TETHYAN RESOURCE CORP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
MARCH 31, 2020 AND MARCH 31, 2019

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of the Tethyan Resource Corp. as at and for the three-month period ended March 31, 2020 have been prepared by and are the responsibility of the Company's management.

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

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

TETHYAN RESOURCE CORP

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - expressed in thousands)

As at	Notes		March 31 2020		December 31 2019
Assets					
Current assets					
Cash and cash equivalents		$	729	$	1,478
Receivables, deposits and prepayments			81		76
			810		1,554
Non-current assets					
Equipment	4		47		51
Right-of-use assets	5		48		255
Exploration and evaluation assets	6		2,795		2,732
Total assets		$	3,700	$	4,592
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		$	267	$	211
Current portion of lease liabilities	5		40		150
			307		361
Non-current liabilities					
Lease liabilities	5		9		121
Total liabilities			316		482
Shareholders' equity (deficiency)					
Share capital	7		69,346		69,346
Share-based payment reserve	7		9,360		9,286
Currency translation reserve			3,166		3,455
Own shares held reserve	7		(128)		(128)
Deficit			(78,360)		(77,849)
Total shareholders' equity (deficiency)			3,384		4,110
Total liabilities and shareholders' equity		$	3,700	$	4,592

Nature of operations and going concern	1
Contingent liabilities	11
Subsequent events	6(c),7,15

On behalf of the Board of Directors

"Donald Taylor" Director   *"Fabian Baker"* Director

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

TETHYAN RESOURCE CORP

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - expressed in thousands, except per share amounts)

	Notes		Three-month period ended March 31 2020		2019
Expenses					
Consulting		$	-	$	76
Depreciation	4,5		23		61
Exploration and evaluation expenditure	6		169		267
Filing and regulatory			12		46
Foreign exchange (gain) loss			(368)		2
Office and administrative	9		264		240
Professional fees			81		57
Project investigation			72		-
Salaries			158		64
Share-based compensation	7		74		87
Travel			25		66
Loss before other items			510		966
Other items					
Finance expense	5		1		8
(Gain) loss on change in fair value of derivative liability	8		-		12,797
			1		12,805
Net loss for the period			511		13,771
Other comprehensive loss					
Exchange difference on translation of foreign subsidiaries			289		167
Total comprehensive loss for the period		$	800	$	13,938
Loss per share					
Basic and diluted loss per share		$	(0.01)	$	(0.21)
Weighted-average number of shares outstanding (‘000)			80,433		65,268

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

TETHYAN RESOURCE CORP

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - expressed in thousands)

	Notes	Three-month period ended March 31 2020	2019
Cash flows used in operating activities			
Net loss for the period		$ (511)	$ (13,771)
Adjustments for:			
Depreciation	4, 5	23	61
Finance expense	5	1	8
(Gain) loss on change in fair value of derivative liability	8	-	12,797
Share-based compensation	7	74	87
Changes in non-cash working capital items			
Amounts receivable, deposits and prepayments		(3)	(112)
Accounts payable and deferred liabilities		(324)	(328)
Net cash used in operating activities		(740)	(1,258)
Cash flows used in investing activities			
Purchase of equipment	4	-	(45)
Exploration and evaluation capitalized		-	-
Net cash used in investing activities		-	(45)
Cash flows from (used in) financing activities			
Loans from related parties	9	-	(129)
Payment of lease liabilities	5	(16)	(45)
Proceeds, common shares issued (private placements); net of share issuance costs	7	-	2,933
Proceeds from common shares issued from exercise of stock options and warrants	7	-	239
Net cash provided by financing activities		(16)	2,998
Change in cash and cash equivalents during the period		(756)	1,695
Effect of foreign exchange on cash		7	7
Cash and cash equivalents, beginning of period		1,478	130
Cash and cash equivalents, end of period		$ 729	$ 1,832

Supplementary information			
Non-cash transactions			
Issue of shares to settle Taor acquisition from 2018		$ -	$ 955

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

TETHYAN RESOURCE CORP

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - expressed in thousands)

