

TERTIARY MINERALS PLC

**ANNOUNCEMENT OF AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
30 SEPTEMBER 2006**

Chairman's Statement

I am pleased to report that the preliminary agreement we signed with a Saudi business consortium in 2005 for funding the US\$7 million cost of feasibility studies for our Ghurayyah rare-metal project in Saudi Arabia was converted into a full joint venture agreement in March this year, and funds have been committed by the joint venture partners.

Ghurayyah Preliminary Feasibility Study

The Preliminary Feasibility Study is now well underway. Metallurgical testwork, using a three tonne sample obtained from previously collected drill samples, has now advanced to the stage where the initial mineral concentration scheme is largely defined. This has resulted in improvements in metal recoveries and reductions in reagent usage which should combine to reduce operating costs from our 2002 estimates. A further drilling programme has generated a 55 tonne sample which will form the basis for pilot scale testing of the proposed bulk concentration method. Further metallurgical testwork, designed to separate the contained tantalum, niobium, zircon and yttrium, is also in progress and should be completed early in 2007.

A significant breakthrough in the current mineral processing testwork has been made with the development of a process that will allow the use of seawater as the mineral processing medium. This provides a sustainable alternative to the use of groundwater resources which are scarce in Saudi Arabia. Environmental studies have also started which will ultimately lead to the preparation of a comprehensive Environmental Management Plan.

The marketing plan is progressing on track with strong interest in the project's future production being shown by leading industry participants. It is likely that the project will be designed to produce separate tantalum and niobium products in order to maximize project revenues. The outlook for both the tantalum and niobium markets remains strong. In addition, excellent local markets have been identified for the zircon contained in the Ghurayyah deposit provided that current metallurgical testwork shows that it can be produced to the desired specification. The recovery of an yttrium product will also be evaluated. The Saudi Government has asked that we do not develop a separate uranium product for sale.

The preliminary feasibility study is scheduled for completion by the end of 2007.

Sunrise Diamonds plc

Our associated company Sunrise Diamonds plc ("Sunrise Diamonds") (23.45% held) has continued to make excellent progress in exploring its diamond projects in Finland during the year. It has announced a number of new diamondiferous kimberlite discoveries and a significant joint venture with Canada's Nordic Diamonds Ltd that will give it access to previous kimberlite discoveries made in the 1990's by Ashton Mining.

Although it is disappointing to see that this progress is not reflected in a stronger share price for Sunrise Diamonds, its shares have traded consistently at more than twice the price at which Tertiary shareholders were offered shares in the lead up to the admission of Sunrise Diamonds to AIM last year. The Board's belief is that Sunrise Diamonds holds an exceptionally interesting exploration portfolio and database in Finland and that it is substantially undervalued at the current market price.

Other Exploration Projects

The Company's focus this year on advancing the Ghurayyah project has meant that our Scandinavian gold and base-metal portfolio was allocated only limited expenditure. The Company is considering strategic options for these projects, including several joint venture approaches and the resumption of exploration once funding levels permit.

Annual Results

The Group reported a loss of £250,934 for the year (2005: £415,803).

In Conclusion

I would like to take this opportunity to thank all of my staff and fellow Directors who have worked hard to advance the Company's interests this year. It has been a year of solid progress which we expect will result in further reward for our shareholders.

Patrick L Cheetham
Executive Chairman

8 December 2006

Further Information:

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Tertiary Minerals plc
Consolidated Profit and Loss Account
for the year ended 30 September 2006

	2006 £	2005 £
Exploration costs written off	52,077	294,088
Administrative expenses	227,250	310,269
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Operating loss	(279,327)	(604,357)
Share of loss of associate	(48,294)	(44,892)
Profit on disposal of intangible asset	-	75,100
Profit on disposal of tangible asset	504	-
Profit arising from the increase in value of the Group's share of the net assets of Sunrise Diamonds resulting from share issues	44,357	134,371
Interest receivable	28,268	22,579
Share of interest receivable of associate	3,558	1,396
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Loss on ordinary activities before taxation	(250,934)	(415,803)
Tax on loss on ordinary activities	-	-
Loss for the year	(250,934)	(415,803)
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Loss per share – basic (pence)	(0.49)	(0.93)
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All amounts relate to continuing activities.

