Tertiary Minerals plc

("Tertiary" or "the Group" or "Company")

12 December 2013

Audited Results for the year to 30 September 2013

Tertiary Minerals plc, the AIM-quoted mineral exploration and development company building a significant strategic position in the fluorspar sector is pleased to announce audited results for the year ended 30 September 2013.

Operational Highlights

- Work continuing on Storuman Fluorspar Project Preliminary Feasibility Study.
- Storuman Exploitation Concession (Mining Lease) application in preparation.
- Large Exploration Target delineated by independent review of historical data: 85-105 million tonnes grading 9-11% fluorspar (CaF_2) at 8% CAF_2 cut-off
- First drill programme completed at MB Project - results awaited.

Commenting, Patrick Cheetham, Executive Chairman, said: "I am pleased to be reporting our further progress this year in our ambition to be a significant supplier of fluorspar to world markets with the decision to apply for a mining lease for our most advanced fluorspar project at Storuman in Sweden as well as the definition of a world-class Exploration Target at the MB Project in Nevada."

Further Information;

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About Tertiary Minerals plc

Tertiary Minerals plc (ticker symbol 'TYM') is an AIM-quoted mineral exploration and development company building a significant strategic position in the fluorspar sector. Fluorspar is an essential raw material in the chemical, steel and aluminium industries. Tertiary controls two significant Scandinavian projects (Storuman in Sweden and Lassedalen in Norway) and a large deposit of strategic significance in Nevada USA (MB Project).

Shares in the Company trade on AIM. EPIC: "TYM".

http://www.tertiaryminerals.com

Chairman's Statement

I have great pleasure in presenting the Company's Annual Report & Financial Statements for the year ended 30 September 2013.

I am pleased that we are reporting further significant progress during the year in our ambition to be a significant supplier of fluorspar to world markets, despite very difficult equity market conditions. Highlights undoubtedly include the delineation of a world class Exploration Target at the recently acquired MB Fluorspar Project in Nevada where, following a review of historical exploration data, an initial tonnage grade estimate was made of 85-105 million tonnes grading 9-11% fluorspar. The first drilling programme has just been completed with the objective of defining a Mineral Resource large enough for an initial 10 year mine life. The results are eagerly awaited.

At the Storuman Fluorspar Project, our most advanced project, we have experienced some delay with metallurgical test work and a consequential delay to the preliminary feasibility study. Nevertheless, a major development for the Storuman project was the decision to apply for an Exploitation Permit which is now in preparation and which we expect to submit in the first quarter of 2014.

The equity markets have been all but closed to junior mining companies during the year and in order to maintain the momentum in our work programmes through the year we have drawn on various innovative funding arrangements including a £1.3 million equity placing and equity swap in May 2013.

I would like to thank my fellow Board members for their contributions during the year and was delighted with the Board's decision to appoint Richard Clemmey as Managing Director of the Company. Formerly our Operations Director, Richard will continue to manage the Group's projects and will assume responsibility for the day to day running of the Company. This will allow me more time to focus on the Group's corporate development and strategy, whilst the separation of the roles of Chairman and Managing Director brings this aspect of the Company's governance in line with best practice.

This Annual Report follows a revised format following the introduction of the new Companies Act requirements to include a Strategic Report. This is widely seen as an opportunity to more clearly and concisely set out the Company's aims, strategies and business plan whilst also highlighting those aspects of the Financial Statements that best reflect the Company's and your Board's progress and performance during the year. The Strategic Report contains some information formerly included in the Directors' Report and incorporates the Managing Director's Operating Review.

Our 30 September year-end means that we are amongst the first companies required to comply with the Strategic Report requirement and no doubt our new reporting format will evolve with time. As its purpose is to enable a more effective communication with you, our shareholders, I encourage you to contact me with any suggestions for improvement in the presentation of your Annual Report & Financial Statements.

In the meantime I look forward to meeting shareholders at the Annual General Meeting which is to be held on Wednesday 19 February 2014.

Patrick Cheetham
Executive Chairman

Strategic Report

The Directors of the Company and its subsidiary undertakings (which together comprise "the Group") present their Strategic Report for the year ended 30 September 2013.

The Strategic Report is a new statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006 which sets out the Directors' duty to promote the success of the Company.

Principal Activities

The principal activity of the Company is that of a holding company for its subsidiaries. The principal activity of the Group is the identification, acquisition, exploration and development of mineral projects with a principal focus on fluorspar, the main raw material source of fluorine for the chemical, steel and aluminium industries.

The areas of activity are Sweden, Finland, Norway, USA and Saudi Arabia.

Organisation Overview

The Group's management is based in Macclesfield in the United Kingdom, but it operates in five other countries through UK and foreign subsidiaries and branches of those subsidiaries. The corporate structure of the Group reflects the historical pattern of acquisition by the Group and the need where appropriate, for fiscal and other reasons, to have incorporated entities in particular territories.

The Group's exploration activity is undertaken in Norway through a UK subsidiary Tertiary Gold Ltd and in Sweden and Finland through registered branches Svensk filial till Tertiary Gold Limited and Tertiary Gold Limited, Filial i Finland. In the USA the Company operates through a subsidiary, Tertiary Minerals US Inc. A UK subsidiary Tertiary (Middle East) Limited was incorporated to hold the Company's interest in the Ghurayyah project in Saudi Arabia.

The Board of Directors comprises two independent non-executive directors, the Managing Director and the Executive Chairman.

Aims, Strategy & Business Plan

The Company's ***aim*** is to add value to the Group's mineral projects through the discovery of mineral resources and to become a reliable long-term and competitive supplier of fluorspar to world markets.

The ***strategy*** is to acquire and develop large fluorspar deposits located to established infrastructure and markets in stable, democratic and mining friendly jurisdictions.

Large deposits are essential to support a long mine life and to provide for future expansion. Proximity to infrastructure is critical for the development of industrial mineral deposits as they tend to be niche developments that do not stand substantial infrastructure costs. Transport costs can be a significant part of the costs of fluorspar delivered to a customer and so proximity to markets is important, especially in periods of low prices and so the Company has deliberately sought out projects close to the major markets in Europe and North America.

Mineral development is a high-risk business and as a result Tertiary seeks projects in countries with low levels of corruption and political risk. This helps satisfy the Company's potential customers' needs to demonstrate that their fluorspar raw materials are ethically sourced with minimum chance of political interference or supply disruption.

The Group's ***business model*** has established it as a successful, efficient and low costs explorer. The Company identifies mineral project opportunities through internal research and prefers to acquire its interests by licence of "open ground" from the relevant authority. This allows Tertiary to acquire 100% ownership of valuable assets often at minimal cost - as was originally the case for the Storuman and Lassedalen projects. In other cases, rights are negotiated rights from existing owners for initially low periodic payments that rise over time as confidence in the project value increases - as is the case for the recently acquired MB project in Nevada USA.

The Group seeks to run the Company with a low cost base in order to maximise the amount that can be spent on exploration and development as this is where value can be added. The Company has 5 full time employees including the two executive directors who work with and oversee a range of carefully selected and experienced consultants and contractors as and when work requires.

The administration costs are reduced through a management agreement with Sunrise Resources, where Tertiary is a substantial shareholder (as defined under the AIM Rules), and whereby Sunrise Resources share Tertiary's office costs and staff costs.

The Company's activities activities are financed through periodic capital raisings, through placings and other innovative equity based financial instruments. As the projects become more advanced the Board aims to secure at least some project funding from future customers via production sharing and other marketing arrangements should fluorspar supplies from traditional Chinese suppliers become harder to obtain.

Financial & Performance Review

The Group is not yet producing minerals and so has no income other than a small amount of bank interest. Consequently the Group is not expected to report profits until it disposes of, or is able to profitably develop or otherwise turn to account its exploration and development projects.

The results for the Group are set out in detail in the Financial Statements. The Group reports a loss of £451,160 for the year (2012: £494,945) after administration costs of £437,857 (2012: £466,211) and after crediting interest of £5,668 (2012: £4,050). The loss includes expensed pre-licence and reconnaissance exploration costs of £32,131 (2012: £32,784), the impairment of deferred exploration costs of £7,140 (2012: nil) and a non cash amount of £20,300 (2012: nil) representing a reduction in the Company's independently valued liability, under the Equity Swap Agreement, from inception to the end of the financial year. Administration costs include £88,506 as non-cash costs for the value of certain options and warrants held by employees and others as required by IFRS 2.

The Financial Statements show that, at 30 September 2013, the Group had net current assets of £1,298,847 (2012: £782,913). This represents the cash position after allowing for receivables and trade and other payables and the value of the equity swap. These amounts are shown in the Consolidated and Company Statement of Financial Position on and are also components of the Net Assets of the Group. Net assets also include various "intangible" assets of the Company. As the name suggests, these intangible assets are not cash assets but include some of this year's and previous year's expenditure on minerals projects where that expenditure meets the criteria in Note 1(d) accounting policies. The individual intangible assets total £2,420,947 (2012: £1,843,349) and breakdown by project is shown in Note 2 to the Financial Statements.

Expenditures which do not meet the criteria in Note 1(d), such as pre-licence and reconnaissance costs are expensed and add to the Company's loss. The loss reported in any year can also include expenditure that was carried forward in previous reporting periods as an intangible asset but which the Board determines is "impaired" in the reporting period.

The extent to which expenditure is carried forward as intangible assets is a measure of the extent to which the value of Company's expenditure is preserved. In the current reporting period an amount of £7,140 was impaired for the Gjerpen fluorspar project, which was relinquished during the year.

The intangible asset value of a project should not be confused with the realisable or market value of a particular project which will, in the Director's opinion, be at least equal in value and often considerably higher. Hence the Company's market capitalisation on AIM is usually in excess of the net asset value of the Group.

Details of intangible assets, property, plant & equipment and investments are set out in Notes 8, 9 and 10 of the financial statements.

Administration and overhead costs have been shared with Sunrise Resources plc, to the benefit of both companies. This cost sharing is continuing.