	Share capital	Share premium	Share based payment reserve	Currency translation reserve	Own shares held reserve	Deficit	Total equity
As at December 31, 2018	$ 7,436	$ 54,863	$ 3,094	$ 3,428	$ (128)	$ (67,218)	$ 1,475
Shares subscribed for private placement, net of issue costs	172	3,008	-	-	-	-	3,180
Warrants fair value	26	(2,304)	-	-	-	-	(2,278)
Shares issued as finder's fees	7	41	-	-	-	-	48
Shares issued as part of Taor acquisition – Note 6(b)	51	904	(955)	-	-	-	-
Shares issued on warrants and options exercised	9	342	(112)	-	-	-	239
Share-based compensation	-	-	87	-	-	-	87
Net loss for the period	-	-	-	-	-	(13,771)	(13,771)
Foreign currency translation	-	-	-	(167)	-	-	(167)
As at March 31, 2019	7,701	56,854	2,114	3,261	(128)	(80,989)	(11,187)
Shares subscribed for private placement, net of issue costs	38	4,485	-	-	-	-	4,523
Shares issued on warrants and options exercised	10	258	(71)	-	-	-	197
Derivative liability transferred to equity upon redomicile	-	-	6,940	-	-	-	6,940
Deferred shares cancellation - Note 7	(6,859)	6,859	-	-	-	-	-
Share exchange on redomiciling - Note 7	68,456	(68,456)	-	-	-	-	-
Share-based compensation	-	-	303	-	-	-	303
Net loss for the period	-	-	-	-	-	3,140	3,140
Foreign currency translation	-	-	-	194	-	-	194
As at December 31, 2019	69,346	-	9,286	3,455	(128)	(77,849)	4,110
Share-based compensation	-	-	74	-	-	-	74
Net loss for the period	-	-	-	-	-	(511)	(511)
Foreign currency translation	-	-	-	(289)	-	-	(289)
As at March 31, 2020	$ 69,346	$ -	$ 9,360	$ 3,166	$ (128)	$ (78,360)	$ 3,384

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

(Unaudited - expressed in thousands, except share numbers and per share amounts)

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

Tethyan Resource Corp ("Tethyan" or the "Company") is a public limited company incorporated and domiciled in Canada. Tethyan Resource Corp's registered office is Suite 1200 – 750 West Pender, Vancouver, B.C. V6C 2T8. Tethyan shares trade on the TSX-V under the symbol (TETH). Financial results are presented in Canadian Dollars.

The Company operations involve acquiring, exploring and evaluating mineral properties in Serbia. The Company has not yet determined whether the properties contain reserves that are economically recoverable.

These 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 any revenues or cash flows from operations to date. For the three month period ended March 31, 2020, the Company incurred negative cash flows from operations of $740 and recorded a net loss of $511 (March 31, 2019 $1,258 and $13,771).

The Company expects that it will require additional debt or equity funding in the next 12 months in order to continue its planned exploration and evaluation activities and meet its business objectives. The Company plans to raise the necessary funds primarily through issuance of shares and / or debt. The Company's ability to continue on a going concern basis is therefore dependent on its ability to successfully raise additional funds. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. COVID-19's impact on global markets has been significant through Q1 2020 and the ultimate duration and magnitude of the impact on the economy and the Company's business are not known at this time. These impacts could include an impact on the Company's ability to obtain debt and equity financing to fund ongoing exploration activities as well as our ability to explore and conduct business. These conditions result in material uncertainties that may cast substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments that are measured at fair value, as explained in the accounting policies and methods of application set out below. These consolidated financial statements were approved for issuance by the Company's Board of Directors on May 26, 2020.

Basis of consolidation

These consolidated interim financial statements include the accounts of the Company and its subsidiaries, as well as its share of 688284 BC Ltd., a shared management services company (joint operation) to January 2, 2020. All intercompany balances and transactions have been eliminated on consolidation.

