

**Tethyan Resource Corp. made an agreement to purchase a 100% ownership stake in Serbian company EFPP d.o.o. EFPP is the holder of two exploration licences over silver-zinc-lead mines Kizevak and Sastavci in the Raska district of Southwestern Serbia.**

### **Acquisition Highlights:**

- The Licences are contiguous with Tethyan's existing exploration rights and the acquisition would complete 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 mines and host significant historical mineral resources and reserves that were reported in accordance with Yugoslav GKZ reporting criteria and indicate excellent brownfield exploration potential
- At Kizevak, historic drilling and underground channel sampling data define mineralisation that is present from surface up to 200 metres depth and 1.2 kilometres in strike length that is open down dip and along strike, representing an immediate drill-ready target
- Staged acquisition payments allow Tethyan to focus funds on drilling
- Serbia is establishing itself as a recognised mining jurisdiction, attracting significant investment interest

Fabian Baker, Tethyan's President and CEO, commented: "This acquisition is a key step in Tethyan's strategy to consolidate a district of historical mines and exploration prospects in Serbia. The Kizevak project in particular gives Tethyan an immediate drill ready target, and we can now drill the 1.2 kilometres of strike length, reported to host historical resources, between the former open pit mine and Tethyan's excellent 2018 drilling results. With Kizevak as a cornerstone project the many satellite exploration targets identified by historical drilling, all within a few kilometres of Kizevak, become relevant to a possible district-wide operation. The plan moving forward is for Tethyan to commence drilling of these high-grade silver-zinc-lead targets in parallel with advancing our two copper-gold porphyry projects at Rudnica and Kremice in the Raska district of Serbia."

### **Kizevak Project**

Kizevak is a past-producing mine reported to host considerable historic mineral resources, along-strike from which Tethyan drilled mineralization including 12 metres at 22.03% zinc, 10.29 % lead, 167 g/t silver and 0.18 g/t gold. The mine was operated as an open pit by the Serbian state between 1984 and 2000, ceasing operations due to conflict in the region. The project benefits from numerous infrastructure advantages including water, power, road and rail access all within 5 kilometres, and a local workforce with a long history of mining. Additionally, the land comprising the wider project area is designated for mining purposes

under the Serbian State spatial plan, providing many permitting benefits and efficiencies. Mineralisation at Kizevak comprises steeply dipping, southeast striking, structurally controlled lenses of quartz-carbonate-sulphide vein breccias and stockwork zones hosted in andesite volcanics. Historic drilling and underground sampling data indicate that mineralisation occurs over a strike length of at least 1.2 kilometres, between 1 and 30 metres wide, and up to 200 metres down dip. This dominant southeast striking trend is intersected by at least one perpendicular southwest striking mineralised structure, which is inferred as an important control on high grade shoots.

Mineralisation is open down dip and along strike to the northwest, southwest and southeast. In 2018 Tethyan drilled four drill holes on its wholly owned licence 1.2 kilometres along strike to the southeast of the mine that returned mineralized intervals including:

-12 metres at 22.03 % zinc, 10.29 % lead, 167 g/t silver, and 0.18 g/t gold for 35.09 % ZnEq (Hole KSEDD002, from 130 m)

-43 metres at 4.30 % zinc, 2.49 % lead, 26 g/t silver, and 0.21 g/t gold for 7.39 % ZnEq (Hole KSEDD001, from 193 m)

including 13.1 m @ 11.28 % zinc, 5.05 % lead, 57 g/t silver, and 0.32 g/t gold for 17.44 % ZnEq (from 221 m)

-0 m @ 4.35 % zinc, 2.14 % lead, 27 g/t silver, and 0.34 g/t gold for 7.37 % ZnEq (Hole KSEDD003, from 137 m)

### **Sastavci Project**

Sastavci was also mined historically by open pit on a smaller scale than at Kizevak and represents a priority drilling target. Outcropping, steeply dipping, massive sulphide veins up to 5 metres wide are visible in the pit walls. Tethyan collected 65 rock-chip samples across the Sastavci area, which returned assays ranging from trace to >30 % zinc (over range), 7.1 % lead, 94.3 g/t silver and 0.47 g/t gold in the Sastavci pit. A historic resource estimate is reported in the Serbian geological archives.

Additionally, to the north of the Sastavci open pit Tethyan has defined a greater than 100 ppb gold in soil anomaly over 800 metres long and 400 metres wide in strongly silica altered volcanic rocks. Rock-chip sample assays range from trace to 3.7 g/t gold, representing a separate epithermal gold exploration target.

### **Historic Resource and Reserve Estimates**

In 1994 the Yugoslav Geological Survey reported combined estimated mineral resources in GKZ compliant A+B+C1+C2 categories of 8Mt at 45 g/t silver, 5.06 % zinc and 2.96 % lead at Kizevak, Sastavci and Karadak (a portion of the Kizevak resource, and Karadak are located on Tethyan's existing licences).

The mineral resource estimates were reported by the state geological survey according to

Yugoslav GKZ guidelines and do not comply with NI 43-101 reporting requirements and associated CIM definition standards. The authors caution that a qualified person has not done sufficient work to validate the historical estimates, and Tethyan is not treating the historical estimates as current mineral resources or reserves. Tethyan has not completed a detailed review of the historical resource or completed a new mineral resource estimate. The historical resource estimates were completed using the polygonal method using data acquired from diamond drilling and underground sampling.

For readers not familiar with Yugoslav mineral estimates, such estimates were always stated as “reserves” and classified according to the A+B+C1+C2 or “alphabetical” classification, which was derived from the Russian system and is still applied throughout many countries in southeast Europe. The reserves had to be approved by the official Commission for Ore Reserves. The A, B, C1 and C2 categories reflect the levels of confidence in the actual tonnage exploited from a reserve, with confidence levels being - 95%, 80%, 70% and 35% respectively. Henley (2004) and others have evaluated the alphabetical classification system with respect to the compliant codes in Canada and Australia, and concluded that A+B is comparable to “measured”, C1 to “indicated” and C2 to “inferred” in internationally acceptable codes for reporting resources. However, these comparisons are only an approximation, and cannot be considered as equivalents. To verify the historical resource estimate as current mineral resources or mineral reserves, drilling, mapping, detailed geological interpretation, geological modelling, grade mapping by interpolation using geostatistical analysis and mineral resource classification, using industry standard software, is required.

### **Terms of EFPP Acquisition**

Closing of the transaction to acquire EFPP is subject to satisfactory due diligence and TSX acceptance on or before 15th April 2020. The acquisition of EFPP will occur in two steps, an initial ‘First Closing’ whereby Tethyan will acquire 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’ when Tethyan has the right to 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 EUR 625,000 cash on the First Closing.

#### **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 EUR 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 EUR 500,000 on the two-year anniversary of First Closing.

Source: [tethyan-resources.com](http://tethyan-resources.com)