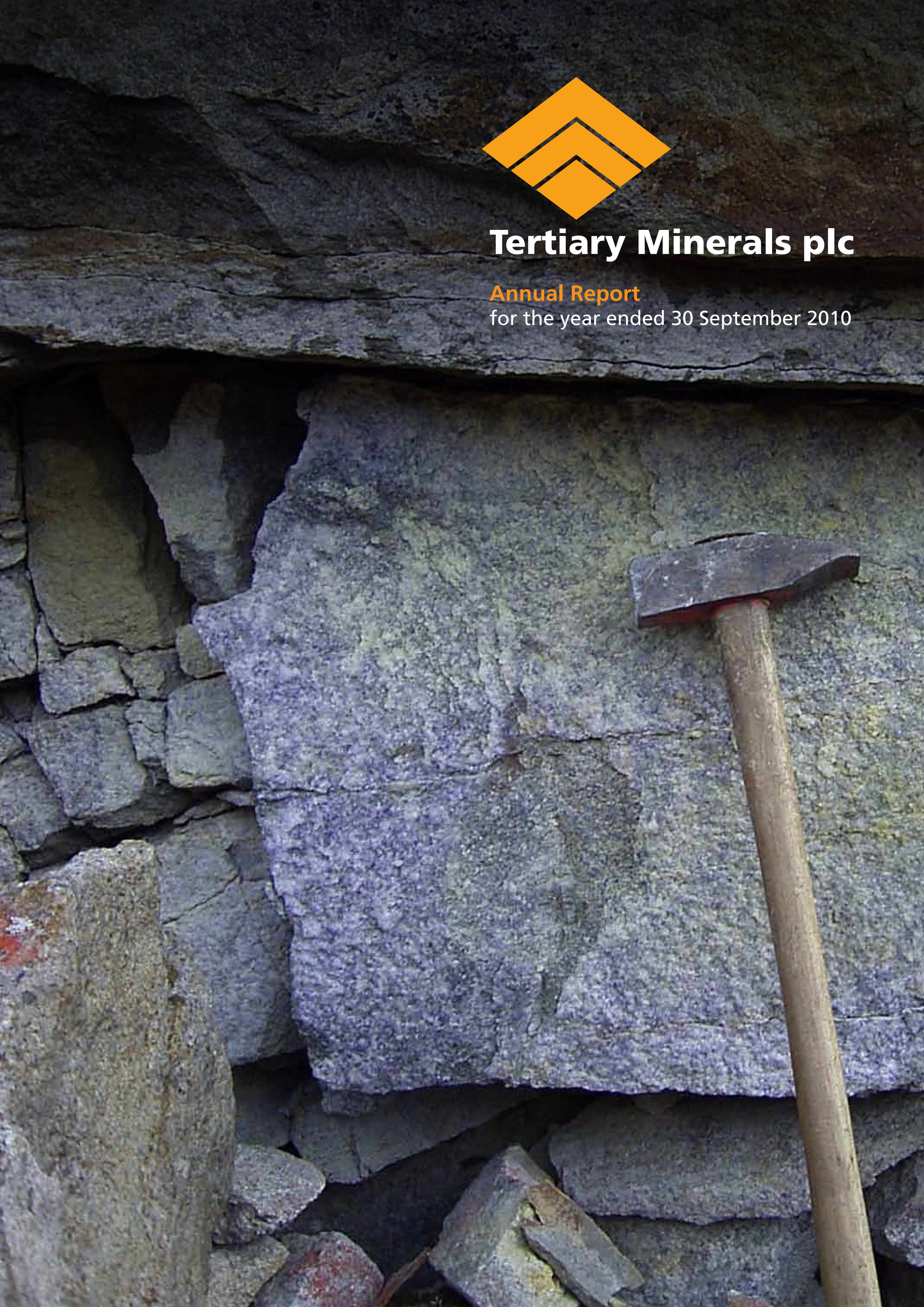
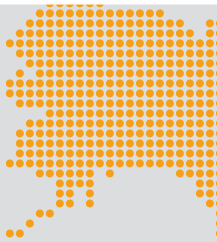


Tertiary Minerals plc

Annual Report
for the year ended 30 September 2010



Welcome to
Tertiary Minerals plc

Tertiary Minerals plc is a diversified mineral explorer and developer building a significant strategic position in the fluorspar sector.

Key Objectives

To become a major European supplier of fluorspar, an essential raw material in the chemical, steel and aluminium industries.

To maintain, explore and valorise its portfolio of gold, iron and other mineral projects.

Opportunity

- Traditional Chinese fluorspar supplies to Europe drying up as domestic demand increases and China moves from major exporter to net importer.

- A European Commission report recently named fluorspar as one of its 14 ‘critical mineral raw materials’ for which a possible supply shortage would represent a substantial economic threat.

- Tertiary controls an estimated four million tonnes of fluorspar across its two Scandinavian projects (Storuman in Sweden and Lassedalen in Norway).

- The Company also has interests in exploration and development of Gold, Iron, Tantalum, Niobium and Rare-earths in Finland and Saudi Arabia.

Contents

Key Project Interests

Year in brief

- Positive scoping study completed for Storuman fluorspar project in Sweden — 18 year open pit mine envisaged with three year capital payback.
- Preliminary feasibility studies initiated at Storuman with JORC Resource definition and extension drilling programme completed — results awaited.
- Second fluorspar project acquired at Lassedalen in Norway with estimated 1.2 million tonnes contained fluorspar.
- Fluorspar market continues post-recession recovery; prices moving up.

Front Cover:
Purple fluorspar, mineralised sandstone, Storuman, Sweden.

Chairman's Statement

Patrick Cheetham

"We are evaluating potentially world class fluorspar assets in Europe as Chinese supply to Europe declines. Tertiary Minerals has the opportunity to become a major supplier of fluorspar to Europe."

It is with great pleasure that I present your Company's results for the year ended 30 September 2010, a year when the Board set out the key objective to position Tertiary Minerals plc as a major supplier of fluorspar to European markets.

Fluorspar (Calcium fluoride, CaF_2) is an essential raw material and a source of fluorine for the fluoro-chemical, steel and aluminium industries. Supply dynamics have changed markedly over the past several years as China, once a major exporter of fluorspar to world markets, builds its industrial capacity and moves from a major exporter of fluorspar to a net importer.

During the period under review, fluorspar prices have been rising in response to increasing demand for fluoro-chemicals in refrigeration and auto air conditioning in the developing world and continuing tightness of supply from China. Prices are currently quoted at $365 (delivered Rotterdam) with pricing pressure reportedly on the upside.

Tertiary now controls deposits containing approximately 4 million tonnes of fluorspar across two Scandinavian projects. The importance of these projects was underlined in June this year when the European Commission published a report placing fluorspar on the "critical list" of 14 minerals considered essential to European industry and, for which supply shortages are foreseen.

Storuman Fluorspar Project

It was timely then that we reported, in July, the completion of an independent technical and economic scoping study on our 100% owned Storuman Fluorspar project in northern Sweden.

The project is located in northern Sweden in an area with well established infrastructure and is based on a large area of flat lying sandstone hosted fluorspar mineralisation containing a tonnage and grade estimate of 28 to 31 million tonnes grading 11.2–12.3% CaF_2 at a cut-off grade of 8% CaF_2.

The scoping study suggests a long life viable project is possible with an attractive payback and particularly strong cash flow over the important first five years of the project. At current fluorspar prices, an 18 year mine life was considered generating US$616 million in revenues for US$46 million of initial capital costs. Net pre-tax operating cash flow of $17 million per annum is predicted in the first five years of production with a 2.8 year payback of capital, pre-production strip, and further feasibility costs.

Following receipt of this report the Company initiated further feasibility studies, and in October and November

2010 carried out a 46 hole drill programme to define JORC classified Indicated and Inferred Mineral Resources. Analytical results are awaited and we expect to be able to release a Mineral Resource estimate towards the end of the first quarter of 2011.

Lassedalen Fluorspar Project

In July, we announced the acquisition of a second fluorspar project at Lassedalen near Kongsberg, 80 km to the south-west of Oslo in Norway. The area has excellent infrastructure and a rich mining history.

Drilling was carried out at Lassedalen in the 1970s and contemporary reports suggest the deposit contains a potential 1.2 million tonnes of fluorspar. We have located the 1970s drill core and now plan a programme of re-sampling which we hope may allow for the definition of a JORC Mineral Resource. Core will also be selected for preliminary metallurgical testwork.

Other projects

Work on the Group's other projects during the year has been limited. There has been no change to the status of the Ghurayyah project licence application in Saudi Arabia. A new licence has been applied for at the Kolari iron project in Finland, and the gold exploration projects have also remained on hold during 2010. However, drilling programmes have been budgeted for early 2011 on the Kaaresselkä and Kiekerömaa gold projects.

Sunrise Resources plc

The Company has maintained its shareholding in Sunrise Resources plc (formerly Sunrise Diamonds plc), the AIM-quoted diversified mineral exploration and development specialist, and continues to provide management services to Sunrise Resources. Procedures are in place to avoid conflicts of interest between the two companies.

I am pleased to report that the value of this shareholding is now substantially higher than this time last year.

Financials

The Group reported a loss of £321,563 for the year (2009: £270,269). The audited financial statements are prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union.

Conclusions

As I look back on 2010, I am pleased to see that recent market developments in fluorspar have vindicated your Board's decision two years ago to acquire the Storuman project. We are evaluating potentially world class fluorspar assets in Europe as Chinese supply to Europe declines. Tertiary Minerals has the opportunity to become a major supplier of fluorspar to Europe. The two 100% owned fluorspar projects in Scandinavia contain an estimated 4.2 million tonnes of fluorspar and your Company is one of very few public listed companies offering investors exposure to this important commodity.

Our Mineral Resource definition drilling programme at Storuman is now completed and we look forward to reporting further progress during 2011.