Key Performance Indicators

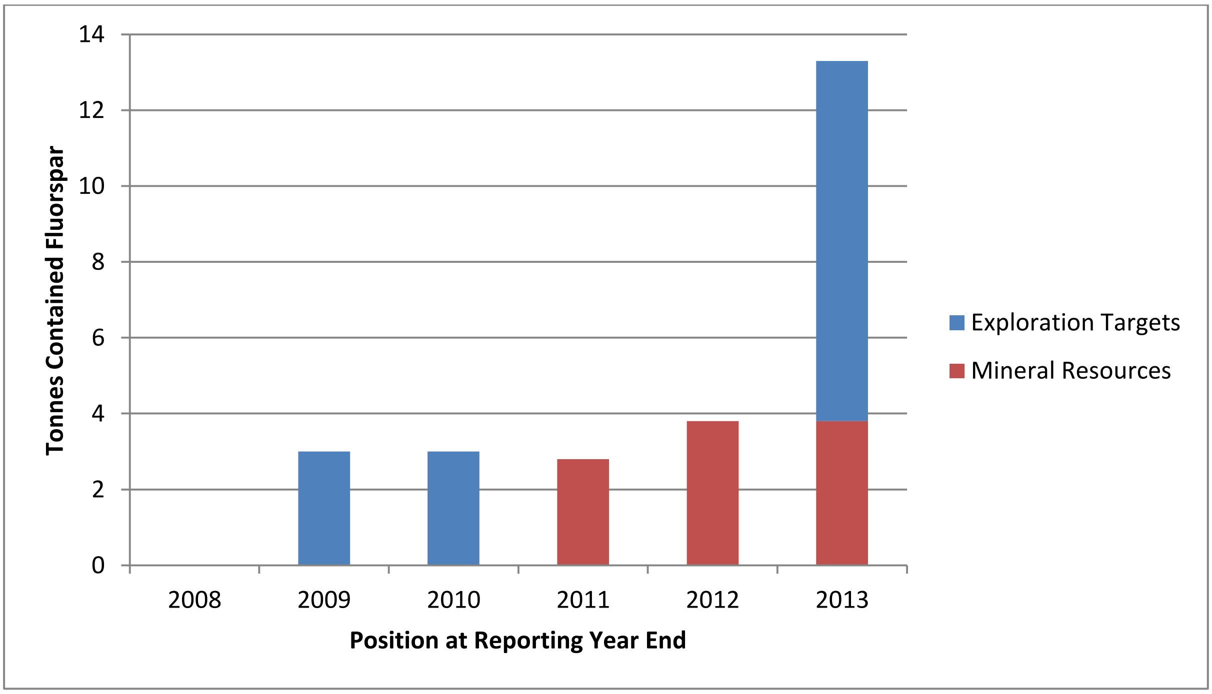
The Financial Statements of a mineral exploration company can provide a moment in time snapshot of the financial health of the Company but do not provide a reliable guide to the performance of the Company or its Board.

The usual financial key performance indicators ("KPIs") cannot be applied to a company with no turnover and so the Directors consider that the detailed information in the Operating Review is the best guide to the Group's progress and performance during the year.

In addition the Directors highlight the following KPIs and expect that further KPIs will be reported as the Company progresses through development.

Minerals Resources, Ore Reserves & Exploration Targets
The Company reports Exploration Targets, Mineral Resources and Ore Reserves as defined and categorised under the Australian Code for the reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ores Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia.

The Company has been successful in defining increasing amounts of fluorspar in these various categories since acquiring its first fluorspar exploration project in 2008.



Source: Company Estimates and Technical Reports

Health & Safety
The Group has not lost any man-days through injury and there have been no Health & Safety incidents or reportable accidents during the year.

Environment
No Group company has had or been notified of any instance of non-compliance with environmental legislation in any of the Countries in which they work.

Fundraising
Since 2008, when the Company acquired its first fluorspar project at Storuman, the Company has raised just £4,233,333 in equity and your Board is therefore proud of the progress it has made since that date, on limited financial resources in a period of considerable financial turmoil.

Source : Compan

During the 2013 financial year the Company raised a total of £1,616,986 net of expenses from a variety of sources as shown in Note 14 of the Financial Statements.

A part of this fundraising was tied to an Equity Swap Agreement with YA Global Master SPV which, in the Consolidated and Company Statement of Financial Position at 30 September 2013, had an independently assessed value of £264,286. This Swap Agreement was settled on 8 November 2013 and returned an amount of £336,333 to the Company on closure, as set out in Note 18.

Operating Review

In 2013 the Company has made solid progress with the development of its 100% owned fluorspar projects. An Exploitation Permit application is now being prepared following the completion of two years of environmental baseline studies at Storuman in Sweden. Preliminary feasibility studies are continuing in parallel to this process. Following the acquisition of the MB Project in Nevada USA the Company has completed a JORC compliant exploration target and two phases of drilling with the objective of defining a JORC compliant Mineral Resource Estimate and targeting potentially higher grade areas of the known deposit.

Fluorspar Projects

Storuman Fluorspar Project, Sweden
The Company's 100% owned Storuman project is located in north central Sweden and is linked by the E12 highway to the port city of Mo-i-Rana in Norway and by road and rail to the port of Umeå on the Gulf of Bothnia. A positive development for the Storuman project is the recent construction of a bulk rail terminal 25km from the project site which provides a direct rail link to the deep water port of Umeå. The directors believe that the project is ideally located to serve the key European fluorspar market.

Exploitation and Environmental Permitting Studies
The Company has now passed the critical two year mark for baseline environmental studies required as a condition to submit the Environmental and Exploitation Permit applications. Further milestones have been reached this year with the completion of a reindeer husbandry impact analysis in co-operation with the local reindeer husbandry cooperative.

The Company is currently in the process, together with its Swedish based consultants and advisors, of using the results from the technical, social and environmental studies to prepare the technical description, environmental impact assessment and legal documents required for the Exploitation Permit application. The current target for submission of the application is Q1 2014 followed by the preparation and submission of the Environmental Permit application by the end of 2014.

Preliminary Feasibility Study
A critical task of the Preliminary Feasibility Study and subsequent Environmental Permit preparation is the completion of the metallurgical testwork and development of a process-flow sheet. The Company's Scoping Study previously assumed fine grinding a blend of the Upper and Lower mineralised horizons in order to produce acid grade fluorspar. The Company has been working hard alongside its consultants to optimise the grind size and recovery of fluorspar from the blended ore and from the Upper and Lower Horizon separately. The results of the testwork have confirmed the Upper Horizon can be concentrated to produce acid grade fluorspar at a coarser size distribution than was assumed in the Scoping Study. Further work is continuing to optimise the recovery and simplify the process. The results from the Lower Horizon have confirmed that fine grinding is still required in order to produce acid grade fluorspar with lower recoveries than the Upper Horizon.

Due to the differing nature of the two ore horizons and periodic delays at the testing laboratory the planned schedule to complete the metallurgical testwork has been delayed this year. This has subsequently delayed progress with the preliminary feasibility study engineering design, mine design, capital and operating cost estimation. The metallurgical testwork is ongoing with the current target for completion being the end of 2013. Based on the results of the testwork the Company will evaluate different options at scoping study level for processing and mine planning prior to progressing with further elements of the Preliminary Feasibility Study. The current target for completing the evaluation and Preliminary Feasibility Study is the end of 2014.

MB Fluorspar Project, Nevada USA

The MB Property comprises 89 contiguous unpatented mining claims covering an area of 1,712 acres and is located 19km southwest of the town of Eureka in central Nevada, USA, recognised as one of the most attractive mining jurisdictions in the world. Eureka is located on US Highway 50 and the main rail road is located 165 km to the North of the deposit providing bulk freight distribution to the East and West of the USA. Together with Europe, the USA is a key fluorspar market currently importing the majority of its fluorspar demand. Having distribution access to the west coast provides access to Asian markets which may be a potential target market in the future.

Tonnage-Grade Estimate

Earlier this year the Company commissioned Wardell Armstrong International Ltd (WAI) to complete a Tonnage-Grade Estimate for the MB Project, classified as an Exploration Target under the JORC code (2004). The Tonnage-Grade range was estimated at 85-105 million tonnes grading 9-11% fluorspar (CaF2) at 8% cut-off grade. The Exploration Target is part of a larger mineralised system estimated at 395-615 million tonnes grading 5-7% fluorspar at 2% cut-off grade. WAI recommended a staged drilling programme in order to upgrade the Exploration Target to a JORC compliant Mineral Resource and to target potential higher grade areas of the deposit having limited historic drilling information.

Drilling Programme

The drilling programme was planned in May 2013 and the Drilling Permit was subsequently approved by the US Bureau of Land Management (BLM) in late June 2013. Phase 1 of the drilling was a 550 metre (4 holes) programme designed to test and compare results from core and reverse circulation percussion drilling techniques and to evaluate suitable analytical techniques for fluorine. Significant intersections of fluorspar (CaF_2) were reported in phase 1 e.g. 42.67m grading 12.4% CaF_2 from 4.57m in hole 13TMBRC001 including 4.57m grading 26.1% CaF_2 from 6.10m depth and 12.19m grading 16.5% CaF_2 from 25.91m depth.

Phase 2 of the drilling programme was completed using the reverse circulation percussion method and was a 2,670 metre (22 holes) programme designed to define a JORC compliant Mineral Resource for a part of the deposit which would support planning of a mine-starter pit for up to the first ten years of production. Additionally some of the planned holes targeted potentially higher grade areas of the deposit. The results from phase 2 are expected to be reported over the next few months.

The Next Step

The Company's objective is to contract an independent consultant to define a JORC compliant resource by the end of Q1 2014. Following successful completion of this critical milestone the aim is to complete early stage bench scale metallurgical testwork to ascertain whether acid grade fluorspar can be produced from the ore followed by an independent scoping study, targeting completion by the end of 2014.

Lassedalen Fluorspar Project, Norway

The Lassedalen Fluorspar Project is favourably located near Kongsberg, 80km to the south-west of Oslo in Norway. It is less than 1km from highway E134 and approximately 50km from the nearest Norwegian port. The Company views this resource as strategically important alongside its Storuman project for the European market. However due to financial market conditions in 2013 the project has had a lower priority this year. The objective in the future is further drilling aimed at increasing the size of the already defined JORC compliant Mineral Resource.

Other Non-Core Projects

Finland Gold Project

The Company's gold projects in Finland include the Kaaresselkå and Kiekerömaa gold prospects in the Lappland Greenstone Belt. This belt hosts a number of advanced gold projects and two operating gold mines including the six million ounce Kittila Gold mine operated by Canadian major, Agnico Eagle Mines.

Application to renew the Kaaresselkä Exploration Licences was made in 2012 and subsequently granted under the new mining act in March 2013 for a period of three years. The Company is currently re-evaluating its historic exploration results and further work will be planned as budgets allow.

Rosendal Tantalum Project
The Rosendal project contains a pegmatite hosted JORC compliant Inferred Mineral Resource of 1 million tonnes grading 255ppm tantalum pentoxide (Ta_2O_5), open at depth. The majority of the pegmatite comprises sodium feldspar which is used in the manufacture of glass, glazes and in other industrial applications. Tantalum is used mainly in electronic applications.

