TETHYAN RESOURCE CORP

(Tethyan Resources Plc to July 18, 2019)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2019

(Expressed in Great British Pounds)

This Management's Discussion and Analysis ("MD&A"), prepared as of August 20, 2019, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Tethyan Resource Corp. (Tethyan Resources Plc. To July 18, 2019), ("Tethyan" or the "Company") for the six months ended June 30, 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.

IMPORTANT NOTE TO CANADIAN SHAREHOLDERS

On July 18, 2019 ("Distribution Date"), the Company completed its redomiciling to British Columbia, Canada from the UK. Shareholders of Tethyan Resources Plc ("Old Tethyan") as of the Distribution Date received one common share of New Tethyan (Tethyan Resource Corp) for each ordinary share of Old Tethyan.

The exchange of shares that was required to complete the redomicile to Canada triggers a disposition of Old Tethyan shares and this may result in Canadian income tax becoming payable for shareholders that are resident or deemed to be resident of Canada for income tax purposes.

Under Canadian tax law, Canadian resident or deemed resident shareholders can make an Election (Section 85 of the tax act) to set the cost base of the New Tethyan common shares to be the same as their previous holdings of Old Tethyan common shares. In making the Section 85 election, a shareholder is choosing to defer taxable gains resulting from the redomicile of the Company to Canada until their shares of New Tethyan are eventually sold.

Please see the Company's Information Circular and website for more information.

Important Date: 90 days after the Distribution Date of July 18, 2019
(October 16, 2019 – Tax Election Deadline)

To each resident Canadian shareholder that provides correct and complete information to the Company by the Tax Election Deadline, the Company shall send a completed copy of the Section 85 Election by regular mail to the address provided within 30 days after the Tax Election Deadline. Resident Canadian shareholders should review their own particular situation and consult with their tax advisors before making a Section 85 Election under the Income Tax Act (and a joint tax election under the Québec Act, if applicable).

If Tethyan's common shares are held in either a Tax Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP) account, no action is required.

COMPANY OVERVIEW

Tethyan Resource Corp. ("Tethyan" or the "Company") is a public company listed on the TSX Venture Exchange ("TSX.V") under the symbol "TETH". The Company is a junior mineral explorer with a focus on precious and base metals.

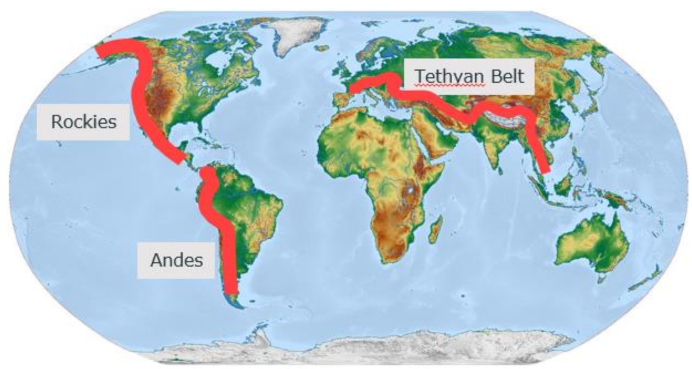
On August 17, 2017, the Company obtained a receipt in connection with the filing of a non-offering final prospectus in the province of British Columbia, Canada. As a result, the Company is now a reporting issuer in the province of British Columbia and Alberta. In addition, the Company's ordinary shares commenced trading on the 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.

On July 18, 2019, the Company redomiciled to British Columbia, Canada from the U.K., with Tethyan Resources Plc ("Old Tethyan") becoming a wholly owned subsidiary of Tethyan Resource Corp. ("New Tethyan").

As part of the redomicile, Old Tethyan ordinary shares were exchanged on a one-for-one basis for common shares of New Tethyan and New Tethyan will be accounted for as a continuation of Old Tethyan. The Company continues to trade under the same stock symbol (TETH) 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 part of 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 the Tethyan Belt with the highest endowment of gold, copper, lead and zinc and it is also the area where Tethyan has chosen to focus its mineral exploration efforts. Tethyan's land package totals more than 600 square kilometres, which surrounds 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

	June 30, 2019 (£,000)	December 31, 2018 (£,000)
Total assets	£ 4,643	£ 1,824
Working capital	2,121	(516)
Net loss	(5,945)	(2,020)
Basic and diluted loss per share (£)	(0.08)	(0.05)

RECENT EVENTS

On July 19, 2019, the Company announced the completion of the previously announced and approved redomiciling of the Company from the U.K. to British Columbia, Canada on July 18, 2019.