Patrick Cheetham
Executive Chairman
7 December 2010

Key Points for Shareholders

Tertiary Minerals plc is one of a very limited number of listed companies offering an exciting exposure to a looming fluorspar market shortage.

- Fluorspar market is going through a "paradigm shift" — with China evolving from a large net exporter to a potential net importer
- Significantly undervalued relative to peer group — and against house broker, Seymour Pierce, short term price target of 13p (August 2010)
- Recent scoping study on the Storuman fluorspar project (Sweden) shows robust economics and gives a strong indication of the longer term value in the Company with a pre-tax NPV of between £21m–£67m, highly levered to rising fluorspar price
- Drill program completed at Storuman to upgrade tonnage grade estimate to at least JORC Indicated Resource — a value adding milestone
- Second fluorspar project at Lassedalen in Norway recently announced adding to fluorspar project pipeline
- Risk diversified through gold and other commodity interests

Operating Review

In 2010 the Company established its objective to become a major European supplier of fluorspar with the completion of a positive scoping study for the development of its Storuman fluorspar Project in Sweden and the acquisition of the Lassedalen fluorspar project in Norway.

Storuman Fluorspar Project, Sweden
The Company's 100% owned Storuman project is located in northern Sweden 20 km from the regional town of Storuman in an area with well established infrastructure. It is located adjacent to the E12 highway which connects the project to the port of Umeå on the Gulf of Bothnia and, in the opposite direction, to the port city of Mo-i-Rana in Norway.

The basis for the Storuman Project is a large area of flat lying sandstone hosted fluorspar mineralisation that runs along either side of the valley occupied by the E12 highway. The mineralisation has so far been defined (but not closed off) by 49 drill holes; 39 completed by Gränges International Mining in the 1970s; and 10 by the Company in 2008. A Competent Persons Report ("CPR") by Scott Wilson Limited ("Scott Wilson") in 2009 made a tonnage and grade estimate of 28 to 31 million tonnes grading 11.2–12.3% CaF_2 at a cut-off grade of 8% CaF_2.

Positive Scoping Study Completed
In July 2010 the Company completed a multi-disciplinary independent Scoping Study ("the Study") on the Storuman project. The study was compiled by Scott Wilson who was responsible for mine planning and scheduling, estimation of operating and capital costs (to an accuracy of +/- 35%) and preliminary financial analysis. The mineral processing flow sheet and key metallurgical design criteria were developed by Delta Minerals Ltd based on the results of testwork carried out by SGS Minerals Services (Lakefield, Canada). A preliminary assessment of mine permitting was carried out by URS Nordic AB and a market analysis was carried out by the Company. Key operating costs were peer reviewed by SRK Consulting (Sweden) AB. An open-pit optimisation study captured a potentially mineable deposit of 17,960,000 tonnes grading 12.3% fluorspar (CaF_2) in a shallow open-pit. Scheduling of mine production from this pit provided a Base-Case with high grade mineralization being targeted in the early years of the operation. The waste-to-ore strip ratio is low, averaging 2.2:1 over the Life of Mine, with waste being backfilled into worked-out areas of the pit on a progressive basis.

The Study considers as a Base-Case contract mining of 1 million tonnes per annum of fluorspar mineralisation and a crushing, grinding and flotation process plant producing an average of 103,000 tonnes per year of 97.5% fluorspar concentrate.

The Company is targeting the higher priced acid-grade market which accounts for 70% of world fluorspar production. The Study assumes that all fluorspar produced is sold at current published mid-prices of $357/tonne (delivered Europe). It was noted that the process flow sheet results in a fluorspar concentrate that is finer grained than traditionally supplied to the market. However, the Company's recent marketing enquiries have not met resistance to a finer grained concentrate with a number of consumers interested to test Storuman fluorspar through their acid-plants.

Scoping Study Highlights (all US$)

Project drilling, prefeasibility and feasibility studies are estimated to cost $2.1 million. Initial capital costs for the Project were estimated at $46 million and pre-strip operating costs of $7.5 million are projected pre-production. Sustaining capital costs total $19 million commencing in year 2 at an average rate of $1.1 million per annum and for so long as the project is operating. Mine closure costs are estimated at $10 million. The average net pre-tax operating cash flow over the life of mine is $8.9 million per year in each case.

Financial analysis by Scott Wilson indicates that this Base-Case returns a pre-tax Net Present Value (NPV) of $33 million based on a discount rate of 8%, and an Internal Rate of Return (IRR) of 24.1% on an ungeared, 100% equity basis.

Opportunities

Scott Wilson has reported that, in its opinion, the available geological information at this stage of the project does not fully reflect the potential of the Storuman fluorite deposit and so Scott Wilson modelled an Extended Mine Life Case to consider the effects of extending the life of mine by a further 5 years of open pit mining at the base case average fluorspar head grade and mine strip ratio.

Fluorspar

Fluorspar is the commercial name for the industrial mineral fluorite (calcium fluoride – chemical formula CaF_2). Acid- grade fluorspar ("acid-spar") is the main industrial source of fluorine for the manufacture of hydrofluoric acid and derivative fluorine chemicals including refrigerants, PTFE (Teflon™) aluminium fluoride – a flux used in the reduction of alumina to aluminium, nuclear fuel (uranium hexafluoride). Metallurgical grade fluorspar ("met-spar") is used as a flux in steel making. Fluorspar is also used in the ceramics industry.

Storuman is targeting the higher price, acid-spar market which accounts for approximately 70% of fluorspar production. Demand for fluorspar is strongly linked to economic activity and future projected demand for fluorspar is expected to be driven in particular by rising demand for refrigerators, air conditioners, and motor cars in China, India, Russia and Brazil, as well as overall global growth.

China has been the dominant supplier of fluorspar to world markets but exports have been declining in recent years as internal demand grows as China builds its own industrial capacity. China is likely to become a net importer in time and European consumers face future supply shortages. In June 2010. The European Commission published a report placing fluorspar on the "critical list" of 14 minerals considered essential to European industry and, for which supply shortages are foreseen.

Fluorspar is sold on contract and traded globally. The China export price for acid-spar is a traditional benchmark price and, at the end of November 2010 was published as $280-300/tonne and the equivalent price delivered into Europe was US$355-370/tonne.

The Company now controls an estimated 4.2 million tonnes of fluorspar across two projects.

For the Extended Mine Life Case, total sustaining capital and closure costs increased from $29.5 million to $34.8 million and NPV (8%) increases to $41 million.

Scott Wilson also identified other opportunities to enhance the project economics including:

- evaluation of an owner-operator (rather than contract) scenario for mining as their early indications showed that may be more cost effective with a trade-off between operating costs and capital costs.
- evaluation of more cost effective tailings disposal methods as the Tailings Storage Facility is a large capital expense.

Financial modelling and sensitivity analysis indicates that the Project is most sensitive to Fluorspar pricing, ore-grade and operating costs but relatively insensitive to NPV discount rate and capital costs.

The Company's re-modelling of the Scott Wilson data using an average fluorspar price of $413/tonne results in a substantial increase in the Project NPV from $33 million in the Base Case to $104 million and in the IRR from 24% (Base Case) to 45%.

The Company has also re-modelled the effect of owning and operating the mining fleet and after allowing for reduced mining costs and added capital costs, the NPV is further enhanced from Base Case levels to $47 million.

Due to the potential long open-pit mine life the Study did not consider the development of an underground mine but the deposit is known to continue into the valley sides beyond the limits of economic open-pit mining and opportunities for underground mining of higher grade material may exist.

The Base-Case production of over 100,000 tonnes per year of fluorspar would position Storuman as a medium-scale producer in world terms and the largest in Europe. The proximity of Storuman to large fluorspar consumers in mainland Europe coupled with Sweden's low political risk, excellent regional infrastructure, and long history of mining gives the Storuman Project a number of strategic advantages.

JORC Minerals Resource Definition

Following receipt of the Scoping Study the Company carried out a 46 hole diamond drilling programme in October and November 2010 to define *JORC classified Mineral Resources.

The drill programme included a number of drill holes at 400m spacing which will test for extensions to the known fluorspar mineralisation which has not been closed off by previous drilling. Analytical results are awaited.

*JORC Mineral Resources are those classified under the JORC (Joint Ore Reserves Committee) Code, the Australasian Code for the Reporting of Exploration Results, Minerals Resources and Ore Reserves adopted by the Australasian Institute of Mining & Metallurgy and the Australian Institute of Geoscientists.

Lassedalen Fluorspar Project, Norway

The Lassedalen Fluorspar Mine is located near Kongsberg, 80 km to the south-west of Oslo in Norway. It is less than 1 km from highway E134 and approximately 40 km from the nearest Norwegian port. It is well placed for European export markets as well as an important established market within southern Norway where fluorspar is used to manufacture aluminium fluoride for use in Norway's large hydro-powered aluminium smelting and refining industry.

Fluorspar mineralisation at Lassedalen occurs in steeply dipping veins and as disseminations within an east-west striking fault breccia that is reportedly up to 8 km long and generally between 15 and 30m wide, but up to 80m wide in places. Economically important fluorspar can be followed more or less continuously for at least 1 km where the largest veins reach a width of 10–13m for a distance of 200–250m along strike. The fluorspar content in these veins is reportedly rich, varying between 40–80%.

The deposit was mined on a small scale during World War II when it was developed to a depth of 40m below surface and fluorspar was mined from a 700m long drift for use in aluminium smelting. The mine was dewatered in the late 1970s by Norsk Hydro A/S when drilling was carried out from both surface and underground.

An independent evaluation report prepared for the Company details a historical "reserve" estimate made by Norsk Hydro of 4 million tonnes of mineralisation, containing 1.2 million tonnes of fluorspar mineral at a grade of 29% fluorspar from 25m to an average vertical depth of just 200m below surface. Mineralisation is open at depth. Whilst based on a significant drilling and underground exploration programme, this historical "reserve" estimate is not compliant with any current resource or reserve code.

