Tertiary Minerals plc

ANNOUNCEMENT OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

Chairman’s Statement

I am pleased to announce the Company’s audited Financial Statements for the year ended 30 September 2007.

Ghurayyah Project
After concentrating our efforts in 2006 on preliminary feasibility studies for our world-class Ghurayyah tantalum-niobium-rare-earth project in Saudi Arabia it came as a shock to have our application for renewal of our exploration licence refused by the Saudi authorities in January 2007. Following this refusal the Board requested the voluntary suspension of trading in the Company’s shares for a short period. It is, however, important to point out that the issues affecting Ghurayyah are entirely project specific, in contrast to the revocation of licences, local empowerment legislation and increasing government royalties which are common ways of achieving “back-door” nationalisation of mining assets in many countries.

The Saudi Government has indicated to the Company that it does not wish to license uranium for exploration or production. Given that the Ghurayyah deposit contains uranium, albeit at low levels not previously considered by the Company for production, the development of Ghurayyah for tantalum and niobium and other associated minerals is particularly sensitive. We have been working throughout the year with our Saudi investment partners and with the Saudi Ministry for Petroleum and Mineral Resources which is now processing a new exploration licence application and in July 2007 the Company’s share trading suspension was lifted. The Board continues to believe that exploration rights at Ghurayyah will be renewed but we recognise that market confidence in this outcome has been badly affected by the continuing delays to the issue of a new licence.

On a more positive note, I believe that we are now in the final stages of the licence issuing process for Ghurayyah and I am pleased that we have been able to continue working effectively with our Saudi investment partners, having reached an agreement with them during the year whereby their financial contributions to the project will be accelerated once the licence is re-issued. Work on the Ghurayyah feasibility study continued in 2007 at a low level but is now on hold whilst we await the re-issue of the exploration licence on acceptable terms. Other positive developments at Ghurayyah are the increase in the prices for the two main metals, tantalum and niobium and the recognition that Ghurayyah contains significant quantities of heavy rare-earth metals that are much in demand today for use in the magnets essential for hybrid vehicle manufacture. This presents a significant additional revenue opportunity for the project.

Nordic Country Projects
The scale of the Company’s commitment to Ghurayyah in the recent past and the spin-out of the Company’s diamond projects to Sunrise Diamonds plc in late 2005 resulted in a lower priority for the Company’s Nordic Country projects in 2006. However the delays at Ghurayyah have allowed a renewed emphasis to be placed on these Nordic Country projects in 2007 with pleasing results.

At Kolari, in Finland, the Company is targeting magnetite iron-ore adjacent to Northland Resources’ iron-ore development project, and we have just recently announced the positive results from our first drilling programme at the Sivakkalehto prospect where a magnetite content of 20-50% has been encountered over substantial widths. The Company is now targeting a large open-pittable body of magnetite iron ore for sale to local markets. The European market for iron ore is large, but domestic production is small and Europe’s requirements are met mainly by ore shipped at considerable cost from the southern hemisphere. The costs advantages for a European iron ore producer would be significant.

Also in 2007, we signed an earn-in/joint venture agreement with Canada’s Inmet Mining Corporation on our Vähäjoki project in Finland to allow exploration to proceed on this exciting property at no immediate cost to Tertiary. Significant copper-gold-iron mineralisation is known from previous drilling at Vâhäjoki and Inmet has already initiated further exploration.

The Company has plans for further work at other Nordic Country projects including the Kaareselkä gold project, the Ahmavuoma copper-gold project and the Rosendal tantalum project.

New Project Pipeline
Following extensive research and reconnaissance work during the year, I am pleased to herald our possible involvement in two new projects. We have applied for exploration rights over new areas in Sweden and in Namibia where we expect potentially commercial resources can be defined at relatively low cost. More information will be provided should those licences be granted.

Sunrise Diamonds plc
The Company retains a shareholding in Sunrise Diamonds plc throughout the year, although its holding has been diluted to 16.5% by share issues made during the year.

Annual Results
The Group reported a loss of £871,964 for the year (2006: £255,583 as restated for the adoption of Financial Reporting Standard 20)

In Conclusion
With 2007 behind us, the Company has much to look forward to. In addition to expectations of the revival of the Ghurayyah project, renewed exploration of the company's Nordic projects is underway and valuable new projects are in the pipeline. We expect to be in a position to deliver good news on a number of fronts in 2008 and I would like to thank all my fellow shareholders for their support in 2007.

