Tertiary Minerals plc

Interim Statement 2007

Chairman's Statement

I am pleased to report the Company's progress and interim results for the six month period ended 31 March 2007.

Review of Activities

The Company's principal concern this past six months has been the resolution of issues surrounding the renewal of its exploration rights over the Ghurayyah tantalum-niobium project in Saudi Arabia and the resulting voluntary suspension of our shares, which is now being lifted.

A more detailed explanation of these issues and the current status of the Company's application for a new exploration licence is given in a separate release to the Stock Exchange.

The occurrence of uranium in the Ghurayyah deposit makes its development for tantalum and niobium and other associated minerals particularly sensitive for the Saudi Government. Recognising these sensitivities, we have been working with our Saudi joint venture partners and with the Saudi Deputy Ministry for Minerals Resources (DMMR) to find workable solutions and, as a result, a new application for an exploration licence at Ghurayyah is being processed by the DMMR. This application has been made jointly with our Saudi joint partners following the signing of an amendment to the Joint Venture Agreement whereby the two Saudi joint venture partners will accelerate their future earn-in contributions to the project and, together with Tertiary, form a local (Saudi) joint venture operating vehicle.

Work on the Ghurayyah feasibility studies, outside of Saudi Arabia, has continued steadily throughout the suspension period and we hope to issue a progress report shortly. Whilst the suspension has been a period of unwelcome uncertainty for shareholders, I am pleased that our licence application is being progressed and that we have advanced the relationship with our Saudi joint venture partners.

Results

The Group loss for the six month period was £615,435 (Six months to 31 March 2006 £135,944 restated on adoption of FRS 20 "Share Based Payments"). This includes a provision against the full carrying value of the Ghurayyah project of £522,809, a share of the losses of Sunrise Diamonds plc, which was an associated undertaking until 9 February 2007, and a profit on the deemed sale of an interest in Sunrise Diamonds plc of £53,250.

Whilst we believe that the new Ghurayyah exploration licence will be issued in due course, the terms and conditions it may contain relating to the processing of radioactive minerals are as yet unclear, and in these circumstances the Board considers it prudent to make a provision against the full carrying value of the Ghurayyah project until such time as a new exploration licence is issued on terms and conditions which are acceptable to the Company, at which point the provision would be reversed.

I am pleased to report that the Company is continuing with other business as normal. We have entered into negotiations which, if successful, will lead to the acquisition of an interest in a second major niobium project. Other project acquisitions are also under consideration and joint venture discussions are in progress with parties wishing to acquire an interest in certain of our Scandinavian exploration assets.

Patrick L Cheetham **9 July 2007**
Executive Chairman

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Consolidated Profit and Loss Account

for the six months to 31 March 2007

	Six months to 31 March 2007 Unaudited	As restated Six months to 31 March 2006 Unaudited	As restated Twelve months to 30 September 2006
	£	£	£
Exploration costs written off and provided for	**535,990**	11,307	52,077
Administrative expenses	**131,553**	135,218	231,420
Operating loss	**(667,543)**	(146,525)	(283,497)
Share of operating loss of associate	**(18,458)**	(27,109)	(48,773)
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.	**53,250**	25,052	44,357
Interest receivable	**16,075**	10,982	28,268
Share of interest receivable of associate	**1,241**	1,656	3,558
Loss on ordinary activities before taxation	**(615,435)**	(135,944)	(255,583)
Tax on loss on ordinary activities	**-**	-	-
Loss for the period	**(615,435)**	(135,944)	(255,583)
Loss per share - basic (pence) (note 2)	**(1.13)**	(0.28)	(0.49)

Consolidated Statement of Total Recognised Gains and Losses

for the six months to 31 March 2007

	Six months to 31 March 2007 Unaudited	As restated Six months to 31 March 2006 Unaudited	As restated Twelve months to 30 September 2006
	£	£	£
Loss for the period	**(615,435)**	(135,944)	(255,583)
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**(25,389)**	6,958	(21,507)
Total recognised losses since last accounts	**(640,824)**	(128,986)	(277,090)

Consolidated Balance Sheet
as at 31 March 2007

	As at 31 March 2007 Unaudited £	As restated As at 31 March 2006 Unaudited £	As restated As at 30 September 2006 £
Fixed assets			
Intangible Assets	**749,704**	1,090,212	1,158,926
Tangible Assets	**9,890**	11,535	9,898
Share of net assets of associate	**-**	219,744	221,742
Investment	**257,775**	-	-
	1,017,369	1,321,491	1,390,566
Current assets			
Debtors	**49,681**	1,062,839	57,197
Cash at bank and in hand	**636,768**	179,571	884,110
	686,449	1,242,410	941,307
Creditors: amounts falling due within one year	**(72,830)**	(131,119)	(71,052)
Net current assets	**613,619**	1,111,291	870,255
Creditors: amounts falling due after more than one year	**-**	(490,026)	-
Net Assets	**1,630,988**	1,942,756	2,260,821
Capital and reserves			
Called up share capital	**545,127**	514,210	545,127
Share premium account	**4,259,683**	3,826,853	4,259,683
Merger reserve	**131,096**	131,096	131,096
Option Reserve	**15,160**	1,748	4,170
Profit and loss account	**(3,320,078)**	(2,531,151)	(2,679,255)
Shareholders' funds	**1,630,988**	1,942,756	2,260,821