The Company has located nearly 3.5 km of drill core from 23 of the 28 surface diamond holes drilled in the 1970s programme. This core will now be re-sampled for assay and metallurgical testwork with the objective to accelerate at low cost, the definition of a JORC compliant Inferred Mineral Resource which could form the basis for a technical and economic scoping study.

Kolari Iron Project, Finland

The Kolari iron project is located in the Kolari iron district of northern Finland. Drilling by the Company and previous licence holders has indicated the potential for a large tonnage of open-pit mineable iron mineralisation and testwork has suggested a high grade iron concentrate can be produced.

A decision was made in 2010 to surrender the existing exploration licence, which was approaching expiry, in favour of a new exploration licence application the grant of which is awaited.

Operating Review continued

Ghurayyah Tantalum-Niobium-Rare-Earth Project, Saudi Arabia

The Ghurayyah deposit is a 385 million tonne deposit containing tantalum, niobium and rare earth minerals of economic interest. A positive scoping study was completed in 2002 and, following a denial of the renewal of its exploration licence, a new exploration licence application was submitted in 2007. The grant of this licence is still awaited.

The Ghurayyah Project is operated as a joint venture with two Saudi Companies, Al Nahla Trading & Contracting Co and A.H.Algosaibi Bros. Co. ("the Consortium"). Tertiary holds its interest through its subsidiary Tertiary (Middle East). The Ghurayyah Joint Venture Agreement will expire in March 2011 after which the Company will seek to maintain the licence application in joint names.

Other Projects

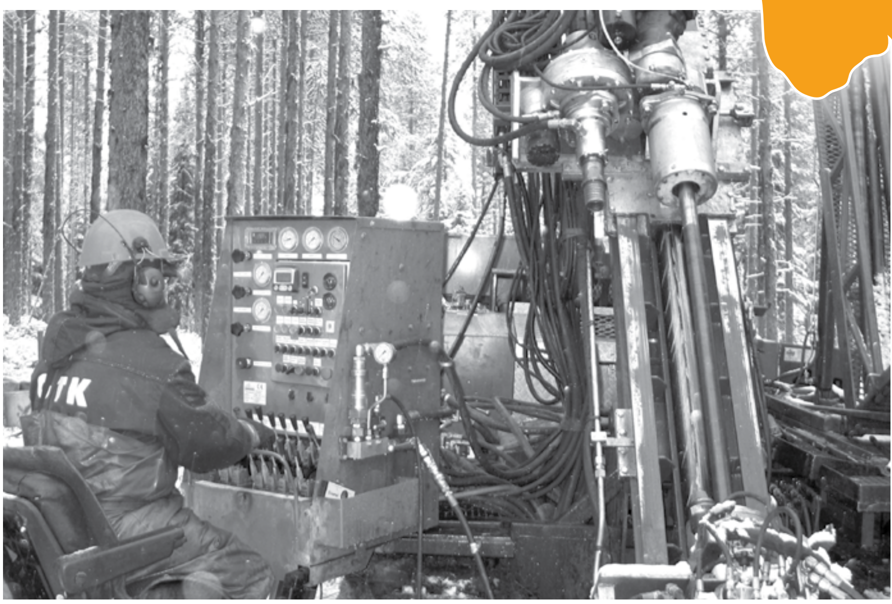
The Company's **Vähäjoki** project in Finland was terminated during the year following a review of exploration results received from former joint venture partner, Inmet Mining Corporation.

The Company holds a number of other projects in the Nordic countries. No work was carried out on these projects during 2010 although further work is budgeted on the **Kaaresselkä** gold project in Finland to follow up encouraging drill intersections previously obtained by the Company in the Vanha zone, where gold mineralisation is open along strike and at depth.

Further drilling is also budgeted for the **Kiekerömaa** prospect where previous drilling by Outokumpu returned encouraging gold mineralised intersections.

A field examination of the **Giertsjaure** fluorspar prospect in Sweden did not substantiate expectations and the Company's exploration licence application was withdrawn.

The Company is still awaiting the grant of its exploration licence application over the **Rosendal** tantalum prospect where previous exploration by the Company defined a JORC compliant Inferred Mineral Resource of 1.05 million tonnes grading 255g/t Ta_2O_5.



Financial & Risk Review

Financial Review

The results for the Group are set out in detail on page 17. The Group reports a loss of £321,563 during the year (2009: £270,269) after administration costs of £220,456 and after crediting interest of £987. It also includes expensed pre-licence and reconnaissance exploration costs of £32,960 and deferred exploration cost impairments of £69,134. Losses also include non-cash losses in connection with the application of IFRS 2, whereby a cost is assigned to the value of certain options and warrants held by employees and consultants.

The Group is expected to continue to make losses until it disposes of or is able to profitably develop its exploration and development projects. Losses may increase in future if certain exploration projects are abandoned or impaired and the associated deferred exploration costs are written-off.

Intangible assets in the financial statements total £709,130 at year end.

Administration overhead costs have been shared with Sunrise Resources plc, to the benefit of both companies. This cost sharing is continuing.

Equity Issues

The Group's exploration activities continue to be funded from working capital. During the year 181,579 shares were issued to directors in lieu of directors fees.

Non Current Assets

Details of intangible assets, property, plant & equipment and investments are set out in notes 8, 9 and 10 of the financial statements.

Risks

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible.

The principal risks and uncertainties facing the Group at this stage in its development are:

Exploration Risk

The Company's business is mineral exploration and evaluation which are speculative activities and whilst the directors are satisfied that good progress is being made, there is no certainty that the Group will be successful in the definition of economic mineral deposits, or that it will proceed to the development of any of its projects or otherwise realise their value.

Resource Risk

All mineral deposits have risk associated with their defined grade and continuity. Minerals Reserves and Resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and metal price assumptions.

Development Risk

Delays in permitting, financing and commissioning a project may result in delays to the Group meeting future production targets. Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.

Mining and Processing Technical Risk

Notwithstanding the completion of metallurgical testwork, test mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, ground water conditions and other geological conditions, may still render a mining and processing operation economically or technically non viable.

Environmental Risk

Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.

Financing & Liquidity Risk

Liquidity risk is the risk that the Company will not be able to raise working capital for its ongoing activities. The Group's goal is to finance its exploration and evaluation activities from future cash flows but until that point is reached the Company is reliant on raising working capital from equity markets or from industry sources. There is no certainty such funds will be available when needed.

Political Risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation whereas less developed countries have enhanced risks associated with changes to the legal framework, civil unrest and government expropriation of assets.

Financial & Risk Review continued

Partner Risk

Whilst there has been no past evidence of this, the Group can be adversely affected if joint venture partners are unable or unwilling to perform their obligations or fund their share of future developments.

Financial Instruments

Details of risks associated with the Group's Financial Instruments are given in note 20 to the financial statements on pages 32 to 34.

Key Performance Indicators

The Board considers that normal performance indicators are not appropriate measures of the progress of an exploration and development company and refer shareholders to both the detailed information in the Operating Review and this Financial & Risk Review for further information on the Group's progress during the year.

Forward Looking Statements

This Annual Report contains certain forward looking statements that have been made by the directors in good faith based on the information available at the time of the approval of the Annual Report. By their nature, such forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements.

Board of Directors

The Directors & Officers of the Company are:

Patrick Cheetham, aged 50 *Executive Chairman*
Mr. Cheetham is the founder of the Company. He is a mining geologist with 29 years experience in mineral exploration and 23 years in public company management. Mr Cheetham started his career as an exploration geologist in Australia with Western Mining Corporation and prior to that worked for Imperial Metals Corporation in British Columbia, Canada. From 1986 to 1993 he was joint managing director of Dragon Mining NL, during which time he was responsible for the formation of that company, the identification of and acquisition of its exploration projects, its listing on the Australian Stock Exchange and the subsequent development of its exploration projects. In 1993 Patrick co-founded Archaean Gold NL which, in 1996, was the subject of a successful $50 million takeover bid by Lachlan Resources NL. He is currently also Chairman of Sunrise Resources plc.

Donald McAlister, aged 51 *Non-Executive Director**
Mr McAlister is a founding director of the Company and has 19 years experience in all financial aspects of the resource industry. He was until recently finance director of Ridge Mining plc. Prior to that he was finance director of Reunion Mining in 1994 having worked previously at Enterprise Oil plc, Texas Eastern N Sea Inc and Cluff Oil Holdings plc. Donald's experience includes the economic evaluation of gold and base metal mines and the arranging of project finance for feasibility studies and mine developments. He has also been involved in the listing of Reunion Mining plc on the Luxembourg and London Stock Exchanges. He is familiar with all financial aspects of resource companies including metal hedging, tax planning and economic modelling. In October 2009 he was appointed to the board of Mwana Africa PLC, as finance director.

David Whitehead, aged 68 *Non-Executive Director*†
Mr Whitehead is a mining geologist. He joined Tertiary in April 2002 on retiring as Vice President Integration, Exploration and Innovation at BHP Billiton Group Plc, having been with the Billiton Group since 1976. As Chief Executive, Exploration and Development of Billiton Plc from 1997, David created and introduced a market oriented and commercial approach to minerals exploration, involving the formation of strategic alliances with junior exploration companies and the leveraging of group capabilities with funding obtained in venture capital markets. Following the merger of Billiton with BHP, David, among other things, lead the team responsible for the integration of the two companies' exploration and development groups. He has a broad range of exploration and general mining and management skills, including experience of project development and operating mine management. Mr. Whitehead is also currently Chairman of European Nickel plc.

Colin Fitch LLM, FCIS aged 76 *Company Secretary*
Colin Fitch is a Barrister-at-Law, and was previously Corporate Finance Director of Kleinwort Benson, Partner and Head of Corporate Finance at Rowe & Pitman (SG Warburg Securities) and Assistant Secretary at the London Stock Exchange. He has also held a number of non-executive directorships of public and private companies, including Merrydown Plc. He is currently Company Secretary for Sunrise Resources plc.

