

# **Tertiary Minerals plc**

Company No. 03821411

**Annual Report and Accounts  
for the year ended 30 September 2016**

# Highlights

## 2015 – 2016 achieved

- Fundraising of £1,150,000 before expenses in very difficult market conditions
- Storuman Exploitation (Mine) Permit approved by the Swedish Mining Inspectorate
- Phase 4 drilling programme completed on the MB Project in Nevada
- Significant lateral and depth extensions to fluorspar mineralisation proven in the Western Area on the MB Project
- Modelling, economic evaluation and metallurgical testwork progressing for the MB Project

## Post year end

- Sale of the two legacy gold assets, Kaasselkä and Kiekerömaa, in Finland to TSX-V listed Aurion Resources Ltd for an initial consideration and retained royalty interest
- Entered into a non-binding Heads of Terms with global aluminium company, Hydro, to purchase land and old mine workings on the Lassedalen Fluorspar Project

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# Chairman's Statement

I am pleased to present the Company's Annual Report and Financial Statements for the year ended 30 September 2016.

It has been a rather frustrating year for our Storuman Fluorspar Project in Sweden. Our long-awaited Mining Concession for the Storuman Project was granted by the Mining Inspectorate in February but the grant was then appealed to the Swedish Government by two separate groups. At the same time new case law established by the Supreme Court on a distant and unrelated project has caused the Mining Inspectorate to re-examine the basis on which Mining Concessions have recently been granted. Further information is given in our Operating Review. We remain positive that the original decision to grant the Mining Concession will be upheld and that the circumstances affecting the Supreme Court decision were not applicable to our Mining Concession application. There are no time-frame constraints on the appeals process so it is important that we achieve a satisfactory resolution before proceeding with the next stages of project evaluation and development.

In contrast, progress continues to be made in Nevada with our MB Fluorspar Project where a further round of drilling has demonstrated significant extensions of possibly higher grade mineralisation to the north-west of our 86 million tonne Mineral Resource Estimate. The Company is currently working towards completion of an economic and technical scoping study in the first half of 2017. This will include consideration of various value-adding optimisations and may include another phase of drilling.

In Norway, we continue to maintain our interest in the Lassedalen fluorspar deposit and have recently reached a Heads of Terms agreement with Hydro, a global producer of aluminium and a major consumer of aluminium fluoride (a downstream product of fluorspar) to acquire outright ownership of key land and mineral rights at Lassedalen. Currently we have exploration rights over these Hydro holdings through an expropriation granted by the Norwegian Government but this agreement, if completed, will cement our hold on this important fluorspar resource. Given the permitting delays being experienced in Sweden this project may assume a higher priority within our European strategy in 2017.

Fluorspar prices in 2016 have continued a five year decline and a number of fluorspar mines closed in recent times. Structurally the fluorochemical industry, which dominates consumption of fluorspar, is in transition. Fluorine based HFC refrigerant chemicals are being phased out under various global climate change agreements and legislation, but are being replaced by new zero ozone-depleting and very low global warming potential HFO fluorine based chemicals that should help see a return to more buoyant market conditions in the medium-term.

Outside of our fluorspar business we have recently announced the sale of our Kaaresselkä and Kiekerömaa gold projects in Finland to Aurion Resources Ltd. On completion we will receive an initial payment in cash and Aurion shares. Further variable payments will be linked to the definition and size of 43-101 compliant Mineral Resources and, on definition, paid as an advance against a 2% Net Smelter Return Royalty on gold and other mineral production. Our own historical work has demonstrated the potential for such Mineral Resources on both project areas and so we look forward to the prospect of a future cash flow from these projects.

In 2016 we have been successful in lowering our administration costs which we believe are amongst the lowest of all AIM traded companies. Our activities in 2016 have been funded by share placings with £1,150,000 raised before expenses during the financial year. Further information is given in the Annual Report which will be published in plain black and white text this year. The Company's website has replaced the Annual Report as the main investor relations tool and, whilst the information being provided to shareholders in our Annual Report is no less comprehensive than last year, we feel that the money previously spent on glossy colour printing is better spent on our projects.

We look forward to reporting further progress in 2017 and to meeting shareholders again at our next Annual General Meeting to be held on Tuesday 31 January 2017 as set out on page 37.