The principal subsidiaries are:

Entity	Ownership Percentage March 31, 2020	Ownership Percentage March 31, 2019	Location	Functional Currency
Tethyan Resources Limited (Plc previously)	100%	100%	England	GBP
Tethyan Resources Jersey Ltd.	100%	100%	Jersey	GBP
Tethyan Resources d.o.o.	100%	100%	Serbia	RSD
Global Mineral Resources d.o.o.	100%	100%	Serbia	RSD
Taor d.o.o.	100%	100%	Serbia	RSD
Tethyan Resources Bulgaria EOOD	100%	100%	Bulgaria	BGN
Kosovo Resource Company	95%	95%	Kosovo	EUR

The Company consolidates subsidiaries where it has the ability to exercise control. Control over an investee is defined to exist when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Particularly, the Company controls investees, if and only if, the Company has all of the following: power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

Transactions included in the financial results of each of the group's subsidiaries are measured using the currency of the primary economic environment in which each subsidiary operates ("the functional currency"). These consolidated financial statements are presented in Canadian Dollars ("$" or "CAD"), which is Tethyan Resource Corp's functional currency and the presentation currency for the group. Reference to "GBP" or "£" are to Great British Pounds Sterling and references to "€" are to Euros.

Use of judgement and estimates

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

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

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

- The Company's assessment of its ability to continue as a going concern requires judgments about whether sufficient financing will be obtained in the near term. See Note 1.
- The determination of a subsidiary's functional currency requires significant judgment where the primary economic environment in which the subsidiary operates may not be clear. This can have a significant impact on the consolidated results of the Company based on the foreign currency translation method.
- The judgements related to lessee accounting under IFRS 16 for early termination options (see Note 3).

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2019 have been consistently applied to the preparation of these unaudited condensed consolidated interim financial statements unless otherwise noted.

New accounting standards and pronouncements

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2020. 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 unaudited condensed consolidated interim financial statements of the Company.

(Unaudited - expressed in thousands, except share numbers and per share amounts)

4. EQUIPMENT

Cost		
December 31, 2019	$	144
Additions for the period		-
Impact of foreign exchange		8
March 31, 2020	$	152
Accumulated depreciation		
December 31, 2019	$	(93)
Depreciation for the period		(7)
Impact of foreign exchange		(5)
December 31, 2019	$	(105)
Net book value		
December 31, 2019	$	51
March 31, 2020	$	47

5. LEASES

Right-of-use assets

	Note		**Total**
December 31, 2019		$	255
De-recognition of proportional share of joint operations leases(1)			(191)
Depreciation for the period			(16)
March 31, 2020		$	48

(1) January 2, 2020 another public company became an equal owner of 688284 BC Ltd., (shared management services company) and as a result of this ownership interest change, the Company was no longer a party to a joint operation.

Lease liabilities

	Note		**Total**
December 31, 2019		$	271
Lease payments for the period			(16)
De-recognition of proportional share of joint operations leases(1)			(207)
Interest on lease liabilities			1
March 31, 2020		$	49
Less current portion			40
Non-current lease liabilities			9

(1) January 2, 2020 an additional public company became an equal owner of 688284 BC Ltd., (shared management services company) and as a result of this ownership interest change, the Company was no longer a party to a joint operation.

The lease liabilities were recognized using a weighted average incremental borrowing rate of 4.9%.

For the period ended March 31, 2020 $5 of payments related to short-term leases were recognized in the consolidated statement of loss ($10 – period ended March 31, 2019).

(Unaudited - expressed in thousands, except share numbers and per share amounts)

6. EXPLORATION AND EVALUATION

ASSETS – Exploration Licenses

	Raska (a)	Taor (b)	Gokanica (c)	Other	Total
December 31, 2018	$ -	$ 2,762	$ -	$ -	$ 2,762
2019 foreign currency impact	-	(30)	-	-	(30)
December 31, 2019	$ -	$ 2,732	$ -	$ -	$ 2,732
2020 foreign currency impact	-	63	-	-	63
March 31, 2020	$ -	$ 2,795	$ -	$ -	$ 2,795