The Company's 2002 PFS evaluation considered production of tantalum only using the prevailing tantalite price of US$35-40/lb Ta_2O_5. It showed the project to be marginal and no further work was carried out. Since 2002, the price for tantalite has increased and is currently in the range $80-90/lb Ta_2O_5. A Scandinavian source of tantalum could be well received as tantalite buyers and consumers of tantalum metal now seek ethically sourced, conflict-free supplies in compliance with the requirements of the 2011 US Dodd-Frank Wall Street Reform and Consumer Protection Act. The Company is currently evaluating production opportunities and how best to valorise the project.

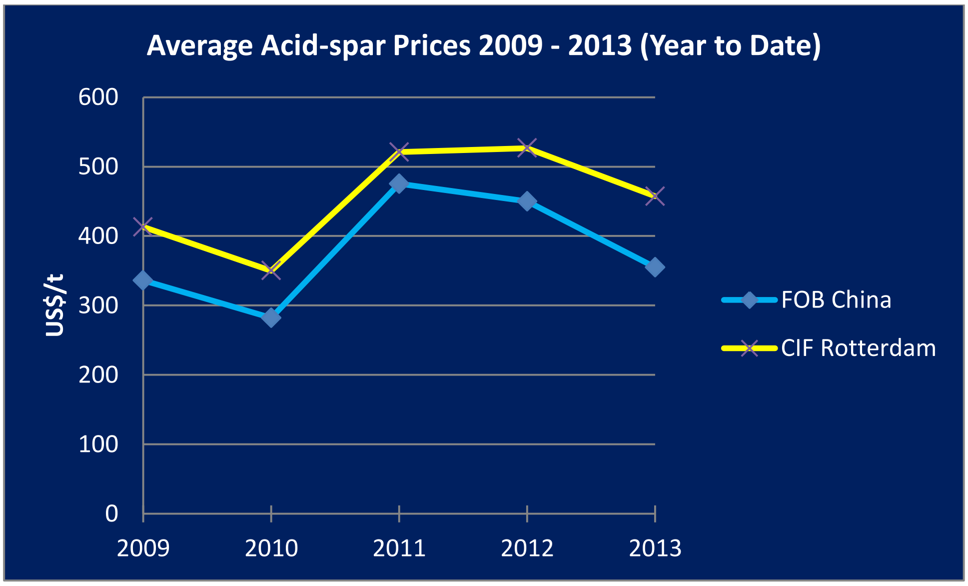
Ghurayyah Tantalum-Niobium-Rare-Earth Project
During 2013 preliminary feasibility studies for development of Ghurayyah have continued to be on hold pending the issue of a new exploration licence.

Fluorspar Market Summary*

The current global demand for fluorspar is 6.0 – 6.5 million tonnes per year. Acid-spar represents the largest share of the fluorspar market by volume, with current demand being around 3.8 million tonnes per year, and commands the highest price per tonne in comparison to metallurgical and ceramic grade fluorspar. The two primary uses of acid-spar are:

- The manufacture of Aluminium Fluoride (AlF_3) which is used as a flux in the aluminium manufacturing process.
- The manufacture of Hydrogen Fluoride (HF) with the largest use of the HF being the manufacturer of refrigerant gases.

The global supply and demand for fluorspar has seen steady growth over the decade 1998 to 2008. In 2009 the global financial crisis contributed to a contraction in acid-spar supply and demand followed by a recovery in 2011. During the latter part of 2012 and through 2013 demand for acid-spar has softened which has been reflected in the price. The China export price for acid-spar is a traditional benchmark price and is currently published as $310-330/tonne (Industrial Minerals Magazine). The equivalent price delivered into Europe (CIF Rotterdam) is published as US$420/tonne. However given the current sea freight rates, it is understood that CIF Rotterdam prices are currently below this level.



Source: Industrial Minerals

The current price weakness does not affect the Company as it is not yet in production and the positive macro-drivers for future prices are unchanged.

China is the leading producer of acid-spar representing over 50% of the total output. However during the last decade there has been a continued trend of reducing Chinese acid-spar exports. This significant reduction in exports is due to a combination of growth in internal demand and China's Government policies aimed at guaranteeing domestic supply and to protect limited reserves. As the downstream value added fluorspar consumer industry continues to grow this could result in China becoming a net importer of fluorspar in the future.

It is the Company's view that the Chinese supply-demand dynamics coupled with increasing global demand for the downstream uses of fluorine such as refrigeration, energy reduction in the steel and aluminium industry, development of more environmentally friendly refrigerants, HFC's to HFO's, and emerging uses, fluoropolymers in lithium batteries for example, will increase global demand and price for fluorspar in the long term. This view is shared amongst the leading global analysts in the business.

The largest acid-spar consuming regions outside of China are Western Europe, Canada and the USA, collectively importing more than 900,000 tonnes of acid-spar per year. The uncertainty of Chinese acid-spar supply has resulted in increasing pressure on these regions to secure long term sources and recent upstream Merger and Acquisition integration in the industry reflects this position.

The changing fluorspar supply-demand dynamics has been recognised by the European Commission (EC) who in 2010 classified fluorspar as 1 of the 14 critical raw materials, where the high risk of supply shortage has been identified and the subsequent impact on the economy is higher compared with most of the other raw materials. The USA also considers fluorspar as a strategic mineral.

**The information in this Fluorspar Market Summary is drawn from various sources, including Industrial Minerals Magazine, United States Geological Survey, Roskill, UN Comtrade and CRU.*

Risks & Uncertainties

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible. Details of how the directors mitigate these risks can be found in the Strategic Report.

The principal risks and uncertainties facing the Group at this stage in its development are:

Exploration Risk
The Company's business is mineral exploration and evaluation which are speculative activities and whilst the directors are satisfied that good progress is being made, there is no certainty that the Group will be successful in the definition of economic mineral deposits, or that it will proceed to the development of any of its projects or otherwise realise their value.

Resource Risk
All mineral deposits have risk associated with their defined grade and continuity. Mineral Reserves and Resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and metal price assumptions.

Development Risk
Delays in permitting, financing and commissioning a project may result in delays to the Group meeting future production targets.

Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.

Mining and Processing Technical Risk
Notwithstanding the completion of metallurgical testwork, test mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, ground water conditions and other geological conditions, may still render a mining and processing operation economically or technically non-viable.

Environmental Risk
Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.

Financing & Liquidity Risk
Liquidity risk is the risk that the Company will not be able to raise working capital for its ongoing activities. The Group's goal is to finance its exploration and evaluation activities from future cash flows but until that point is reached the Company is reliant on raising working capital from equity markets or from industry sources. There is no certainty such funds will be available when needed.

Political Risk
All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation whereas less developed countries have enhanced risks associated with changes to the legal framework, civil unrest and government expropriation of assets.

Partner Risk
Whilst there has been no past evidence of this, the Group can be adversely affected if joint venture partners are unable or unwilling to perform their obligations or fund their share of future developments.

Financial Instruments
Details of risks associated with the Group's Financial Instruments are given in Note 20 to the financial statements.

Internal Controls & Risk Management
The directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities, the directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

Forward Looking Statements
This Annual Report contains certain forward looking statements that have been made by the directors in good faith based on the information available at the time of the approval of the Annual Report. By their nature, such forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements.

Corporate Governance

Companies whose shares trade on AIM are not required to make an annual statement to shareholders regarding compliance with the UK Corporate Governance Code. The Company is committed to high standards of corporate governance and the Board seeks to comply with the principles of the UK Corporate Governance Code, insofar as it is appropriate to the Company at this stage in its development.

The Board of Directors currently comprises the Executive Chairman, Managing Director and two non-executive directors. The Board considers that this structure is suitable for the Company having regard to the fact that it is not yet revenue-earning.

Recently, the roles of Chairman and Managing Director were separated with the promotion of Richard Clemmey from Operations Director to Managing Director, a move which, amongst other things, brings this aspect of governance into line with best practice.

The two non-executive directors have both served for more than ten years and under the terms of the Code cannot now be regarded as independent. It is proposed that they should continue to seek annual re-election rather than retiring by rotation. The Company has been fortunate to secure the services of Donald McAlister and David Whitehead during that time and both continue to provide valuable advice based on their long experience of the mining industry.

The Board can be improved by the appointment of independent non-executive directors but is satisfied that it is currently suitable for an AIM listed company.

Role of the Board

The Board's role is to agree the Group's long term direction and strategy and monitor achievement of its business objectives. The Board meets four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic and operational matters.

Notwithstanding that the non-executive directors are not considered to be independent under the terms of the Code they are considered by the Board to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Directors have the facility to take external independent advice in furtherance of their duties at the Group's expense and have access to the services of the Company Secretary.

The Board delegates certain of its responsibilities to the Audit, Remuneration and Nomination Committees of the Board. These Committees operate within clearly defined terms of reference.

Audit Committee

The Audit Committee, composed entirely of non-executive directors, meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them.

Remuneration Committee

The Remuneration Committee also comprises the non-executive directors. The Remuneration Committee meets at least once a year to determine the appropriate remuneration for the Company's executive directors, ensuring that this reflects their performance and that of the Group, and to demonstrate to shareholders that executive remuneration is set by Board members who have no personal interest in the outcome of their decisions.

Because of the difficulty in defining KPIs for exploration companies the remuneration of executive directors does not currently include any element of performance related bonus. The Company has in place an Inland Revenue approved share option scheme and also issues warrants to subscribe for shares to executive directors and employees.

The Remuneration Committee will set performance targets for executives when the Group's projects reach a more advanced stage. Directors' emoluments are disclosed in Note 4 to the financial statements and details of directors' warrants are disclosed in Note 17.

The Board is aware that non-executive directors are not considered to be independent under the terms of the Code if they hold warrants to buy shares in the Company and so they no longer participate in the issue of warrants.

Nomination Committee

The Nomination Committee comprises the Chairman, Managing Director and the non-executive directors. The Nomination Committee meets at least once per year to lead the formal process of rigorous and transparent procedures for Board appointments and to make recommendations to the Board in accordance with the requirements of the UK Corporate Governance Code and other applicable rules and regulations, insofar as they are appropriate to the Group at this stage in its development.

Conflicts of Interest
The Companies Act 2006 permits directors of public companies to authorise directors' conflicts and potential conflicts, where appropriate and the Articles of Association contain a provision to this effect.

At 30 September 2013, Tertiary Minerals plc held 8.75% of the issued share capital of Sunrise Resources plc and the Chairman of Tertiary Minerals plc is also Chairman of Sunrise Resources plc. Tertiary Minerals plc also provides management services to Sunrise Resources plc, in the search, evaluation and acquisition of new projects.

Procedures are in place in order to avoid any conflict of interest between the Company and Sunrise Resources plc.

Corporate Responsibility

The Board takes regular account of the significance of social, environmental and ethical matters affecting the business of the Group. At this stage in the Group's development the Board has not adopted a specific policy on Corporate Social Responsibility as it has a limited pool of stakeholders other than its shareholders. Rather, the Board seeks to protect the interests of the Group's stakeholders through individual policies and through ethical and transparent actions.

