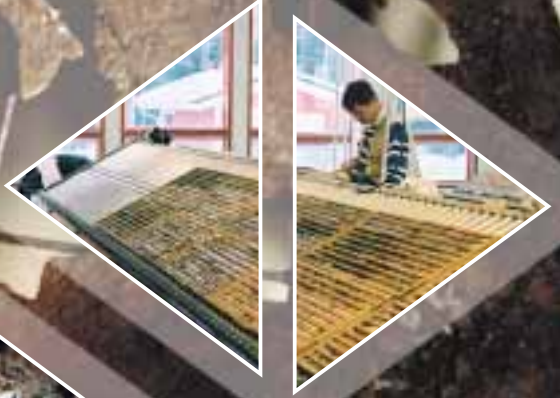


**Tertiary Minerals plc**  
Interim statement 2003



# Chairman's Statement

I am pleased to report the Company's progress and interim results for the six-month period to 31 March 2003, significant progress having been made in a number of areas.

## Review of Activities

In Saudi Arabia, a positive scoping study was completed for the Ghurayyah tantalum-niobium project indicating a three-year payback on capital costs of \$101 million, with attractive rates of return. The future development of this, the world's largest deposit of tantalum, is enhanced by the favourable project financing environment in Saudi where equity contribution could be as little as 12.5% of capital costs.

In Scandinavia, exploration tempo has increased as drill targets generated by the Company's past exploration efforts are now being progressively tested. A drilling programme was recently completed on the Finnmark Platinum Group Metals project to investigate outcrops containing Platinum Group Metals and coincident geophysical anomalies, whilst at Notträsk in Sweden a nickel-copper target will be drilled shortly. Exciting drill targets are also emerging from the Company's recently initiated search for Olympic Dam (IOCG) style copper-gold deposits, for example at Ahmavuooma where previous drilling returned wide intersections of copper-gold-cobalt mineralisation.

The Company's share price has continued to reflect weak stock market sentiment and in particular a depressed tantalum market in its major application in the electronics industry. However, in 2003 the tantalum market is recovering, as predicted in the Company's last annual report. It is reported that the negative

impact of de-stocking in the electronics supply chain has largely been removed and real demand is being generated from the new generation of mobile phones. Kemet and Cabot Corporations, leading manufacturers of tantalum capacitors and powders, are reported to have increased quarterly sales by 7% and 21% respectively, and Sons of Gwalia has announced new sales contracts for additional tantalum concentrate at prices in line with its historical contracted prices, which are substantially above recent spot prices for tantalum.

Your Board hopes that this recovery in the tantalum market will result in a stronger share price for the Company.

## Results

The Group loss for the period was £134,085. This comprises bank interest income of £4,368, administration costs of £113,895 and exploration costs written-off amounting to £24,558.

In May 2003, following the end of the reporting period, a placement of 3,125,000 shares was made at 8 pence per share to raise £235,000, net of expenses, for working capital.

Full details of the Company's progress can be found in the various press releases and quarterly reports published on the Company's website at [www.tertiaryminerals.com](http://www.tertiaryminerals.com).

**Patrick L Cheetham**  
*Executive Chairman*

20 May 2003

# Consolidated Profit and Loss Account

for the six months to 31 March 2003

	Six months to 31 March 2003 Unaudited £	Six months to 31 March 2002 Unaudited £	Twelve months to 30 September 2002 £
Administrative expenses	(113,895)	(145,073)	(266,903)
Exploration costs written off	(24,558)	(3,695)	(15,923)
<b>Operating loss</b>	<b>(138,453)</b>	<b>(148,768)</b>	<b>(282,826)</b>
Interest receivable	4,368	4,213	9,604
Loss on ordinary activities before taxation	(134,085)	(144,555)	(273,222)
Taxation	-	-	-
Loss for the financial period (note 2)	(134,085)	(144,555)	(273,222)
Loss per share - basic (pence)	(0.5)	(0.6)	(1.1)

All the above amounts are derived from continuing activities

# Consolidated Statement of Total Recognised Gains and Losses

for the six months to 31 March 2003

	Six months to 31 March 2003 Unaudited £	Six months to 31 March 2002 Unaudited £	Twelve months to 30 September 2002 £
Loss for the financial year	(134,085)	(144,555)	(273,222)
Foreign exchange translation differences on foreign currency net investments in subsidiaries	27,701	14,684	21,490
Total recognised losses since last accounts	(106,384)	(129,871)	(251,732)