**Patrick Cheetham**  
Executive Chairman  
12 December 2016

# Strategic Report

## Group Overview

### Company's Aims

- To become a reliable long-term and competitive supplier of high quality fluorspar to world markets.
- To add value to the Group's mineral projects.
- The discovery, acquisition and development of mineral resources.

### Company's Strategy

- To acquire and develop large fluorspar deposits located close to established infrastructure and key markets in stable, democratic and mining friendly jurisdictions.

### Principal Activities

- The principal activities of the Group are the **identification, acquisition, exploration and development of mineral projects** with **primary focus on fluorspar**, the main raw material source of fluorine for the chemical, steel and aluminium industries.

The head office is based in Macclesfield in the United Kingdom with core operating locations in Storuman in Sweden, Lassedalen in Norway and the MB Project in Nevada, USA.

### Company's Business Model

- **Successful, efficient and low costs explorer.**

The Group prefers to acquire **100% ownership** of mineral assets at **minimal expense**. This usually involves applying for exploration licences from the relevant authority, as was the case for the Storuman and Lassedalen projects. In other cases, rights are negotiated with existing project owners for initially low periodic payments that rise over time as confidence in the project value increases and this was the case for the MB Project.

The Group seeks to operate with a **low cost base** in order to maximise the funds that can be spent on exploration and development – **value adding** activities. The Company has six full time employees including the two executive directors (Managing Director and Chairman) who work with and oversee carefully selected and experienced consultants and contractors. The Board of Directors comprises two independent Non-Executive Directors, the Managing Director and the Executive Chairman. Their profiles are provided on page 13.

Administration costs are reduced via an arrangement governed by a Management Services Agreement with Sunrise Resources plc, whereby Sunrise Resources pays a portion of Tertiary's office costs. As at the date of this report Tertiary is a substantial shareholder (as defined under the AIM Rules) of Sunrise Resources plc, holding 10.08%.

The Company's activities are financed through periodic capital raisings, through private share placements and other innovative equity based financial instruments. As projects become more advanced the Board will seek to secure additional funding from potential end users. This kind of arrangement can take many forms, for example through off-take agreements or through joint venture partnerships.

## Operating Review and Performance

### Fluorspar Projects

#### Storuman Fluorspar Project, Sweden

##### 2016 Highlights

- **Exploitation (Mine) Permit application approved by the Swedish Mining Inspectorate**

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 bulk rail terminal, constructed in 2012, 25km from the project site is likely to become an important factor in the cost-effective delivery of fluorspar to the key European fluorspar market.

##### JORC Compliant Mineral Resource

Classification	Million Tonnes (Mt)	Fluorspar (CaF <sub>2</sub> %)
Indicated	25.0	10.28
Inferred	2.7	9.57
<b>Total</b>	<b>27.7</b>	<b>10.21</b>

##### Exploitation (Mine) Permit Application

The Company submitted its Exploitation (Mine) Permit application in July 2014 to the Swedish Mining Inspectorate and following an extensive consultation process the **Exploitation (Mine) Permit ("Permit")** was **approved on 18 February 2016**. Key elements of the Permit:

- The Permit is valid for 25 years
- Name of the mining concession area: Kyrkberget K nr.1
- The Permit has been granted to extract fluorspar under the Swedish Minerals Act (1991:45) and, with regards to the question of localisation, the Swedish Environmental Code (1998:808)
- The Permit covers 184.13 hectares
- 500,000 Swedish Krona must be paid to the Mining Inspectorate prior to the commencement of mining operations as economic security for rehabilitation measures after the mine is closed
- An application for land allocation must be made according to the Minerals Act before any land can be used for the mine according to the Permit
- The concession area is predominantly limited to the area of the proposed open pit
- The Swedish Mining Inspectorate has granted the Permit by giving precedence to the national interest of minerals over the national interest of reindeer herding

# Strategic Report (continued)

Subsequent to the award of the Permit in February this year, two appeals have been lodged against the Permit. The appeals have been submitted by the Sami Reindeer Husbandry Community affected and Urberggruppen, a Swedish environmental action group which oppose all mining activities throughout Sweden. The appeals will be decided by the Swedish Government following their review of information from the original Permit application made by the Company, the Permit approval, the appeal documents and all key stakeholder groups.