The Company has adopted an Anti-corruption Policy and Code of Conduct.

Shareholders
As set out above, the Board seeks to protect shareholders' interests by following, where appropriate, the guidelines in the UK Corporate Governance Code and the directors are always prepared, where practicable, to enter into a dialogue with shareholders to promote a mutual understanding of objectives. The Annual General Meeting provides the Board with an opportunity to informally meet and communicate directly with investors.

Environment
The Board recognises that its principal activity, mineral exploration, has potential to impact on the local environment and consequently has adopted an Environmental Policy to ensure that the Group's activities have minimal environmental impact. Where appropriate, the Group's contracts with suppliers and contractors legally bind those suppliers and contractors to do the same.

The Group's activities, carried out in accordance with Environmental Policy, have had only minimal environmental impact and this policy is regularly reviewed. Where appropriate, all work is carried out after advance consultation with affected parties.

Employees
The Group encourages its employees to understand all aspects of the Group's business and seeks to remunerate its employees fairly, being flexible where practicable. The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Board takes account of employees' interests when making decisions, and suggestions from employees aimed at improving the Group's performance are welcomed.

Suppliers and Contractors
The Group recognises that the goodwill of its contractors, consultants and suppliers is important to its business success and seeks to build and maintain this goodwill through fair dealings. The Group has a prompt payment policy and seeks to settle all agreed liabilities within the terms agreed with suppliers. The amount shown in the Consolidated and Company Statement of Financial Position in respect of trade payables at the end of the financial year represents 59 days of average daily purchases (2012: 37 days).

Health and Safety
The Board recognises it has a responsibility to provide strategic leadership and direction in the development of the Group's health and safety strategy in order to protect all of its stakeholders. The Company has developed a Health and Safety Policy to clearly define roles and responsibilities and in order to identify and manage risk.

This Strategic Report was approved by the Board of Directors on 12 December 2013.

Patrick L Cheetham
Chairman

Board of Directors

The Directors and Officers of the Company are:

Patrick Cheetham, aged 53 - Executive Chairman
Mr Cheetham, the founder of the Company, is a mining geologist with 31 years' experience in mineral exploration and 25 years in public company management. He started his career as an exploration geologist in Australia with Western Mining Corporation and prior to that worked for Imperial Metals Corporation in British Columbia, Canada. From 1986 to 1993 he was joint managing director of Dragon Mining NL, and was responsible for the formation of that company, the identification of and acquisition of its exploration projects, its listing on the Australian Stock Exchange and the subsequent development of its exploration projects. In 1993 Patrick co-founded Archaean Gold N.L. which, in 1996, was the subject of a successful $50 million takeover bid by Lachlan Resources NL. He is currently also Chairman of Sunrise Resources plc.

Richard Clemmey, aged 41 - Managing Director
Mr Clemmey is a Chartered Engineer with more than 20 years of mine/quarry development and management experience. A graduate of the Royal School of Mines in London, Richard spent the first 7 years of his career in the Middle East for Derwent Mining Ltd developing and managing a chromite mining business. Richard has held many senior positions including Operations Manager for Lafarge running their flagship industrial minerals operation in the north of England. He was General Manager for Hargreaves GB Ltd responsible for their quarrying and recycling operations and UK Operations Manager for Marshalls plc responsible for 8 quarrying operations. Richard was General Manager for CFE Rock managing their industrial minerals operations in Oman before joining Tertiary Minerals plc in September 2011. He was appointed by the Board to the position of Operations Director in May 2012 and became Managing Director in November 2013.

Donald McAlister, aged 54 - Non-Executive Director*
Mr McAlister is a founding director of the Company. He was until recently Finance Director of Mwana Africa. Prior to that he was Finance Director of Ridge Mining plc and Reunion Mining, having worked previously at Enterprise Oil plc, Texas Eastern N Sea Inc. and Cluff Oil Holdings plc. He has over 20 years' experience in all financial aspects of resource industry, including metal hedging, tax planning and economic modelling. Donald's experience also includes the economic evaluation of gold and base metal mines and the arranging of project finance for feasibility studies and mine developments. He was also involved in the listing of Reunion Mining plc on the Luxembourg and London Stock Exchanges.

David Whitehead, aged 71 - Non-Executive Director†
Mr Whitehead is a mining geologist with over 40 years' experience of all aspects of mineral exploration, mine development and operations management including 20 years at senior executive level in one of the world's major mining companies where he was responsible for long-term strategic planning and the management of a portfolio of gold mines and exploration and development programmes. He joined Tertiary in April 2002 on retiring as Vice-President, Integration, Exploration and Innovation at BHP Billiton Group Plc, having been with the Billiton Group since 1976. As Chief Executive, Exploration and Development of Billiton Plc from 1997, David created and introduced a market oriented and commercial approach to minerals exploration, involving the formation of strategic alliances with junior exploration companies. Mr Whitehead is currently a director of Consolidated Mines & Investments Ltd and Chairman of its subsidiary Consolidated Nickel Mines Ltd.

Colin Fitch LLM, FCIS, Company Secretary
Colin Fitch is a Barrister-at-Law, and was previously Corporate Finance Director of Kleinwort Benson, Partner and Head of Corporate Finance at Rowe & Pitman (SG Warburg Securities) and Assistant Secretary at the London Stock Exchange. He has also held a number of non-executive directorships of public and private companies, including Merrydown Plc, African Lakes and Manders Plc. He is currently Company Secretary for Sunrise Resources plc.

* Chairman of the Audit Committee and member of the Remuneration Committee.
† Chairman of the Remuneration Committee and member of the Audit Committee.

Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Information from Directors' Report

The directors are pleased to submit their annual report and audited accounts for the year ended 30 September 2013.

The Strategic Report contains details of the principal activities of the Company and includes the Operating Review which provides detailed information on the development of the Group's business during the year and indications of likely future developments.

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

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. These projections include the proceeds of future fundraising and planned discretionary project expenditures necessary to maintain the Company and Group as going concerns. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the "going concern" basis is appropriate for the preparation of the financial statements. For further in formation see Note 1(b) of the Notes to the Financial Statements.

Dividend
The directors are unable to recommend the payment of any ordinary dividend.

Financial Instruments & Other Risks
Details of the Group's Financial Instruments and risk management objectives and of the Group's exposure to risk associated with its Financial Instruments is given in Note 20 to the financial statements.

The business of mineral exploration and evaluation has inherent risks. Details of risks and uncertainties that affect the Group's business are given in the Strategic Report.

Directors
The Directors holding office in the period were:

Mr P L Cheetham
Mr R H Clemmey
Mr D A R McAlister
Mr D Whitehead

Shareholders
As at the date of this report the following interests of 3% or more in the issued share capital of the Company appeared in the register:

As at 12 December 2013	**Number of shares**	**% of share capital**
Barclayshare Nominees Limited	21,357,185	13.20
TD Direct Investing Nominees (Europe) Limited SMKTNOMS	17,322,009	10.71
HSDL Nominees Limited	9,677,022	5.98
Ronald Bruce Rowan	8,000,000	4.95
Patrick Lyn Cheetham	7,533,288	4.66
Hargreaves Lansdown |(Nominee) HLNOM	6,330,520	3.91
HSBC Client Holdings Nominee (UK) Limited 731504	6,313,533	3.90
Hargreaves Lansdown Limited VRA	5,890,004	3.64

Accounting Policies
The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union, and their interpretations adopted by the International Accounting Standards Board (IASB). They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Further details of the Group's accounting policies can be found in Note 1 of the financial statements.

Disclosure of Audit Information
Each of the directors has confirmed that so far as he is aware, there is no relevant audit information of which the Company's Auditor is unaware, and that he has taken all the steps that he ought to have

taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor
PKF (UK) LLP has merged its business into BDO LLP and accordingly has signed their Auditor's report in the name of the merged firm.

A resolution to reappoint BDO LLP as Auditor of the Company and the Group will be proposed at the forthcoming Annual General Meeting.

Suppliers and Contractors
Details of the Group's policy and payment of creditors is disclosed in Corporate Responsibility. This policy will continue unchanged in the next financial year.

Charitable and Political Donations
During the year, the Group made no charitable or political donations.

Annual Report
The Company's 2013 Annual Report will be published and sent to shareholders in due course and copies will be available to the public, free of charge, from the Registered Office of the Company at Sunrise House, Hulley Road, Macclesfield, Cheshire SK10 2LP and will be downloadable from the Company's website at **www.tertiaryminerals.com.**

Annual General Meeting
Notice of the Company's Annual General Meeting will be sent out to shareholders with the Annual Report

Publication of Statutory Accounts

The financial information set out in this announcement does not constitute the Company's Statutory Accounts for the period ended 30 September 2013 or 2012. The financial information for 2012 is derived from the Statutory Accounts for 2012. Full audited accounts in respect of that financial period have been delivered to the Registrar of Companies. The Statutory Accounts for 2013 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor has reported on the 2013 and 2012 accounts. Neither set of accounts contain a statement under section 498(2) or (3) the Companies Act 2006 and both received an unqualified audit opinion. However there was an emphasis of matter in relation to a requirement that the Company raise funds in the future to continue as a going concern.

