

7 December 2005

SAUDI COMPANIES BACK TERTIARY WITH FUNDING PACKAGE FOR GHURAYYAH FEASIBILITY STUDIES

- **US\$7m Financing Includes Placing of 5 Million Tertiary Shares At 100% Premium**
 - **Tertiary To Retain 50% of World's Largest Tantalum Project after Bankable Feasibility Study**
 - **Local Project Financing Environment May Minimise Equity Requirement On US\$100m Project**
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Tertiary Minerals plc ("Tertiary" or "the Company") is pleased to announce that it has signed a Preliminary Agreement with a consortium of Saudi Arabian investors ("the Consortium") that will provide a funding package of up to US\$7 million for the completion of Preliminary and Bankable feasibility studies for the development of the Company's world-class Ghurayyah tantalum-niobium project in Saudi Arabia. Assuming successful completion of these studies a special purpose vehicle, funded and owned equally by Tertiary and the Consortium, will be incorporated to develop the Ghurayyah deposit.

The Consortium comprises two of Saudi Arabia's leading family companies – A.H.Algozaibi & Bros. Co. and AlNahla Trading & Contracting Co. Both are diversified industrial companies with a range of domestic and international business interests. This joint venture is believed to be the first minerals based joint venture to be established between Saudi and foreign companies under the terms of the current Saudi Investment Code and the newly introduced Mining Code.

Under the Preliminary Agreement the Consortium will immediately subscribe £500,000 for 5,000,000 new ordinary shares in Tertiary Minerals plc at a price of 10 pence per share, representing a 100% premium over the current market price. The parties will then seek to implement a binding joint venture agreement based on the terms of the Preliminary Agreement whereby the cost of the Preliminary Feasibility study, estimated at US\$2,000,000 will be funded US\$300,000 by Tertiary, US\$850,000 from the issue to the Consortium of zero-coupon convertible loan notes and a further US\$850,000 direct contribution to the joint venture expenses from the Consortium. The loan notes will be convertible to ordinary shares in Tertiary at any time prior to completion of the Preliminary Feasibility Study at a price equal to the higher of 15p per share or 80% of the weighted average market price in the 30 days prior to conversion. The share placement and full conversion of the loan notes would result in the Consortium holding a 15% interest in the enlarged issued share capital of Tertiary.

The costs of a subsequent Bankable Feasibility Study, estimated at US\$5 million, will be met 90% by the Consortium and 10% by Tertiary by direct contribution to joint venture expenses.

On construction, the project partners will seek to maximise the benefit of favourable debt funding available in Saudi Arabia, including that from the Saudi Industrial Development Fund and the Al Yamamah Offset programme, which could reduce Tertiary's project equity requirement to as little as 6.5% of the US\$75-100 million total capital costs of the project estimated in the 2003 Scoping Study.

Commenting today, Mr Patrick Cheetham, Executive Chairman of Tertiary said: "This agreement is a major step forward in unlocking the huge potential of the Ghurayyah deposit. The agreement comes at a time when the tantalum market has substantially recovered from the volatility of the year 2000 'electronics bubble' and demand is now growing at 5-8% per year. I believe that Ghurayyah has the potential to become a significant supplier to this exciting market and I look forward to working with our new partners to bring Ghurayyah to production."

Tantalum Background

Tantalum's has the ability to store and release electronic charge and its main use is in the manufacture of capacitors, components that regulate the flow of electricity in electronic circuit boards. Capacitors are widely used in most electronic devices, especially mobile phones, digital cameras, DVD,s gaming platforms and laptops.

Being inert, with a high melting point, tantalum is also used in medical implants and in special alloys for the aerospace industry where the markets are also expanding. With increasing demand from China as its processing and electronics industries develop, demand has recovered to its pre-bubble record levels. Raw material demand is currently 5,000,000 lbs/year tantalum pentoxide and growing at an estimated 5-8% per year, after averaging over 8% annual growth in the 1990's.

Major Western raw material processors currently source the majority of their raw material supply on long-term contracts from Sons of Gwalia's hard-rock mining operations in Western Australia. Another significant supplier of raw materials to the market is the U.S. Defence Logistics Agency, which traditionally sells around 500,000lbs per annum of tantalum pentoxide in concentrates. However, its stockpile will be depleted within 12 months at current disposal rates.

Ghurayyah Project

Tertiary Minerals plc's Ghurayyah Ta-Nb-Zr-U-REE (tantalum-niobium-zircon-uranium-rare-earth element) deposit is located in NW Saudi Arabia, 55km from the Red Sea port of Dhuba. An Inferred Mineral Resource of nearly 400 million tonnes grading 245 grammes/tonne of Ta₂O₅ and 2,840 grammes/tonne of Nb₂O₅ is defined by drilling of a 900m diameter plug of mineralised granite, open at depth. The deposit exhibits remarkable grade continuity, no internal waste, and can be extracted by cheap open-pit mining methods. The fine-grained Ta and Nb containing ore-minerals can be concentrated by flotation with good recoveries with subsequent magnetic separation of a zircon by-product. A number of different processing routes have been considered for production of marketable products, including a Fe-Nb-Ta alloy. A detailed economic and technical scoping study suggests the deposit has commercial potential as a future source of supply of tantalum, niobium and zircon raw materials and at an extraction rate of 1.5 million tonnes/year would have a mine life of over 200 years. The extraction of significant contents of uranium and rare-earth-element has yet to be evaluated.

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