Consolidated Cash Flow Statement

for the six months to 31 March 2007

	Six months to 31 March 2007 Unaudited	As restated Six months to 31 March 2006 Unaudited	As restated Twelve months to 30 September 2006
	£	£	£
Net outflow from operating activities (note 3)	**(122,545)**	(136,823)	(217,465)
Returns on investments and servicing of finance			
Interest received	**16,075**	10,982	28,268
Net cash outflow from operating activities after returns on investments and servicing of finance.	**(106,470)**	(125,841)	(189,197)
Capital expenditure and financial investment			
Purchase of intangible fixed assets	**(113,589)**	(140,280)	(230,324)
Purchase of tangible fixed assets	**(1,894)**	(1,846)	(9,520)
Receipts from sale of intangible fixed assets	**-**	-	-
Receipts from sale of tangible fixed assets	**-**	2,500	4,166
Net cash outflow from capital expenditure and financial investment	**(115,483)**	(139,626)	(235,678)
Acquisition and disposals			
Payments to acquire investment in associate	**-**	65,250	65,250
Net cash outflow from acquisitions and disposals	**-**	(65,250)	(65,250)
Financing			
Issue of share capital (net of expenses)	**-**	499,727	963,738
Exchange differences	**(25,389)**	103	(25,472)
Net cash (outflow)/inflow from financing	**(25,389)**	499,830	938,266
(Decrease)/increase in cash in the period (note 4)	**(247,342)**	169,113	448,141

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 period ended 30 September 2006 as amended by the adoption of FRS 20 and the application of FRS 25. The financial information set out in this statement relating to the period ended 30 September 2006 does not constitute statutory accounts for that period. Full audited accounts in respect of that financial period prior to the adoption of FRS 20 and the application of FRS 25 have been delivered to the Registrar of Companies. They did not contain a statement under Section 237(2) or (3) of the Companies Act 1985 and received an unqualified audit opinion, however there was an emphasis of matter in relation to the availability of project finance.

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. Further funding is raised as and when required. When any of the Group's projects move to the development stage, specific financing will be required.

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.

Prior year adjustments
The Company has applied the requirements of FRS 20 (share based payments) in accordance with the transitional provisions to all relevant equity instruments granted after 7 November 2002 and unvested at 1 October 2005.

The Company issues share based payments to directors, employees and to key consultants to the Company. All share based payments are measured at fair value at the date of grant and expensed on a straight line basis over any vesting period, based on the Company's estimate of shares that will eventually vest. Fair value is measured by use of a model based on the Black-Scholes-Merton valuation method. The expected life of the instrument used in the model is adjusted, based on the Company's best estimate, for the effects of any exercise restrictions and behavioural considerations.

The adoption of FRS 20 has resulted in a charge to the Profit & Loss Account of £10,990. A prior year adjustment has been made to the financial information set out for the six month period ended 31 March 2006 (£1,748) and the year ended 30 September 2006 (£4,170) to apply charges to the Profit and Loss Account for share options granted or becoming vested in these periods. This has no impact on the net assets of the Company.

The group has contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Group includes its share of assets and liabilities in such joint arrangements measured in accordance with the terms of each arrangement, which is usually pro-rata to the Group's interest in the risks of the joint arrangement.

A review of the accounting of such arrangements has resulted in a decrease in cash and creditors due after more than one year as at 31 March 2006 of £425,511. There is no impact on the net assets of the Group.

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 2007 Unaudited	As restated Six months to 31 March 2006 Unaudited	As restated Twelve months to 30 September 2006
Loss for the period (£)	**(615,435)**	(135,944)	(255,583)
Weighted average shares in issue (No.)	**54,512,736**	49,415,598	51,710,679
Basic loss per share (pence)	**(1.13)**	(0.28)	(0.49)

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 22.

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

	Six months to 31 March 2007 Unaudited	As restated Six months to 31 March 2006 Unaudited	As restated Twelve months to 30 September 2006
	£	£	£
Operating loss	**(667,543)**	(146,525)	(283,497)
Provision against intangible asset	**522,809**	-	-
Depreciation charge	**1,903**	1,491	3,301
Depreciation released on disposal	**-**	(2,169)	(2,169)
Profit on disposal of tangible fixed asset	**-**	504	504
Non-cash movement in reserves	**10,990**	1,748	4,170
Intangible fixed assets written off	**-**	-	18,582
Decrease/(increase) in debtors	**7,517**	(13,246)	8,508
Increase in creditors	**1,779**	21,374	33,136
Net cash outflow from operating activities	**(122,545)**	(136,823)	(217,465)

4. Reconciliation of cash flow to movement in net funds

	Cash at bank and in hand
	£
(Decrease) in cash in the period	**(247,342)**
Cash outflow from decrease in funds and lease financing	**-**
Cash inflow from decrease in liquid resources	**-**
Changes in net funds resulting from cash flows	**(247,342)**
Net funds at 30 September 2006	884,110
Net funds at 31 March 2007	**636,768**

5. Financial information regarding associated undertaking

On 9 February 2007 the Company ceased to consider Sunrise Diamonds plc as an associate for accounting purposes following an issue of new ordinary shares by Sunrise Diamonds plc to third parties. This resulted in the Company's interest in Sunrise Diamonds plc falling below 20% (from 23.45% to 18.33%) and consequently the Company's interest has been treated as an investment from 9 February 2007.

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.

It is also available on the Company's website at www.tertiaryminerals.com