Consolidated Income Statement

for the year ended 30 September 2013

	Notes	2013 £	2012 £
Pre-licence exploration costs		**32,131**	32,784
Impairment of deferred exploration costs	8	**7,140**	__
Non-cash movement of liability under Equity Swap Agreement		**(20,300)**	__
Administrative expenses		**437,857**	466,211
Operating loss		**(456,828)**	(498,995)
Interest receivable		**5,668**	4,050
Loss on ordinary activities before taxation	3	**(451,160)**	(494,945)
Tax on loss on ordinary activities	7	**—**	—
Loss for the year attributable to equity holders of the parent		**(451,160)**	(494,945)
Loss per share — basic and diluted (pence)	6	**(0.31)**	(0.41)

All amounts relate to continuing activities.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2013

	2013 £	2012 £
Loss for the year	**(451,160)**	(494,945)
Other comprehensive income		
Items that will not be reclassified subsequently to the income statement :		
Movement in revaluation of available for sale investment	**(159,045)**	69,529
	(159,045)	69,529
Items that could be reclassified subsequently to the income statement :		
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**(10,204)**	10,956
	(10,204)	10,956
Total comprehensive loss for the year attributable to the equity holders of the parent	**(620,409)**	(414,460)

Consolidated and Company Statements of Financial Position
at 30 September 2013

Company Number 03821411

	Notes	**Group 2013 £**	**Company 2013 £**	Group 2012 £	Company 2012 £
Non-current assets					
Intangible assets	8	**2,420,947**	**—**	1,843,349	—
Property, plant & equipment	9	**8,605**	**6,839**	15,272	12,770
Investment in subsidiary	10	**—**	**4,896,896**	—	4,323,095
Available for sale investment	10	**230,251**	**230,251**	355,375	355,375
		2,659,803	**5,133,986**	2,213,996	4,691,240
Current assets					
Receivables	11	**81,490**	**61,735**	75,936	67,987
Cash and cash equivalents	12	**1,187,612**	**1,110,892**	841,299	805,135
Restricted cash	12	**366,007**	**366,007**	—	—
		1,635,109	**1,538,634**	917,235	873,122
Current liabilities					
Trade and other payables	13	**(233,881)**	**(72,268)**	(134,322)	(79,183)
Equity swap	14	**(102,381)**	**(102,381)**	—	—
		(336,262)	**(174,649)**	—	—
Net current assets		**1,298,847**	**1,363,985**	782,913	793,939
Net assets		**3,958,650**	**6,497,971**	2,996,909	5,485,179
Equity					
Called up share capital	14	**1,617,662**	**1,617,662**	1,305,862	1,305,862
Share premium account		**8,008,604**	**8,008,604**	6,826,760	6,826,760
Merger reserve		**131,096**	**131,096**	131,096	131,096
Share option reserve		**404,194**	**404,194**	315,688	315,688
Available for sale revaluation reserve		**(86,399)**	**(43,874)**	72,646	115,171
Foreign currency reserve		**137,104**	**—**	147,308	—
Accumulated losses		**(6,253,611)**	**(3,619,711)**	(5,802,451)	(3,209,398)
Equity attributable to the owners of the parent		**3,958,650**	**6,497,971**	2,996,909	5,485,179

Consolidated Statements of Changes in Equity

Group	Share capital £	Share premium account £	Merger reserve £	Share option reserve £	Available for sale revaluation reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2011	**1,188,161**	**6,449,238**	**131,096**	**187,567**	**3,117**	**136,352**	**(5,307,506)**	**2,788,025**
Loss for the period	—	—	—	—	—	—	(494,945)	(494,945)
Change in fair Value	—	—	—	—	69,529	—	—	69,529
Exchange differences	—	—	—	—	—	10,956	—	10,956
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**69,529**	**10,956**	**(494,945)**	**(414,460)**
Share issue	117,700	377,522	—	—	—	—	—	495,222
Share based payments	—	—	—	128,121	—	—	—	128,121
At 30 September 2012	**1,305,861**	**6,826,760**	**131,096**	**315,688**	**72,646**	**147,308**	**(5,802,451)**	**2,996,908**
Loss for the period	—	—	—	—	—	—	(451,160)	(451,160)
Change in fair value	—	—	—	—	(159,045)	—	—	(159,045)
Exchange differences	—	—	—	—	—	(10,204)	—	(10,204)
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**(159,045)**	**(10,204)**	**(451,160)**	**(620,409)**
Recognition of equity swap	—	(123,341)	—	—	—	—	—	(123,341)
Share issue	311,801	1,305,185	—	—	—	—	—	1,616,986
Share based payments	—	—	—	88,506	—	—	—	88,506
At 30 September 2013	**1,617,662**	**8,008,604**	**131,096**	**404,194**	**(86,399)**	**137,104**	**(6,253,611)**	**3,958,650**

Company Statements of Changes in Equity

Company	Share capital £	Share premium account £	Merger reserve £	Share option reserve £	Available for sale revaluation reserve £	Accumulated losses £	Total £
At 30 September 2011	**1,188,161**	**6,449,238**	**131,096**	**187,567**	**45,642**	**(2,750,910)**	**5,250,794**
Loss for the period	—	—	—	—	—	(458,488)	(458,488)
Change in fair value	—	—	—	—	69,529	—	69,529
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**69,529**	**(458,488)**	**(388,959)**
Share issue	117,700	377,522	—	—	—	—	495,222
Share based payments	—	—	—	128,121	—	—	128,121
At 30 September 2012	**1,305,861**	**6,826,760**	**131,096**	**315,688**	**115,171**	**(3,209,398)**	**5,485,178**
Loss for the period	—	—	—	—	—	(410,313)	(410,313)
Change in fair value	—	—	—	—	(159,045)	—	(159,045)
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**(159,045)**	**(410,313)**	**(569,358)**
Recognition of equity swap	—	(123,341)	—	—	—	—	(123,341)
Share issue	311,801	1,305,185	—	—	—	—	1,616,986
Share based payments	—	—	—	88,506	—	—	88,506
At 30 September 2013	**1,617,662**	**8,008,604**	**131,096**	**404,194**	**(43,874)**	**(3,619,711)**	**(6,497,971)**

Consolidated and Company Statements of Cash Flows
for the year ended 30 September 2013

	Notes	**Group 2013 £**	**Company 2013 £**	Group 2012 £	Company 2012 £
Operating activity					
Total loss after tax		**(456,828)**	**(415,883)**	(498,995)	(462,402)
Depreciation charge		**8,293**	**7,234**	8,100	7,210
Impairment charge		**7,140**	**—**	—	—
Share based payment charge		**88,506**	**88,506**	128,121	128,121
Non-cash movement of liability under Equity Swap Agreement		**(20,300)**	**(20,300)**	—	—
Increase/(decrease) in provision for impairment of loans to subsidiaries		**—**	**416**	—	762
(Increase)/decrease in receivables	11	**(5,554)**	**6,252**	12,035	(12,855)
Increase/(decrease) in payables	13	**18,709**	**(6,915)**	(14,944)	27,444
Net cash outflow from operating activity		**(360,034)**	**(340,690)**	(365,683)	(311,720)
Investing activity					
Interest received		**5,668**	**5,570**	4,050	3,914
Purchase of intangible assets		**(480,227)**	**—**	(481,604)	—
Purchase of property, plant & equipment	9	**(1,626)**	**(1,304)**	(527)	—
Purchase of available for sale investment		**(33,921)**	**(33,921)**		
Additional loans to subsidiaries		**—**	**(574,217)**	—	(507,768)
Net cash outflow from investing activity		**(510,106)**	**(603,872)**	(478,081)	(503,854)
Financing activity					
Issue of share capital (net of expenses)		**1,616,986**	**1,616,986**	495,222	495,222
Net transfer to restricted cash	12	**(366,667)**	**(366,667)**	—	—
Net cash inflow from financing activity		**1,250,319**	**1,250,319**	495,222	495,222
Net increase/(decrease) in cash and cash equivalents		**380,179**	**305,757**	(348,542)	(320,352)
Cash and cash equivalents at start of year		**841,299**	**805,135**	1,178,941	1,125,487
Exchange differences		**(33,866)**	**—**	10,900	—
Cash and cash equivalents at 30 September	12	**1,187,612**	**1,110,892**	841,299	805,135

Notes to the Financial Statements
for the year ended 30 September 2013

Background
Tertiary Minerals plc is a public company incorporated and domiciled in England. It is traded on the AIM market of the London Stock Exchange and its shares also trade on AIM – EPIC: TYM.

The Company is a holding company for a number of companies (together, "the Group") and is incorporated and domiciled in England. The Group's financial statements are presented in Pounds Sterling (£) which is also the functional currency of the Company.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

1. Accounting policies

(a) Basis of preparation
The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union. They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board, but have not been adopted, will have a material impact on the financial statements.

(b) Going concern
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 project financing will be required.

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. These projections include the proceeds of future fundraising necessary within the next 12 months to meet the Company's and Group's overheads and planned discretionary project expenditures and to maintain the Company and Group as going concerns. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. This represents a material uncertainty related to events or conditions which may cast significant doubt on the Group and Company's ability to continue as going concerns and, therefore, that they may be unable to realise their assets and discharge its liabilities in the normal course of business. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

(c) Basis of consolidation
Investments, including long term loans, in subsidiaries are valued at the lower of cost or recoverable amount, with an ongoing review for impairment.

The Group's financial statements consolidate the financial statements of Tertiary Minerals plc and its subsidiary undertakings using the acquisition method and eliminate intercompany balances and transactions.

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 joint arrangement.

In accordance with section 408 of the Companies Act 2006, Tertiary Minerals plc is exempt from the requirement to present its own Statement of Comprehensive Income. The amount of the loss for the financial year recorded within the financial statements of Tertiary Minerals plc is £410,313 (2012: £458,488).

(d) Intangible assets
Exploration and evaluation
Accumulated exploration and evaluation costs incurred in relation to separate areas of interest (which may comprise more than one exploration licence or exploration licence applications) are capitalised and carried forward where:

(1) such costs are expected to be recouped through successful exploration and development of the area, or alternatively by its sale; or

(2) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the areas are continuing.

A bi-annual review is carried out by the directors to consider whether any exploration and development costs have suffered impairment in value and, if necessary, provisions are made according to these criteria.

Accumulated costs where the Group does not yet have an exclusive exploration licence and in respect of areas of interest which have been abandoned, are written off to the income statement in the year in which the pre-licence expense was incurred or in which the area was abandoned.

Development
Exploration, evaluation and development costs are carried at the lower of cost and expected net recoverable amount. On reaching a mining development decision, exploration and evaluation costs are reclassified as development costs and all development costs on a specific area of interest will be amortised over the useful economic life of the projects, once they become income generating, and the costs can be recouped.

(e) Property, plant & equipment
All property, plant and equipment assets are stated at cost less accumulated depreciation. Depreciation is provided by the Group on all property, plant & equipment, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	20% to 33% per annum.

Useful life and residual value are reassessed annually.

(f) Available for sale investments
Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. Available for sale investments are initially measured at cost and subsequently at fair value, being the equivalent of market value, with changes in value recognised in equity. Gains and losses arising from available for sale investments are recognised in the income statement when they are sold or impaired.

(g) Trade and other receivables and payables
Trade and other receivables and payables are measured at initial recognition at fair value and subsequently measured at amortised cost.

(h) Cash and cash equivalents
Cash and cash equivalents consist of cash at bank and in hand and short term bank deposits with a maturity of three months or less.

(i) Deferred taxation
Deferred taxation, if applicable, is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable.

(j) Foreign currencies
The Group's consolidated financial statements are presented in Pounds Sterling (£), being the functional currency of the Company, and the currency of the primary economic environment in which the Company operates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

For consolidation purposes, the net investment in foreign operations and the assets and liabilities of overseas subsidiaries, associated undertakings and joint arrangements, that have a functional currency different from the Group's presentation currency, are translated at the closing exchange rates. Income statements of overseas subsidiaries, that have a functional currency different from the Group's presentation currency, are translated at exchange rates at the date of transaction. Exchange differences arising on these transactions are taken to the foreign currency reserve.

(k) Leasing and hire purchase commitments
Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the income statement on a straight-line basis.