* Chairman of the Audit Committee and member of the Remuneration Committee
† Chairman of the Remuneration Committee and member of the Audit Committee

Directors' Report

The directors are pleased to submit their annual report and audited accounts for the year ended 30 September 2010.

Principal Activities

The principal activity of the Company is that of a holding company for its subsidiaries. The principal activity of the Group is the identification, acquisition, exploration and development of mineral projects. The main areas of activity are Sweden, Finland and Saudi Arabia.

The Group's exploration activity in Sweden is undertaken through a Swedish registered branch, Svensk filial till Tertiary Gold Limited, United Kingdom.

Business Review and Future Developments

The Chairman's Statement together with the Operating Review and the Financial & Risk Review provide detailed information on the development of the Group's business during the year and indications of likely future developments.

Going Concern

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches, as and when required. When any of the Company's projects move to the development stage, specific project 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 and planned discretionary project expenditures necessary 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. 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.

Results

The Group's loss for the year was £321,563 (2009: £270,269).

Dividend

The directors are unable to recommend the payment of any ordinary dividend.

Financial Instruments & Other Risks

Details of the Group's Financial Instruments and risk management objectives and of the Group's exposure to risk associated with its Financial Instruments is given in note 20 to the financial statements.

The business of mineral exploration and evaluation has inherent risks. Details of risks and uncertainties that affect the Group's business are given in the Financial & Risk Review on pages 9 to 10.

Directors

The Directors holding office in the period were:

Mr P L Cheetham
Mr D A R McAlister
Mr D Whitehead

Shareholders

As at the date of this report the following interests of 3% or more in the issued share capital of the Company appeared in the register:

	Number of shares	% of share capital
Ronald Bruce Rowan	8,000,000	9.04
Mr Patrick Lyn Cheetham	7,533,288	8.51
Lloyds Bank (Branches) Nominees Ltd COLG01SA	7,000,000	7.91
Rock Nominees 717858 Account	5,186,603	5.86
Goldman Sachs Securities (Nominees) Ltd COSEG	5,103,095	5.77
Ahmed Hamed Algosaibi and Brothers Company	4,088,548	4.62
Barclayshare Nominees Limited	3,802,136	4.30
Mrs Carole Rowan	2,954,499	3.34
Mrs Karen Elizabeth Cheetham	2,843,625	3.21
TD Waterhouse Nominees (Europe) Ltd SMKTNOMS	2,843,312	3.21

Suppliers and Contractors
Details of the Group's policy and payment of creditors is disclosed on page 15. This policy will continue unchanged in the next financial year.

Charitable and Political Donations
During the year, the Group made no charitable or political donations.

Accounting Policies
The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union, and their interpretations adopted by the International Accounting Standards Board (IASB). They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Further details of the Group's accounting policies can be found in note 1 of the financial statements on page 21.

Annual Report
Copies of the Tertiary Minerals plc Group financial statements are available, free of charge, from the Company's Registered Office or from the offices of Seymour Pierce, 20 Old Bailey, London EC4M 7EN and also on the Company's website: www.tertiaryminerals.com

Statement of Directors' Responsibilities
The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Disclosure of Audit Information
Each of the directors has confirmed that so far as he is aware, there is no relevant audit information of which the Company's Auditors are unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Auditors
A resolution to re-appoint PKF (UK) LLP as auditors of the Company and the Group will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting
Notice of the Company's Annual General Meeting convened for Monday 31 January 2011 at 2.00 p.m. is set out on page 35 of this report. Explanatory notes giving further information about the proposed resolutions are set out on page 36.

Approved by the Board of Directors on 7 December 2010 and signed on its behalf.

Patrick L Cheetham
Chairman

Corporate Governance

Companies whose shares trade on AIM are not required to make an annual statement to shareholders regarding compliance with the UK Corporate Governance Code (June 2010). However, the Board seeks to comply with the principles of the UK Corporate Governance Code, in so far as they are appropriate to the Group at this stage in its development.

Role of the Board

The Board's role is to agree the Group's long term direction and strategy and monitor achievement of its business objectives. The Board meets four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic and operational matters.

The non-executive directors are considered by the Board to be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement. Directors have the facility to take external independent advice in furtherance of their duties at the Group's expense and have access to the services of the Company Secretary.

The Board delegates certain of its responsibilities to the Audit and Remuneration Committees of the Board. These Committees operate within clearly defined terms of reference.

Audit Committee

The Audit Committee, composed entirely of non-executive directors, meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost effectiveness, independence and objectivity of the auditors taking account of any non-audit services provided by them.

Remuneration Committee

The Remuneration Committee also comprises the non-executive directors. The Remuneration Committee meets at least once a year to determine the appropriate remuneration for the Company's Executive Chairman, ensuring that this reflects his performance and that of the Group, and to demonstrate to shareholders that executive remuneration is set by Board members who have no personal interest in the outcome of their decisions.

The Company issues share options to employees within the limits of the Company's Inland Revenue Approved Share Option Scheme and warrants to employees and to directors outside of this scheme.

Remuneration of the Executive Chairman comprises a basic salary, target related bonuses (none in 2009 or 2010) and participation in the issue of warrants. Directors emoluments are disclosed in note 4 to the financial statements and details of directors' warrants are disclosed in note 17.

Conflicts of Interest

The Companies Act 2006 permits directors of public companies to authorise directors' conflicts and potential conflicts, where appropriate and the Articles of Association contain a provision to this effect.

At 30 September 2010, Tertiary Minerals held approximately 10.35% of the issued share capital of Sunrise Resources plc and the Chairman of Tertiary Minerals is also Chairman of Sunrise Resources. Tertiary Minerals also provides management services to Sunrise Resources, in the search, evaluation and acquisition of new projects.

Procedures are in place in order to avoid any conflict of interest between the Company and Sunrise Resources plc.

Internal Controls & Risk Management

The directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities, the directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

Corporate Social Responsibility

The Board takes regular account of the significance of social, environmental and ethical matters affecting the business of the Group. At this stage in the Group's development the Board has not adopted a specific policy on Corporate Social Responsibility as it has a limited pool of stakeholders other than its shareholders. Rather, the Board seeks to protect the interests of the Group's stakeholders through individual policies and through ethical and transparent actions.

Shareholders

As set out above, the Board seeks to protect shareholders' interests by following, where appropriate, the guidelines in the UK Corporate Governance Code (June 2010) and the directors are always prepared where practicable, to enter into a dialogue with shareholders to promote a mutual understanding of objectives. The AGM provides the Board with an opportunity to informally meet and communicate directly with investors.

Environment

The Board recognises that its principal activity, mineral exploration, has potential to impact on the local environment and consequently has adopted an Environmental Policy to ensure that the Group's activities have minimal environmental impact. Where appropriate the Group's contracts with suppliers and contractors legally bind those suppliers and contractors to do the same.

The Group's activities, carried out in accordance with Environmental Policy, have had only minimal environmental impact and this policy is regularly reviewed. Where appropriate, all work is carried out after advance consultation with affected parties.

Employees

The Group encourages its employees to understand all aspects of the Group's business and seeks to remunerate its employees fairly, being flexible where practicable. The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Board takes account of employees' interests when making decisions and suggestions from employees aimed at improving the Group's performance are welcomed.

Suppliers and Contractors

The Group recognises that the goodwill of its contractors, consultants and suppliers is important to its business success and seeks to build and maintain this goodwill through fair dealings. The Group has a prompt payment policy and seeks to settle all agreed liabilities within the terms agreed with suppliers. The amount shown in the balance sheet in respect of trade payables at the end of the financial year represents 26 days of average daily purchases (2009: 27 days).

Independent Auditors' Report to the Members of Tertiary Minerals plc

for the year ended 30 September 2010

We have audited the financial statements of Tertiary Minerals plc for the year ended 30 September 2010 which comprise the consolidated income statement, the consolidated and company statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion;

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter — going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1(b) to the financial statements concerning the group's ability to continue as a going concern. As explained in note 1(b) to the financial statements, the group will need to raise further funds within the next 12 months in order to cover the company's and group's overheads and carry out the company's and group's planned discretionary project expenditure. As there is no assurance that adequate funds will be obtained, these conditions, along with the other matters explained in note 1(b) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group or company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Donald Bancroft (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditors
Manchester, UK
7 December 2010

Consolidated Income Statement

for the year ended 30 September 2010

	Notes	**2010 £**	2009 £
Pre-licence exploration costs		**32,960**	38,127
Impairment of deferred exploration costs	8	**69,134**	27,673
Administrative expenses		**220,456**	211,195
Operating loss		**(322,550)**	(276,995)
Interest receivable		**987**	6,726
Loss on ordinary activities before taxation	3	**(321,563)**	(270,269)
Tax on loss on ordinary activities	7	**—**	—
Loss for the year attributable to equity holders of the parent		**(321,563)**	(270,269)
Loss per share — basic and diluted (pence)	6	**(0.36)**	(0.36)

All amounts relate to continuing activities.