EXPENDITURES

Exploration and evaluation expenditures for the three month periods ended March 31, 2020 and 2019**:**

	March 31, 2020				March 31, 2019			
	Raska (a)	Taor (b)	Other	Total	Raska (a)	Taor (b)	Other	Total
Drilling consumables and other	$ -	$ -	$ -	$ -	$ 16	$ 16	$ -	$ 32
Geochemistry	6	-	-	6	2	-	-	2
Geological reports	5	-	-	5	3	-	-	3
General exploration and consulting	128	3	-	131	129	7	-	136
Geophysics	-	-	-	-	8	-	-	8
Licenses	18	1	-	19	68	13	-	81
Surveying	1	-	-	1	-	-	-	-
Travel and logistics	7	-	-	7	5	-	-	5
	$ 165	$ 4	$ -	$ 169	$ 231	$ 36	$ -	$ 267

(a) Raska

In October 2016, Tethyan signed an option agreement with Deep Research d.o.o ("Deep Research"), a private Serbian company, that gives Tethyan the sole and exclusive right to acquire (the "Option") a license over the Raska Project in Serbia (the "License") at any time during the total duration of the License and any future extensions of the License (a minimum of 7 years from the date of the option agreement). The License is located in Southern Serbia near the town of Raška, 170 km directly south of Belgrade and within the Raška Ore district. The License comprises one exploration permit with a surface area of 87 km^2. The decision whether or not to exercise the Option during this period is at the sole discretion of the Company. At the time of exercise, the Company must be in compliance with certain work and payment milestones including:

(Unaudited - expressed in thousands, except share numbers and per share amounts)

6. EXPLORATION AND EVALUATION (continued)

Option agreement milestones		Cash Payments	Meters Drilled	Project Evaluation	Ownership Interest
Completed:					
As at March 31, 2020	€	400 (1)	7,000 (2)	-	-
To be completed:					
- Preliminary Economic Assessment on or before September 13, 2022		-		Cost unknown	-
- Feasibility study on or before September 13, 2023		-		Cost unknown	-
- Purchase of Raska License *(at any time during duration of the agreement)*		6,000			-
	€	6,400	7,000 (2)	Cost unknown	100%

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

(1) €0.1 million paid on or before March 31, 2017, €0.1 million paid on or before each of September 13, 2017, 2018 and 2019.

(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 post exercise of the option to acquire the License will be calculated as follows: 4% of capital expenditures up to € 200 million; *(up to € 8 million)*, 2% of capital expenditures between €200 – 500 million; *(between € 4million and €10 million)* and 1% of capital expenditures in excess of €500 million.

(b) Taor

On June 29, 2018, Tethyan Resources Plc acquired all of the issued and outstanding shares of a Serbian company, Taor d.o.o. ("Taor") (the "Transaction") from Dr. Radomir Vukcevic. As a result of the transaction, Dr. Vukcevic became a director of the Company. Taor holds two exploration licenses totaling approximately 100 square kilometers situated adjacent to the Raska license. Pursuant to the agreement, the Company"

- Issued 7,000,000 ordinary shares of the Company and paid €125 in cash on closing of the Transaction, valued at $0.19 per share, being the trading price of the Company's ordinary shares on the closing date;
- Paid €125 in cash, three months after the closing of the Transaction; and
- Issued 5,000,000 ordinary shares of the Company on January 30, 2019. These shares were subject to a lockup period of twelve months following their issue, during which these shares could not be transferred.

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			
Cash paid	*€250*	$	387
Shares issued	*12,000,000 x $0.19 (share price on closing date)*		2,280
Transaction cost incurred			90
Total consideration		$	2,757

(c) EFPP

On April 1, 2020, the Company entered into an arms-length agreement to purchase EFPP d.o.o. ("EFPP"), a Serbian company that is the holder of two exploration licenses over the past-producing Kizevak and Sastavci silver-zinc-lead mines in the Raska district of Southwestern Serbia. The licences are contiguous with Tethyan's existing exploration rights. First closing of the acquisition was completed with a payment of €625 to the sellers for a 10% ownership stake in EFPP on May 14, 2020. At any time within 12 months of the first closing, the Company may acquire the remaining 90% ownership stake (second closing) by: making a payment of €1,375 to the sellers of EFPP, grant a 2% NSR over the licences, issue four million shares of Tethyan to the sellers in four equal tranches every six months commencing on second closing and to make a €500 payment on the two-year anniversary of the first closing.

