



VORSTANDSINTERVIEW MIT FABIAN BAKER, CEO VON TETHYAN RESOURCES PLC (14.03.2018)

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Tethyan Resources (Tethyan) is a junior exploration company that acquires a portfolio of precious and base metals exploration projects in the Balkans region of Europe. Please give an overview about the already acquired projects as well as about the projects that can be acquired in the future (if any).

Fabian Baker

Tethyan is a leading exploration company in the Balkan region and currently has expert exploration teams active in Serbia, Kosovo and Bulgaria where the company is exploring many opportunities. Tethyan's primary exploration assets are located in the Raska District of southern Serbia, an area with a mining history that dates back to the Roman times. More recently in the 1900's the mines in the same area were mined as a part of the 'Trepca Mining Complex', which historically accounted for more than 80% of Yugoslavia's mineral wealth. As many people have said before, "the best place to find a new mine, is next to an old mine".

Tethyan has acquired more than 400 square kilometres of exploration licenses in the Raska District. The licenses contain multiple historic lead-zinc-silver mines and copper-gold occurrences that were never explored in detail, and significant resources which were identified by Yugoslav geologists remain in the ground for Tethyan to explore and develop.

Tethyan's most recent drilling success is at the 'Rudnica' copper-gold porphyry project. Tethyan drilled this deposit for the first time in late-2016 and immediately drilled significant copper and gold mineralisation. The first drillhole returned 567 m at a grade of 0.28 % copper and 0.45 g/t gold from surface, which identified Rudnica as a significant exploration discovery. Until today, Tethyan has only drilled 8 drillholes at Rudnica, all of which returned between 200 – 600 m zones of copper and gold mineralisation. This early success won Tethyan a nomination for the 'Best Discovery' Award at the annual Mines & Money conference in London in December 2017. More recently, Tethyan has sampled rock in the side of a road 600 m to the north of it's current drillholes which returned strong gold mineralisation, showing that the project could be very large. Tethyan believes that Rudnica has the potential to become the next significant copper-gold discovery in the Balkans, and is planning a busy drilling campaign during 2018 to advance the project towards an initial resource estimation.

In February 2018, Tethyan announced its acquisition of local Serbian company 'Taor'. Taor holds exploration licenses in the same Raska District, and surrounding a previously producing lead-zinc-silver mine. Large resources are known to remain in the area and exist on Taor's exploration license. This is a very exciting opportunity for Tethyan to rapidly drill and define significant lead-zinc-silver resources which could create huge value for Tethyan, especially with recent high commodity prices. Tethyan intends to begin drilling here in April 2018.

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What are the reasons / advantages for you to focus on the Balkans region?

Fabian Baker

There are multiple benefits to exploring, and eventually mining in the Balkans region. These include:

Rule of law: in Serbia there was an excellent new mining law introduced in 2015 to support foreign investment in the exploration and mining industry.

Chartverlauf



Quick Facts

Hauptbörse
TSX Venture

ISIN
GB00BDG12Z65

FIGI
BBG00HMSFWB7

WKN
A2JSNB

Aktueller Kurs (12.01.18)
0,28 CAD

52-Wochen-Hoch (27.11.17)
0,54 CAD

52-Wochen-Tief (13.01.17)
0,18 CAD

Marktkapitalisierung
7.848.496 CAD

Ausstehende Aktien
28.030.342

Streubesitz
60,10%

President / CEO
Fabian Baker

Website
www.tethyan-resources.com

Top7-Inhaber

Southern Arc Min.	29,90%
Mullens, Peter	5,42%
DiCapo, Pasquale	5,35%
Brewer, Frank	4,89%
Fohlen, Didier	3,00%
Kantarcigil, Gokhan	2,15%
Baker, Fabian	0,87%



As a result, there is a clear procedure for receiving the permits required to explore and eventually mine a deposit, and a company can make that investment with confidence that it can retain 100% ownership of the assets.

Infrastructure: In comparison with many remote locations around the world where exploration is being done, the Balkans have excellent existing infrastructure which provides huge benefits and cost savings for companies in the early stages of exploration right through to mining. For example, within 3 km of our Rudnica project there is electricity, water, main road, railway and a work force with a history of mining, this provides enormous cost savings compared to a project in the remote Andes of South America for example. This means that the economic 'hurdle' to production is far lower than many other regions of the world.