As part of this process the Government has asked the Company for its opinion on a ruling earlier this year by the Swedish Supreme Administrative Court ("SAC") regarding appeals made against the Exploitation (Mine) Permit over the Norra Karr rare earth element deposit owned by Leading Edge Materials (formerly Tasman Metals). Appeals may be considered by SAC following the government appeal process. The appeals were successful in this case and the SAC revoked the Norra Karr Exploitation (Mine) Permit and referred the case back to the Swedish Government. The basis on which the SAC revoked the Norra Karr Exploitation (Mine) Permit was that the Environment Impact Assessment (EIA) for the Mining Concession Area, relating to the Mineral Deposit Area only, did not sufficiently take into account the impact that mining activity may have on its surroundings (the "wider area"), including a Natura 2000 area. Following the ruling the case has now been referred back to the Swedish Mining Inspectorate (Bergsstaten) for re-assessment. Prior to this case the wider area impact has usually been addressed through the Environmental Permit process leading on from the Exploitation (Mine) Permit approval.

The Company provided a written opinion to the Government in September 2016 stating that the EIA prepared by Tertiary provides a sufficient description of the expected environmental impact on the wider area. The EIA was prepared based on the extensive and detailed baseline environmental studies and reindeer husbandry impact analysis completed by the Company.

When making the original decision to approve the Exploitation (Mine) Permit, the Mining Inspectorate maintained the view that continued sustainable reindeer husbandry can co-exist alongside the mining operation providing that the Company implements appropriate protective measures/precautions, the details of which will be set by the Swedish Land and Environmental Court.

The Company continues to reiterate to the Swedish Government that time is of the essence, ultimately the timing of this process and decision by the Swedish Government cannot be influenced further.

## The Next Step

Whilst substantial progress has been made on the Preliminary Feasibility Study (PFS) level metallurgical testwork, following the Exploitation (Mine) Permit appeal the Company decided to place all metallurgical testwork and outstanding phases of the Preliminary Feasibility Study on hold until the appeal process has been brought to a conclusion.

Following successful resolution of the Exploitation Concession appeal process and before mine construction can commence the detailed conditions of the processing plant, tailings facility and associated infrastructure must be set through the Environmental Permit process. The process is handled in the Swedish Land and Environmental Court and is governed by the Swedish Environmental Code (1998:808).

Technical and economic information from the Preliminary Feasibility Study will be used to prepare the Environmental Permit application.

## MB Fluorspar Project, Nevada, USA

### 2016 Highlights

- **Phase 4 Drilling programme completed**
- **Significant lateral and depth extension of fluorspar mineralisation proven in the Western Area**
- **Deposit field appraisal by world renowned geologist – Dr Richard Sillitoe**
- **Modelling and economic evaluation of the project progressing**

The MB Property comprises 146 contiguous mining claims covering an area more than 2,800 acres and is located 19km south-west of the town of Eureka in central Nevada, USA. The state of Nevada is widely and justifiably recognised to be one of the most attractive mining jurisdictions in the world. Eureka is located on US Highway 50 and the main railroad is located 165km to the north of the deposit providing bulk freight distribution to the East and West of the USA. The USA, like Europe, is a key fluorspar market currently importing the majority of its fluorspar requirements. Rail access to the west coast provides access to Asian markets, which may be a target market in the future.

### JORC Compliant Mineral Resource

Classification	Million Tonnes (Mt)	Fluorspar (CaF <sub>2</sub> %)
Indicated	6.1	10.8
Inferred	80.3	10.7
<b>Total</b>	<b>86.4</b>	<b>10.7</b>

## Phase 4 Drilling

Following the **JORC 2012 compliant Mineral Resource Estimate** upgrade for the MB Project to **86.4 million tonnes** grading **10.7% fluorspar (CaF<sub>2</sub>)** in June 2015, the Company completed a further phase of drilling, **Phase 4**, with the key objective being:

- To test the lateral and depth extent of higher grade mineralisation in the Western Area

Four holes were drilled totalling 1,553 metres using the reverse circulation method, key highlights being:

- Hole 15TMBRC036 located west of the Western Area:
  - 89.91m** grading **12.02% CaF<sub>2</sub>** from 120.40m depth (total of 8 significant fluorspar intersections)
  - Including **31.99m** grading **16.74% CaF<sub>2</sub>** from 150.88m (total of 6 higher grade intersections above 15% CaF<sub>2</sub>)
- Hole 15TMBRC038 located to the north of the Western Area:
  - 22.86m** grading **11.47% CaF<sub>2</sub>** from 74.68m depth
- Hole 15TMBRC039 located to the north of the Western Area:
  - 137.16m** grading **11.54% CaF<sub>2</sub>** from 53.34m depth (total of 16 significant fluorspar intersections)
  - Including **32.00m** grading **15.81% CaF<sub>2</sub>** from 185.93m (total of 5 higher grade intersections above 15% CaF<sub>2</sub>)
- Ore-grade molybdenum (Mo) encountered in the base of hole 15TMBRC036

## Field Appraisal – Dr Richard Sillitoe

During the summer of 2016 the Company employed the services of world renowned economic geologist Dr Richard Sillitoe to complete an appraisal of the MB Deposit with particular focus on improved understanding of the geology/mineralogy/paragenesis for the deposit and potential association with a porphyry molybdenum-copper system. The key conclusions from the field visit and appraisal:

- There is a reasonable possibility** that the **fluorspar grades** could **increase** on approach to the inferred sub-surface intrusion in the **north-west** region of the deposit
- 1 or 2 northwest-directed core holes could easily test the possibility of **increased fluorspar grades** on approach to the inferred intrusion
- It is unlikely that the MB deposit is associated with a porphyry molybdenum-copper system

## Modelling, Economic Evaluation and Metallurgical Testwork

Following the appraisal by Dr Richard Sillitoe, the Company has started the process of modelling, optimisation, and associated economic evaluation of various production scenarios alongside early stage bench scale metallurgical testwork in order to provide a focus for a technical and economic Scoping Study. The early stage modelling and metallurgical testwork has highlighted some key opportunities and challenges:

- Modelling the **potential higher grade fluorspar** in the north-west into the production scenarios has a **significant effect on the project economics**
- Potential for economic production of **commercial grade mica** as a secondary product provides valuable upside for the project
- The project is particularly sensitive to transport distance/cost to USA market and port
- The mineralogy of the deposit is highly variable

Based on these key findings the Company is systematically working through the following work programmes:

- Bench scale metallurgical testwork to ascertain the potential for producing acid grade fluorspar from the different areas of the deposit
- Metallurgical testwork to assess the potential of producing commercial grade mica as a secondary product
- Optimisation of the transport method and cost from mine to USA market and port

Following successful completion of these work programmes the Company will work towards completion of a **Scoping Study** for the project in the **first half of 2017**, this may include another phase of drilling on the MB Project in line with Dr Sillitoe's recommendations.

## 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.

## JORC Compliant Mineral Resource

Classification	Million Tonnes (Mt)	Fluorspar (CaF <sub>2</sub> %)
<b>Inferred</b>	<b>4.0</b>	<b>24.60</b>

Due to financial and fluorspar market conditions in 2015/2016 and given the commitments on its other fluorspar projects and in the absence of expenditure obligations, further exploration at the Lassedalen Project has been a lower priority.

# Strategic Report (continued)

A key landowner for the Company's Lassedalen fluorspar project is the global aluminium company, Hydro. Tertiary and Hydro have recently entered into a Heads of Terms whereby Tertiary will acquire the land and historic mine workings from Hydro following successful due diligence and purchase agreement completion (within 14 months). The agreed purchase price is 1 Norwegian Krone. The acquisition provides an important value adding step for the project as well as strengthening the long-term security of tenure.

Once development work re-commences for the project, the immediate objective will be further drilling aimed at increasing the size of the current JORC compliant Mineral Resource Estimate.