(Unaudited - expressed in thousands, except share numbers and per share amounts)

7. SHARE CAPITAL

Authorized capital

The authorized share capital of the Company provides for an unlimited number of common shares, with no par value.

Own shares held reserve

As at March 31, 2020 and December 31, 2019, there were 565,865 shares outstanding which are beneficially owned by the Company and have not been cancelled. The carrying value of these shares of $128 is included in Own Shares Held Reserve in shareholders' equity. Subsequent to period end these shares were returned to treasury, resulting in a decrease in the outstanding shares of the Company to 79,866,867.

Issued capital

The total issued and outstanding shares and the changes for the periods ended March 31, 2020 and 2019 are as follows:

	Ordinary shares		Class A deferred shares		Class B deferred shares		Total share capital	Share premium
	Number of shares		Number of shares		Number of shares			
As at December 31, 2018	50,355,612	577	368,716,729	6,092	89,193,163	767	7,436	54,863
Shares issued for cash in private placements, less issuance costs	16,580,000	172	-	-	-	-	172	3,008
Warrants fair value	-	26	-	-	-	-	26	(2,304)
Shares issued as finder's fees	700,000	7	-	-	-	-	7	41
Shares issued for Taor acquisition – Note 6(b)	5,000,000	51	-	-	-	-	51	904
Shares issued for exercise of warrants and stock options	823,520	9	-	-	-	-	9	342
As at March 31, 2019	73,459,132	842	368,716,729	6,092	89,193,163	767	7,701	56,854
Shares issued for cash in private placements, less issuance costs	6,250,000	38	-	-	-	-	38	4,485
Shares issued for exercise of warrants and stock options	723,600	10	-	-	-	-	10	258
Deferred shares Cancellation – Note 7	-	-	(368,716,729)	(6,092)	(89,193,163)	(767)	(6,859)	6,859
Share exchange on redomiciling	-	68,456	-	-	-	-	68,456	(68,456)
As at December 31, 2019 and March 31, 2020	80,432,732	69,346	-	-	-	-	69,346	-

On January 30, 2019, the Company closed a non-brokered private placement of 16,580,000 units at a price of $0.20 per unit, for aggregate gross proceeds of $3,316. In connection with the placement, the Company issued 700,000 finders' units. Each unit comprised 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 $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 Mr. Richard Warke, the Company's Executive Chairman, subscribed for 11,500,000 units, representing approximately 16% of then the issued and outstanding ordinary shares of the Company. Subject to the terms of an investor rights agreement between Augusta and the Company, Augusta has been granted certain rights including anti-dilution rights, allowing it to maintain its equity ownership interest in the Company. The Company recognized the fair value of the private placement warrants of $2,164 and the finders' warrants of $91 as a derivative liability (Note 8).

During the year ended December 31, 2018, Augusta advanced $300 to the Company without interest in anticipation of the non-brokered private placement detailed above. The advance was settled through the issuance of the units above.

(Unaudited - expressed in thousands, except share numbers and per share amounts)

7. SHARE CAPITAL (continued)

On January 30, 2019, the Company issued the final 5,000,000 ordinary shares for the Taor Acquisition, see Note 6(b).

On April 17, 2019, the Company closed an underwritten private placement of 6,250,000 ordinary shares of the Company at a price of $0.80 per common share, for aggregate gross proceeds of $5,000. The Company paid a 5.0% cash commission of $250 to the Underwriters in connection with the offering. Augusta purchased 1,250,000 ordinary shares and invested $1,000.