Consolidated and Company Statement of Comprehensive Income

for the year ended 30 September 2010

	Group 2010 £	**Company 2010 £**	Group 2009 £	Company 2009 £
Loss for the year	**(321,563)**	**(1,124,489)**	(270,269)	(183,209)
Movement in revaluation of available for sale investment	**—**	**—**	(90,131)	(90,131)
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**8,046**	**—**	57,769	—
Comprehensive (loss)/income for the year	**(313,517)**	**(1,124,489)**	(302,631)	(273,340)

Company no. 03821411

Consolidated and Company Statement of Financial Position

at 30 September 2010

	Notes	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Non-current assets					
Intangible assets	8	**709,130**	**—**	595,269	—
Property, plant & equipment	9	**1,238**	**1,206**	2,569	2,250
Investment in subsidiary	10	**—**	**3,131,730**	—	3,858,757
Available for sale investment	10	**167,387**	**167,387**	167,387	167,387
		877,755	**3,300,323**	765,225	4,028,394
Current assets					
Receivables	11	**42,263**	**38,965**	52,096	48,620
Cash and cash equivalents	12	**370,334**	**75,222**	725,080	416,946
		412,597	**114,187**	777,176	465,566
Current liabilities					
Trade and other payables	13	**(95,781)**	**(43,957)**	(76,631)	(41,236)
Net current assets		**316,816**	**70,230**	700,545	424,330
Net assets		**1,194,571**	**3,370,553**	1,465,770	4,452,724
Equity					
Called up share capital	14	**885,162**	**885,162**	883,346	883,346
Share premium account		**5,035,112**	**5,035,112**	5,031,655	5,031,655
Merger reserve		**131,096**	**131,096**	131,096	131,096
Share option reserve		**133,096**	**133,096**	96,051	96,051
Available for sale revaluation reserve		**(115,341)**	**(72,816)**	(115,341)	(72,816)
Foreign currency reserve		**143,279**	**—**	135,233	—
Accumulated losses		**(5,017,833)**	**(2,741,097)**	(4,696,270)	(1,616,608)
Equity attributable to the owners of the parent		**1,194,571**	**3,370,553**	1,465,770	4,452,724

These financial statements were approved and authorised for issue by the Board of Directors on 7 December 2010 and were signed on its behalf.

P L Cheetham
Executive Chairman

D A R McAlister
Director

Consolidated Statement of Changes in Equity

Group	Share capital £	Share premium account £	Merger reserve £	Share option reserve £	Available for sale revaluation reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2008	**636,037**	**4,859,689**	**131,096**	**65,619**	**(25,210)**	**77,464**	**(4,426,001)**	**1,318,694**
Loss for the period	—	—	—	—	—	—	(270,269)	(270,269)
Change in fair value	—	—	—	—	(90,131)	—	—	(90,131)
Exchange differences	—	—	—	—	—	57,769	—	57,769
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**(90,131)**	**57,769**	**(270,269)**	**(302,631)**
Share issue	247,309	171,966	—	—	—	—	—	419,275
Share based payments	—	—	—	30,432	—	—	—	30,432
At 30 September 2009	**883,346**	**5,031,655**	**131,096**	**96,051**	**(115,341)**	**135,233**	**(4,696,270)**	**1,465,770**
Loss for the period	—	—	—	—	—	—	(321,563)	(321,563)
Exchange differences	—	—	—	—	—	8,046	—	8,046
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**—**	**8,046**	**(321,563)**	**(313,517)**
Share issue	1,816	3,457	—	—	—	—	—	5,273
Share based payments	—	—	—	37,045	—	—	—	37,045
At 30 September 2010	**885,162**	**5,035,112**	**131,096**	**133,096**	**(115,341)**	**143,279**	**(5,017,833)**	**1,194,571**

Company Statement of Changes in Equity

Company	Share capital £	Share premium account £	Merger reserve £	Share option reserve £	Available for sale revaluation reserve £	Accumulated losses £	Total £
At 30 September 2008	**636,037**	**4,859,689**	**131,096**	**65,619**	**17,315**	**(1,433,399)**	**4,276,357**
Loss for the period	—	—	—	—	—	(183,209)	(183.209)
Change in fair value	—	—	—	—	(90,131)	—	(90,131)
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**(90,131)**	**(183,209)**	**(273,340)**
Share issue	247,309	171,966	—	—	—	—	419,275
Share based payments	—	—	—	30,432	—	—	30,432
At 30 September 2009	**883,346**	**5,031,655**	**131,096**	**96,051**	**(72,816)**	**(1,616,608)**	**4.452,724**
Loss for the period						(1,124,489)	(1,124,489)
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**—**	**(1,124,489)**	**(1,124,489)**
Share issue	1,816	3,457	—	—	—	—	5,273
Share based payments	—	—	—	37,045	—	—	37,045
At 30 September 2010	**885,162**	**5,035,112**	**131,096**	**133,096**	**(115,341)**	**(2,741,097)**	**3,370,553**

Consolidated and Company Statement of Cash Flows

for the year ended 30 September 2010

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Operating activities				
Operating loss	**(322,550)**	**(196,212)**	(276,995)	(187,577)
Issue of shares in lieu of net wages	**5,273**	**5,273**	15,275	15,275
Depreciation charge	**2,037**	**1,750**	3,149	1,566
Impairment charge	**69,134**	**—**	27,673	—
Share based payment charge	**37,045**	**37,045**	30,432	30,432
Decrease/(increase) in receivables	**9,833**	**9,655**	1,120	(15,372)
Increase/(decrease) in payables	**19,150**	**2,721**	(17,649)	(6,973)
Net cash outflow from operating activity	**(180,078)**	**(139,768)**	(216,995)	(162,649)
Investing activities				
Interest received	**987**	**711**	6,726	4,368
Purchase of intangible assets	**(169,394)**	**—**	(99,600)	—
Purchase of property, plant & equipment	**(706)**	**(706)**	(270)	(270)
Additional investment in subsidiaries	**—**	**(201,961)**	—	(139,406)
Net cash outflow from investing activity	**(169,113)**	**(201,956)**	(93,144)	(135,308)
Financing activity				
Issue of share capital (net of expenses)	**—**	**—**	404,000	404,000
Net cash inflow from financing activity	**—**	**—**	404,000	404,000
Net (decrease)/increase in cash and cash equivalents	**(349,191)**	**(341,724)**	93,861	106,043
Cash and cash equivalents at start of year	**725,080**	**416,946**	591,968	310,903
Exchange differences	**(5,555)**	**—**	39,251	—
Cash and cash equivalents at 30 September	**370,334**	**75,222**	725,080	416,946

Notes to the Financial Statements
for the year ended 30 September 2010

Background
Tertiary Minerals plc is a public company incorporated and domiciled in England. It is traded on the AIM market of the London Stock Exchange and its shares also trade on Plus Markets – code TYM.

The Company is a holding company for a number of companies ("the Group") incorporated and domiciled in England. The Group's financial statements are presented in Pounds Sterling (£) which is also the functional currency of the Group.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

1. Accounting policies
(a) Basis of preparation
The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union, and their interpretations adopted by the International Accounting Standards Board (IASB). They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

IFRS 8 became effective from 1 September 2009 and replaces the segmental reporting requirements of IAS 14. The key change is to align the determination of segments in the financial statements with that used by management in their resource allocation decisions.

The Company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that those standards or interpretations which have been issued by the International Accounting Standards Board, but which have not been adopted, will have a material impact on the financial statements of the Company in the period of initial application.

(b) Going concern
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 project 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.

(c) Basis of consolidation
Investments in subsidiaries are valued at the lower of cost or recoverable amount, with an ongoing review for impairment.

The Group's financial statements consolidate the financial statements of Tertiary Minerals plc and its subsidiary undertakings using the acquisition method.

The Group has contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Group includes its share of assets and liabilities in such joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro-rata to the Group's interest in the joint arrangement.

In accordance with section 408 of the Companies Act 2006, Tertiary Minerals plc is exempt from the requirement to present its own income statement. The amount of the loss for the financial year recorded within the financial statements of Tertiary Minerals plc is £1,124,489 (2009: £183,209).

1. Accounting policies — continued

(d) Intangible assets

Exploration and evaluation

Accumulated exploration and evaluation costs incurred in relation to separate areas of interest (which may comprise more than one exploration licence or exploration licence applications) are capitalised and carried forward where:

(1) such costs are expected to be recouped through successful exploration and development of the area, or alternatively by its sale; or

(2) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the areas are continuing.

A bi-annual review is carried out by the directors to consider whether any exploration and development costs have suffered impairment in value and, if necessary, provisions are made according to this criteria.

Accumulated costs where the Company does not yet have an exclusive exploration licence and in respect of areas of interest which have been abandoned, are written off to the income statement in the year in which the pre-licence expense was incurred or in which the area was abandoned.

Development

Exploration, evaluation and development costs are carried at the lower of cost and expected net recoverable amount. On reaching a mining development decision, exploration and evaluation costs are reclassified as development costs and all development costs on a specific area of interest will be amortised over the useful economic life of the projects, once they become income generating, and the costs can be recouped.

(e) Property, plant and equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation. Depreciation is provided by the Group on all property, plant & equipment, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	20% to 33% per annum.

(f) Available for sale investments

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. Available for sale investments are initially measured at cost and subsequently at fair value, with changes in value recognised in equity. Gains and losses arising from available for sale investments are recognised in the income statement when they are sold or impaired.

(g) Trade and other receivables and payables

Trade and other receivables and payables are measured at initial recognition at fair value and subsequently measured at amortised cost.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short term bank deposits with a maturity of three months or less.

(i) Deferred taxation

Deferred taxation, if applicable, is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable.

1. Accounting policies — continued

(j) Foreign currencies

The Group's and the Company's functional and presentational currency is Pounds Sterling (£) and this is the currency of the primary economic environment in which the Group and Company operate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

For consolidation purposes, the assets and liabilities of overseas subsidiaries, associated undertakings, joint arrangements and the net investment in foreign operations are translated at the closing exchange rates. Income statements of overseas subsidiaries are translated at exchange rates at the date of transaction. Exchange differences arising on these translations are taken to the foreign currency reserve.

(k) Leasing and hire purchase commitments

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the income statement on a straight-line basis.

(l) Share based payments

The Company issues warrants and options to employees (including directors) and suppliers. For all options and warrants issued after 7 November 2002 the fair value of the services received is recognised as a charge measured at fair value on the date of grant and determined in accordance with IFRS 2, adopting the Black-Scholes-Merton model. The fair value is charged to administrative expenses on a straight line basis over the vesting period, together with a corresponding increase in equity, based on the management's estimate of shares that will eventually vest. The expected life of the options and warrants is adjusted based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. The details of the calculation are shown in Note 15.

From time to time the Company also receives shares in settlement of certain trade debts. The fair value of shares received is based on the closing mid-market price of the shares on the AIM Market on the day prior to the date of settlement and it is receipted within trade debtors on the date of settlement with a corresponding increase in the available for sale investment.

