

NEWS

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TERTIARY MINERALS WILL SHORTLY BE DRILLING AGAIN AT THE STORUMAN FLUORSPAR PROJECT AS IT PUSHES ON WITH PRE-FEASIBILITY WORK

By Alastair Ford

"The fluorspar price has just been going up and up", says Patrick Cheetham of Tertiary Minerals. That's good news for Tertiary, which has lately been making great strides on two Scandinavian fluorspar projects. And good news for Tertiary shareholders, because the Tertiary share price has remained relatively strong throughout the first half of the year, in what can only be described as indifferent markets. Indifferent for equities, that is. But not indifferent for commodities, as Patrick explains. "When we did our scoping study in June last year, it was based on a fluorspar price of US\$387 per tonne, landed in Rotterdam. The most recent spot price from China was about US\$500 per tonne. Had we used the higher price we would have had even more tonnage, albeit at lower grade."

And it looks as though there could be further price strength ahead, as the supply-demand balance in China begins to tip in favour of foreign imports. "The fundamentals for fluorspar are very strong", continues Patrick. It's used in a variety of applications including in industrial processes relating to steel and aluminium, and in the manufacture of enamels, lenses and cooking utensils. China accounted for more than half of the world's supply in 2010, according to the US Geological Survey, and the more of its production it keeps for itself, the more the world is likely to look to other sources. And Sweden and Norway, where Tertiary's two leading projects are located, offer the benefits of political stability and established mining cultures that should insulate investors from at least some of the more common shocks that mining investors have to put up with.

So, with a commodity that's done slightly better in percentage terms than gold over the past 12 months, a politically safe jurisdiction, and a growing resource, it's no wonder Tertiary's shares have done well. Back in December, the company raised £1.8 million at 6p per share. That was a discount to the then prevailing share price, but not much of one. The company then opened its 2011 account with two announcements. First, that drilling was about to get started on an old Finnish gold project. And second, that 14 holes drilled at the Swedish fluorspar project, Storuman, had all intersected fluorspar mineralisation of "economic significance."

It was that second news item that Tertiary really built upon as 2011 got into full swing. At the end of March the consultants at SRK delivered a maiden JORC resource for Storuman based on Tertiary's drilling to date and on old data from the 1970s. This showed Storuman to contain 28 million tonnes grading 10.2% fluorspar, most of which is in indicated category. It also showed a significant increase on the amount of fluorspar the company reckoned could be incorporated into an open pit, when set against the modelling completed as part of the 2010 scoping study. Patrick was clearly delighted at this result, and spoke of "a value adding event for our company" that had "exceeded expectations".

But things never stand still in the mining industry, and fast forward two months to the present and plans are afoot to set the rigs turning again within a matter of weeks in order to bring in more data for the ongoing pre-feasibility work. No drill contract has yet been signed so the timing isn't exactly precise, but Patrick would like a follow-up programme to get started within four weeks or so. Storuman has yet to be drilled off in any direction so there's plenty of scope for increasing the resource this summer as the pre-feasibility work gathers momentum. Any barren holes will help in deciding where to place plant and other site infrastructure, adds Patrick. Meanwhile, metallurgical work and environmental studies are getting underway.

Work at the other fluorspar project, Lassedalen in Norway, is also continuing, following the company's discovery of old drill data and the core to go with it. That's allowed SRK to get to work putting together an initial resource estimate, the results of which are due out later in the year. In the meantime the results from the Finnish gold property are also back in, and although Patrick cautions that it's too early yet to talk of a new gold discovery, the programme did manage to intersect some good grades, which were referred to as "encouraging" in the

associated press release. "Follow up work is clearly warranted", wrote Patrick in the chairman's statement in the recent Tertiary interims. And with gold pushing on towards US\$1,550 again, now's the time to be dusting off old gold projects, even if the recent gold price performance hasn't quite matched that of fluorspar.

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