On May 21, 2019 in order to simplify its capital structure, the Company cancelled all of the issued and outstanding Class A and Class B deferred shares, at no cost to 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 announced the appointment of Edward Boney as the Chief Financial Officer, and Jacqueline Allison as Vice President, Investor Relations and Strategic Analysis of the Company.

On January 30, 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 were subject to a statutory hold period which expired 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, and 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 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 d.o.o. (the "Transaction"). Taor d.o.o. holds two exploration licences totaling approximately 100 square kilometres situated adjacent to the Suva Ruda licence, which the Company has an option to acquire. The 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 Serbia, 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 raised 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 and Note 7b of the financial statements.
- Southern Arc Minerals Inc. ("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 number of 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.

PROPERTY REVIEW AND OUTLOOK

Tethyan has 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 licences in the Raška Mining District are illustrated below (Figure 1):

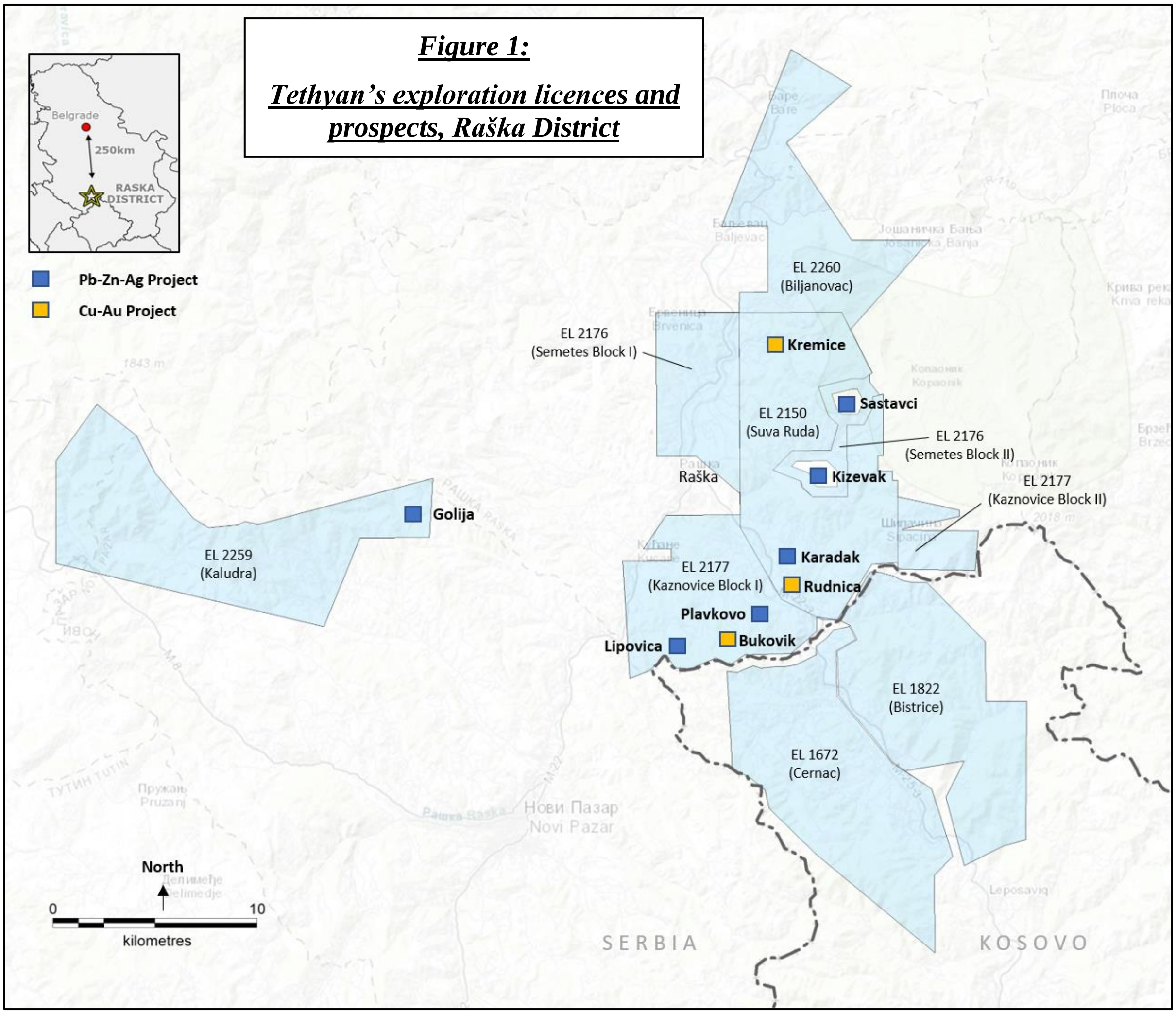


Figure 1:

Tethyan's exploration licences and prospects, Raška District

Suva Ruda – exploration licence (Serbia)
- Rudnica copper-gold porphyry
- Kremice gold-copper porphyry

Taor – exploration licences (Serbia)
- Kaznovice – exploration licence
  - Lipovica silver -lead- zinc target
  - Plavkovo gold-copper target
- Semetes – exploration licence
  - Kizevak silver-lead-zinc target
  - Sastavci gold-silver-zinc target

Kaludra – exploration licence (Serbia)
- Golija lead-zinc-silver prospect

Biljanovac – exploration licence (Serbia)
- Grassroots exploration stage

The Company has the following projects in Kosovo:
Cernac – exploration licence (Kosovo)
Bistrice – exploration licence (Kosovo)

In late June of 2019, senior management, geological staff, technical consultants and members of the Board, participated in a robust, on-site review of Tethyan's projects in the Balkans to formulate a district-wide exploration plan. Tethyan contracted Dr. Steve Garwin, a world-renowned porphyry expert, who was instrumental in the exploration success at SolGold Plc's Cascabel project to assist with the development of this strategy, along with Donald Taylor and others. Donald Taylor was the recipient of the Prospectors and Developers Association of Canada's ("PDAC") 2018 Thayer Lindsey Award for the 2014 discovery of the Taylor lead-zinc-silver deposit in Arizona, USA.