(m) Judgements and estimations in applying accounting policies

In the process of applying the Group's accounting policies above, the Group has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements:

Intangible fixed assets — exploration and evaluation

Capitalisation of exploration and evaluation costs requires that costs be assessed against the likelihood that such costs will be recoverable against future exploitation or sale or alternatively, where activities have not reached a stage which permits a reasonable estimate of the existence of mineral reserves, a judgement that future exploration or evaluation should continue. This requires management to make estimates and judgements and to make certain assumptions, often of a geological nature, and most particularly in relation to whether or not an economically viable mining operation can be established in future. Such estimates, judgements and assumptions are likely to change as new information becomes available. When it becomes apparent that recovery of expenditure is unlikely the relevant capitalised amount is written off to the income statement.

Impairment

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. Assessment of the impairment of assets is a judgement based on analysis of the future likely cash flows from the relevant project. The Group will look to evidence produced by its exploration activities to indicate whether the carrying value is impaired.

Going concern

The preparation of financial statements requires an assessment of the validity of the going concern assumption. The validity of the going concern assumption is dependant on finance being available for the continuing working capital requirements of the Group. Based on the assumption that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts.

Notes to the Financial Statements
for the year ended 30 September 2010

1. Accounting policies — continued

Share based payments

The estimates of share based payments costs requires that management selects an appropriate valuation model and make decisions on various inputs into the model including the volatility of its own share price, the probable life of the options before exercise, and behavioural considerations of employees.

2. Segmental analysis

The Chief Operating Decision Maker is the Board of Directors. The Board considers the business has one reportable segment, the management of exploration projects, which is supported by a Head Office function. For the purpose of measuring segmental profits and losses the exploration segment bears only those direct costs incurred by or on behalf of those projects, no Head Office cost allocations are made to this segment. The Head Office function recognises all other costs.

2010	Exploration Projects £	Head Office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration costs:			
Kolari Iron Project, Finland	(69,134)		(69,134)
	(69,134)		(69,134)
Pre-licence exploration costs	—	(32,960)	(32,960)
Share based payments	—	(37,045)	(37,045)
Other expenses	—	(183,411)	(183,411)
Operating loss	(69,134)	(253,416)	(322,550)
Bank interest received	—	987	987
Loss on ordinary activities before taxation	(69,134)	(252,429)	(321,563)
Tax on loss on ordinary activities	—	—	—
Loss for the year attributable to equity holders	(69,134)	(252,429)	(321,563)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Kaaraselka Gold Project, Finland	247,301	—	247,301
Kiekeromaa, Gold Project, Finland	11,491	—	11,491
Lassedalen Fluorspar Project, Norway	29,408	—	29,408
Storuman Fluorspar Project, Sweden	420,930	—	420,930
Ghurayyah Tantalum Project, Saudi Arabia	—	—	—
	709,130	—	709,130
Property, plant & equipment	—	1,238	1,238
Investment in subsidiary	—	—	—
Available for sale investment	—	167,387	167,387
	709,130	168,625	877,755
Current assets			
Receivables	—	42,263	42,263
Cash and cash equivalents	—	370,334	370,334
	—	412,597	412,597
Current liabilities			
Trade and other payables	(36,883)	(58,898)	(95,781)
Net current assets	(36,883)	353,699	316,816
Net assets	672,247	522,324	1,194,571
Other data			
Deferred exploration additions	169,394	—	169,394
Exchange rate adjustments to deferred exploration costs	—	13,601	13,601

2. Segmental analysis — continued

2009	Exploration Projects £	Head Office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration costs:			
Malmberg, Gold Project, Finland	(1,001)	—	(1,001)
Vahajoki Gold Project, Finland	(26,377)	—	(26,377)
Ylojarvi, Gold Project, Finland	(295)	—	(295)
	(27,673)	—	(27,673)
Pre-licence exploration costs	—	(38,127)	(38,127)
Share based payments	—	(30,432)	(30,432)
Other expenses	—	(180,763)	(180,763)
Operating loss	(27,673)	(249,322)	(276,995)
Bank interest received	—	6,726	6,726
Loss on ordinary activities before taxation	(27,673)	(242,596)	(270,269)
Tax on loss on ordinary activities	—	—	—
Loss for the year attributable to equity holders	(27,673)	(242,596)	(270,269)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Kaaraselka Gold Project, Finland	236,244	—	236,244
Kiekeromaa, Gold Project, Finland	9,116	—	9,116
Kolari Iron Project, Finland	69,134	—	69,134
Lassedalen Fluorspar Project, Norway	10,389	—	10,389
Storuman Fluorspar Project, Sweden	270,386	—	270,386
Ghurrayah Tantalum Project, Saudi Arabia	—	—	—
	595,269	—	595,269
Property, plant & equipment	—	2,569	2,569
Investment in subsidiary	—	—	—
Available for sale investment	—	167,387	167,387
	595,269	169,956	765,225
Current assets			
Receivables	—	52,096	52,096
Cash and cash equivalents	—	725,080	725,080
	—	777,176	777,176
Current liabilities			
Trade and other payables	(30,532)	(46,099)	(76,631)
Net current assets	(30,532)	731,077	700,545
Net assets	564,737	901,033	1,465,770
Other data			
Deferred exploration additions	99,600	—	99,600
Exchange rate adjustments to deferred exploration costs	—	18,519	18,519

Notes to the Financial Statements
for the year ended 30 September 2010

3. Loss on ordinary activities before taxation

	2010 £	2009 £
The operating loss is stated after charging		
Operating lease rentals — land and buildings	**14,430**	13,665
Fees payable to the Company's auditor for:		
The audit of the Company's annual accounts	**8,555**	8,555
Other Services	**1,050**	1,071
Depreciation — owned assets	**2,037**	3,149

4. Directors emoluments

	2010 £	2009 £
Remuneration in respect of directors was as follows:		
P L Cheetham (salary)	**37,627**	37,054
D A R McAlister (salary)	**10,000**	10,000
D Whitehead (fees)	**8,000**	8,500
	55,627	55,554

Share based payments charged in these financial statements in respect of the directors amounted to £26,684 (2009: £17,191).

5. Staff costs

	2010 £	2009 £
Staff costs for Group and Company, including directors, were as follows:		
Wages and salaries	**114,419**	115,518
Social security costs	**12,944**	11,347
Share based payments	**33,937**	27,247
	161,300	154,112

The average monthly number of employees, including directors, employed by the Group and Company during the year was as follows:

	2010 Number	2009 Number
Technical employees	**2**	2
Administration employees (including non-executive directors)	**4**	4
	6	6

6. Loss per share

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

	2010	2009
Loss (£)	**(321,563)**	(270,269)
Weighted average shares in issue (No.)	**88,408,966**	74,472,135
Basic and diluted loss per share (pence)	**(0.36)**	(0.36)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for the basic earnings per ordinary share. This is because the exercise of share warrants and options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS 33.

7. Taxation on ordinary activities

No liability to corporation tax arises for the year due to the Group recording a taxable loss (2009: £nil).

The tax credit for the year is lower than the credit resulting from the loss before tax at the standard rate of corporation tax in the UK – 28% (2009: 28%). The differences are explained below.

	2010 **£**	2009 £
Tax reconciliation		
Loss on ordinary activities before tax	**(321,563)**	(270,269)
Tax at 28% (2009: 28%)	**(90,037)**	(75,675)
Effects (at 28%) (2009: 28%) of:		
Differences between capital allowances and depreciation	**1,181**	2,241
Pre-trading expenditure no longer deductible for tax purposes	**177,535**	322,042
Utilisation of losses brought forward	**(88,679)**	(248,608)
Tax losses carried forward	**—**	—
Tax on loss from ordinary activities	**—**	—

Factors that may affect future tax charges

The Group has not recognised a deferred tax asset of £935,134 (2009: £929,772). This amount would be recoverable if sufficient taxable profits were made in the future.

8. Intangible assets

Group	**Deferred exploration expenditure 2010 £**	Deferred exploration expenditure 2009 £
Cost		
At start of year	**1,773,697**	1,655,578
Additions	**169,394**	99,600
Exchange adjustments	**13,601**	18,519
At 30 September	**1,956,692**	1,773,697
Impairment losses		
At start of year	**(1,178,428)**	(1,150,755)
Charge during year	**(69,134)**	(27,673)
At 30 September	**(1,247,562)**	(1,178,428)
Carrying amounts		
At 30 September	**709,130**	595,269
At start of year	**595,269**	504,823

9. Property, plant & equipment

	Group fixtures and fittings 2010 £	Company fixtures and fittings 2010 £	Group fixtures and fittings 2009 £	Company fixtures and fittings 2009 £
Cost				
At start of year	**40,132**	**13,683**	39,862	13,413
Additions	**706**	**706**	270	270
At 30 September	**40,838**	**14,389**	40,132	13,683
Depreciation				
At start of year	**(37,563)**	**(11,433)**	(34,414)	(9,868)
Charge for the year	**(2,037)**	**(1,750)**	(3,149)	(1,565)
At 30 September	**(39,600)**	**(13,183)**	(37,563)	(11,433)
Net Book Value				
At 30 September	**1,238**	**1,206**	2,569	2,250
At start of year	**2,569**	**2,250**	5,448	3,545

10. Investments

Subsidiary undertakings

Company	Country of incorporation/registration	Type and percentage of shares held at 30 September 2010	Principal activity
Tertiary Gold Limited	England & Wales	100% of ordinary shares	Mineral exploration
Tertiary (Middle East) Ltd	England & Wales	100% of ordinary shares	Mineral exploration

Investment in subsidiary undertakings	Company 2010 £	Company 2009 £
Ordinary shares — Tertiary (Middle East) Limited	**1**	1
Ordinary shares — Tertiary Gold Limited	**93,792**	93,792
Loan — Tertiary (Middle East) Limited	**928,988**	927,788
Less — Provision for impairment	**(928,988)**	—
Loan — Tertiary Gold Limited	**3,037,937**	2,837,176
At 30 September	**3,131,730**	3,858,757

Available for sale investment

Company	Country of incorporation/registration	Type and percentage of shares held at 30 September 2010	Principal activity
Sunrise Resources plc	England & Wales	10.35% of ordinary shares	Mineral exploration

Available for sale investment	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Value at start of year	**167,387**	**167,387**	257,519	257,519
Movement in valuation of available for sale investment	**—**	**—**	(90,132)	(90,132)
At 30 September	**167,387**	**167,387**	167,387	167,387

The fair value of the available for sale investment is equal to the market value of the shares in Sunrise Resources plc at 30 September 2010, based on the closing mid market price of shares on the AIM Market.

