Tertiary Minerals plc

AIM Announcement **29 May 2020**

TERTIARY MINERALS PLC
("Tertiary" or "the Company")

HALF-YEARLY REPORT 2020

Tertiary Minerals plc, the AIM-traded company building a multi-commodity project portfolio, announces its unaudited interim results for the six months ended 31 March 2020.

OPERATIONAL SUMMARY:

Pyramid Gold Project, Nevada, USA

- The Company's first drill hole on the project was successfully completed ahead of schedule and drilled to a total depth of 137m
- Intersection of 0.55m grading 2.01 g/t Au from 82.6m down hole, confirming that the target zone is gold-mineralised
- Further planned exploration work: Soil sampling to fully delineate the gold, silver and multi-element soil geochemical anomaly and to define further drill targets

Paymaster Polymetallic Project, Nevada, USA

- A US based consulting geologist with a background in the evaluation of skarn deposits has now completed an extensive programme of mapping and sampling and to help define potential drilling

New Project Acquisitions in Nevada, USA

- Three new projects acquired by low costs claim staking – Peg Leg, Mt Tobin and Lucky

MB Fluorspar Project, Nevada, USA

- Following the recent fundraisings, the Company has re-commenced the Scoping Study level metallurgical testwork at SGS Lakefield in Canada

Storuman Fluorspar Project, Sweden

- The Mine Permit appeal process is ongoing with the Swedish Government with no commitment to a decision timeframe

Kaaresselkä and Kiekerömaa Gold Projects, Finland

- The Company retains pre-production and net smelter royalty interest in two gold projects owned by Aurion Resources
- Aurion is a Canadian listed exploration company with primary focus on the development of its Finnish gold projects, several of which are under joint venture with B2Gold. Kinross Gold Corporation is a significant shareholder of Aurion

Strategic Relationship with Possehl Erzkontor GmbH & Co. KG

- The Company signed a fluorspar marketing Memorandum of Understanding (MOU) in 2017 with leading global commodities trading group, Possehl Erzkontor GmbH & Co. KG ("Possehl"), a wholly owned subsidiary of CREMER
- The MOU remains in place with Possehl

FINANCIAL SUMMARY FOR THE SIX MONTHS ENDING 31 MARCH 2020:

- Operating Loss of £278,934 comprises:
    - Revenue of £94,691; less Administration costs of £352,914 (which includes non-cash share-based payments of £25,224); and
    - Pre-licence and reconnaissance exploration costs totalling £20,711
    - Total Group Loss of £278,780 is after crediting Interest income of £154
- Project expenditure of £43,513 was capitalised during the quarter.

Funding and Cash Position:

- The Company has completed two fundraisings in the period with Bergen Global Opportunity Fund, LP (Bergen) and through Peterhouse Capital Limited
- The closing cash (and cash equivalent) position at the end of the period was £407,807
- Since the period end, a subsequent lump sum investment of £600,000 was made by Precious Metals Capital Group LLC on 7 April 2020, further strengthening the Company's cash position (circa £800,000 on 26 May 2020) during the current challenging times as well as enabling the Company to progress its planned exploration on its Paymaster Polymetallic and Pyramid Gold Projects in Nevada

About Tertiary Minerals plc

Tertiary Minerals plc (ticker symbol 'TYM') is an AIM-traded mineral exploration company building and developing a multi-commodity project portfolio - Industrial minerals, base and precious metals.

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

For more information please contact:

Enquiries

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Chairman's Statement

I am pleased to present our Interim Report for the six-month period ended 31 March 2020.

During this reporting period we have seen a significant improvement in market sentiment for junior mining companies, particularly in relation to precious metals, which has allowed us to improve our financial position and to kick-start work on a number of our existing projects. Much of this activity has taken place since the period end and has focused on our projects in Nevada, USA.

At Pyramid, the Company is targeting high-grade epithermal style gold mineralisation. An initial drill hole designed to confirm a high-grade gold intersection made by a previous explorer demonstrated the target zone to be gold bearing but did not deliver the same high-grade results. The target zone is defined by an extensive gold-in-soil anomaly and widespread gold bearing surface samples and warrants further work over the next few months.

