



Tethyan Resources announced that it has signed an option agreement with Deep Research d.o.o a private Serbian company, that gives Tethyan the sole and exclusive right to acquire an exploration license over the Suva Ruda Project in Serbia. The License is located in Southern Serbia near the town of Raska (30,000 inhabitants), 170 km directly south of Belgrade and within the Raska Ore district. The License comprises one exploration permit with a surface area of 87 km<sup>2</sup>.

Under the terms of the Agreement Tethyan is entitled to purchase 100% of the License or Deep Research (at Tethyan's discretion) for a cash payment of €6 million, plus a percentage of the eventual capital cost of building the mine (details set out below), at any time during the total duration of the License and any future extensions of the License (a minimum of 7 years from the date of the Agreement). The decision whether or not to exercise the Option during this period is at the sole discretion of the Company. The percentage of the capital costs payable by Tethyan in relation to the building of the mine (the "CAPEX"), which will only become clear once a bankable feasibility study has been conducted over the License, will only become payable if Tethyan exercises the Option, secures the necessary financing and proceeds with the building of the mine. The percentage of these costs due to the shareholders of Deep Research will be calculated as follows:

- 4% of CAPEX up to €200m;
- 2% of CAPEX between €200 - 500m;
- 1% of CAPEX in excess of €500m.

Pursuant to the terms of the Agreement, and in order to retain the Option, the Company will arrange to complete, at its sole discretion, the following work program on the License:

- a minimum of 2,000m drilling before 28 December 2016;
  - a minimum of 5,000m additional drilling before 28 December 2018;
  - complete a preliminary economic assessment before the sixth anniversary of the date of the Agreement;
  - complete an economic feasibility study before the seventh anniversary of the Agreement.
- The Company estimate that the full cost of the drilling programme to be completed by 28 December 2018 will be less than £500,000. The drilling programme can be stopped at any stage at the Company's sole discretion. The purpose of the drilling programme is to assess the prospectivity of the License so that Tethyan can make an informed decision with regards to the exercise of the Option.

In order to satisfy the first requirement under the work programme Tethyan intends to start work immediately with respect to drilling 2,000 meters by 28 December 2016. Discussions have commenced with local drill contractors who have drill rigs standing-by to commence

work. Land access is currently being assessed in order to allow for drilling during the next 3 years,

The Company will also make certain milestone payments, at its sole discretion, in order to retain the Option:

- €100,000 by 1 March 2017;
- €100,000 on each anniversary of the signing the Agreement up until the third year.

While the Company is pleased to have secured this Option there can be no guarantee that it will ever exercise the Option and take ownership of the License. The Company will also need to consider its regulatory obligations in respect of the AIM Rules for Companies at that time in the event it exercises the Option.

#### The Suva Ruda Project

The License is an under-explored mining license and the work programme to be undertaken at the sole discretion of Tethyan is intended to prove up its prospectivity, the potential of which is currently unclear.

As an extension of the renowned Trepca mining district, historically the area has been mined for lead and zinc, beginning in Roman times as is evidenced by more than 130 pits, shafts and development drives, and more recently during the 20th Century as larger open pit operations; however little exploration for porphyry copper and gold has occurred.

The Suva Ruda exploration license covers Jurassic serpentinite and Cretaceous andesitic volcanics intruded by Tertiary dacite stocks. There are two well-defined targets within the Suva Ruda exploration license:

- High-grade lead and zinc veins such as those mined historically and those on the periphery of the Rudnitsa porphyry; and
- A well-defined porphyry dacite stock with significant copper and gold mineralisation, the 'Rudnitsa' porphyry.

Phelps Dodge located the Rudnitsa porphyry stock in 2004 and drilled 7 widely spaced drill holes over an area of 1.2 kilometers by 0.8 kilometers. The holes were centred on a porphyry stock with outcropping quartz-magnetite potassic alteration occurring over an area 700 meters by 450 meters, and a more widely spread advanced argillic zone with massive silica and alunite occurring over a broader area. Three of the drill holes were drilled into the potassic core, the other 4 holes were drilled on the periphery of the stock into phyllic alteration. Generally the holes were drilled to depths between 170 and 300 meters and did not test the porphyry at depth. The 3 holes drilled into the potassic core all intersected substantial mineralisation, see table 1, including drill hole PDRC 04-03 which intersected 144 meters @ 0.4% copper, 0.37 g/t gold from 100 meters and ended still in mineralisation. It should be noted that the Rudnitsa porphyry outcrops as a hill which reaches up to an elevation 200 meters higher than the surrounding plain. Hence drill hole PDRC 04-03 only just intercepted the region defined by surrounding ground level, and

hence any strip required in a future mining scenario will be substantially reduced. Phelps Dodge exited the project in late 2004 when copper was trading around US \$0.80 per pound at a time when open-pit copper projects needed to average greater than 1% copper. Subsequent to Phelps Dodge, Euromax held the project from around 2006 until the Global Financial Crisis of 2008 and 2009. Euromax dropped the project in 2009 to focus on Macedonia where they are developing the Ilovica copper deposit. Following Euromax, a private Serbian company held the project and explored the area for lead and zinc, prior to going bankrupt and losing the license.

Suva Ruda occurs within an historical mining district and has excellent infrastructure. The town of Raska located near-by hosts a potential workforce and the area has abundant water and grid electricity. The area is also serviced by a railway with connections to ports located on the Adriatic Coast. In addition, the Serbian Government has declared porphyry copper-gold projects to have a high priority for development and any potential project is likely to receive strong governmental support.

Peter Mullens, CEO of Tethyan Resources, stated: "We are very excited to sign an option agreement over the Suva Ruda Project. The project is centred around a dacite porphyry stock with potential dimensions of 1.2 kilometers by 0.8 kilometers. Within this zone of alteration several drill holes have intersected high-grade mineralisation with drill hole PDRC 04-04 bottoming in rock averaging 0.4% copper and 0.37 g/t gold. The outcropping mineralisation indicates that we are very high in the porphyry system and Tethyan personnel believe there is every chance of high-grade mineralisation continuing at depth. There is sufficient space within the alteration system to host a major porphyry copper-gold system."