## Non-Core Projects

### Kaarelselkä and Kiekerömaa Gold Projects, Finland

The Company has successfully negotiated the sale of the two legacy gold assets in Finland to TSX-V listed Aurion Resources Ltd. Following the initial consideration for the sale, the Company will retain a royalty interest in the projects and therefore providing the opportunity for potential income in the future. Summary of the transaction:

- **Aurion is a Canadian listed (TSX-V: AU) precious metals exploration company primarily focusing on the development of its Finnish gold projects, several of which are under a joint venture with B2Gold, a main listed (TSX:BTO, NYSE MKT:BTG) gold producer and developer**
- **£100,000 initial consideration to be paid by Aurion: £15,000 in cash and £85,000 in Aurion shares**
- **Tertiary will retain royalty interest in the projects:**
  - **Pre-Production Royalty of US\$1.00/ounce gold following the definition of a NI 43-101 (or equivalent) Code compliant Inferred Mineral Resource Estimate on either project**
  - **Pre-Production Royalty of US\$2.00/ounce gold following the definition of a NI 43-101 (or equivalent) Code compliant Indicated Mineral Resource Estimate on either project**
  - **Pre-Production Royalty of US\$3.00/ounce gold following the definition of a NI 43-101 (or equivalent) Code compliant Measured Mineral Resource Estimate on either project**
  - **Net Smelter Returns Royalty (NSR) of 2% on all future gold production from either property**
  - **Aurion can purchase 50% of the NSR from Tertiary for USD\$1,000,000 at any time prior to commencement of commercial production on either project**

The sale is conditional upon successful transfer of the Exploration Licences for each project from Tertiary to Aurion (to be handled by the mining division of the Finnish Safety and Chemical Agency (Tukes)) and stock exchange approval by the TSX-V.

### Rosendal Tantalum Project, Finland

The Exploration Licence for the project expired in October 2015 and the Company has applied for a renewal of the Licence. If the Company is unsuccessful in finding a suitable partner or buyer to progress the project it is unlikely the renewal will be granted.

### Ghurayyah Tantalum-Niobium-Rare-Earth Project, Saudi Arabia

The project continues to be on hold pending the issue of a new exploration licence.

## Health and Safety

The Group has maintained strict compliance with its Health and Safety Policy and is pleased to report there have been **no lost time accidents** during the course of 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.

# Fluorspar Market and Strategic Opportunity

## Fluorspar – Principal Uses

There are two principal commercial grades of fluorspar:

- Metallurgical-spar (60-96% CaF<sub>2</sub>)
- Acid-spar (+97% CaF<sub>2</sub>)

**Metallurgical-spar** accounts for approximately 40% of the total fluorspar production with the **principal applications** being:

- Steel production – used as a flux to lower the melting temperature and increase the chemical reactivity to help the absorption and removal of sulphur, phosphorus, carbon and other impurities in the slag
- Cement – used as a flux to speed up the calcination process and enables the kiln to operate at lower temperatures

**Acid-spar**, the grade of fluorspar which the Company is planning to produce, accounts for approximately 60% of total fluorspar production with the **principal applications** being:

- Aluminium production – used to produce aluminium fluoride (AlF<sub>3</sub>) which acts as a flux to lower the bath temperature in the manufacture of aluminium

- Manufacture of hydrofluoric acid (HF) – the primary source of all fluorochemicals (the single largest consumer of fluorspar), with a wide range of applications including:
  - Fluorocarbons, e.g. refrigerant gases, propellants, etc.
  - Electrical and electronic appliances
  - Metallurgical industry (extraction, manufacture and processing)
  - Lithium batteries
  - Pharmaceuticals, polymers and agrochemicals
  - Petrochemical catalysts

### Fluorspar – Production and Consumption

The current global production of fluorspar is approximately 5.8-6.0 million tonnes per year:

- Major producing regions: China (>50% of the world's production); Mexico; Mongolia/CIS; South Africa
- **Major Consuming regions** (highest to lowest): China; **North America**; **Europe**; Mexico; Russia