Mineral exploration is high risk and the process of discovery is not linear but high rewards can come from successful discoveries. Recent mapping and sampling at our Paymaster Zinc-Silver Skarn Project by a specialist consulting geologist has confirmed a large-scale target for zinc skarn mineralisation and drawn analogies with the setting and style of the large Taylor Zinc discovery, in the neighbouring state Arizona, now owned by South 32 after the $2 billion takeover of Arizona Mining in 2018. We are now awaiting the report and recommendations for further work.

We seek to spread the risk of mineral exploration and increase our chance of discovery through a portfolio-based approach. In line with this strategy we are steadily re-building our portfolio of projects with a continuing focus on Nevada. We have recently staked additional ground on three new projects targeting precious and base metal deposits – the Peg Leg, Mt Tobin and Lucky Projects. In each case the projects have been acquired at low cost by staking claims and they share the characteristics that they can be evaluated with low cost programmes initially and brought to the drill stage relatively quickly. Programmes are being designed and permitted and will be executed over the coming months.

At our large MB Fluorspar Project in Nevada we have commenced a programme of scoping level metallurgical testwork at SGS Lakefield in Canada aimed at improving recoveries and concentrate grade for fluorspar mineralisation in the Central Zone of the deposit. To date, this has been problematic and a breakthrough is needed if the potential of this large low-grade resource is to be realised.

There is nothing substantive to report on our Storuman Fluorspar Project in Sweden, where the mine permit appeal process is ongoing with the Swedish Government, or on our Lassedalen Fluorspar Project in Norway which is a low priority for further work.

The Company's financial results for the half-year are in line with expectations and reflect the Company's project and administration expenditures. The financial markets have shown remarkable resilience in the face of the Covid-19 pandemic and this has allowed us to continue funding our activities and improve the Company's financial position at the year end through a £600,000 fundraising with US Precious Metals Capital Group in April 2020.

The mining industry in Nevada has continued to operate as an essential industry and our programmes have so far been unaffected. Our staff continue to work effectively from home. The future of this pandemic is, however, unpredictable and has potential to affect our operations and the markets in which we operate in the future. We will continue to operate in line with World Health Organisation and Governments' advice and to manage our expenditure prudently.

I would like to thank all of our employees and directors for their hard work during the reporting period and to wish Richard Clemmey well as he leaves the Company at the end of June to return to employment in the UK quarrying industry. I will continue to act in an executive capacity until the time is right to make a new executive director appointment.

Patrick L Cheetham
Executive Chairman
29 May 2020

Consolidated Income Statement

for the six months to 31 March 2020

	Six months to 31 March 2020 Unaudited £	Six months to 31 March 2019 Unaudited £	Twelve months to 30 September 2019 Audited £
Revenue	**94,691**	106,747	189,742
Administration costs	**(352,914)**	(240,163)	(502,788)
Pre-licence exploration costs/impairment costs	**(20,711)**	(49,602)	(75,778)
Impairment of deferred exploration asset	**-**	-	(442,917)
Operating loss	**(278,934)**	(183,018)	(831,741)
Gain on disposal of available for sale investment	**-**	-	-
Interest receivable	**154**	145	234
Loss before income tax	**(278,780)**	(182,873)	(831,507)
Income tax	**-**	-	-
Loss for the period attributable to equity holders of the parent	**(278,780)**	(182,873)	(831,507)
Loss per share – basic and diluted (pence) (Note 2)	**(0.05)**	(0.05)	(0.19)

Consolidated Statement of Comprehensive Income

for the six months to 31 March 2020

	Six months to 31 March 2020 Unaudited	Six months to 31 March 2019 Unaudited	Twelve months to 30 September 2019 Audited
	£	£	£
Loss for the period	**(278,780)**	(182,873)	(831,507)
Items that could be reclassified subsequently to the Income Statement:			
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**(10,352)**	(1,180)	115,415
	(10,352)	(1,180)	115,415
Items that will not be reclassified to the Income Statement:			
Changes in the fair value of equity investments	**(12,963)**	(69,550)	(71,670)
	(12,963)	(69,550)	(71,670)
Total comprehensive loss for the period attributable to equity holders of the parent	**(302,095)**	(253,603)	(787,762)