This collaborative process to develop a district-wide exploration plan, allowed our seasoned technical team and consultants in Serbia to share their geological thinking and target identification ideas with the group and benefit from their significant experience and insights. We believe that Tethyan's culture of inclusive geological discussion, will help to guide our projects toward continued exploration success in the future.

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 licence in Serbia (the "Licence"). The Licence is located in Southern Serbia near Raška, a town of 30,000 inhabitants, 170 kilometres directly south of Belgrade and within the Raška Mining District. The Licence comprises one exploration permit with a surface area of 81 square kilometres. Under the terms of the option agreement, Tethyan is entitled to purchase 100% of the Licence 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 Licence and any future extensions of the Licence (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 13, 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 13, 2017 and €0.1 million paid on or before September 13, 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 Licence 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.

In accordance with the requirements of the Option Agreement between Tethyan and Deep Research d.o.o. over the Suva Ruda licence, Tethyan successfully met all drilling requirements prior to the December 28, 2018 in order for the Option agreement to remain in effect. Furthermore the exploration program requirements set out for the Suva Ruda Licence granted by the Serbian Government were met, and as a result the Suva Ruda exploration licence was renewed by the Ministry of Energy and Mines of the Republic of Serbia on February 19, 2019 for a further three years.

Results of exploration to date are discussed below.

Suva Ruda Licence Work Program

The Suva Ruda licence is prospective for porphyry copper-gold and intermediate sulphidation epithermal silver-zinc-lead vein type mineralization. Two porphyry centers have been identified at the Rudnica and Kremice prospects through remote sensing, soil sampling, detailed mapping, channel sampling and ground magnetic surveys. The Rudnica copper-gold porphyry has also been subject to an Induced Polarization geophysical survey and 9,422.2 meters of diamond drilling.