### Fluorspar – Pricing

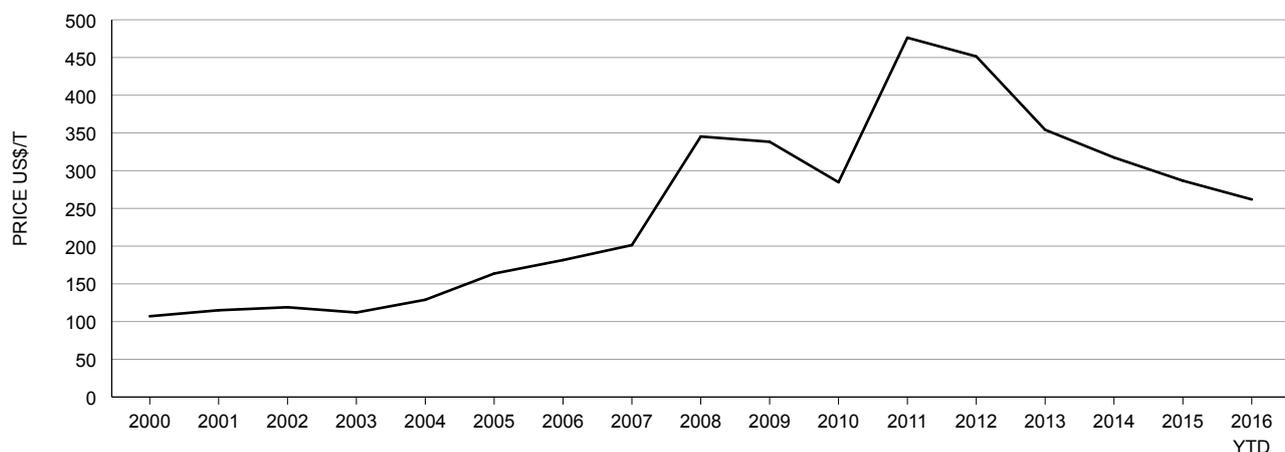
- The global supply and demand for fluorspar has seen steady growth over the decade 1998 to 2008 – reflected in the **long-term upward trend in price**
- In 2009 the global financial crisis contributed to a contraction in acid-spar supply and demand followed by a short-term recovery in 2011
- Demand for acid-spar has softened in the last 5 years resulting in oversupply and a downward trend in the price
- The China export price for acid-spar (FOB China) is a traditional benchmark price and is currently published as US\$250-270/tonne (Industrial Minerals Magazine). The equivalent price delivered into Europe (CIF Rotterdam) is published as US\$250-270/tonne

The current price weakness does not impact the Company's long-term strategy as it is not yet in production and the positive macroeconomic drivers for future prices remain essentially unchanged.

### Fluorspar – Tertiary Minerals Strategic Opportunity

- Industry view (producers, end users, analysts) is that **demand and price will increase** in the medium to long-term, the key drivers being:
    - **No large scale commercial alternative or recycling**
    - Refrigeration – new generation of zero ozone depleting potential (ODP) and very low global warming potential (GWP) refrigerants, hydrofluoroolefins (HFO's)
    - Driven by environmental legislation, most recently the Kigali Amendment which was signed in October 2016, where over 170 nations agreed to phase down low ODP, high GWP Hydrofluorocarbons (HFCs).
    - Energy reduction in the steel and aluminium industry
    - Emerging uses – fluoropolymers in lithium batteries for example
    - Chinese supply-demand dynamics
  - China produces >50% of world's fluorspar
  - **China fluorspar exports** have continued to **decline** since 2000 driven by increasing internal demand and production/export restrictions – potentially **a future net importer**
  - **Western Europe and North America** are the largest acid-spar consuming regions outside of China, **importing** more than **900,000 tonnes per year**
  - **USA imports 100% of its fluorspar**
  - **North America and Europe** face the potential risk of **security of supply**
  - Fluorspar is classified as a **critical raw material** by the **European Commission – high risk of supply shortage** and consequent impact on the economy
  - **USA** considers fluorspar as a **strategic mineral**
- Based on macroeconomic drivers the Company continues to be strategically placed to capitalise on this position in the future by **developing** its **100% owned large fluorspar assets, containing fluorspar resources of 13.1 million tonnes, located in the USA and Europe.**

AVERAGE ACID-SPAR PRICES 2000–2016 YTD US\$/T FOB CHINA



Note: 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.

# Strategic Report (continued)

## Financial Review and Performance

The Group is currently in the earlier stages of the typical mining development cycle and so has no income other than cost recovery from the management contract with Sunrise Resources plc and a small amount of bank interest. Consequently the Group is not expected to report profits until it is able to profitably develop, dispose of, or otherwise commercialise its exploration and development projects.