11. Receivables

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade receivables	**28,090**	**28,090**	37,553	37,553
Other receivables	**585**	**—**	3,274	—
Prepayments and accrued income	**13,588**	**10,875**	11,269	11,067
	42,263	**38,965**	52,096	48,620

The Group aged analysis of trade receivables is as follows:

	Not impaired	30 days or less	Over 30 days	Total carrying amount
2010 Trade receivables	**28,090**	**28,090**	**—**	**28,090**
2009 Trade receivables	37,553	37,553	—	37,553

12. Cash and cash equivalents

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Cash at bank and in hand	**295,975**	**2,827**	545,080	236,946
Short-term bank deposits	**74,359**	**72,395**	180,000	180,000
	370,334	**75,222**	725,080	416,946

13. Trade and other payables

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade creditors	**20,244**	**11,256**	13,112	12,575
Other taxes and social security costs	**12,968**	**14,308**	5,698	7,794
Accruals and deferred income	**62,021**	**17,845**	55,807	18,853
Other payables	**548**	**548**	2,014	2,014
	95,781	**43,957**	76,631	41,236

14. Share capital

	2010 No.	2010 £	2009 No.	2009 £
Allotted, called up and fully paid				
Ordinary shares of 1p each	**88,516,200**	**885,162**	88,334,641	883,346
	88,516,200	**885,162**	88,334,641	883,346

During the year to 30 September 2010 the following share issues took place:

An issue of 81,131 1.0p ordinary shares at 3.25p per share to a director for a total consideration of £2,637, in satisfaction of directors fees (29 January 2010).

An issue of 100,448 1.0p ordinary shares at 2.625p per share to a director for a total consideration of £2,636, in satisfaction of directors fees (19 July 2010).

During the year to 30 September 2009 a total of 24,730,905 1.0p ordinary shares were issued, at an average price of 1.7p, for a total consideration of £419,275.

15. Warrants and options granted

Unexercised warrants

Issue date	Exercise price	Number	Exercisable	Expiry dates
28/07/06	15.00p	300,000	Any time before expiry	28/07/11
11/12/06	13.00p	100,000	Any time before expiry	11/12/11
11/12/06	13.00p	200,000	Any time before expiry	11/12/11
31/10/07	8.75p	1,300,000	Any time before expiry	31/10/13
31/10/07	8.75p	200,000	Any time before expiry	31/10/13
09/12/08	2.375p	2,300,000	Any time before expiry	09/12/14
09/12/08	2.375p	600,000	Any time before expiry	09/12/14
07/12/09	4.375p	2,300,000	Any time from 07/12/10	07/12/14
07/12/09	4.375p	600,000	Any time from 07/12/10	07/12/14

Unexercised options

Issue date	Exercise price	Number	Exercisable	Expiry dates
27/03/01	16.0p	60,000	Any time before expiry	27/03/11
29/04/02	22.0p	45,000	Any time before expiry	29/04/12
29/01/04	15.0p	60,000	Any time before expiry	29/01/14
31/01/05	10.0p	200,000	Any time before expiry	31/01/15

Warrants and options are issued for nil consideration and are exercisable as disclosed above. They are exchangeable on a one for one basis for each ordinary share of 1.0p at the exercise price on the date of conversion.

Share-based payments

The Company has an Inland Revenue approved share option scheme for all employees. Options are exercisable at a price equal to the market price of the Company's shares on the date of grant.

The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the Company.

In addition, the Company issues warrants to directors and employees, outside of the approved scheme, on varying terms and conditions.

Details of the share warrants and options outstanding during the year are as follows:

	2010 Number of warrants and share options	**2010** Weighted average exercise price Pence	2009 Number of warrants and share options	2009 Weighted average exercise price Pence
Outstanding at start of year	**5,365,000**	**6.200**	2,465,000	10.70
Granted during the year	**2,900,000**	**4.375**	2,900,000	2.38
Outstanding at 30 September	**8,265,000**	**5.560**	5,365,000	6.20
Exercisable at 30 September	**5,365,000**	**6.200**	2,465,000	10.70

The warrants and options outstanding at 30 September 2010 had a weighted average exercise price of £0.06 and a weighted average remaining contractual life of 4.1 years.

In the year ended 30 September 2010, warrants were granted on 7 December 2009. The aggregate of the estimated fair values of the warrants granted on this date is £38,472. In the year ended 30 September 2009, warrants were granted on 9 December 2008. The aggregate of the estimated fair values of the warrants granted on this date is £24,047.

No options were granted in the year ended 30 September 2010 or the year ended 30 September 2009.

15. Warrants and options granted — continued

The inputs into the Black–Scholes–Merton Option Pricing Model are as follows:

	2010	2009
Weighted average share price	**3.5p**	1.90p
Weighted average exercise price	**4.38p**	2.38p
Expected volatility	**60%**	67%
Expected life	**4 years**	4 years
Risk-free rate	**3.09%**	3.32%
Expected dividend yield	**0%**	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 7 years. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company recognised total expenses of £37,045 and £30,432 related to equity-settled share-based payment transactions in 2010 and 2009 respectively.

16. Operating lease commitments

Financial commitments under non-cancellable leases are:

	2010 Land & buildings £	2009 Land & buildings £
Office accommodation:		
Within one year	**1,200**	1,200

17. Related party transactions

Directors and directors' interests

The directors holding office in the period and their beneficial interests in the share capital of the Company are:

	At 30 September 2010				At 30 September 2009	
		Warrants				
	Shares Number	**Number**	**Exercise price**	**Expiry date**	Shares Number	Warrants Number
P L Cheetham*	**10,376,913**	**1,000,000**	**8.750p**	**31/10/2013**	10,376,913	2,500,000
		1,500,000	**2.375p**	**09/12/2014**		
		1,500,000	**4.375p**	**07/12/2014**		
D A R McAlister	**457,821**	**100,000**	**8.750p**	**31/10/2013**	276,242	400,000
		300,000	**2.375p**	**09/12/2014**		
		300,000	**4.375p**	**07/12/2014**		
D Whitehead	**—**	**100,000**	**8.750p**	**31/10/2013**	—	400,000
		300,000	**2.375p**	**09/12/2014**		
		300,000	**4.375p**	**07/12/2014**		

* Includes 2,843,625 shares held by K E Cheetham, wife of P L Cheetham.

The directors have no beneficial interests in the shares of the Company's subsidiary undertakings as at 30 September 2010. The directors of the Company are the directors of all Group companies.

Details of the parent Company's investment in subsidiary undertakings are shown in note 10.

17. Related party transactions — continued

Sunrise Resources plc

During the year the Company recharged costs of £108,256 to Sunrise Resources plc being shared overheads of £14,278, costs paid on behalf of Sunrise Resources plc of £ 3,761, staff salary costs of £47,820 and directors' salary costs of £42,397. The salary costs in notes 4 and 5 are shown net of these recharges.

At the balance sheet date an amount of £28,029 was due from Sunrise Resources plc, which was repaid in November 2010.

P L Cheetham, a director of Tertiary Minerals plc, is also a director of Sunrise Resources plc.

Shares and warrants held in Sunrise Resources plc by the Tertiary Minerals plc directors are as follows:

	At 30 September 2010				At 30 September 2009	
		Warrants				
	Shares Number	**Number**	**Exercise price**	**Expiry date**	Shares Number	Warrants Number
P L Cheetham*	**10,674,956**	**500,000**	**2.750p**	**06/12/11**	9,826,062	3,500,000
		500,000	**2.000p**	**31/10/13**		
		2,000,000	**0.575p**	**08/12/14**		
		2,000,000	**0.850p**	**07/12/15**		
D A R McAlister	**550,000**	**—**	**—**	**—**	550,000	—
D Whitehead	**500,000**	**—**	**—**	**—**	500,000	—

* Includes 5,500,000 shares held by K E Cheetham, wife of P L Cheetham.

18. Post-balance sheet events

There were no material post balance sheet events up to the date of this report.

19. Capital management

The Group's capital requirements are dictated by its project and overhead funding requirements from time to time. Capital requirements are reviewed by the Board on a regular basis.

The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns, to increase the value of the assets of the business and to provide an adequate return to shareholders in the future when exploration assets are taken into production.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure the possibilities open to the Group in future include issuing new shares, consolidating shares, returning capital to shareholders, taking on debt, selling assets and adjusting the amount of dividends paid to the shareholders.

20. Financial instruments

At 30 September 2010, the Group's financial assets consisted of available for sale investments, trade receivables and cash and cash equivalents. The Company's financial assets consisted of available for sale investments, trade receivables and cash and cash equivalents. At the same date, the Group and Company had no financial liabilities other than trade and other payables due within one year and had no agreed borrowing facilities as at this date. There is no material difference between the carrying and fair values of the Group and Company's financial assets and liabilities.

20. Financial instruments — continued

The carrying amounts for each category of financial instruments held at 30 September 2010, as defined in IAS 39, are as follows:

	Group 2010 £	**Company 2010 £**	Group 2009 £	Company 2009 £
Loans & receivables	**399,009**	**103,312**	766,001	454,593
Available for sale investments	**167,387**	**167,387**	167,387	167,387
Financial liabilities	**82,813**	**29,649**	70,933	33,442

The fair value is equal to the book value.