(l) Share based payments
The Company issues warrants and options to employees (including directors) and suppliers. For all options and warrants issued after 7 November 2002 the fair value of the services received is recognised as a charge measured at fair value on the date of grant and determined in accordance with IFRS 2, adopting the Black–Scholes–Merton model. The fair value is charged to administrative expenses on a straight-line basis over the

vesting period, together with a corresponding increase in equity, based on the management's estimate of shares that will eventually vest. The expected life of the options and warrants is adjusted based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. The details of the calculation are shown in Note 15.

(m) Equity swap agreements
The Company entered into an equity swap agreement during the year to 30 September 2013.

At the date of the agreement, the Company was required to deposit a sum of money into an escrow account, by way of transfer from unrestricted cash. The escrow account balance is treated as a restricted cash asset on the statement of financial position. The amount deposited is adjusted by the net present value of the deposit over the term of the agreement, with the adjustment being charged to administrative expenses

The fair value of the agreement is determined by independent valuation at the date of the agreement and is deducted from the escrow deposit to determine the Company's potential liability under the agreement. The liability is entered onto the statement of financial position and charged to the share premium account, because the agreement was entered into as part of the share subscription (Note 14). An independent revaluation is obtained at the end of each financial year and the liability amended, the adjustment being charged to administrative expenses.

Upon each of the periodical settlement dates during the term of the agreement a proportion of the initial escrow deposit is returned to the Company after the deduction of any amounts payable under the equity swap agreement. At each settlement date, an average market price of the Company's shares is calculated and compared to a benchmark price and the return payments to the Company are then adjusted in accordance with the outcome of the comparison. The details of the calculation are explained in Note 14. Payments from the escrow account on each of the settlement dates are treated as a transfer of funds to the Company's unrestricted cash, with the amount of the adjustments being charged or credited to administrative expenses.

(n) Judgements and estimations in applying accounting policies
In the process of applying the Group's accounting policies above, the Group has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements:

Intangible fixed assets — exploration and evaluation
Capitalisation of exploration and evaluation costs requires that costs be assessed against the likelihood that such costs will be recoverable against future exploitation or sale or alternatively, where activities have not reached a stage which permits a reasonable estimate of the existence of mineral reserves, a judgement that future exploration or evaluation should continue. This requires management to make estimates and judgements and to make certain assumptions, often of a geological nature, and most particularly in relation to whether or not an economically viable mining operation can be established in future. Such estimates, judgements and assumptions are likely to change as new information becomes available. When it becomes apparent that recovery of expenditure is unlikely the relevant capitalised amount is written off to the income statement.

Impairment
Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. The Group will review information produced by its exploration activities and consider whether the carrying value is impaired. Assessment of the impairment of assets is a judgement based on analysis of the probability of future cash flows from the relevant project, including consideration of:

(a) the period for which the entity has the right to explore in the specific area and whether this right will expire in the near future, and whether the right is expected to be renewed.

(b) the availability of funds for expenditure on further exploration for and evaluation of mineral resources on the specific project.

(c) exploration for and evaluation of mineral resources on the specific project has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities on the project.

(d) Sufficient data exist to indicate that, although a development on the specific project is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of a mine or by the sale of the project.

Impairment reviews for investments in subsidiaries and available for sale investments are carried out on an individual basis. The Group reviews performance indicators of the investment, such as market share price, to indicate whether the carrying value is impaired.

Going concern

The preparation of financial statements requires an assessment of the validity of the going concern assumption. The validity of the going concern assumption is dependent on finance being available for the continuing working capital requirements of the Group. Based on the assumption that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts.

Share based payments
The estimates of share based payments costs require that management selects an appropriate valuation model and make decisions on various inputs into the model including the volatility of its own share price, the probable life of the options before exercise, and behavioural considerations of employees.

Valuation of equity swap agreements
Management appoint independent valuers to estimate the fair value of the agreement at the agreement date and at the end of each financial year. The main inputs to the valuation model are the length of the agreement and the volatility of the Company's share price.

Valuation of restricted cash
Where the Group deposits cash into restricted accounts, a discounted cash flow is applied to determine the net present value of the cash at the date of deposit. The main estimates to the valuation model are the expected term of the deposit and a risk free interest rate.

2. Segmental analysis
The Chief Operating Decision Maker is the Board of Directors. The Board considers the business has one reportable segment, the management of exploration projects, which is supported by a Head Office function. For the purpose of measuring segmental profits and losses the exploration segment bears only those direct costs incurred by or on behalf of those projects. No Head Office cost allocations are made to this segment. The Head Office function recognises all other costs.

2013	Exploration Projects £	Head Office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration costs	**(7,140)**	**—**	**(7,140)**
Pre-licence exploration costs	**—**	**(32,131)**	**(32,131)**
Share based payments	**—**	**(88,506)**	**(88,506)**
Other expenses	**—**	**(329,051)**	**(329,051)**
Operating Loss	**—**	**(449,688)**	**(456,828)**
Bank interest received	**—**	**5,668**	**5,668**
Loss on ordinary activities before taxation	**—**	**(444,020)**	**(451,160)**
Tax on loss on ordinary activities	**—**	**—**	**—**
Loss for the year attributable to equity holders	**(7,140)**	**(444,020)**	**(451,160)**
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Kaaresselkä Gold Project, Finland	**277,809**	**—**	**277,809**
Kiekerömaa Gold Project, Finland	**123,449**	**—**	**123,449**
Lassedalen Fluorspar Project, Norway	**341,365**	**—**	**341,365**
Storuman Fluorspar Project, Sweden	**1,316,345**	**—**	**1,316,345**
Ghurayyah Tantalum Project, Saudi Arabia	**—**	**—**	**—**
MB Fluorspar Project, USA	**361,979**	**—**	**361,979**
	2,420,947	**—**	**2,420,947**
Property, plant & equipment	**—**	**8,605**	**8,605**
Investment in subsidiary	**—**	**—**	**—**
Available for sale investment	**—**	**230,251**	**230,251**
	2,420,947	**238,856**	**2,659,803**
Current assets			
Receivables	**—**	**81,490**	**81,490**
Cash and cash equivalents	**—**	**1,187,612**	**1,187,612**
Restricted cash	**—**	**366,007**	**366,007**
	—	**1,635,109**	**1,635,109**
Current liabilities			
Trade and other payables	**(149,815)**	**(84,066)**	**(233,881)**
Equity swap	**—**	**(264,286)**	**(264,286)**
	(149,815)	**(348,352)**	**(498,167)**
Net current assets	**(149,815)**	**1,286,757**	**1,136,942**
Net assets	**2,271,132**	**1,525,613**	**3,796,745**
Other data			
Deferred exploration additions	**561,077**	**—**	**561,077**
Exchange rate adjustments to deferred exploration costs	**—**	**(23,661)**	**(23,661)**

2012	Exploration Projects £	Head Office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration costs	—	—	—
Pre-licence exploration costs	—	(32,784)	(32,784)
Share based payments	—	(128,121)	(128,121)
Other expenses	—	(338,090)	(338,090)
Operating Loss	—	(498,995)	(498,995)
Bank interest received	—	4,050	4,050
Loss on ordinary activities before taxation	—	(494,945)	(494,945)
Tax on loss on ordinary activities	—	—	—
Loss for the year attributable to equity holders		(494,945)	(494,945)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Kaaresselkä Gold Project, Finland	259,582	—	259,582
Kiekerömaa Gold Project, Finland	123,237	—	123,237
Kolari Iron Project, Finland	—	—	—
Rosendal Tantalum Project, Finland	—	—	—
Lassedalen Fluorspar Project, Norway	314,220	—	314,220
Gjerpen Fluorspar Project, Norway	7,140	—	7,140
Storuman Fluorspar Project, Sweden	1,114,955	—	1,114,955
Ghurayyah Tantalum Project, Saudi Arabia	—	—	—
MB Fluorspar Project, USA	24,215	—	24,215
	1,843,349		1,843,349
Property, plant & equipment	—	15,272	15,272
Investment in subsidiary	—	—	—
Available for sale investment	—	355,375	355,375
	1,843,349	370,647	2,213,996
Current assets			
Receivables	—	75,935	75,935
Cash and cash equivalents	—	841,299	841,299
	—	917,234	917,234
Current liabilities			
Trade and other payables	(68,965)	(65,357)	(134,322)
Net current assets	(68,965)	851,877	782,912
Net assets	1,774,384	1,222,524	2,996,908
Other data			
Deferred exploration additions	466,347	—	466,347
Exchange rate adjustments to deferred exploration costs	—	(56)	(56)

3. Loss on ordinary activities before taxation

	2013 £	2012 £
The operating loss is stated after charging		
Operating lease rentals — land and buildings	**18,206**	17,849
Fees payable to the Group's Auditor for:		
The audit of the Group's annual accounts	**6,210**	6,210
Fees payables to the Group's Auditor and its associates for other services:		
The audit of the Group's subsidiaries, pursuant to legislation	**3,200**	3,200
Other services relating to taxation	**—**	12,750
Other services	**1,050**	1,050
Depreciation — owned assets	**8,293**	8,100

4. Directors' emoluments

	2013 £	2012 £
Remuneration in respect of directors was as follows:		
P L Cheetham (salary)	**53,343**	56,949
R H Clemmey (salary)	**70,925**	61,710
D A R McAlister (salary)	**12,000**	11,500
D Whitehead (fees)	**12,000**	11,500
D A R McAlister (gain on exercise of share options)	**17,715**	-
	165,983	141,659

The above remuneration amounts are net of the recharges to Sunrise Resources plc as set out in Note 17.

They do not include non cash share based payments charged in these financial statements in respect of warrants issued to the directors amounting to £68,072 (2012: £82,235) or Employer's National Insurance contributions of £16,137 (2012: £15,290).

5. Staff costs

	2013 £	2012 £
Staff costs for Group and Company, including directors, were as follows:		
Wages and salaries	**206,261**	190,461
Social security costs	**21,876**	20,220
Share based payments	**81,681**	85,466
	309,818	296,147

The average monthly number of employees, including directors, employed by the Group and Company during the year was as follows:

	2013 Number	2012 Number
Technical employees	**3**	3
Administration employees (including non-executive directors)	**3**	3
	6	6

The cost of employing technical and administrative employees is shared with Sunrise Resources plc as set out in note 17.

6. Loss per share

Loss per share has been calculated on the loss and the weighted average number of shares in issue during the year.

	2013	2012
Loss (£)	**(451,160)**	(494,945)
Weighted average shares in issue (No.)	**143,365,584**	121,137,967
Basic and diluted loss per share (pence)	**(0.31)**	(0.41)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for the basic earnings per ordinary share. This is because the exercise of share warrants and options would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

7. Taxation on ordinary activities

No liability to corporation tax arises for the year due to the Group recording a taxable loss (2012: £nil).

