Tertiary Minerals plc

Interim Statement 2012

Directors and Professional Advisers

Directors:

Patrick Cheetham	Executive Chairman
Donald McAlister	Non-Executive Director
David Whitehead	Non-Executive Director

Company Secretary:

Colin Fitch LLM, FCIS

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Company Registration Number: 03821411

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Chairman's Statement

I am pleased to report on the Company's progress and unaudited interim results for the six month period ended 31 March 2012.

Review of Activities

In the first six months of this financial year your Company has continued to make progress towards its strategic objective to become a leading European producer of fluorspar (CaF_2), an essential raw material of fluorine in the chemical, steel and aluminium industries.

For decades China has been the dominant supplier of fluorspar to western markets but China's internal demand in the manufacture of downstream fluorine products has now grown to the point where it is likely to become a net importer. Western consumers of fluorspar, many of whom do not have captive source, now face structural supply shortages.

The fluorspar market continues to be tight and prices, currently over US$500/tonne, are holding up at historically high levels despite a challenging world economy. About six million tonnes of fluorspar are used annually and demand for fluorspar is growing at around 1.5% per year on the back of rising demand for fluorine chemicals in refrigerators, air conditioners, and cars, especially in the developing countries. Projected demand growth requires the equivalent of at least one new mid-size mining operation to be developed every year for the foreseeable future - yet only a handful of projects are reported to be at an advanced exploration or planning stage.

At **Storuman**, in Sweden, the Company is engaged in a Preliminary Feasibility Study (PFS) targeting production of at least 100,000 tonnes per year of acid grade fluorspar. A mining operation of this scale will be a medium scale producer in world terms and the deposit is large enough to support higher levels of production in the future.

The PFS will be based on the large JORC compliant Mineral Resource defined last year and will draw together various component studies including metallurgical testwork, mine design, engineering design, capital and operating cost estimates. The completion of this study, scheduled for early 2013, will be a major value adding milestone for the project.

Environmental permitting is also in progress with the objective to submit a mining lease application by the end of the first quarter of 2013 and the environmental permit application by second quarter of 2013. Mine construction is targeted to start at the end of 2014.

Progress has also been made at our second fluorspar project at **Lassedalen**, 80km southwest of Oslo in Norway where, in January, the Board announced the first JORC compliant Mineral Resource estimate at four million tonnes grading 25% fluorspar.

This was quickly followed with the award, to Wardell Armstrong International, of a technical and economic scoping study for development of Lassedalen. Completion of this report, the first economic evaluation of the project, is scheduled for the third quarter of this year and will incorporate the results of the scoping-level programme of metallurgical testwork now nearing completion.

Tertiary now controls JORC Minerals Resources totalling nearly four million tonnes of contained fluorspar across its two Scandinavian projects and mineralisation at both projects remains open. A large drill programme is planned at Lassedalen following completion of the scoping study.

The Company maintains its portfolio of **gold, tantalum-niobium-rare earth and iron projects** most of which are awaiting the grant or renewal of exploration rights. These have the potential to add substantial value with positive licence developments.

Results

The Group is reporting a loss for the six month period of £190,469 (six months to 31 March 2011: £143,524). This loss comprises administration costs of £185,009 (which includes share based payments of £28,746), pre-licence (reconnaissance) costs totalling £7,838 and interest income of £2,378.

The Company's projects and programmes continue to deliver promising results and the Board expects to build on this as the projects progress through the feasibility stages. To help position the Company for production the Board has recently been strengthened with the appointment of Richard Clemmey as Operations Director following his appointment as Project Manager in 2011.

This year promises to be a busy and exciting year for the Company. The Board anticipates strong news flow from a number of value-adding milestones and looks forward to updating shareholders in due course.

