

# Tertiary Minerals plc



Interim Statement 2006

# Directors and Professional Advisors

## **Directors:**

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

## **Registrars:**

Capita IRG Plc  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
United Kingdom

## **Company Secretary:**

Christine Hulley FCMA, MCMI

## **Head and Registered Office:**

Sunrise House  
Hulley Road  
Macclesfield  
Cheshire SK10 2LP  
United Kingdom  
Tel: + 44 (0)1625 626203  
Fax: + 44 (0)1625 626204  
Website: [www.tertiaryminerals.com](http://www.tertiaryminerals.com)  
Company Registration Number: 3821411

## **Bankers:**

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

## **Broker & Nominated Advisor:**

Seymour Pierce Limited  
Bucklersbury House  
3 Queen Victoria Street  
London EC4N 8EL  
United Kingdom

## **Auditors:**

PKF (UK) LLP  
Sovereign House  
Queen Street  
Manchester M2 5HR  
United Kingdom

## **Solicitors:**

Cobbetts  
Ship Canal House  
King Street  
Manchester M2 4WB  
United Kingdom

*Shareholders who wish to receive electronic copies of news announcements are invited to register their email address on the "Contact us" page of the Company website:*

[www.tertiaryminerals.com](http://www.tertiaryminerals.com)

# Chairman's Statement

I am pleased to report the Company's progress and interim results for the six-month period ended 31 March 2006.

## Review of Activities

The past six months has seen pleasing progress on the Company's projects reflected in a strong share-price recovery.

In March 2006 a US\$7 million joint venture funding agreement was signed with a consortium of two Saudi companies for feasibility studies for the joint development of the Company's world-class Ghurayyah tantalum-niobium-zircon- (uranium-yttrium) deposit in Saudi Arabia. Preliminary feasibility studies are now well underway and will focus on metallurgical testing, market studies and process definition. In addition, a 22 hole, 2,000 metre drilling programme has just been completed to collect a 50 tonne sample for follow up metallurgical testwork and also to provide assay information for resource upgrading for that part of the 400 million tonne Inferred Mineral Resource that will be mined in the first years of the project. As a result of the joint venture funding agreement the two Saudi Consortium members – A.H. Algozaibi & Bros. Co. and Al Nahla Trading & Contracting Co. – have acquired significant shareholdings in the Company and we look forward to working with them for the development of Ghurayyah and in the consideration of other mining projects.

We are continuing to support our 24.6% held associated, AIM traded diamond exploration company, Sunrise Diamonds plc ("Sunrise"), and in February 2006 participated in a small share placing to maintain our level of interest. Sunrise has had an exciting first year as a public

company and has built up a very significant diamond exploration portfolio in Finland with 7 recent kimberlite discoveries in the Kuusamo area backed up by exclusive access to BHP Billiton's extensive US\$10 million Finland exploration database.

Exploration work on our directly held Scandinavian exploration projects has been at a "care and maintenance" level for the past 6 months whilst resources and attention were focused on funding and feasibility activities at Ghurayyah, but it is planned that work on the various gold and gold-copper exploration projects in Sweden and Finland will be intensified during the rest of the year, as funds allow.

The past six-months efforts have seen the Company's share price improve from a low of less than 5p with a significant increase in trading volumes. I would like to express my thanks to the Board for its support in bringing the Company through this pivotal period.

## Results

The Group loss for the six month period was £134,012. This includes a share of the losses of the associated undertaking, Sunrise Diamonds plc, of £25,269, administration expenses of £133,470, exploration costs (written off) of £11,307, a profit of £25,052 arising from the increase in value of the Group's share of the net assets of Sunrise Diamonds plc and interest receivable of £10,982.

## Patrick L Cheetham

*Executive Chairman*

22 May 2006

# Consolidated Profit and Loss Account

for the six months to 31 March 2006

	<b>Six months to 31 March 2006 Unaudited £</b>	Six months to 31 March 2005 Unaudited £	Twelve months to 30 September 2005 £
Exploration costs written off	<b>11,307</b>	137,328	294,088
Administrative expenses	<b>133,470</b>	186,816	310,269
<b>Operating loss</b>	<b>(144,777)</b>	(324,144)	(604,357)
Share of operating loss of associate	<b>(26,925)</b>	–	(44,892)
Profit on disposal of intangible fixed assets	–	–	75,100
Profit arising from the increase in value of the Group's share of the net assets of Sunrise Diamonds resulting from share issues	<b>25,052</b>	–	134,371
Interest receivable	<b>10,982</b>	9,798	22,579
Share of interest receivable of associate	<b>1,656</b>	–	1,396
Loss on ordinary activities before taxation	<b>(134,012)</b>	(314,346)	(415,803)
Tax on profit on ordinary activities	–	–	–
<b>Loss for the financial period</b>	<b>(134,012)</b>	(314,346)	(415,803)
Loss per share - basic (pence) (note 2)	<b>(0.27)</b>	(0.70)	(0.93)

All amounts relate to continuing activities.

