

Kizevak and Sastavci are former silver-zinc-lead mines in the Raska district of South-western Serbia. Serbian company EFPP d.o.o. is the holder of two exploration licences over these past-producing mines. Tethyan Resource Corp. announced that it has closed the transaction for the acquisition of 10% of EFPP and the exclusive right to purchase the remaining 90% of EFPP at Tethyan's election within 12 months.

Acquisition Highlights

The Licences are contiguous with Tethyan's existing exploration rights and the acquisition completes the consolidation of a district of known silver-zinc-lead vein-type and copper-gold porphyry deposits, presenting numerous strategic advantages;

- The Licences include two past-producing open pit silver-zinc-lead and indicate excellent brownfield exploration potential
- Staged acquisition payments allow Tethyan to focus funds on drilling
- Acquisition is a key condition precedent for the proposed acquisition of Tethyan by Adriatic Metals plc

Fabian Baker, Tethyan's President and CEO, commented: "The acquisition of the past-producing Kizevak and Sastavci mines has been a long term goal of Tethyan's, and so we are very pleased to have achieved this important step. With the recently announced financing and proposed acquisition of Tethyan by Adriatic Metals plc, we are well funded to commence drilling at Kizevak, which is planned to begin in early June. We see a bright future for the Raska mining district that is now consolidated under Tethyan, and look forward to developing the potential of these former mines and the significant exploration potential around them."

Terms of EFPP Acquisition

The acquisition of EFPP will occur in two steps, an initial 'First Closing' completed today, whereby Tethyan has acquired 10% of the shares of EFPP and management control of the company, and a 12 month period in which to decide, in its sole discretion, whether to proceed to a 'Second Closing'. By proceeding to complete Second Closing Tethyan will acquire the remaining 90% of the shares of EFPP. A summary of the terms of the transaction is as follows:

First Closing

In consideration for 10% of the shares of EFPP Tethyan will pay to the Sellers a total of €625,000 cash, of which €100,000 was previously advanced and the remaining €525,000 payment was also made.

Second Closing

At any time within 12 months of First Closing, Tethyan may elect to acquire the remaining 90% of shares of EFPP on the Second Closing by:

-Paying €1,375,000

-Granting to the Sellers a 2% Net Smelter Return over the Licences

-Issuing a total of 4 million ordinary shares of Tethyan, to be issued in four equal tranches of 1 million shares, with the first tranche issued on the Second Closing and each additional tranche issued each six months thereafter

-Paying a deferred cash payment of €500,000 on the two-year anniversary of First Closing

Source: finance.yahoo.com