Rudnica Copper-Gold Project

The Rudnica project is defined at surface by a 1,200 metre by 600 metre gold in soil anomaly with coincident molybdenum and other pathfinder elements. Two zones of outcropping mineralization are observed at the "Rudnica project and Rudnica North prospect", hosted in diorite porphyry stocks and dykes emplaced within an andesitic volcanic package and underlain by a serpentinised metamorphic basement. The diorite porphyry intrusion which hosts mineralization is coincident with a one kilometre by 0.5 kilometre north-south elongate magnetic high which is flanked by a 1.4 kilometre by 0.3 to 0.6 kilometre north-south elongate chargeability anomaly. Rudnica and Rudnica North both occur above subtle magnetic highs observed in RTP magnetic inversion data, inferred as cupolas above a larger intrusive body at depth.

Rudnica is the more advanced of the two targets and comprises a central core of weak potassic alteration, which zones upwards and outwards to epidote-propylitic alteration and is overprinted by intermediate argillic, phyllic and argillic alteration. Mineralization comprises a central hypogene zone of stockwork quartz-pyrite-chalcopyrite-magnetite veins, with disseminated pyrite-chalcopyrite. The porphyry has been eroded and weathered resulting in a leached cap at surface and an irregular shaped supergene copper enrichment zone between 50 metres and 100 metres below surface. Porphyry mineralization at Rudnica has an areal extent of 430 metres by more than 200 meters and is open to the southwest and southeast. Mineralization has been drilled to 550 metres below surface and remains open to depth. The gold-bearing leached cap occurs from surface to a depth of 50 metres to 80 metres deep, and is underlain by the supergene zone which has an areal extent of 360 metres by 150 metres and thickness of 10 metres to more than 50 metres, and is open to the southeast and southwest.

Rudnica was first drilled to shallow depths by Phelps Dodge in 2004 and was followed up by Tethyan with 8,351 metres of diamond drilling between 2017 and 2019. Significant results from Tethyan's drilling are summarized below. See Tethyan's news release dated June 13, 2019 for complete results from the 3 holes drilled in 2018 at Rudnica and Tethyan's news releases dated January 16, 2017, January 25, 2017 and September 14, 2017 for the complete results of the 2017 drilling program at Rudnica:

Select 2019 Rudnica drilling highlights:

- RDD-014 — 335 m at 0.36% copper and 0.31 g/t gold from a depth of 68 m
  - ***including 59 m at 0.70% copper*** *and 0.37 g/t from a depth of 142 m*
- RDD-012: — 142 m at 0.51% copper and 0.31 g/t gold from surface
  - ***including 50 m at 1.20% copper***

Holes RDD-012, RDD-014 and RDD-015 ended in significant copper-gold porphyry mineralization, which remains open at depth.

Select 2017 Rudnica drilling highlights:

- RDD-006: — 460 m at 0.21% copper and 0.20 g/t gold from surface
  - ***including 20 m at 1.04% copper***
- RDD-005: — 260 m at 0.22% copper and 0.20 g/t gold from a depth of 6 m
  - ***including 12 m at 0.78% copper***
- RDD-004: — 356 m at 0.38% copper and 0.31 g/t gold from a depth of 48 m
  - ***including 30 m at 1.45% copper*** *and 0.39 g/t gold from 102 m*
- RDD-003: — 285 m at 0.31% copper and 0.33 g/t gold from a depth of 42 m
  - ***including 16.7 m at 1.55% copper***
- RDD-001 — 567 m at 0.28% copper and 0.45 g/t gold from surface
  - ***including 36 m at 1.22% copper***

Rudnica North is located 500 metres north of Rudnica and was discovered by Tethyan in 2018 through detailed mapping and channel sampling. The target was tested with four diamond drill holes in 2018 for 1070 metres which defined broad intervals of low grade gold and copper from surface, hosted in the same diorite intrusion as Rudnica.

The drilling is interpreted to have intercepted the peripheral parts of a larger porphyry system which is potentially linked at depth to Rudnica. Significant results from the 2018 drilling and channel sampling are shown below. See Tethyan's news release dated March 2, 2018 for the full results of the channel sampling program and Tethyan's news release dated June 13, 2019 for complete results from the holes drilled in 2018 at Rudnica North.