Company Registration Number 03821411

Consolidated Statement of Financial Position

at 31 March 2020

	As at 31 March 2020 Unaudited £	As at 31 March 2019 Unaudited £	As at 30 September 2019 Audited £
Non-current assets			
Intangible assets	**2,492,717**	2,730,899	2,461,972
Property, plant & equipment	**4,220**	2,658	4,182
Other investments	**19,759**	132,778	89,775
	2,516,696	2,866,335	2,555,929
Current assets			
Receivables	**55,348**	67,786	41,568
Cash and cash equivalents	**407,807**	217,432	50,617
	463,155	285,218	92,185
Current liabilities			
Trade and other payables	**(89,506)**	(44,974)	(70,686)
Net current assets	**373,649**	240,244	21,499
Net assets	**2,890,345**	3,106,579	2,577,428
Equity			
Called up Ordinary Shares	**73,383**	44,307	44,307
Deferred Shares	**2,644,062**	2,644,062	2,644,062
Share premium account	**10,569,399**	10,008,687	10,008,687
Merger reserve	**131,096**	131,096	131,096
Share option reserve	**66,830**	112,952	67,468
Fair value reserve	**(21,407)**	(6,324)	(8,444)
Foreign currency reserve	**409,400**	303,157	419,752
Accumulated losses	**(10,982,418)**	(10,131,358)	(10,729,500)
Equity attributable to the owners of the parent	**2,890,345**	3,106,579	2,577,428

Consolidated Statement of Changes in Equity

	Ordinary Share Capital £	Deferred Shares £	Share Premium Account £	Merger Reserve £	Share Warrant Reserve £	Fair Value Reserve £	Foreign Currency Reserve £	Accumulated Losses £	Total £
At 30 September 2018	**35,932**	**2,644,062**	**9,785,702**	**131,096**	**168,923**	**63,226**	**304,337**	**(10,007,469)**	**3,125,809**
Loss for the period	-	-	-	-	-	-	-	(182,873)	(182,873)
Change in fair value	-	-	-	-	-	(69,550)	-	-	(69,550)
Exchange differences	-	-	-	-	-	-	(1,180)	-	(1,180)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(69,550)**	**(1,180)**	**(182,873)**	**(253,603)**
Share issue	8,375	-	222,985	-	-	-	-	-	231,360
Share based payments expense	-	-	-	-	3,013	-	-	-	3,013
Transfer of expired warrants	-	-	-	-	(58,984)	-	-	58,984	-
At 31 March 2019	**44,307**	**2,644,062**	**10,008,687**	**131,096**	**112,952**	**(6,324)**	**303,157**	**(10,131,358)**	**3,106,579**
Loss for the period	-	-	-	-	-	-	-	(648,634)	(648,634)
Change in fair value	-	-	-	-	-	(2,120)	-	-	(2,120)
Exchange differences	-	-	-	-	-	-	116,595	-	116,595
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(2,120)**	**116,595**	**(648,634)**	**(534,159)**
Share issue	-	-	-	-	-	-	-	-	-
Share based payments expense	-	-	-	-	5,008	-	-	-	5,008
Transfer of expired warrants	-	-	-	-	(50,492)	-	-	50,492	-
At 30 September 2019	**44,307**	**2,644,062**	**10,008,687**	**131,096**	**67,468**	**(8,444)**	**419,752**	**(10,729,500)**	**2,577,428**
Loss for the period	-	-	-	-	-	-	-	(278,780)	(278,780)
Change in fair value	-	-	-	-	-	(12,963)	-	-	(12,963)
Exchange differences	-	-	-	-	-	-	(10,352)	-	(10,352)
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(12,963)**	**(10,352)**	**(278,780)**	**(302,095)**
Share issue	29,076	-	560,712	-	-	-	-	-	589,788
Share based payments expense	-	-	-	-	25,224	-	-	-	25,224
Transfer of expired warrants	-	-	-	-	(25,862)	-	-	25,862	-
At 31 March 2020	**73,383**	**2,644,062**	**10,569,399**	**131,096**	**66,830**	**(21,407)**	**409,400**	**(10,982,418)**	**2,890,345**