On May 20, 2019, Board of Directors of the Company approved the buyback and cancellation all of the issued and outstanding Class A and Class B deferred shares for $ nil consideration, as permitted under the Articles of the Company. The Class A Deferred shares had a par value of £0.009 (0.9p) each and the Class B Deferred shares had a par value of £0.005 (0.5p) each. The Class A and B Deferred Shares did not have any voting rights and holders were not entitled to receive dividends nor any other form of distribution other than a maximum of £0.009 (0.9p) per Class A Deferred share and £0.005 (0.5p) per Class B Deferred share on a return of capital on a winding up of the Company. The carrying value of these shares of $6,859 was transferred to share premium.

At the Company's general meeting on June 28, 2019, the shareholders approved the resolution redomiciling the Company to Canada by way of a scheme of arrangement. Pursuant to the scheme of arrangement, which became effective July 18, 2019, the Company acquired all of the issued and outstanding shares of Old Tethyan from existing shareholders in exchange for shares of the Company on a one-for-one basis. All outstanding options and warrants became exercisable for shares of the Company at their original exercise prices.

Share purchase options

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

	Number of options	Weighted-average exercise price $ [(1)]	Weighted-average life remaining (years)
Outstanding, December 31, 2018	3,680,000	0.27	3.22
Issued	3,700,000	0.51	4.48
Cancelled	(320,000)	0.30	-
Exercised	(580,000)	0.27	-
Outstanding, March 31, 2019	6,480,000	0.41	4.06
Issued	350,000	0.59	3.03
Cancelled	(1,100,000)	0.51	-
Exercised	(700,000)	0.27	-
Outstanding, December 31, 2019	5,030,000	0.42	3.34
Cancelled	(100,000)		
Outstanding, March 31, 2020	4,930,000	0.42	3.12

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

All outstanding share purchase options are priced in Canadian Dollars, except for 166,667 stock options, which have an exercise price in pence. As at March 31, 2020, the total number of share options outstanding was as follows:

	Outstanding			Exercisable	
Range of exercise prices $	Number of options	Weighted-average exercise price ($)	Weighted-average remaining contractual life (years)	Number of options	Weighted-average exercise price ($)
$0.25 (0.14p)	166,667	$ 0.25	1.72	166,667	$ 0.25
0.25 – 0.50	1,963,333	0.28	2.09	1,813,333	0.27
0.51 – 0.78	2,800,000	0.54	3.92	640,000	0.60
	4,930,000	$ 0.42	3.12	2,620,000	$ 0.35

(Unaudited - expressed in thousands, except share numbers and per share amounts)

7. SHARE CAPITAL (continued)

Share purchase options (continued)

On April 1, 2020, 1,620,000 share purchase options with a weighted-average exercise price of $0.51 were cancelled.

During the three months ended March 31, 2020, the Company recorded a share-based compensation expense of $74 (2019: $87) in connection with the options granted and vesting.

The following weighted-average assumptions were used for the Black-Scholes valuations of the options granted in each of the three month periods ended March 31, 2020 and March 31, 2019.

	March 31 2020	**March 31 2019**
Number of options granted	Nil	3,700,000
Risk-free interest rate	-	1.80%
Expected forfeiture rate and dividend rate	-	0%
Weighted-average grant date share price	-	$0.51
Volatility	-	87%
Expected life of options (in years)	-	4.48 years
Fair value of options granted	-	$ 0.34

Share purchase warrants

As at March 31, 2020, the following warrants to purchase ordinary shares were issued and outstanding:

	Number of warrants	**Weighted-average exercise price $**	**Weighted-average life remaining (years)**
Outstanding, December 31, 2018	8,376,669	0.34	2.42
Issued	17,280,000	0.25	4.84
Exercised	(243,520)	0.35	-
Outstanding, March 31, 2019	25,413,149	0.29	3.98
Exercised	(23,600)	0.35	-
Expired	(390,250)	0.22	-
Outstanding, December 31, 2019	24,999,299	0.28	3.28
Outstanding, March 31, 2020	24,999,299	0.28	3.03