The tax credit for the year is lower than the credit resulting from the loss before tax at the standard rate of corporation tax in the UK — 23 % (2012: 24%). The differences are explained below.

	2013 £	2012 £
Tax reconciliation		
Loss on ordinary activities before tax	**(451,160)**	(494,945)
Tax at 23% (2012: 24%)	**(103,767)**	(118,787)
Effects (at 23%) (2012: 24%) of:		
Differences between capital allowances and depreciation	**3,865**	2,169
Pre-trading expenditure no longer deductible for tax purposes	**302,192**	278,411
Utilisation of losses brought forward	**(202,290)**	(161,793)
Tax losses carried forward	**—**	—
Tax on loss from ordinary activities	**—**	—

Factors that may affect future tax charges

The Group has total losses carried forward of £ 4,598,142 (2012: £4,330,434). This amount would be recoverable if sufficient profits were made in the future. The deferred tax asset has not been recognised as the future recovery is uncertain given the exploration status of the Group.

8. Intangible assets

Group	**Deferred exploration expenditure 2013 £**	Deferred exploration expenditure 2012 £
Cost		
At start of year	**3,090,911**	2,624,508
Additions	**561,077**	466,347
Exchange adjustments	**23,661**	56
At 30 September	**3,675,649**	3,090,911
Impairment losses		
At start of year	**(1,247,562)**	(1,247,562)
Charge during year	**(7,140)**	—
At 30 September	**(1,254,702)**	(1,247,562)
Carrying amounts		
At 30 September	**2,420,947**	1,843,349
At start of year	**1,843,349**	1,376,946

9. Property, plant & equipment

	Group fixtures and fittings 2013 £	**Company fixtures and fittings 2013 £**	Group fixtures and fittings 2012 £	Company fixtures and fittings 2012 £
Cost				
At start of year	**61,456**	**31,204**	60,929	31,204
Additions	**1,626**	**1,304**	527	—
Disposals	**—**	**—**	—	—
At 30 September	**63,082**	**32,508**	61,456	31,204
Depreciation				
At start of year	**(46,184)**	**(18,434)**	(38,084)	(11,224)
Charge for the year	**(8,293)**	**(7,235)**	(8,100)	(7,210)
At 30 September	**(54,477)**	**(25,669)**	(46,184)	(18,434)
Net Book Value				

At 30 September	**8,605**	**6,839**	15,272	12,770
At start of year	**15,272**	**12,770**	22,845	19,980

10. Investments

Subsidiary undertakings

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2013	Principal activity
Tertiary Gold Limited	England & Wales	100% of ordinary shares	Mineral exploration
Tertiary (Middle East) Ltd	England & Wales	100% of ordinary shares	Mineral exploration
Tertiary Minerals US Inc.	Nevada, USA	100% of ordinary shares	Mineral exploration

Investment in subsidiary undertakings	**Company 2013 £**	Company 2012 £
Ordinary shares — Tertiary (Middle East) Limited	**1**	1
Ordinary shares — Tertiary Gold Limited	**93,792**	93,792
Loan — Tertiary (Middle East) Limited	**679,683**	679,267
Less — Provision for impairment	**(679,683)**	(679,267)
Loan — Tertiary Gold Limited	**4,454,903**	4,214,532
Loan — Tertiary Minerals US Inc.	**348,200**	14,770
At 30 September	**4,896,896**	4,323,095

Available for sale investment

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2013	Principal activity
Sunrise Resources plc	England & Wales	8.75% of ordinary shares	Mineral exploration

Available for sale investment	**Group 2013 £**	**Company 2013 £**	Group 2012 £	Company 2012 £
Value at start of year	**355,375**	**355,375**	285,846	285,846
Additions to available for sale investment	**33,921**	**33,921**	—	—
Movement in valuation of available for sale investment	**(159,045)**	**(159,045)**	69,529	69,529
At 30 September	**230,251**	**230,251**	355,375	355,375

The additions to available for sale investment are shares issued in lieu of a payment for management fees.

The fair value of the available for sale investment is equal to the market value of the shares in Sunrise Resources plc at 30 September 2013, based on the closing mid-market price of shares on the AIM Market. These are level one inputs for the purpose of the IFRS 7 fair value hierarchy.

11. Receivables

	Group 2013 £	**Company 2013 £**	Group 2012 £	Company 2012 £
Trade receivables	**43,173**	**43,173**	33,610	33,610
Other receivables	**16,497**	**1,195**	16,345	15,015
Prepayments	**21,820**	**17,367**	25,981	19,362
	81,490	**61,735**	75,936	67,987

The Group aged analysis of trade receivables is as follows:

	Not impaired £	**30 days or less £**	**Over 30 days £**	**Total carrying amount £**
2013 Trade receivables	**43,173**	**43,173**	**—**	**43,173**
2012 Trade receivables	33,610	33,610	—	33,610

12. Cash and cash equivalents

	Group 2013 £	**Company 2013 £**	Group 2012 £	Company 2012 £
Cash at bank and in hand	**160,003**	**83,283**	39,340	5,204
Short-term bank deposits	**1,027,609**	**1,027,609**	801,959	799,931
	1,187,612	**1,110,892**	841,299	805,135

Restricted cash

In order to satisfy any payments under the equity swap agreement (Note 14), the Company deposited £400,000 in an escrow account in May 2013. Portions of the restricted funds are released to the Company on each monthly settlement date after deducting any payments that may be owed to YA Global Master SPV Ltd. At 30 September 2013, the net amount held in escrow was £366,007.

13. Trade and other payables

	Group 2013 £	**Company 2013 £**	Group 2012 £	Company 2012 £
Trade payables	**125,042**	**20,274**	71,874	43,340
Other taxes and social security costs	**10,516**	**10,516**	10,792	10,792
Accruals	**95,822**	**38,977**	48,044	21,439
Other payables	**2,501**	**2,501**	3,612	3,612
	233,881	**72,268**	134,322	79,183

14. Share capital

	2013 No.	2013 £	2012 No.	2012 £
Allotted, called up and fully paid				
Ordinary shares of 1p each	**161,766,214**	**1,617,662**	130,586,214	1,305,862
	161,766,214	**1,617,662**	130,586,214	1,305,862

During the year to 30 September 2013 the following share issues took place:

An issue of 2,730,000 1.0p ordinary shares at 6.08p per share, being a drawdown under the Equity Finance Facility (Note 15), for a total consideration of £155,151 net of expenses (21 December 2012).

An issue of 1,950,000 1.0p ordinary shares at 9.18p per share, being a drawdown under the Equity Finance Facility (Note 15), for a total consideration of £169,249 net of expenses (6 March 2013).

An issue of 200,000 1.0p ordinary shares at 2.38p per share, being a share warrant exercise, for a total consideration of £4,750 (7 March 2013).

An issue of 300,000 1.0p ordinary shares at 2.38p per share, being a share warrant exercise, for a total consideration of £7,125 (15 March 2013).

An issue of 26,000,000 1.0p ordinary shares at 5.5p per share, being a Subscription Agreement with YA Global Master SPV Ltd , for a total consideration of £1,280,711 net of expenses (23 May 2013).

During the year to 30 September 2012 a total of 11,770,000 1.0p ordinary shares were issued, at an average price of 4.25p, for a total consideration of £495,223.

Equity Swap

On 23 May 2013 the Company entered into new funding arrangements with YA Global Master SPV ("YAGM"), whereby in addition to the issue of 26,000,000 ordinary shares to YAGM under a subscription agreement, the Company and YAGM have entered into an equity swap agreement over a notional 11,818,176 ordinary shares in the Company. Under the terms of the equity swap upon each of 12 monthly settlement dates an average market price of the Company's shares will be calculated and compared to a benchmark price of 5.78p per share. If the average market price exceeds the benchmark price then a sum is payable to the Company by YAGM, if the average market price is less than the benchmark price then a sum is payable to YAGM by the Company, depending on the amount by which the average market price exceeds or falls short of the benchmark price.

The difference of £122,681 between the £400,000 deposited into an escrow account (Note 12) and the valuation of £277,319 at the agreement's inception date was treated as a liability on the Statement of Financial Position and charged to the share premium account, because the agreement was entered into as part of the share subscription. Following the second valuation at 30 September 2013 the movement in the liability of £20,300 since 23 May 2013 was credited to administrative expenses within the Income Statement. These are level three inputs for the purpose of the IFRS 7 fair value hierarchy.

15. Warrants and options granted

Unexercised warrants Issue date	Exercise price	Number	Exercisable	Expiry dates
31/10/07	8.75p	1,300,000	Any time before expiry	31/10/13
31/10/07	8.75p	200,000	Any time before expiry	31/10/13
09/12/08	2.375p	1,700,000	Any time before expiry	09/12/14
09/12/08	2.375p	400,000	Any time before expiry	09/12/14
07/12/09	4.375p	2,300,000	Any time before expiry	07/12/14
07/12/09	4.375p	600,000	Any time before expiry	07/12/14
17/12/10	6.25p	2,300,000	Any time before expiry	07/12/15
17/12/10	6.25p	600,000	Any time before expiry	07/12/15
01/09/11	6.75p	250,000	Any time before expiry	01/09/16
01/09/11	6.75p	250,000	Any time after 01/09/2013	01/09/16
01/09/11	11.00p	250,000	Any time after 01/09/2014	01/09/16
01/09/11	11.00p	250,000	Any time after 01/09/2015	01/09/16
26/01/12	9.75p	2,300,000	Any time after 26/01/2013	26/01/17
26/01/12	9.75p	400,000	Any time after 26/01/2013	26/01/17
15/06/12	7.50p	2,000,000	Any time before expiry	15/06/15
10/01/13	7.63p	1,700,000	Any time after 10/01/2014	10/01/18
10/01/13	7.63p	500,000	Any time after 10/01/2014	10/01/18

Unexercised options Issue date	Exercise price	Number	Exercisable	Expiry Dates
29/01/04	15.0p	60,000	Any time before expiry	29/01/14
31/01/05	10.0p	50,000	Any time before expiry	31/01/15

Warrants and options are issued for nil consideration and are exercisable as disclosed above. They are exchangeable on a one for one basis for each ordinary share of 1.0p at the exercise price on the date of conversion.

On 15 June 2012 the Company entered into a three year Equity Financing Facility (“EFF”) with Darwin Strategic Limited (“Darwin”). The agreement provides the Company with the facility to draw down up to £10 million, by issuing subscription notices requiring Darwin to subscribe for ordinary shares of the Company on certain terms and conditions. In conjunction with the EFF agreement the Company has entered into a warrant agreement allowing Darwin to subscribe for up to 2,000,000 new Ordinary Shares in the capital of the Company at 7.5p per share, exercisable at any time before 15 June 2015.