Select Rudnica North channel sampling highlights:

- RCH015: 40 m at 0.21 g/t gold, from 15 m to 55 m;
- RCH016: 30 m at 0.24 g/t gold, from 0 m to 30 m; and
- RCH017: 10 m at 0.26 g/t gold, from 0 m to 10 m.

Select Rudnica North drilling highlights:

- RDD-009: 64 m at 0.12% copper and 0.18 g/t gold from a depth of 32 m
- RDD-010: 69 m at 0.05% copper and 0.21 g/t gold from a depth 93 m
- RDD-013: 26 m at 0.00% copper and 0.20 g/t gold from surface
- RDD-013: 50 m at 0.03% copper and 0.23 g/t gold from a depth of 71 m

<u>Kremice Cu-Au Prospect</u> – *see Figure 1*

Tethyan has conducted detailed mapping, stream sediment and soil sampling 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 licences totaling approximately 100 square kilometres situated adjacent to the Suva Ruda licence. 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

Kizevak silver-lead-zinc target – see Figure 1

The Kizevak project is situated on an exploration licence 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. Historic mines at Kizevak and Sastavci produced lead, zinc and silver from open pits from the 1980's until the early 2000's when they ceased operation due to conflict in the region. The Kizevak silver-lead-zinc 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. 2018 drilling results from four holes drilled at Kizevak, with select intercepts summarized below. See Tethyan's news release dated September 4, 2018, for the complete results of the 2018 drilling program at Kizevak, including the Zinc Equivalent (ZnEq) computation assumptions.

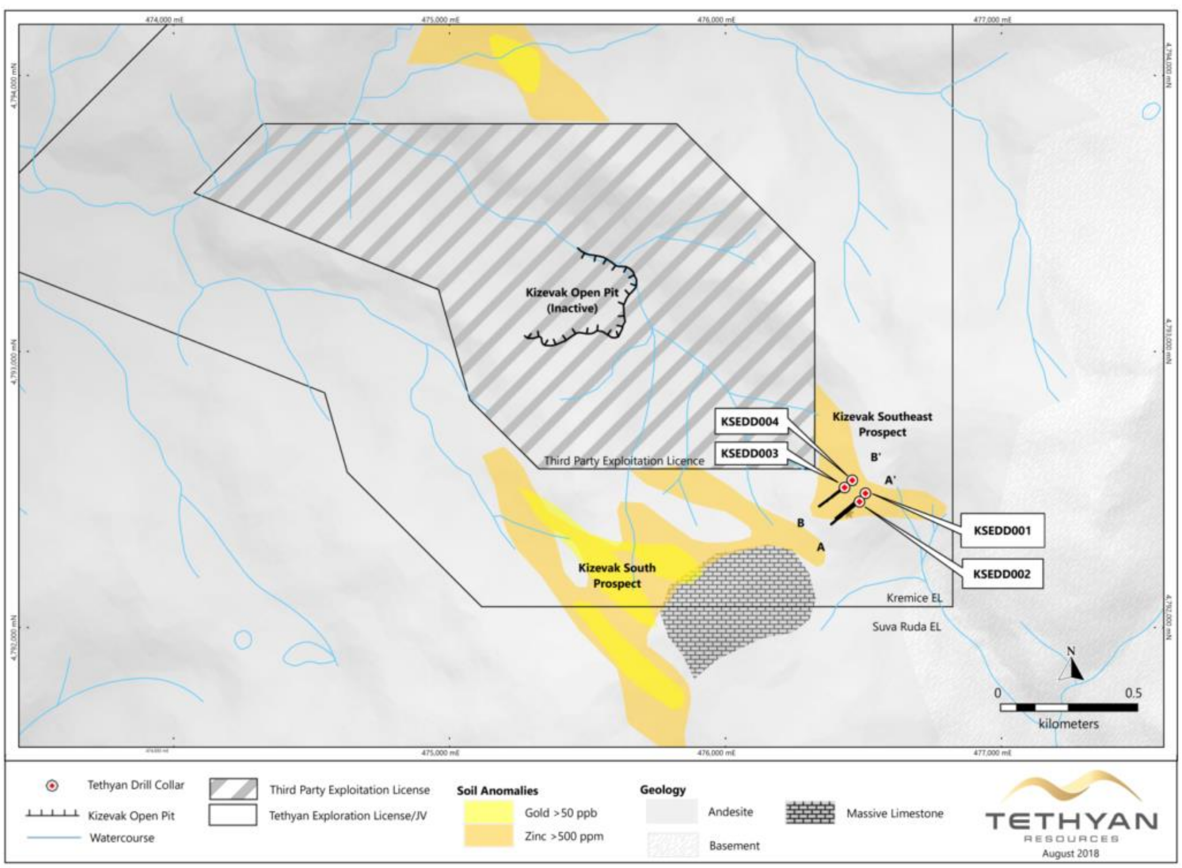
Select 2018 Kizevak drilling highlights:

- KSEDD-002: 12.0 m at 22.03% zinc, 10.29% lead, 167 g/t silver and 0.18 g/t gold, from a depth of 130 m
  - ***35.09% ZnEq***
- KSEDD-001: 43.0 m at 4.30% zinc, 2.49% lead, 26 g/t silver and 0.21 g/t gold, from a depth of 130 m
  - ***7.39% ZnEq***

  including 13.1 m at 11.28% zinc, 5.05% lead 57 g/t silver and 0.32 g/t gold, from a depth of 221m
  - ***17.44% ZnEq***
- KSEDD-003: 40.0 m at 4.35% zinc, 2.14% lead, 27 g/t silver and 0.34 g/t gold, from a depth of 137 m
  - ***7.37% ZnEq***
- KSEDD-003: 22.2 m at 2.95% zinc, 2.41% lead, 41 g/t silver and 0.18 g/t gold, from a depth of 160 m
  - ***6.23% ZnEq***

Kizevak holes were drilled on two sections 80 metres apart with a spacing of 40 metres between the holes. All holes intercepted significant mineralization between 85 metres and 190 metres below surface (polymetallic vein and breccia type mineralization). Mineralization remains open in all directions. 2018 drilling occurred one kilometre southwest, along strike of the former Kizevak open pit mine.

The following map illustrates the 2018 drill holes and the location of the past-producing Kizevak open pit mine.



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 optimization 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 mineralization identified to date; massive sulphide vein breccias and fracture fill mineralization, and were collected from quarter-cut diamond drill core.

Terratec Geophysical Services GmbH conducted a Time Domain Induced Polarization (TDIP) geophysical survey on the Kizevak zinc-lead silver project. Tethyan has 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.

Kaludra and Biljanovac, Serbia

The Kaludra and Biljanovac exploration licences are prospective for vein type and sediment-hosted lead-zinc-silver mineralisation hosted in Cenozoic interbedded sandstone, shale and limestone overlain by Neogene andesitic volcanics intruded by latite stocks. Tethyan is currently performing stream sediment and soil sampling in conjunction with regional mapping to generate targets.

Zukovac and Bucje, Serbia

In March 2018, the Company announced that Tethyan Resources d.o.o. was granted two exploration licences named Bucje and Zukovac, totalling 200 square kilometres and situated in the south of the Timok Magmatic Complex in Eastern Serbia. The licences are valid for an initial period of three years, following which the Mining Law of Serbia allows for the licence holder to apply, subject to various conditions, for extension periods of a further three years and finally two years, for a total of 8 years, before the licence 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 are at a grassroots stage of exploration. The Company completed geological mapping, and 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 licences 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 110 square kilometres located in southern Serbia, five kilometres to the north of the town of 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	June 30, 2019 (£,000)	March 31, 2019 (£,000)	December 31, 2018 (£,000)	September 30, 2018 (£,000)
Total assets	£ 4,643	£ 3,152	£ 1,824	£ 2,124
Exploration properties	1,588	1,588	1,588	1,588
Working capital (deficiency)	2,121	836	(516)	183
Net income (loss)	2,000	(7,945)	(588)	(507)
Basic and diluted loss per share (£)	0.03	(0.12)	(0.01)	(0.01)