The results for the Group are set out in detail on page 17. The Group reports a loss of £473,506 for the year (2015: £674,991) after administration costs of £558,857 (2015: £569,515) and after crediting interest of £1,712 (2015: £2,314). The loss includes expensed pre-licence and reconnaissance exploration costs of £25,343 (2015: £23,869), impairment of deferred exploration costs of £Nil (2015: £4,522) and impairment of available for sale investment (the Company's share in Sunrise Resources plc) of £81,142 (2015: £260,997). Administration costs include £25,785 (2015: £63,278) as non-cash costs for the value of certain share warrants held by employees as required by IFRS 2.

Management and service charge revenue of £190,124 (2015: £181,598) arises from the provision of management, administration and office services to Sunrise Resources plc, to the benefit of both companies through efficient utilisation of services.

The financial statements show that, at 30 September 2016, the Group had net current assets of £461,018 (2015: £297,344). This represents the cash position after allowing for receivables and trade and other payables. These amounts are shown in the Consolidated and Company Statements of Financial Position on page 18 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 this year's and previous years' accrued expenditure on minerals projects where that expenditure meets the criteria in Note 1(d) accounting policies. The intangible assets total £4,429,261 (2015: £3,536,609) and the breakdown by project is shown in Note 2 to the Financial Statements on page 25.

Expenditure which does 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 the Company's expenditure is preserved. In the current reporting period no costs were impaired.

The intangible asset value of a project does not equate to the realisable or market value of a particular project which will, in the Directors' opinion, be at least equal in value and often considerably higher. Hence the Company's market capitalisation on AIM can be in excess of or less than the net asset value of the Group.

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

In the reporting period an impairment review was undertaken by the Directors on the carried amount in the Available for Sale Investment Revaluation reserve, to ascertain whether the decline in fair value of the investment in Sunrise Resources plc could be considered to be significant or prolonged, as required under IAS 39.

The nature of the activity of Sunrise Resources plc is similar to that of Tertiary Minerals plc in that it is involved in long-term mineral development and exploration. The projects within the Company will typically take over 5 years to develop before they can be commercially exploited and until the end of a project it is expected that there will be volatility in the share price of the Company.

Whilst the overall Available for Sale Revaluation has been negative since 5 November 2012, in the context of this entity, this is not considered prolonged given the timescales of the associated projects. Furthermore, due to the inherent volatility in the nature of the investment during the life cycle of the projects, and taking into account the Directors detailed knowledge of the business of Sunrise Resources plc, the decline in fair value is not considered of significance to the underlying business nor its share price.

However, for Interim Accounts for the six month period to 31 March 2016, it was decided that the decline in fair value was likely to be deemed significant under the requirements of IAS 39; therefore the carried value of £81,142 in the Available for Sale Investment Reserve was impaired and reclassified to the Consolidated Income Statement, thereby increasing the loss for that period. An increase in fair value, due to an increase in share price, for the subsequent period to 30 September 2016, has been recognised in the Available for Sale Investment Reserve in equity (see Note 1(f) in the Notes to the Financial Statements on page 23).

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 and its long-term potential to create value.

## Key Performance Indicators

The usual financial key performance indicators ("KPIs") are neither applicable nor appropriate to measurement of the value creation of a company involved in mineral exploration and which currently has no turnover. 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.

The Company does seek to reduce overhead costs, where practicable, and is reporting reduced administration costs this financial year.

## Fundraising

During the 2016 financial year the Company raised a total of £1,150,000 before expenses from institutional investors as shown in Note 14 of the Financial Statements.

## Risks and 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.

The principal risks and uncertainties facing the Group at this stage in its development and in the foreseeable future are detailed below together with risk mitigation strategies employed by the Board.