Patrick L Cheetham
Executive Chairman
17 May 2012

Consolidated Income Statement

for the six months to 31 March 2012

	Six months to 31 March 2012 Unaudited £	Six months to 31 March 2011 Unaudited £	Twelve months to 30 September 2011 Audited £
Pre-licence exploration costs	**7,838**	7,665	12,606
Impairment of deferred exploration costs	**-**	-	-
Administrative expenses	**185,009**	137,457	282,181
Operating loss	**(192,847)**	(145,122)	(294,787)
Interest receivable	**2,378**	1,598	5,114
Loss on ordinary activities before taxation	**(190,469)**	(143,524)	(289,673)
Tax on loss on ordinary activities	**-**	-	-
Loss for the period attributable to equity holders of the parent	**(190,469)**	(143,524)	(289,673)
Loss per share – basic and fully diluted (pence) (note 2)	**(0.16)**	(0.14)	(0.26)

Consolidated Statement of Comprehensive Income

for the six months to 31 March 2012

	Six months to 31 March 2012 Unaudited £	Six months to 31 March 2011 Unaudited £	Twelve months to 30 September 2011 Audited £
Loss for the period	**(190,469)**	(143,524)	(289,673)
Movement in revaluation of available for sale investment	**56,653**	597,441	118,458
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**9,315**	18,952	(6,927)
Comprehensive (loss)/income for the period attributable to the equity holders of the parent	**(124,501)**	472,869	(178,142)

Company Registration Number 03821411

Consolidated Statement of Financial Position

at 31 March 2012

	As at 31 March 2012 Unaudited £	As at 31 March 2011 Unaudited £	As at 30 September 2011 Audited £
Non-current assets			
Intangible assets	**1,648,990**	1,117,145	1,376,946
Property, plant & equipment	**18,930**	25,044	22,845
Available for sale investment	**342,499**	764,830	285,846
	2,010,419	1,907,019	1,685,637
Current assets			
Receivables	**78,306**	104,476	87,970
Cash and cash equivalents	**764,816**	1,613,044	1,178,941
	843,122	1,717,520	1,266,911
Current liabilities			
Trade and other payables	**161,271**	(212,532)	(164,523)
Net current assets	**681,851**	1,504,988	1,102,388
Net assets	**2,692,270**	3,412,007	2,788,025
Equity			
Called up share capital	**1,188,161**	1,188,161	1,188,161
Share premium account	**6,449,238**	6,449,238	6,449,238
Merger reserve	**131,096**	131,096	131,096
Share option reserve	**216,313**	160,538	187,567
Available for sale revaluation reserve	**59,770**	482,100	3,117
Foreign currency reserve	**145,667**	162,231	136,352
Accumulated losses	**(5,497,975)**	(5,161,357)	(5,307,506)
Shareholders' funds	**2,692,270**	3,412,007	2,788,025

Consolidated Statement of Changes in Equity

	Share Capital £	Share Premium account £	Merger reserve £	Share Option reserve £	Available for sale revaluation reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2010	**885,162**	**5,035,112**	**131,096**	**133,096**	**(115,341)**	**143,279**	**(5,017,833)**	**1,194,571**
Loss for the period	-	-	-	-	-	-	(143,524)	(143,524)
Change in fair value	-	-	-	-	597,441	-	-	597,441
Exchange differences	-	-	-	-	-	18,952	-	18,952
Total comprehensive loss for the period	-	-	-	-	**597,441**	**18,952**	**(143,524)**	**472,869**
Share issue	302,999	1,414,126	-	-	-	-	-	1,717,125
Share based payments	-	-	-	27,442	-	-	-	27,442
At 31 March 2011	**1,188,161**	**6,449,238**	**131,096**	**160,538**	**482,100**	**162,231**	**(5,161,357)**	**3,412,007**
Loss for the period	-	-	-	-	-	-	(146,149)	(146,149)
Change in fair value	-	-	-	-	(478,983)	-	-	(478,983)
Exchange differences	-	-	-	-	-	(25,879)	-	(25,879)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(478,983)**	**(25,879)**	**(146,149)**	**(651,011)**
Share based payments	-	-	-	27,029	-	-	-	27,029
At 30 September 2011	**1,188,161**	**6,449,238**	**131,096**	**187,567**	**3,117**	**136,352**	**(5,307,506)**	**2,788,025**
Loss for the period	-	-	-	-	-	-	(190,469)	(190,469)
Change in fair value	-	-	-	-	56,653	-	-	56,653
Exchange differences	-	-	-	-	-	9,315	-	9,315
Total comprehensive profit for the period	-	-	-	-	**56,653**	**9,315**	**(190,469)**	**(124,501)**
Share based payments	-	-	-	28,746	-	-	-	28,746
At 31 March 2012	**1,188,161**	**6,449,238**	**131,096**	**216,313**	**59,770**	**145,667**	**(5,497,975)**	**2,692,270**

