Michael Andrews, a then director of the Company loaned the Company £350,000 (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 £1,000,000 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$400,000 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$400,000 convertible debenture in consideration for 1,600,000 units of the Company on completion of the Taor transaction. 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 £9,000 owed to Southern Arc related to the loan in November of 2018.

On December 30, 2018, Southern Arc loaned an additional C$125,000 to the Company. This loan included a financing expense of 5%. As at December 31, 2018, the balance of this loan including financing expense was £75,000. This amount was paid on January 31, 2019.

During the years ended December 31, 2018 and 2017, the Company engaged the services of J. Proust & Associates Inc., a company controlled by a director of both the Company and Southern Arc which owned 19.84% of the Company's shares as at December 31, 2018.

CURRENT SHARE DATA

As at the date of this MD&A, the Company had 73,859,132 ordinary shares in issue.

As at March 31, 2019, the Company had share options outstanding 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

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

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$187,250 (£108,870).

As at March 31, 2019, the Company had share purchase warrants outstanding as follows:

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, 2019	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.

RISKS AND UNCERTAINTIES

The nature of the Company's operations exposes the Company to credit risk, foreign currency risk, liquidity risk, and geopolitical risk, which may have a material effect on cash flows, operations and comprehensive income.

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 such as accounts payable and accrued 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.

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 cash equivalents 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 bank balances and trade and other receivables.

Geopolitical risk is the risk relating to the region related to the Company's projects. To date, all of the Company's properties and operations have been located in Eastern Europe. As such, the Company is subject to political, economic and other uncertainties, including, but not limited to, changes in policies and regulations or the personnel administering them, changes with regard to foreign ownership of property rights, exchange controls and royalty and tax increases, and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are to be conducted, as well as risks of loss due to civil strife, acts of war and insurrections. If a dispute arises regarding the Company's property interests, the Company cannot rely on western legal standards in defending or advancing its interests.

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, US dollars and Euros. As at March 31, 2019, the Company held financial assets of £640,000, £305,000 and £3,000 in Canadian dollars, Serbia Dinars, and US dollars and Euro, respectively, and financial liabilities of £9,366,000, £81,000 and £Nil, respectively. A 5% change in exchange rate would change net loss by £376,000 mainly due to £7,390,000 loss on change in fair value of derivative liability dominated in Canadian dollar.

Other factors

Industry

The Company is engaged in the acquisition and exploration of resource properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of economically mineable deposits. The focus of the Company is on areas in which the geological setting is well understood by management.

Gold and metal prices

The price of gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, the relative exchange rate of the US$ with other major currencies, demand, political and economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The prices of other metals and mineral products for which the Company may explore all have the same or similar price risk factors.

Trends

Continued strength in the US dollar, decreasing oil prices and the stable gold price increases demand, especially from Asia, and perception of increased risk in major financial markets has supported a discernible need for the development of commodity exploration projects. Junior companies, like Tethyan, are key participants in identifying properties of merit to explore and develop.

CRITICAL ACCOUNTING POLICIES

Reference should be made to the Company's significant accounting policies contained in Note 3 of the Company's consolidated financial statements for the three-month period ended March 31, 2019. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Significant accounting judgment and estimates

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.

New accounting policies adopted and amended

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 Company's 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 Resources Plc 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.
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 leases; and
- An election to not reassess contracts which were previously identified as leases under IAS 17.

Impact on transition

On January 01, 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 01, 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;
- 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.

DISCLOSURE CONTROLS AND PROCEDURES

The Company has established disclosures controls and procedures to ensure that information disclosed in this MD&A and the related unaudited condensed interim financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee.

The Company's certifying officers conducted or caused to be conducted under their supervision and evaluation of disclosure controls and procedures as required under applicable Canadian securities laws as at March 31, 2019. Based on the evaluation, the Company's certifying officers believe that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filing and other reports that it files or submits under applicable Canadian securities laws in recorded, processed, summarized and reported within the time period specified and that such information in accumulated and communicated to the Company's management, including the certifying officers, as appropriated to allow for timely decision regarding required disclosure.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's certifying officers acknowledge that they are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Utilizing the 2013 COSO Framework, the Company's certifying offices evaluated or caused to be evaluated under their supervision the effectiveness of the Company's internal controls over financial reporting. Based upon this assessment, management believes that as at March 31, 2019 the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the preparation of the Company's financial statements in accordance with IFRS.

The internal controls over financial reporting were designed to ensure that testing and reliance could be achieved. Management and the Board of Directors work to mitigate the risk of material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of material misstatement.

There were no changes in these controls during the most recent interim period ending March 31, 2019 that materially affected, or are reasonably likely to materially affect, such controls.

Q*UALIFIED PERSON AND QUALITY CONTROL AND ASSURANCE*

The technical information in this document has been reviewed by Andrew Tunningley, MAusIMM(CP), Tethyan's Exploration Manager, who has sufficient experience relevant to the style of mineralization under consideration and qualifies as a Qualified Person as defined by National Instrument 43-101.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates", "plans", "budget", "scheduled", "continue", "estimates", "forecasts", "expect", "is expected", "project", "propose", "potential", "targeting", "intends", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur" or "be achieved" or the negative connotation thereof. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by readers, as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company and its joint venture partners on its properties and work plans to be conducted.

With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- *uncertainties relating to receiving mining, exploration and other permits in Serbia;*
- *the impact of increasing competition;*
- *unpredictable changes to the market prices for gold, copper and other commodities;*
- *availability of additional financing and farm-in or joint-venture partners;*
- *anticipated results of exploration and development activities;*
- *the Company's ability to sell the securities in its investments for a profit, or at all;*
- *the Company's ability to obtain additional financing on satisfactory terms or at all.*

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A: volatility in the market price for minerals; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral and oil and gas operations; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and farm-in or joint venture partners and unpredictable weather conditions. Although the Company has attempted to identify important factors that could cause results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward looking statements are made as of the date hereof and accordingly are subject to change after such date. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.