History of Mining and Political Support: Gaining the trust and support of the local people and country is a key step in being able to develop a mining operation. As an area with one of the longest histories of mining in the world, there is a culture that in general understands and supports mining. Additionally, in Serbia mining is now designated a business of 'special interest' to the country and as a result receives higher levels of government support than some other businesses.

Geology: no exploration opportunity would be complete without excellent geology for discovering mineral deposits. The Balkans are one of the most well mineralised regions of the world and new discoveries are regularly being made. The most recent example is the copper-gold discovery 'Cukari Peki' by Reservoir Minerals and that company's subsequent acquisition by Nevsun resources.



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Who is the management behind Tethyan and what about its track record?

Fabian Baker

The team have a long track-record of success in exploration.

Fabian Baker, a founder of Tethyan and now President and CEO began his career in Armenia where he became Chief Geologist and led the exploration of the Amulsar Gold Deposit up to Bankable Feasibility Study. The Amulsar Deposit contains in excess of 5 million ounces of gold and will begin production in late-2018 producing 225,000 ounces per year, making it the largest tax payer in Armenia. Fabian was also Exploration Manager for Royal Road Minerals in Turkey, and has previous experience in Kosovo and Bosnia. These countries are all a part of the great 'Tethyan Metallogenic Belt' of mineral deposits which have many geological similarities, making Fabian's experience perfectly suited to the Balkan region.

Peter Mullens, a co-founder and Director of Tethyan has had a long career of success in exploration. Originally trained in the great mines of Broken Hill and Mount Isa in Australia, Peter entered the junior exploration sector in the early 2000's and proceeded to be instrumental in the creation of companies including Aquiline Resources (sold to Pan American Silver for more than \$600 million), Laramide Resources (best performing stock on the Toronto Stock Exchange for a period of 5 years reaching 17 dollars per share), and Lydian International where he met Fabian on the Amulsar Gold Deposit. Peter works closely with Fabian and brings his experience to ensure Tethyan is only focused on deposits that have a realistic chance of success.

The other three members of the Board, John, Mike and Gokhan, all have made their careers in the exploration and mining industries with numerous successes between them.



Tethyan is also particularly proud of its Serbian, Bulgarian and Kosovo teams who are leaders in their countries and are proving this in how they have helped Tethyan to become a premier company in the region in just 2 years.

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Tethyan is listed on the TSX-V stock market. Tell us a bit about the listing process, why you decided for TSX-V and about the initial and current shareholder structure.

Fabian Baker

Before October 2017, Tethyan was listed on the London AIM market. However given the Director's experience with TSX companies, and the large base of potential shareholders in Canada and North America, Tethyan decided to move it's listing to the TSX-V in order to have access to these investors and the industry as a whole in Canada that focuses on exploration and mining more than anywhere else in the world.

Our share structure explained simply is:

29.9% Southern Arc Minerals – based in Vancouver Southern Arc's business model is to be a cornerstone investor in junior exploration companies to support them with financing and expertise to help them develop and succeed, this is a great asset to Tethyan

10% Directors: Peter, Gokhan and Fabian have invested significant amounts of their own money into Tethyan, as a result their interests are directly aligned with our shareholders

Approximately 40% are individual investment professionals in the exploration and mining industry which are known to Tethyan and supportive of the company's long-term success.

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Looking at the six-months-chart, there has been a huge spike in November 2017. What happened?

Fabian Baker

The large drop in share price in November 2017 was unfortunate, it happened because one shareholder had purchased a large number of shares on credit and these were rapidly sold by the lender when repayment was due.

There has been a more general decline in share price during the past 6 months. Our view is that although Tethyan had the support of the majority of its shareholders to move from the AIM market to the TSX-V, the move did force some investors to sell. Additionally Tethyan is a new story for the Toronto market and we are only just now beginning to tell the story and gain interest of new investors. As a result the Company has gone from a share price equivalent to C\$0.60 in March 2017, to C\$0.30 in March 2018, during which time we believe the projects have improved and the recent acquisition of Taor will be a huge success. As a result, we see this a great moment to bring new shareholders into the company as we restart exploration after the winter and begin marketing the story more publically.

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How much money has been invested in Tethyan so far and what is the total amount of money that would be needed to develop the current exploration portfolio?

Fabian Baker

In the 2 years since Tethyan began to focus on the Balkans in mid-2016, Tethyan has spent approximately C\$4 million.