Risk management

The principal risks faced by the Group and Company resulting from financial instruments are liquidity risk, foreign currency risk and, to a lesser extent, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks as summarised below. The policies have remained unchanged from previous periods as these risks remain unchanged.

Liquidity risk

The Group currently holds cash balances in Sterling, US Dollars, Canadian Dollars, Saudi Riyals and Swedish Krona to provide funding for exploration and evaluation activity, whilst the Company holds cash balances in Sterling. The Group and Company are dependant on equity fundraising through private placing which the directors regard as the most cost effective method of fundraising. The directors monitor cash flow in the context of their expectations for the business to ensure sufficient liquidity is available to meet foreseeable needs.

Currency risk

The Group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency risks. The Group is exposed to transactional foreign exchange risk and takes profits and losses as they arise, as in the opinion of the directors, the cost of hedging against fluctuations would be greater than the related benefit from doing so. Where a material order is made in a different currency, funds are converted to that currency at prevailing rates and held on short term treasury deposits at prevailing fixed interest rates pending payment.

Bank and cash balances, including the Group's share of funds in the Ghurayyah joint arrangement, were held in the following denominations:

	Group		**Company**	
	2010 £	2009 £	**2010 £**	2009 £
United Kingdom Sterling	**76,215**	417,257	**75,210**	416,946
United States Dollar	**291,637**	304,968	**—**	—
Canadian Dollar	**168**	530	**—**	—
Saudi Riyal	**21**	58	**—**	—
Swedish Krona	**2,293**	2,267	**12**	—
	370,334	725,080	**75,222**	416,946

Surplus funds in all currencies are placed with NatWest bank on a number of short-term treasury deposits at varying fixed rates of interest, but the Group held no treasury deposits at 30 September 2010.

The Company and the Group are exposed to changes in the US Dollar/UK Sterling exchange rate mainly in the sterling value of US dollar denominated financial assets and any profit or loss arising from such changes reports to equity.

Sensitivity analysis shows that the Sterling value of its US Dollar denominated financial assets at 30 September 2010 would increase or decrease by £14,582 for each 5% increase or decrease in the value of Sterling against the Dollar.

20. Financial instruments — continued

Neither the Company nor the Group is exposed to material transactional currency risk.

Interest rate risk

The Group and Company finance their operations through equity fundraising and therefore do not carry borrowings.

Fluctuating interest rates have the potential to affect the loss and equity of the Group and the Company in-so-far as they affect the interest paid on financial instruments held for the benefit of the Group. The directors do not consider the effects to be material to the reported loss or equity of the Group or the Company presented in the financial statements.

Credit risk

The Company has exposure to credit risk through receivables such as VAT refunds, invoices issued to related parties and its joint arrangements for management charges. The amounts outstanding from time to time are not material other than for VAT refunds which are considered by the directors to be low risk.

The Company has exposure to credit risk in respect of its cash deposits with NatWest bank and this exposure is considered by the directors to be low risk.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of **Tertiary Minerals plc** will be held in the Fourth Floor Council Room at Arundel House, 13-15 Arundel Street, Temple Place, London, WC2R 3DX on Monday 31 January 2011, at 2.00 p.m. for the following purposes:

Ordinary Business

1. To receive the Accounts and Reports of the Directors and of the Auditors for the year ended 30 September 2010.

2. To re-elect Mr D Whitehead who is retiring by rotation under the Articles of Association as a director of the Company.

3. To re-appoint PKF (UK) LLP as Auditors of the Company and to authorise the directors to fix their remuneration.

Special Business

Ordinary Resolution

4. That, in accordance with section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,000,000 (consisting of 100,000,000 ordinary shares of 1p each) provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act.

Special Resolution

5. That subject to the passing of resolution 4, the Directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 4 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

   a) the allotment of equity securities in connection with an offer by way of a rights issue to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £1,000,000 (consisting of 100,000,000 ordinary shares of 1 pence each).

   The power granted by this resolution will expire on the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

   This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. Please refer to notes on page 39.

By order of the Board

C D T Fitch
Company Secretary
7 December 2010
Registered Office: Sunrise House, Hulley Road, Macclesfield, Cheshire, SK10 2LP

Explanatory Notes to the Notice of Annual General Meeting

The Annual General Meeting of Tertiary Minerals plc will be held on Monday 31 January 2011 in the Fourth Floor Council Room at Arundel House, 13–15 Arundel Street, Temple Place, London, WC2R 3DX at 2.00 p.m. The business of the meeting is as follows:

ORDINARY BUSINESS

Resolution 1

The Board is required to present to the meeting for approval the accounts and the Report of Directors and the Auditors for the year ended 30 September 2010 which can be found on pages 17 to 34 .

Resolution 2

The Company's Articles of Association require that at least one-third of directors retire annually and offer themselves for re-election if they and the Board so wish. Biographical details of the directors can be found on page 11.

This year Mr. David Whitehead is retiring by rotation and the Board proposes that he be re-elected.

Resolution 3

The Company's auditor PKF (UK) LLP is offering itself for re-appointment and if elected will hold office until the conclusion of the next annual general meeting at which accounts are laid before shareholders. This resolution will also allow the directors to fix the remuneration of the auditor.

SPECIAL BUSINESS

Resolution 4

This resolution is to give the directors authority to issue shares. The last such authority was put in place by a meeting of shareholders held on 29 January 2010 but it will expire at the coming Annual General Meeting.

Section 551 of the Companies Act 2006 requires that directors be authorised by shareholders before any share capital can be issued.

At this stage in its development the Company relies on raising funds through the issue of shares from the equity markets from time to time and unless this resolution is put in place the Company will not be in a position to continue to raise funds to continue its activities.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2012.

Resolution 5

This resolution will be proposed as a Special Resolution in the event that Resolution 4 is passed by shareholders. Resolution 5 is proposed to give the directors authority to exclude certain categories of shareholders in a rights issue where their inclusion would be impractical or illegal and also to issue shares other than by way of rights issues which are, for regulatory reasons, complex, expensive, time consuming and impractical for a company the size of Tertiary Minerals plc.

A similar authority granted at last year's Annual General Meeting is due to expire at the coming Annual General Meeting.

The resolution will, if passed, authorise directors to allot shares or grant rights over shares of the Company where they propose to do so for cash and otherwise than to existing shareholders pro-rata to their holdings – for example through a placement of shares.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2012.

Proxy Form

Tertiary Minerals plc

Company No. 03821411

Form of Proxy

I/We (Block capitals please)

. . . .

being a member/members of **Tertiary Minerals plc** hereby appoint the Chairman of the Meeting (see note 3 on page 39) or the proxy named below as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday 31 January 2011 in the Fourth Floor Council Room at Arundel House, 13–15 Arundel Street, Temple Place, London, WC2R 3DX at 2.00 p.m. and at any adjournment thereof.

I/we wish this proxy to be used in connection with those of the Resolutions to be proposed at the Annual General Meeting which are listed below, in the manner set out below, and in connection with any other ordinary business transacted at the meeting.

Name of proxy	Number of shares appointed over	I wish to appoint Multiple proxies (see note 4) Please tick

Signed or sealed (see notes) . . . . Dated . . . .

Please indicate with an "X" in the spaces below how you wish the proxy to vote. Unless otherwise instructed the proxy will at his discretion vote as he thinks fit or abstain from voting in relation to all business of the meeting.

Ordinary Business	**For**	**Against**	**Vote Withheld**
1. Ordinary Resolution to receive the Accounts and Reports of the Directors and of the Auditors for the year ended 30 September 2010.			
2. Ordinary Resolution to re-elect Mr D Whitehead who is retiring by rotation under the Articles of Association as a director of the Company.			
3. Ordinary Resolution to re-appoint PKF (UK) LLP as Auditors of the Company and authorise the directors to fix their remuneration.			
Special Business			
4. Ordinary Resolution to authorise the directors to allot shares.			
5. Special Resolution to empower the directors to disapply the pre-emption rights for certain allotments of shares.			

Please see notes on page 39.

Please return this Proxy Form to:

PXS
Proxy Department
34 Beckenham Road
Beckenham
BR3 4TU

In the envelope provided

Proxy Form Notes & Instructions

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.

2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the relevant box on the Proxy Form. If you sign and return the proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as the proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the Proxy Form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy, which in aggregate should not exceed the number of shares held by you. Please also tick the box to indicate that there are multiple proxies. All forms must be signed and should be returned as set out in note 6.

5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. To appoint a proxy, the Proxy Form must be:
   - completed and signed;
   - sent or delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU; and received by Capita Registrars no later than 2.00 p.m. on Thursday 27 January 2011.

7. In the case of a member which is a company, the Proxy Form or any notice of revocation of a proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

8. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

9. In the case of joint holders, where more than one of the joint holders purports to appoint or revoke a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

11. If you wish to change your proxy instructions simply submit a new proxy appointment according to these instructions. If you need another hard-copy proxy form please contact the Company. The last date for receipt of a new proxy instruction is set out in note 6 above.

12. To revoke a proxy instruction you will need to send notice clearly stating your intention to revoke your proxy appointment to: Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU.

13. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6:00pm on Thursday 27 January 2011. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Shareholder Notes

Company Information

Tertiary Minerals plc (AIM and Plus Markets – Ticker Symbol TYM)
Company No. 03821411

Head and Registered Office

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Fax: +44 (0)1625 626204

Company website

www.tertiaryminerals.com

Solicitors

Cobbetts
58 Mosley Street
Manchester
M2 3HZ
United Kingdom

Auditors

PKF (UK) LLP
3 Hardman Street
Spinningfields
Manchester
M3 3HF
United Kingdom

Registrars

Capita Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA
United Kingdom

Bankers

National Westminster Bank plc
2 Spring Gardens
Buxton
Derbyshire
SK17 6DG
United Kingdom

Broker & Nominated Adviser

Seymour Pierce Limited
20 Old Bailey
London
EC4M 7EN
United Kingdom

Tertiary Minerals plc

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