Share based payments
The Company has an Inland Revenue approved share option scheme for all employees. Options are exercisable at a price equal to the market price of the Company’s shares on the date of grant.

The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options may be forfeited if the employee leaves the Company.

In addition, the Company issues warrants to directors and employees, outside of the approved scheme, on varying terms and conditions.

Details of the share warrants and options outstanding during the year are as follows:

	2013		2012	
	Number of warrants and share options	**Weighted average exercise price Pence**	Number of warrants and share options	Weighted average exercise price Pence
Outstanding at start of year	**15,710,000**	**6.470**	11,505,000	5.800
Granted during the year	**2,200,000**	**7.630**	4,700,000	8,793
Exercised during the year	**(500,000)**	**2.375**	—	—
Forfeited during the year	**—**	**—**	(150,000)	10,000
Expired during the year	**—**	**—**	(345,000)	14,170
Outstanding at 30 September	**17,410,000**	**6.738**	15,710,000	6.470
Exercisable at 30 September	**15,210,000**	**6.326**	12,260,000	5.560

The warrants and options outstanding at 30 September 2013 had a weighted average exercise price of £0.06 and a weighted average remaining contractual life of 2 years.

In the year ended 30 September 2013, warrants were granted on 10 January 2013. The aggregate of the estimated fair values of the warrants granted on these dates is £64,364. In the year ended 30 September 2012, warrants were granted on 26 January 2012 and 15 June 2012. The aggregate of the estimated fair values of the warrants granted on these dates is £144,570.

No options were granted in the year ended 30 September 2013 or the year ended 30 September 2012.

The inputs into the Black–Scholes–Merton Option Pricing Model are as follows:

	2013	2012
Weighted average share price	**6.10p**	7.03p
Weighted average exercise price	**7.63p**	8.79p
Expected volatility	**80%**	80%
Expected life	**4 years**	3 years
Risk-free rate	**1.12%**	0.73%
Expected dividend yield	**0%**	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous four years. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company recognised total expenses of £88,506 and £128,121 related to equity-settled share based payment transactions in 2013 and 2012 respectively.

16. Operating lease commitments

The Company rents office premises under an operating lease agreement. The current lease term is for one year, expiring on 30 November 2014. No contingent rent is payable.

Future minimum lease payments under non-cancellable operating leases are:

	2013 Land & buildings £	2012 Land & buildings £
Office accommodation:		
Within one year	**3,044**	2,985

The Company does not sub-lease any of its leased premises.

Lease payments recognised in profit for the period amounted to £18,206 (2012: £17,849).

17. Related party transactions

Key management personnel

The directors holding office in the period and their beneficial interests in the share capital of the Company are:

	At 30 September 2013				At 30 September 2012	
		Warrants				
	Shares Number	**Number**	**Exercise price**	**Expiry date**	Shares Number	Warrants Number
P L Cheetham*	**10,376,913**	**1,000,000**	**8.750p**	**31/10/2013**	10,376,913	8,500,000
		1,500,000	**2.375p**	**09/12/2014**		
		1,500,000	**4.375p**	**07/12/2014**		
		1,500,000	**6.250p**	**17/12/2015**		
		1,500,000	**9.750p**	**26/01/2017**		
		500,000	**7.630p**	**10/01/2018**		
D A R McAlister	**481,579**	**100,000**	**8.750p**	**31/10/2013**	457,821	1,300,000
		300,000	**4.375p**	**07/12/2014**		
		300,000	**6.250p**	**17/12/2015**		
		300,000	**9.750p**	**26/01/2017**		
D Whitehead	**—**	**100,000**	**8.750p**	**31/10/2013**	—	1,000,000
		300,000	**4.375p**	**07/12/2014**		
		300,000	**6.250p**	**17/12/2015**		
		300,000	**9.750p**	**26/01/2017**		
R H Clemmey	**6,333**	**250,000**	**6.750p**	**01/09/2016**	—	1,000,000
		250,000	**6.750p**	**01/09/2016**		
		250,000	**11.000p**	**01/09/2016**		
		250,000	**11.000p**	**01/09/2016**		
		1,000,000	**7.630p**	**10/01/2018**		

* Includes 2,843,625 shares held by K E Cheetham, wife of P L Cheetham.

The directors have no beneficial interests in the shares of the Company's subsidiary undertakings as at 30 September 2013. The directors of the Company are the directors of all Group companies.

Details of the parent company's investment in subsidiary undertakings are shown in Note 10.

Sunrise Resources plc
During the year the Company recharged costs of £134,277 (2012: £108,464) to Sunrise Resources plc being shared overheads of £22,977 (2012: £21,770), costs paid on behalf of Sunrise Resources plc of £5,802 (2012: £7,343), staff salary costs of £52,583 (2012: £45,137) and directors' salary costs of £ 52,915 (2012: £34,214). The salary costs in Notes 4 and 5 are shown net of these recharges.

At the balance sheet date an amount of £ 43,157 (2012: £33,579) was due from Sunrise Resources plc, which was repaid in November 2013.

P L Cheetham, a director of Tertiary Minerals plc, is also a director of Sunrise Resources plc.

Shares and warrants held in Sunrise Resources plc by the Tertiary Minerals plc directors are as follows :

	At 30 September 2013				At 30 September 2012	
		Warrants				
	Shares Number	**Number**	**Exercise price**	**Expiry date**	Shares Number	Warrants Number
P L Cheetham*	**12,942,462**	**500,000**	**2.000p**	**31/10/13**	11,673,386	7,000,000
		2,000,000	**0.575p**	**08/12/14**		
		2,000,000	**0.850p**	**07/12/15**		
		2,000,000	**2.500p**	**07/12/15**		
		2,000,000	**1.250p**	**24/02/17**		
		2,000,000	**0.850p**	**19/12/17**		
D A R McAlister	**550,000**	**—**	**—**	**—**	550,000	—
D Whitehead	**—**	**—**	**—**	**—**	—	—
R H Clemmey	**—**	**500,000**	**1.250p**	**24/02/2017**	—	—
		500,000	**0.850p**	**19/12/17**		

* Includes 5,500,000 shares held by K E Cheetham, wife of P L Cheetham.

18. Post-balance sheet event

Equity Swap

On 8 November 2013, the Equity Swap Agreement (Note 14) between the Company and YA Global Master SPV Ltd ("YAGM") was settled. The parties agreed that all remaining monthly settlements were to be accelerated and included in a new settlement date at a price of 5.5p per share. On that settlement date, the remaining escrow funds of £366,666 (Note 12) were distributed between the Company (£336,333) and YAGM (£30,333). At 30 September 2013 the Company's liability to YAGM was £102,381 (note 14).

19. Capital management

The Group's capital requirements are dictated by its project and overhead funding requirements from time to time. Capital requirements are reviewed by the Board on a regular basis.

The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns, to increase the value of the assets of the business and to provide an adequate return to shareholders in the future when exploration assets are taken into production.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure the possibilities open to the Group in future include issuing new shares, consolidating shares, returning capital to shareholders, taking on debt, selling assets and adjusting the amount of dividends paid to the shareholders.

20. Financial instruments

At 30 September 2013, the Group's and Company's financial assets consisted of available for sale investments, trade receivables and cash and cash equivalents.
At the same date, the Group and Company had no financial liabilities other than trade and other payables due within one year and had no agreed borrowing facilities as at this date. There is no material difference between the carrying and fair values of the Group and Company's financial assets and liabilities.

The carrying amounts for each category of financial instruments held at 30 September 2013, as defined in IAS 39, are as follows:

	Group 2013 £	**Company 2013 £**	Group 2012 £	Company 2012 £
Loans & receivables	**1,613,949**	**1,521,927**	891,254	853,760
Available for sale investments	**230,251**	**230,251**	355,375	355,375
Financial liabilities at amortised cost	**223,365**	**61,752**	123,530	68,391
Financial liabilities at fair value through profit and loss	**102,381**	**102,381**	—	—

Risk management

The principal risks faced by the Group and Company resulting from financial instruments are liquidity risk, foreign currency risk and, to a lesser extent, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks as summarised below. The policies have remained unchanged from previous periods as these risks remain unchanged.

Liquidity risk

The Group currently holds cash balances in Sterling, US Dollars, Swedish Kronor, Euros, Canadian Dollars and Saudi Riyals to provide funding for exploration and evaluation activity, whilst the Company holds cash balances in Sterling and US Dollars. The Group and Company are dependent on equity fundraising through private placings which the directors regard as the most cost-effective method of fundraising. The directors monitor cash flow in the context of their expectations for the business to ensure sufficient liquidity is available to meet foreseeable needs.

Currency risk

The Group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency risks. The Group is exposed to transactional foreign exchange risk and takes profits and losses as they arise, as in the opinion of the directors, the cost of hedging against fluctuations would be greater than the related benefit from doing so. Where a material order is made in a different currency, funds are converted to that currency at prevailing rates and held on short term treasury deposits at prevailing fixed interest rates pending payment.

Bank and cash balances, including the Group's share of funds in the Ghurayyah joint arrangement, were held in the following denominations:

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
United Kingdom Sterling	**1,064,527**	806,808	**1,062,153**	805,135
United States Dollar	**113,509**	23,055	**48,739**	—
Swedish Krona	**7,730**	11,198	**—**	—
European Euro	**1,791**	179	**—**	—
Canadian Dollar	**49**	53	**—**	—
Saudi Riyal	**6**	6	**—**	—
	1,187,612	841,299	**1,110,892**	805,135

Surplus funds in all currencies are placed with NatWest bank on a number of short term treasury deposits at varying fixed rates of interest, but the Group held only one US Dollar treasury deposit at 30 September 2013.

The Company and the Group are exposed to changes in the US Dollar/UK Sterling exchange rate mainly in the Sterling value of US Dollar denominated financial assets and any profit or loss arising from such changes reports to equity.

Sensitivity analysis shows that the Sterling value of its US Dollar denominated financial assets at 30 September 2013 would increase or decrease by £5,675 for each 5% increase or decrease in the value of Sterling against the Dollar.

Neither the Company nor the Group is exposed to material transactional currency risk.

Interest rate risk
The Group and Company finance their operations through equity fundraising and therefore do not carry borrowings.

Fluctuating interest rates have the potential to affect the loss and equity of the Group and the Company insofar as they affect the interest paid on financial instruments held for the benefit of the Group. The directors do not consider the effects to be material to the reported loss or equity of the Group or the Company presented in the financial statements.

Credit risk
The Company has exposure to credit risk through receivables such as VAT refunds, invoices issued to related parties and its joint arrangements for management charges. The amounts outstanding from time to time are not material other than for VAT refunds which are considered by the directors to be low risk.

The Company has exposure to credit risk in respect of its cash deposits with NatWest bank and this exposure is considered by the directors to be low.

Company Information

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