Consolidated Statement of Cash Flows

for the six months to 31 March 2020

	Six months to 31 March 2020 Unaudited £	Six months to 31 March 2019 Unaudited £	Twelve months to 30 September 2019 Audited £
Operating activity			
Total loss after tax excluding interest received	**(278,934)**	(183,018)	(831,741)
Depreciation charge	**886**	812	1,635
Shares issued in settlement of outstanding wages	**2,738**	1,360	1,360
Share based payment charge	**25,224**	3,013	8,021
Impairment charge – deferred exploration asset	**-**	-	442,917
(Increase)/decrease in receivables	**(13,779)**	28,867	55,084
Increase/(decrease) in payables	**18,820**	(20,189)	5,523
Net cash outflow from operating activity	**(245,045)**	(169,155)	(317,201)
Investing activity			
Interest received	**154**	145	234
Exploration and development expenditures	**(43,513)**	(61,318)	(121,967)
Disposal of other investments	**57,052**	-	40,883
Purchase of property, plant & equipment	**(924)**	(162)	(2,509)
Net cash (outflow)/inflow from investing activity	**12,769**	(61,335)	(83,359)
Financing activity			
Issue of share capital (net of expenses)	**587,050**	230,000	230,000
Net cash inflow from financing activity	**587,050**	230,000	230,000
Net (decrease)/increase in cash and cash equivalents	**354,774**	(490)	(170,560)
Cash and cash equivalents at start of period	**50,617**	218,297	218,297
Exchange differences	**2,416**	(375)	2,880
Cash and cash equivalents at end of period	**407,807**	217,432	50,617

Notes to the Interim Statement

1. Basis of preparation

The consolidated interim financial information has been prepared in accordance with the accounting policies that are expected to be adopted in the Group's full financial statements for the year ending 30 September 2020 which are not expected to be significantly different to those set out in Note 1 of the Group's audited financial statements for the year ended 30 September 2019. These are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) or that are expected to be adopted and effective at 30 September 2020. The implementation of new standards and interpretations has not led to any changes in the Group’s accounting policies (other than presentation and disclosure) or had any other material impact on its financial position. The financial information has not been prepared (and is not required to be prepared) in accordance with IAS 34. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information.

The financial information in this statement relating to the six months ended 31 March 2020 and the six months ended 31 March 2019 has neither been audited nor reviewed by the Auditors, pursuant to guidance issued by the Auditing Practices Board. The financial information presented for the year ended 30 September 2019 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 30 September 2019 have been filed with the Registrar of Companies. The Independent Auditor’s Report on the Annual Report and Financial Statement for the year ended 30 September 2019 was unqualified, although it did draw attention to matters by way of emphasis in relation to going concern, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The directors prepare annual budgets and cash flow projections for a 15 months’ period. These projections include the proceeds of future fundraising necessary within the period 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. There is also an, as yet unknown, impact that the COVID-19 pandemic may have on the capital markets. These factors 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 realise its assets and discharge its liabilities in the normal course of business. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

2. Loss per share

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

	Six months to 31 March 2020 Unaudited	Six months to 31 March 2019 Unaudited	Twelve months to 30 September 2019 Audited
Loss for the period (£)	**(278,780)**	(182,873)	(831,507)
Weighted average shares in issue (No.)	**513,084,724**	389,173,054	416,198,199
Basic and diluted loss per share (pence)	**(0.05)**	(0.05)	(0.19)

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

3. Share capital

During the six months to 31 March 2020 the following share issues took place:

An issue of 18,000,000 0.01p Ordinary Shares, to Bergen as collateral shares relating to the convertible securities issuance deed (19 November 2019).

An issue of 17,000,000 0.01p Ordinary Shares, to Bergen for settlement of commencement fee (19 November 2019).

An issue of 651,900 0.01p Ordinary Shares at 0.21p per share, to a director, in satisfaction of directors' fees, for a total consideration of £1,369 (2 December 2019).

An issue of 154,705,883 0.01p Ordinary Shares at 0.17p per share, by exercise of conversion rights (Bergen convertible loan note), for a total consideration of £263,000 before expenses (18 February 2020).

An issue of 100,000,000 0.01p Ordinary Shares at 0.275p per share, by way of placing, for a total consideration of £275,000 before expenses (25 February 2020).

An issue of 402,644 0.01p Ordinary Shares at 0.34p per share, to a director, in satisfaction of directors' fees, for a total consideration of £1,369 (27 February 2020).

4. Event after the Balance Sheet date

On 2 April 2020, the Company announced entry into a share subscription deed with Precious Metals Capital Group LLC ("PMCG"), a US based institutional specialist investor. PMCG would be making an investment of £600,000, by way of subscription for Company shares. PMCG made the lump sum investment of £600,000 on the 7 April 2020.