Patrick L Cheetham
Executive Chairman

14 January 2008

Further Information:

Patrick Cheetham, Tertiary Minerals Plc. Tel: +44 (0)1625-626203.
Ron Marshman/John Greenhalgh, City of London PR Ltd. Tel: +44 (0)20-7628-5518

Web-site: www.tertiaryminerals.com

Tertiary Minerals plc

Consolidated Profit and Loss Account

for the year ended 30 September 2007

	2007 £	As restated 2006 £
Exploration costs written off and provided for	**691,182**	52,077
Administrative expenses	**244,528**	231,420
Operating loss	**(935,710)**	(283,497)
Share of loss of associate	**(18,458)**	(48,773)
Profit on disposal of tangible asset	**-**	504
Profit arising from the increase in value of the Group's share of the net assets of Sunrise Diamonds resulting from share issues	**53,250**	44,357
Interest receivable	**27,713**	28,268
Share of interest receivable of associate	**1,241**	3,558
Loss on ordinary activities before taxation	**(871,964)**	(255,583)
Tax on loss on ordinary activities	**-**	-
Loss for the year	**(871,964)**	(255,583)
Loss per share – basic and diluted (pence)	**(1.60)**	(0.49)

All amounts relate to continuing activities.

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 30 September 2007

	2007	As restated 2006
	£	£
Loss for the year	**(871,964)**	(255,583)
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**(27,884)**	(21,507)
Total recognised losses since last accounts	**(899,848)**	(277,090)

Tertiary Minerals plc

Balance sheets

at 30 September 2007

	Group	Group As restated	**Company**	Company As restated
	2007	2006	**2007**	2006
	£	£	**£**	£
Fixed assets				
Intangible assets	**688,170**	1,158,926	**-**	-
Tangible assets	**8,682**	9,898	**5,090**	6,500
Investment in subsidiary	**-**	-	**224,889**	224,889
Investment in associate	**-**	-	**-**	215,250
Share of net assets of associate	**-**	221,742	**-**	-
Investment	**257,775**	-	**215,250**	
	954,627	1,390,566	**445,229**	446,639
Current assets				
Debtors	**62,467**	57,197	**3,215,540**	3,122,500
Cash at bank and in hand	**441,617**	884,110	**148,024**	385,305
	504,084	941,307	**3,363,564**	3,507,805
Creditors: amounts falling due within one year	**(78,307)**	(71,052)	**(40,902)**	(37,274)
Net current assets	**425,777**	870,255	**3,322,662**	3,470,531
Net assets	**1,380,404**	2,260,821	**3,767,891**	3,917,170
Capital and reserves				
Called up share capital	**545,127**	545,127	**545,127**	545,127
Share premium account	**4,259,683**	4,259,683	**4,259,683**	4,259,683
Merger reserve	**131,096**	131,096	**131,096**	131,096
Other reserves	**23,601**	4,170	**23,601**	4,170
Profit and loss account	**(3,579,103)**	(2,679,255)	**(1,191,616)**	(1,022,906)
Shareholders' funds	**1,380,404**	2,260,821	**3,767,891**	3,917,170

Consolidated Cash Flow Statement

for the year ended 30 September 2007

	2007 £	As restated 2006 £
Net cash outflow from operating activities	**(240,987)**	(217,465)
Returns on investment and servicing of finance		
Interest received	**27,713**	28,268
Net cash outflow from operating activities after returns on investments and servicing of finance	**(213,274)**	(189,197)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	**(198,370)**	(230,324)
Purchase of tangible fixed assets	**(3,177)**	(9,520)
Receipts from sale of intangible fixed assets	**-**	-
Receipts from sale of tangible fixed assets	**-**	4,166
Net cash outflow from capital expenditure and financial investment	**(201,547)**	(235,678)
Acquisitions and disposals		
Payments to acquire investment in associate	**-**	(65,250)
Net cash outflow from acquisitions and disposals	**-**	(65,250)
Financing		
Issue of share capital (net of expenses)	**-**	963,738
Net cash inflow from financing	**-**	963,738
(Decrease)/Increase in cash	**(414,821)**	473,613

Notes:

1. Publication of Non-Statutory Accounts

The financial information set out in this announcement does not constitute the Company's Statutory Accounts for the period ended 30 September 2007 or 2006. The financial information for 2006 is derived from the Statutory Accounts for 2006 as amended by the adoption of FRS20. The financial information set out in this statement relating to the period ended 30 September 2006 does not constitute statutory accounts for that period. Full audited accounts in respect of that financial period prior to the adoption of FRS20 have been delivered to the Registrar of Companies.