Exercise period	**Number of warrants**	**Weighted-average exercise price $**	**Weighted-average life remaining (years)**
Exercisable until April 24, 2021	2,559,830	0.35	1.07
Exercisable until June 29, 2021	1,979,949	0.35	1.25
Exercisable until August 17, 2021	3,179,520	0.35	1.38
Exercisable until January 30, 2024	17,280,000	0.25	3.84
Outstanding March 31, 2020	24,999,299	0.28	3.03

(Unaudited - expressed in thousands, except share numbers and per share amounts)

8. DERIVATIVE LIABILITIES

As the exercise price of certain of the Company's share purchase warrants were fixed in $, and the functional currency of the Company was the GBP prior to July 18, 2019, these warrants were considered a derivative on issuance as a variable amount of cash in the Company's functional currency would have been received on exercise. Accordingly, these share purchase warrants were classified and accounted for as a derivative liability on issuance to July 18, 2019.

A continuity of the derivative liability is as follows:

Derivative liability warrants	Warrants not subject to revaluation	Warrants subject to revaluation (1)	Fair value (in '000)
Balance as at December 31, 2017	407,843	-	$ -
April 24, 2018 issuance of units – fair value	-	2,606,750	282
April 24, 2018 issuance of agents warrants – fair value	-	94,200	10
June 29, 2018 issuance of units for debt settlements	-	2,025,000	130
August 17, 2018 issuance of units – fair value	-	3,000,000	275
August 17, 2018 issuance of agents warrants	-	305,520	28
Exercise of warrants in 2018	-	(45,051)	(1)
Expiry of warrants in 2018	(17,593)	-	-
Change in fair value (to December 31, 2018 revaluation)	-	-	(263)
Balance as at December 31, 2018	390,250	7,986,419	461
January 31, 2019 issuance of units – fair value at grant	-	16,580,000	2,164
January 31, 2019 issuance of agents warrants at grant	-	700,000	91
Exercise of warrants in 2019	-	(267,120)	(26)
Change in fair value (to July 18, 2019 revaluation)	-	-	4,250
Transfer to share-based payment reserve upon redomicile	-	-	(6,940)
Expiry of warrants in 2019	(390,250)	-	-
Balance as at December 31, 2019 and March 31, 2020	-	24,999,299	$ -

(1) July 18, 2019, the Canadian dollar became the functional currency of the Company and the warrants were no longer a derivative liability. Accordingly, the carrying value on that date was transferred to Share-based payment reserve and these warrants were no longer subject to revaluation.

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

	Issued During Q1 2020	July 18, 2019 Revaluation	Issued During Q1 2019
Risk-free interest rate	-	1.42%	1.83%
Expected life of warrants (in years)	-	3.8	5.0
Annualized volatility	-	70%	88%
Share price	-	$0.45	$0.20
Exercise price	-	$0.28	$0.25
Fair value of warrants granted	-	$0.28	$0.13
Forfeiture and dividend rate	-	-	-

(Unaudited - expressed in thousands, except share numbers and per share amounts)

9. RELATED PARTIES

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

Key management personnel compensation

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

Period ending		March 31 2020		March 31 2019
Salaries and short-term employee benefits (1)	$	70	$	51
Share-based compensation		66		88
Other compensation (2)		137		200
	$	273	$	332

(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, CFO and Corporate Secretary through a shared management services company in the current and comparative period, as well as CEO and Vice President of Investor Relations in the comparative period. The comparative period also includes amounts paid to J. Proust and Associates Inc. for CFO and corporate secretarial services.

Related party transactions

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

Period ending		March 31 2020		March 31 2019
Payments to J. Proust & Associates	$	–	$	21
Payments to shared management services company (3)		281		175
Share based payments (4)		–		955
Other		9		3
	$	290	$	1,154

(3) The Company has an interest in 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 office leases, support staff and other operational costs.

(4) Five million common shares of the Company were issued to Dr. Radomir Vukcevic, the Company's then Executive Director and Vice President Development, in relation to the Taor d.o.o. acquisition (Note 6 b) in the first quarter of 2019.