As at and for the three months ended	June 30, 2018 (£,000)	March 31, 2018 (£,000)	December 31, 2017 (£,000)	September 30, 2017 (£,000)
Total assets	£ 1,739	£ 459	£ 218	£ 1,162
Exploration properties	-	-	-	497
Working capital	(129)	(484)	(376)	348
Net income (loss)	(495)	(430)	(1,251)	(315)
Basic and diluted loss per share (£)	(0.01)	(0.02)	(0.05)	(0.01)

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

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2019

During the three-month period ended June 30, 2019, the Company had net income of £2,000,000 compared to a net loss of £495,000 for the three-month period ended June 30, 2018. Significant fluctuations occurred in the following categories:

- During the three-month period ended June 30, 2019, the Company recorded a gain on the change in fair value of the derivative liability of £3,572,000 (three-month period ended June 30, 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 decrease in the value of the shares in the current three-month period. Tethyan's share price is a valuation input, which impacts the fair value calculated.

- During the three-month period ended June 30, 2019, the Company incurred consulting fees of £70,000 (three-month period ended June 30, 2018: £78,000), office and administrative expenditures of £286,000 (three-month period ended June 30, 2018: £59,000) and salaries of £113,000 (three-month period ended June 30, 2018: £58,000), the increases were mainly due to more operational activities during the second quarter of 2019, versus the comparative period, as well as additional administrative costs related to its shared management services company (joint operation).

- During the three-month period ended June 30, 2019, the Company recorded exploration and evaluation expenditures of £664,000 primarily related to exploration activities within the Suva Ruda region (three-month period ended June 30, 2018 – £167,000). See Note 7 of the unaudited condensed consolidated interim financial statements.

- During the three-month period ended June 30, 2019, the Company recorded a realized foreign exchange gain of £96,000 (three-month period ended June 30, 2018: a gain of £29,000).

- During the three-month period ended June 30, 2019, the Company incurred professional fees of £296,000 (three-month period ended June 30, 2018: £125,000) mainly due to legal fees incurred associated with the redomicile of the Company, with comparative period costs primarily related to the acquisition of Taor d.o.o. in June of 2018.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2019

For the six-month period ended June 30, 2019, the Company had a net loss of £5,945,000 compared to a loss of £925,000 for the six-month period ended June 30, 2018. Significant fluctuations occurred in the following categories:

- During the six-month period ended June 30, 2019, the Company recorded loss on change in fair value of derivative liability of £3,818,000 (six-month period ended June 30, 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 loss is the increase in the value of the Company's shares in the six-month period, compared with the share price on issuance. The share price at June 30, 2019 is a valuation input used when revaluing the derivative liability.
- During the six-month period ended June 30, 2019, the Company incurred consulting fees of £136,000 (six-month period ended June 30, 2018: £136,000), office and administrative expenditures of £439,000 (six-month period ended June 30, 2018: £175,000) and salaries of £228,000 (six-month period ended June 30, 2018: £122,000), increased costs were mainly due to more operational activities during the six-month period ended June 30, 2019, versus the comparative period, as well as additional current period administrative costs related to its shared management services company (joint operation).
- During the six-month period ended June 30, 2019, the Company incurred exploration and evaluation expenditures of £731,000 related to the Suva Ruda region (six-month period ended June 30, 2018 – £213,000). See Note 7 of the unaudited condensed consolidated interim financial statements.
- During the six-month period ended June 30, 2019, the Company recorded a realized foreign exchange gain of £96,000 (six-month period ended June 30, 2018: a gain of £40,000).
- During the six-month period ended June 30, 2019, the Company incurred professional fees of £305,000 (six-month period ended June 30, 2018: £181,000) mainly due to costs associated with the redomicile of the Company from the U.K. to Canada, with comparative period costs primarily consisting of legal fees related to the Serbian acquisition (Taor d.o.o.).

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at June 30, 2019 was £2,537,000. As at June 30, 2019, the Company's working capital was £2,121,000 compared to a working capital deficiency of £516,000 as at December 31, 2018.

Net cash used in operating activities for the six-month period ended June 30, 2019 was £1,973,000 compared to net cash used of £953,000 during the comparative six-month period ended June 30, 2018.