Tertiary Minerals plc

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 30 September 2006

	2006 £	2005 £
Loss for the year	(250,934)	(415,803)
Foreign exchange translation differences on foreign currency net investments in subsidiaries	(21,507)	(19,488)
Total recognised losses since last accounts	(272,441)	(435,291)

Tertiary Minerals plc

Balance sheets

at 30 September 2006

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Fixed assets				
Intangible assets	1,158,926	943,219	-	-
Tangible assets	9,898	5,676	6,500	-
Investment in subsidiary	-	-	224,889	224,889
Investment in associate	-	-	215,250	150,000
Share of net assets of associate	222,221	157,350	-	-
	1,391,045	1,106,245	446,639	374,889
Current assets				
Debtors	57,197	65,705	3,122,500	2,334,206
Cash at bank and in hand	884,110	435,969	385,305	424,940
	941,307	501,674	3,507,805	2,759,146
Creditors: amounts falling due within one year	(71,052)	(37,916)	(37,274)	(25,074)
Net current assets	870,255	463,758	3,470,531	2,734,072
Net assets	2,261,300	1,570,003	3,917,170	3,108,961
Capital and reserves				
Called up share capital	545,127	464,210	545,127	464,210
Share premium account	4,259,683	3,376,862	4,259,683	3,376,862
Merger reserve	131,096	131,096	131,096	131,096
Profit and loss account	(2,674,606)	(2,402,165)	(1,018,736)	(863,207)
Shareholders' funds	2,261,300	1,570,003	3,917,170	3,108,961

Tertiary Minerals plc
Consolidated Cash Flow Statement
for the year ended 30 September 2006

	2006 £	2005 £
Net cash outflow from operating activities	(217,465)	(303,749)
Returns on investment and servicing of finance		
Interest received	<u>28,268</u>	<u>19,898</u>
Net cash outflow from operating activities after returns on investments and servicing of finance	<u>(189,197)</u>	<u>(283,851)</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(230,324)	(304,658)
Purchase of tangible fixed assets	(9,520)	(3,675)
Receipts from sale of intangible fixed assets	-	150,000
Receipts from sale of tangible fixed assets	<u>4,166</u>	<u>-</u>
Net cash outflow from capital expenditure and financial investment	<u>(235,678)</u>	<u>(158,333)</u>
Acquisitions and disposals		
Payments to acquire investment in associate	<u>(65,250)</u>	<u>(150,000)</u>
Net cash outflow from acquisitions and disposals	<u>(65,250)</u>	<u>(150,000)</u>
Financing		
Issue of share capital (net of expenses)	963,738	475,197
Exchange differences	<u>(25,472)</u>	<u>(4,710)</u>
Net cash inflow from financing	<u>938,266</u>	<u>470,487</u>
Increase/(decrease) in cash	<u>448,141</u>	<u>(121,697)</u>

Notes:

1 Publication of Non-Statutory Accounts

The financial information set out in this announcement does not constitute the Company's Statutory Accounts for the period ended 30 September 2006 or 2005. The financial information for 2005 is derived from the Statutory Accounts for 2005, which have been delivered to the Registrar of Companies. The auditors have reported on the 2005 and 2006 accounts; their reports were unqualified and did not contain statements under section 237 of the Companies Act 1985. The Statutory Accounts for 2006 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

2 Reconciliation of movements in shareholders' funds

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Loss for the year	(250,934)	(415,803)	(155,529)	(169,979)
Exchange differences	(21,507)	(19,488)	-	-
Shares issued during the year	963,738	475,197	963,738	475,197
Increase in shareholders' funds	691,297	39,906	808,209	305,218
Opening shareholders' funds	1,570,003	1,530,097	3,108,961	2,803,743
Closing shareholders' funds	2,261,300	1,570,003	3,917,170	3,108,961

3 Reconciliation of operating loss to net cash outflow from operating activities

	2006 £	2005 £
Operating loss	(279,327)	(604,357)
Depreciation charge	3,301	3,035
Depreciation released on disposal	(2,169)	-
Profit on disposal of tangible fixed assets	504	-
Intangible fixed assets written off	18,582	305,921
Disposal of intangible fixed assets	-	(74,900)
Decrease in debtors	8,508	4,878
Increase/(Decrease) in creditors	33,136	(24,532)
Share of operating loss of subsidiary prior to it becoming an associate	-	86,206
Net cash outflow from operating activities	(217,465)	(303,749)

4 Reconciliation of cash flow to movement in net funds

	Cash at bank and in hand £
At 30 September 2006	884,110
At 1 October 2005	435,969
Increase in cash in the year	448,141
Cash outflow from decrease in funds and lease financing	-
Cash inflow from decrease in liquid resources	-
Change in net funds resulting from cash flows	448,141
New finance leases	-
Movement in net funds in the year	448,141
Net funds at 1 October 2005	435,969
Net funds at 30 September 2006	884,110

5 Dividend

No dividend is proposed.

6 Annual Report

The Company's 2006 Annual Report will be published and sent to shareholders in due course and copies will be available to the public, free of charge, from the Registered Office of the Company at Sunrise House, Hulley Road, Macclesfield, Cheshire, SK10 2LP for at least 30 days from the date of publication.