Payable to related parties

As at March 31, 2020 and December 31, 2019 the following amounts were payable to related parties.

		March 31 2020		December 31 2019
Management support services (5)	$	–	$	22

(5) Fees were owed to 688284 BC Ltd for finance, accounting and administrative services as at December 31, 2019 and were included in accounts payable.

(Unaudited - expressed in thousands, except share numbers and per share amounts)

11. CONTINGENT LIABILITIES

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

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

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

(a) 925,926 Consideration Shares each issued at the market value at the date of issue; or
(b) such number of Consideration Shares as will be equal to 7.5% of the number of Ordinary Shares issued and outstanding at the market value at the issue date.

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

12. COMMITMENTS

As at March 31, 2020 and December 31, 2019, the Company had the following undiscounted contractual lease obligations:

As at		**March 31 2020**		**December 31 2019**
2020	$	124	$	167
2021		122		122
2022		28		27
2023		19		19
2024 and beyond		13		13
	$	**306**	**$**	**348**

Should Tethyan choose to exit the management services agreement, it is required under the terms of the arrangement to payout its share of the remaining office lease obligations, which at March 31, 2020 would have been $470.

13. FINANCIAL INSTRUMENTS

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

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

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

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and accounts receivable. The maximum exposure to credit risk is equal to the carrying value of these 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.

13. FINANCIAL INSTRUMENTS (continued)

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company is currently exposed to interest rate risk to the extent that the cash and cash and cash equivalents maintained at the financial institutions are subject to a floating rate of interest. The interest rate risk on the Company's cash and cash equivalents is not considered significant. The Company is exposed to foreign exchange risk to the extent that financial instruments are not denominated in the functional currency of the Company or its subsidiaries. Such exposure relates primarily to financial assets and liabilities denominated in Canadian Dollars, Serbia Dinars, US dollars and Euros.

As at March 31, 2020, the Company held net financial liabilities of $30 in GBP, $12 in Euros and a net financial asset of $20 in Serbian Dinars. A 5% change in exchange rates would change net loss by $1.

Fair value

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

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

The derivative liability was measured at fair value using Level 2 inputs. The carrying values of the Company's cash and cash equivalents, receivables and deposits, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

14. CAPITAL MANAGEMENT

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

The Company currently does not earn any revenue and has relied on existing cash balances, related party loans and equity financing to fund its operations. The Company is currently not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management in the three-month period ended March 31, 2020.

15. SUBSEQUENT EVENTS

On April 1, 2020, the Company announced the resignations of Mr. Richard Warke from the roles of Director and Executive Chairman of the Company and Professor Poonam Puri as a director of the Company.

On May 10, 2020, the Company entered into a binding letter agreement with Adriatic Metals Plc. ("Adriatic"), pursuant to which among other things, Adriatic will acquire all of the issued and outstanding common shares of the Company by way of a plan of arrangement, subject to shareholder, court and regulatory approvals. If approved, Tethyan shareholders shall receive 0.166 Adriatic common shares for every one Tethyan common share. Adriatic also entered into a convertible loan agreement with the Company for up to €1,300 and has advanced €1,000 to be used to complete the acquisition of 10% of EFPP and fund certain exploration work programs. The loan bears interest from the date on which the agreement for the acquisition of Tethyan by Adriatic is terminated at a rate of 10% per annum compounded monthly and includes a right for Adriatic to convert all or part of the amounts outstanding into Tethyan common shares at a conversion price of $0.15 per share, provided that any conversion to shares of accrued interest owing is at the market price on the day immediately preceding any conversion date. Amounts payable to Adriatic in Euros under the loan agreement will be converted to Canadian dollars at a rate of 1.51 Canadian dollars per Euro. Shares issued in connection with the convertible loan agreement, will be subject to a four month plus one day hold period. The acquisition agreement contains non-solicitation and right to match provisions, with a break fee of $700 plus costs of Adriatic up to $150 payable by Tethyan to Adriatic under certain circumstances and $350 payable by Adriatic to Tethyan under limited circumstances.