# Consolidated Statement of Total Recognised Gains and Losses

for the six months to 31 March 2006

	<b>Six months to 31 March 2006 Unaudited £</b>	Six months to 31 March 2005 Unaudited £	Twelve months to 30 September 2005 £
Loss for the period	<b>(134,012)</b>	(314,346)	(415,803)
Foreign exchange translation differences on foreign currency net investments in subsidiaries	<b>6,958</b>	2,377	(19,488)
Total recognised losses since last accounts	<b>(127,054)</b>	(311,969)	(435,291)

# Consolidated Balance Sheet

as at 31 March 2006

	As at 31 March 2006 Unaudited £	As at 31 March 2005 Unaudited £	As at 30 September 2005 £
<b>Fixed assets</b>			
Intangible Assets	1,090,212	1,100,368	943,219
Tangible Assets	11,535	6,338	5,676
Share of net assets of associate	219,928	–	157,350
	<b>1,321,675</b>	1,106,706	1,106,245
<b>Current assets</b>			
Debtors	1,062,839	91,184	65,705
Cash at bank and in hand	605,082	656,880	435,969
	<b>1,667,921</b>	748,064	501,674
<b>Creditors: amounts falling due within one year</b>	<b>131,119</b>	161,442	37,916
<b>Net current assets</b>	<b>1,536,802</b>	586,622	463,758
<b>Creditors: amounts falling due after more than one year</b>	<b>915,537</b>	–	–
<b>Total assets less current liabilities</b>	<b>1,942,940</b>	1,693,328	1,570,003
<b>Capital and reserves</b>			
Called up share capital	514,210	464,210	464,210
Share premium account	3,826,853	3,376,865	3,376,862
Merger reserve	131,096	131,096	131,096
Profit and loss account	(2,529,219)	(2,278,843)	(2,402,165)
<b>Shareholders' funds</b>	<b>1,942,940</b>	1,693,328	1,570,003

# Consolidated Cash Flow Statement

for the six months to 31 March 2006

	<b>Six months to 31 March 2006 Unaudited £</b>	Six months to 31 March 2005 Unaudited £	Twelve months to 30 September 2005 £
Net cash outflow from operating activities (note 3)	<b>(136,673)</b>	(148,393)	(303,749)
Returns on investments and servicing of finance	<b>10,907</b>	9,798	19,898
Capital expenditure and financial investment	<b>(139,523)</b>	(237,531)	(158,333)
Acquisition and disposals	<b>65,250</b>	–	(150,000)
Net cash outflow before financing	<b>(330,539)</b>	(376,126)	(592,184)
Financing	<b>499,652</b>	475,340	470,487
Increase/(Decrease) in cash in the period (note 4)	<b>169,113</b>	99,214	(121,697)

## Notes to the Interim Statement

### 1. Basis of preparation

The interim statement has been prepared on the basis of the accounting policies set out in the Company's financial statements for the year ended 30 September 2005. The financial information set out in this statement relating to the year ended 30 September 2005 does not constitute statutory accounts for that period. Full audited accounts in respect of that financial year (which received an unqualified audit opinion and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985) have been delivered to the Registrar of Companies.

The Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the "going concern" basis for preparing the accounts. The interim statement has been approved by the Directors and is unaudited.

Comparative figures for the six months ended 31 March 2005 are extracts from the interim report for that period and are also unaudited.

# Notes to the Interim Statement

(continued)

## 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.

	<b>Six months to 31 March 2006 Unaudited</b>	Six months to 31 March 2005 Unaudited	Twelve months to 30 September 2005
Loss for the period (£)	<b>(134,012)</b>	(314,347)	(415,803)
Weighted average shares in issue (No.)	<b>49,415,598</b>	42,629,883	44,530,682
Basic loss per share (pence)	<b>(0.27)</b>	(0.70)	(0.93)

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 FRS 14.

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

	<b>Six months to 31 March 2006 Unaudited £</b>	Six months to 31 March 2005 Unaudited £	Twelve months to 30 September 2005 £
Operating loss	<b>(145,281)</b>	(324,144)	(604,357)
Depreciation charge	<b>1,491</b>	1,742	3,035
Intangible fixed assets written off	–	95,616	305,921
Disposal of fixed assets	<b>2,673</b>	–	(74,900)
(Increase)/Decrease in debtors	<b>(17,080)</b>	(20,601)	4,878
Increase/(Decrease) in creditors	<b>21,524</b>	98,994	(24,532)
Share of operating loss of subsidiary prior to it becoming an associate	–	–	86,206
<b>Net cash outflow from operating activities</b>	<b>(136,673)</b>	(148,393)	(303,749)

## 4. Reconciliation of net cash outflow to movement in net funds

	<b>Six months to 31 March 2006 Unaudited £</b>	Six months to 31 March 2005 Unaudited £	Twelve months to 30 September 2005 £
Increase/(Decrease) in net cash in the period	<b>169,113</b>	99,214	(121,697)
Opening net funds	<b>435,969</b>	557,666	557,666
Closing net funds	<b>605,082</b>	656,880	435,969

## 5. Financial information regarding associated undertaking

At the balance sheet date Tertiary Minerals plc owned 24.58% of Sunrise Diamonds plc's net assets.

## 6. Interim report

Copies of this interim report will be sent to all shareholders and are available from Tertiary Minerals plc, Sunrise House, Hulley Road, Macclesfield, Cheshire, SK10 2LP, United Kingdom.

**Tertiary Minerals plc**

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