Consolidated Statement of Cash Flows
for the six months to 31 March 2012

	Six months to 31 March 2012 Unaudited £	Six months to 31 March 2011 Unaudited £	Twelve months to 30 September 2011 Audited £
Operating activities			
Operating loss	**(192,847)**	(145,122)	(294,787)
Issue of shares in lieu of net wages	**-**	-	-
Depreciation charge	**4,048**	2,222	5,984
Impairment charge	**-**	-	-
Share based payment charge	**28,746**	27,442	54,471
Decrease/(increase) in receivables	**9,666**	(62,213)	(45,709)
(Decrease)/Increase in payables	**(3,252)**	116,751	68,742
Net cash outflow from operating activity	**(153,639)**	(60,920)	(211,299)
Investing activities			
Interest received	**2,378**	1,598	5,114
Purchase of intangible assets	**(271,630)**	(388,275)	(666,855)
Purchase of property, plant & equipment	**(133)**	(26,030)	(27,591)
Net cash outflow from investing activity	**(269,385)**	(412,707)	(689,332)
Financing activity			
Issue of share capital (net of expenses)	**-**	1,717,125	1,717,125
Net cash inflow from financing activity	**-**	1,717,125	1,717,125
Net (decrease)/increase in cash and cash equivalents	**(423,024)**	1,243,498	816,494
Cash and cash equivalents at start of period	**1,178,941**	370,334	370,334
Exchange differences	**8,899**	(788)	(7,887)
Cash and cash equivalents at end of period	**764,816**	1,613,044	1,178,941

Notes to the Interim Statement

1. Basis of preparation

The interim financial statements are unaudited and do not constitute statutory accounts as defined within the Companies Act 2006.

The interim financial statement has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and their interpretations adopted by the International Accounting Standards Board (IASB). As is permitted by the AIM rules the directors have not adopted the requirements of IAS34 "Interim Financial Reporting" in preparing the financial statements. Accordingly the financial statements are not in full compliance with IFRS. The accounting policies used in the preparation of the interim financial information are the same as those used in the Company's audited financial statements for the year ended 30 September 2011.

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. Further funding is raised as and when required. When any of the Group's projects move to the development stage, specific financing will be required.

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. These projections include the proceeds of future fundraising necessary within the next 12 months to meet the Company's and Group's planned discretionary project expenditures and to maintain the Company and Group as a going concern. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. This represents a material uncertainty related to events or conditions which may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

2. Loss per share

Loss per share has been calculated on the attributable loss for the period and the weighted average number of shares in issue during the period.

	Six months to 31 March 2012 Unaudited	Six months to 31 March 2011 Unaudited	Twelve months to 30 September 2011 Audited
Loss for the period (£)	**(190,469)**	(143,524)	(289,673)
Weighted average shares in issue (No.)	**118,816,214**	106,216,216	112,533,476
Basic loss per share (pence)	**(0.16)**	(0.14)	(0.26)

The loss attributable to ordinary shareholders and the weighted average number of ordinary shares used for the purpose of calculating diluted earnings per share, are identical to those used to calculate the basic earnings per ordinary share. This is because the exercise of share warrants would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS33.

2. Share capital

During the six months to 31 March 2012 no share issues took place.

3. Interim report

Copies of this interim report are available from Tertiary Minerals plc, Silk Point, Queens Avenue, Macclesfield, Cheshire, SK10 2BB, United Kingdom. It is also available on the Company's website at www.tertiaryminerals.com