We are very proud of our ability to focus money on exploration rather than administration, we average between 75-80% of our budget on direct exploration costs such as drilling, sampling and geophysical programmes. To estimate the future costs is not always easy as it will be reliant on our exploration success. However during the next 18 months we believe we could advance the Taor lead-zinc-silver opportunity to the completion of a Preliminary Economic Assessment, and advance the Rudnica copper-gold porphyry deposit to an initial resource estimation for approximately C\$6 - 8 million.

With this investment, although I cannot make any guarantees, I hope to see the market capitalisation of Tethyan advance from where is today at C\$8 million to in excess of C\$50 million.



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Which are the listed peer companies that you consider as best comparable to Tethyan? What are their valuation ratios and if you would use those ratios on Tethyan, what would be the fair price?

Fabian Baker

This question suits Tethyan very well! Because of the depressed share price following our move from the AIM market to the TSX-V, we are currently valued at about C\$8 million and much more cheaply than our peer companies.

As some examples, all also listed on the TSX-V, I would say:

Medgold Resources: currently valued at about C\$20 million, they have encouraging exploration licenses in Serbia which may in the future prove successful, however have not drilled a drillhole yet and do not have the opportunity of significant historical resources that Tethyan has acquired.
Mundoro: currently valued at about C\$15 million, they have been active in Serbia for many years and hold exploration licenses that are close to some significant mines, however are yet to show that they have a potentially significant deposit.

Euromax Resources: valued at about C\$40-50 million, they have a small, low-grade copper-gold porphyry in Macedonia that they are moving towards production. We believe that Tethyan has a very fair chance of discovering a similar or better deposit at Rudnica.

Of real interest to me was the recent acquisition of the Sasa Mine in neighbouring Macedonia by Central Asian Metals for \$450 million. The Sasa Mine has approximately 10 million tonnes of lead-zinc reserves, with some opportunity to discover more. Tethyan believes that with the acquisition of Taor it has the potential to discover a district of lead-zinc-silver resources in the region of 15 - 25 million tonnes to be comparable with or more valuable than Sasa.

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Please describe the future strategy once Tethyan finished its drilling. Are you going to explore / extract those metals on your own or would you rather sell those projects to one of the bigger mining companies? Actually, there are already some of those bigger ones present in Serbia, right?

Fabian Baker

Exploration in Serbia is very active currently, and many mid-tier and major mining companies are looking for opportunities. This is good for Tethyan as there are many potential buyers if we find something significant, and I know we are being watched closely.



Our strategy is to advance the projects through the most important value creating stage in exploration, which is when a company goes from discovery to the stage where it has a good idea of the total resource potential.

Following the definition of a significant resource we will review our options. One example might be to sell the copper-gold porphyry deposit to a larger mining company as these can be very expensive to develop to the mining stage, yet keep and develop a smaller-scale yet highly profitable lead-zinc-silver mine ourselves.

But this is something our Board will review at the time in order to get the best value for our shareholders.



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Actually, gold, copper and co already started to recover from their lows. On a personal level, what is your forecast for the upcoming years? Will this asset class benefit from increasing interest rates?

Fabian Baker

I think most experienced people in the mining industry agree that we are just at the beginning of a commodities bull market. As a result of many years of low commodity prices recently, exploration activity was reduced by major mining companies, and now that prices are beginning to recover there will be a rush to restart exploration or acquire new assets to replace what is being mined. That means there will be many acquisitions of junior exploration companies, hopefully Tethyan can be a part of that rush.

Add to this the growing electric market which is excellent for copper among other minerals, and increasing interest rates yet ongoing political and fiscal instability globally and importantly in the US and Europe, I feel that conditions are very favourable for the gold price to rally in the mid- and long-term.

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Finally, please give us three good reasons why people should invest in Tethyan right now.

Fabian Baker

The key ingredients: We have a highly experienced and committed team, multiple excellent exploration assets, and a favourable jurisdiction in which to do business.

Recent share price weakness, especially compared to our peers: due to the drop in share price as we moved stock exchanges now is an excellent moment to invest. Our exploration season is just recommencing so news flow will be active, we are completing the acquisition of Taor and can rapidly begin drilling areas with known mineralisation, and given all the positive indications at Rudnica we expect exploration there to return some excellent results.

Timing: as commodity prices are climbing we are probably just at the beginning of a new bull market in exploration, this is a great time to invest in the exploration and mining cycle