# Consolidated Balance Sheet

as at 31 March 2003

	As at 31 March 2003 Unaudited £	As at 31 March 2002 Unaudited £	As at 30 September 2002 £
<b>Fixed assets</b>			
Intangible Assets	1,200,367	780,469	1,065,724
Tangible Assets	6,704	10,117	9,542
	<b>1,207,071</b>	<b>790,586</b>	<b>1,075,266</b>
<b>Current assets</b>			
Debtors	67,697	36,108	67,772
Cash at bank and in hand	200,305	458,125	393,760
	<b>268,002</b>	<b>494,233</b>	<b>461,532</b>
<b>Creditors: amounts falling due within one year</b>	<b>65,582</b>	<b>123,482</b>	<b>111,623</b>
<b>Net current assets</b>	<b>202,420</b>	<b>370,751</b>	<b>349,909</b>
<b>Total assets less current liabilities</b>	<b>1,409,491</b>	<b>1,161,337</b>	<b>1,425,175</b>
<b>Capital and reserves</b>			
Called up share capital	284,210	244,428	276,652
Share premium	1,849,978	1,413,361	1,766,836
Merger reserve	131,096	131,096	131,096
Profit and loss account	(855,793)	(627,548)	(749,409)
<b>Shareholders' funds</b>	<b>1,409,491</b>	<b>1,161,337</b>	<b>1,425,175</b>

# Consolidated Cash Flow Statement

for the six months to 31 March 2003

	Six months to 31 March 2003 Unaudited £	Six months to 31 March 2002 Unaudited £	Twelve months to 30 September 2002 £
Net cash outflow from operating activities (note 3)	(165,016)	(82,964)	(248,495)
Return on investments and servicing of finance	4,368	4,213	9,604
Capital expenditure and financial investment	(123,507)	(196,320)	(488,499)
Acquisition and disposals	-	-	-
Net cash outflow before financing	(284,155)	(275,071)	(727,390)
Financing	90,700	439,461	827,415
(Decrease)/Increase in cash in the period (note 4)	(193,455)	164,390	100,025

## Notes to the Interim Statement

### 1. Basis of preparation

The interim report has been prepared on the basis of the accounting policies set out in the Company's financial statements for the period ended 30 September 2002. The financial information set out in this statement relating to the period ended 30 September 2002 does not constitute statutory accounts for that period. Full audited accounts in respect of that financial period (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 report has been approved by the Directors and is unaudited.

Comparative figures for the six months ended 31 March 2002 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.

	Six months to 31 March 2003 Unaudited	Six months to 31 March 2002 Unaudited	Twelve months to 30 September 2002
Loss for the period (£)	(134,085)	(144,555)	(273,222)
Weighted average shares in issue	28,253,871	23,024,218	24,554,739
Basic loss per share (pence)	(0.5)	(0.6)	(1.1)

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

	Six months to 31 March 2003 Unaudited £	Six months to 31 March 2002 Unaudited £	Twelve months to 30 September 2002 £
Operating loss	(138,453)	(148,768)	(282,826)
Depreciation charge	2,976	3,566	5,615
Loss on foreign exchange	-	-	-
Intangible fixed assets written off	16,427	-	10,003
Decrease/(Increase) in debtors	75	2,207	(29,457)
(Decrease)/Increase in creditors	(46,041)	60,031	48,170
<b>Net cash outflow from operating activities</b>	<b>(165,016)</b>	<b>(82,964)</b>	<b>(248,495)</b>

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

	Six months to 31 March 2003 Unaudited £	Six months to 31 March 2002 Unaudited £	Twelve months to 30 September 2002 £
(Decrease)/increase in net cash in the period	(193,455)	164,390	100,025
Opening net funds	393,760	293,735	293,735
Closing net funds	200,305	458,125	393,760

## 5. 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.

# Directors and Professional Advisers

## Directors

Patrick Cheetham

– *Executive Chairman*

Donald McAlister

– *Non-Executive Director*

David Whitehead

– *Non-Executive Director*

## Company Secretary

Christine Hulley FCMA, MCMI

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

Registration Number 3821411

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Capita Registrars

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United Kingdom

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Buxton

Derbyshire SK17 6DG

United Kingdom

## Broker

W H Ireland Limited

11 St James's Square

Manchester M2 6WH

United Kingdom

## Solicitors

Fox Brooks Marshall

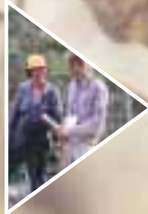
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