The Statutory Accounts for 2007 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on the 2006 and 2007 accounts. They did contain a statement under Section 237(2) or (3) of the Companies Act 1985 and received an unqualified audit opinion. However there was an emphasis of matter in relation to the availability of project finance. In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. Further funding is raised as and when required. When any of the Group's projects progress to the development stage, specific financing will be required.

The Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the "going concern" basis for preparing the accounts.

Prior year adjustments
The Company has applied the requirements of FRS20 (share based payments) in accordance with the transitional provisions to all relevant equity instruments granted after 7 November 2002 and unvested at 1 October 2005.

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

The adoption of FRS20 has resulted in a charge to the Profit & Loss Account of £19,431. A prior year adjustment has been made to the financial information set out for the year ended 30 September 2006 (£4,170) to apply charges to the Profit and Loss Account for share options granted or becoming vested in these periods. This has no impact on the net assets of the Company.

2. Loss per share

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

	2007	As restated 2006
Loss (£)	**(871,964)**	(255,583)
Weighted average shares in issue (No.)	**54,512,736**	51,710,679
Basic and diluted loss per share (pence)	**(1.60)**	(0.49)

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 not dilutive under the terms of FRS14.

3. Reconciliation of movements in shareholders' funds

	Group 2007 £	Group As restated 2006 £	**Company 2007 £**	Company As restated 2006 £
Loss for the year	**(871,964)**	(255,583)	**(168,710)**	(159,699)
Exchange differences	**(27,884)**	(21,507)	**-**	-
Shares issued during the year	**-**	963,738	**-**	963,738
FRS20 share based payments	**19,431**	4,170	**19,431**	4,170
Increase in shareholders' funds	**(880,417)**	690,818	**(149,279)**	808,209
Opening shareholders' funds	**2,260,821**	1,570,003	**3,917,170**	3,108,961
Closing shareholders' funds	**1,380,404**	2,260,821	**3,767,891**	3,917,170

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

	2007 £	2006 £
Operating loss	**(935,710)**	(283,497)
Depreciation charge	**4,393**	3,301
Depreciation released on disposal	**-**	(2,169)
Profit on disposal of tangible fixed assets	**-**	504
Intangible fixed assets written off	**691,182**	18,582
Additions to intangible fixed assets	**22,268**	-
Non-cash movement in reserves	**19,431**	4,170
(Increase)/Decrease in debtors	**(5,270)**	8,508
Increase/(Decrease) in creditors	**7,255**	33,136
Net cash outflow from operating activities	**(240,987)**	(217,465)

5. Reconciliation of cash flow to movement in net funds

	1 October 2006 £	**Cash flow £**	**Exchange movement £**	**30 September 2007 £**
Cash in hand and at bank	884,110	(442,534)	(27,672)	441,617
Interest received	-	27,713	-	-
Net funds	884,110	(414,821)	(27,672)	441,617

	2007 £	**2006 £**
(Decrease)/ Increase in cash in the year	(414,821)	473,613
Change in net funds resulting from cash flows	(414,821)	473,613
Translation difference	(27,672)	(25,472)
Movement in net funds in year	(442,493)	448,141
Net funds at 1 October 2006	884,110	435,969
Net funds at 30 September 2007	441,617	884,110

6. Financial information regarding former associated undertaking

On 9 February 2007 the shareholding in Sunrise Diamonds plc was diluted by the issue of additional share capital to third parties. This dilution reduced the shareholding in Sunrise Diamonds plc to 18.33% and as a result from this point forward the holding In Sunrise Diamonds plc has been treated as an investment rather than an associate undertaking. The current shareholding is 16.5%.

7. Dividend

No dividend is proposed.

8. Annual Report

The Company's 2007 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.