Net cash used in investing activities during the six months ended June 30, 2019 of £16,000 was used for the purchase of equipment. In the comparative period, £111,000 of cash was used for the purchase of exploration and evaluation assets.

Financing activities during the six-month period ended June 30, 2019 provided cash inflows of £4,435,000 primarily related to the issuance of shares and included net proceeds of £4,324,000 from private placements and £251,000 received on the exercise of options and warrants. Financing activities in the comparative six-month period resulted in cash inflows of £1,062,000 with £712,000 of net proceeds related to private placements and £350,000 advanced as loans from related parties.

The Company's unaudited 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 significant revenues or cash flows from operations to date. The Company recorded a net loss of £5,945,000 for the six-month period ended June 30, 2019 (inclusive of a £3,818,000 non-cash fair value change related to the Company's outstanding Canadian dollar denominated warrants). 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. Although the Company may be able to realize the proceeds from outstanding share purchase warrants (all of which are in-the-money and exercisable), the Company has no control over when or how many of these warrants are exercised.

The Company's ability to continue on a going concern basis depends on its ability to successfully raise financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These conditions result in material uncertainties that cast substantial doubt about the Company's ability to continue as a going concern. 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 June 30				Six-months ended June 30			
		2019		2018		2019		2018
Salaries and short-term employee benefits [1]	£	29	£	20	£	59	£	44
Share-based compensation		98		-		145		29
Other compensation [2]		165		22		280		36
	£	292	£	42	£	484	£	109

(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 to related parties other than key management personnel:

	Three-months ended June 30				Six-months ended June 30			
		2019		2018		2019		2018
Management support services [3]	£	126	£	12	£	176	£	24
Other [6]		-		770		550		991
Share-based compensation		6		-		8		3
	£	132	£	782	£	734	£	1,018

(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 June 30, 2019 and December 31, 2018 the following amounts were payable to related parties.

		June 30 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 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) in the first quarter of 2019. Seven million shares and €250 in cash (£221) was exchanged / paid on closing.

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 granted 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 loan 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 80,432,732 ordinary shares in issue.

On July 18, 2019 ("Distribution Date"), the Company completed its redomiciliation to British Columbia, Canada from the U.K. Shareholders of Tethyan Resources Plc ("Old Tethyan") as of the Distribution Date received one common share of New Tethyan (Tethyan Resource Corp) for each ordinary share of Old Tethyan owned. New Tethyan will be accounted for as a continuation of Old Tethyan going forward and the Company's shares continue to trade on the TSX.V under the same symbol (TETH) as they had previously.

All outstanding option and warrant terms and conditions remain the same as they were under Old Tethyan, prior to the redomicile.

As at June 30, 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)	266,667	$ 0.24	2.48	266,667	$ 0.24
0.25 – 0.50	1,813,333	0.27	2.65	1,788,333	0.27
0.51 – 0.78	3,900,000	0.53	4.67	400,000	0.65
	5,980,000	$ 0.44	3.96	2,455,000	$ 0.33

As at June 30, 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	0.22	0.13	0.45
Exercisable until April 24, 2021	2,563,430	0.35	0.21	1.82
Exercisable until June 29, 2021	1,979,949	0.35	0.21	2.00
Exercisable until August 17, 2021	3,179,520	0.35	0.21	2.13
Exercisable until January 30, 2024	17,280,000	0.25	0.15	4.59
Outstanding June 30, 2019	25,393,149	0.28	0.17	3.74

(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.

Subsequent to June 30, 2019 3,600 warrants with a weighted average exercise price of $0.35 were exercised for gross proceeds of $1,260 to the Company.

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 June 30, 2019, the Company held financial assets of £2,537,000, £89,000 £8,000 and £1,000 in Canadian dollars, Serbia Dinars, US dollars and Euros, respectively, and financial liabilities of £5,693,000, £81,000, £Nil and £Nil, respectively. A 5% change in exchange rates would change net loss by £303,000 mainly due to the derivative liability, which is denominated in Canadian dollars.

<u>Other factors</u>

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, copper and other metals are 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, and the rising 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 six-month period ended June 30, 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 June 30, 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 June 30, 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.

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 June 30, 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.