RISK	MITIGATION STRATEGIES
<p><b>Exploration Risk</b></p> <p>The Group's business is mineral exploration and evaluation which are speculative activities. 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.</p>	<p>The directors bring over many years of combined mining and exploration experience and an established track record in mineral discovery.</p> <p>The Company currently targets advanced and drill ready exploration projects in order to avoid higher risk grass roots exploration.</p>
<p><b>Resource Risk</b></p> <p>All mineral projects have risk associated with defined grade and continuity. Mineral Reserves are always subject to uncertainties in the underlying assumptions which include geological projections and metal/mineral assumptions.</p>	<p>Resources and reserves are estimated by independent specialists on behalf of the Group in accordance with accepted industry standards and codes. The Directors are realistic in the use of mineral price forecasts and impose rigorous practices in the QA/QC programmes that support its independent estimates.</p>
<p><b>Development Risk</b></p> <p>Delays in permitting, or changes in permit legislation and/or regulation, financing and commissioning a project may result in delays to the Group meeting production targets or even in extreme cases loss of title.</p>	<p>The Company's permitting requirements are limited at this stage to its exploration activities but to reduce development risk in future the Directors will ensure that its permit and financing applications are robust and thorough and will seek to position the Company as a low quartile cost producer.</p>
<p><b>Commodity Risk</b></p> <p>Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.</p>	<p>The Company consistently reviews commodity prices and trends for its key projects throughout the development cycle.</p>
<p><b>Mining and Processing Technical Risk</b></p> <p>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, groundwater conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable.</p>	<p>From the earliest stages of exploration the Directors look to use consultants and contractors who are leaders in their field and in future will seek to strengthen the executive and the Board with additional technical and financial skills as the Company transitions from exploration to production.</p>
<p><b>Environmental Risk</b></p> <p>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.</p>	<p>Mineral exploration carries a lower level of environmental liability than mining. The Company has adopted an Environmental Policy and the directors avoid the acquisition of projects where liability for legacy environmental issues might fall upon the Company.</p>
<p><b>Political Risk</b></p> <p>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 can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.</p>	<p>The Company's strategy restricts its activities to stable, democratic and mining friendly jurisdictions.</p> <p>The Company has adopted a strong Anti-corruption Policy and Code of Conduct and this is strictly enforced.</p>

# Strategic Report (continued)

RISK	MITIGATION STRATEGIES
<p><b>Partner Risk</b></p> <p>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.</p>	<p>The Board's current policy is to maintain control of certain key projects so that it can control the pace of exploration and reduce partner risk.</p> <p>For projects where other parties are responsible for critical payments and expenditures the Company's agreements legislate that such payments and expenditures are met.</p>
<p><b>Financing &amp; Liquidity Risk</b></p> <p>Liquidity risk is the risk that the Company will not be able to raise working capital for its ongoing activities.</p> <p>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.</p> <p>There is no certainty such funds will be available when needed.</p>	<p>The Company maintains a good network of contacts in the capital markets that has historically met its financing requirements.</p> <p>The Company's low overheads and cost effective exploration strategies help reduce its funding requirements and currently the directors take part of their fees in shares. Nevertheless further equity issues will be required from time to time.</p>
<p><b>Financial Instruments</b></p> <p>Details of risks associated with the Group's Financial Instruments are given in Note 19 to the financial statements on page 36.</p>	<p>The Directors are responsible for the Group's systems of internal financial control. Although no systems of internal financial control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.</p> <p>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.</p> <p>The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.</p>

## 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 and expeditiously.

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 may contain certain statements and expressions of belief, expectation or opinion which are forward-looking statements, and which relate, inter alia, to the Company's proposed strategy, plans and objectives or to the expectations or intentions of the Company's directors. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from such forward-looking statements.

This Strategic Report was approved by the Board of Directors on 12 December 2016 and signed on its behalf.

**Richard Clemmey**  
Managing Director

# Our Governance

## Corporate Governance

Although the rules of AIM do not require the Company to comply with the UK Corporate Governance Code (“the Code”), the Company fully supports the principles set out in the Code and attempts to comply wherever possible, given both the small size and limited resources available to the Company.

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.

The two Non-Executive Directors have both served in excess of nine years and under the terms of the Code would not now be formally regarded as independent. However, it is proposed that they should continue to seek annual re-election rather than every third year as per the Articles of Association. 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 strengthened by the appointment of independent Non-Executive Directors but is satisfied that its composition 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, written 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.

The Company has initiated a long-term bonus and incentive scheme for the Managing Director. The objective of adopting the scheme is to provide reward for successfully achieving performance targets set by the Board of Directors in line with the Company’s Aims and Strategy. 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. 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 best practice 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 2016, Tertiary Minerals plc held 9.13% 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.

# Our Governance (continued)

## 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 written 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 engages positively with local communities and stakeholders in its project locations.

## Shareholders

The Board seeks to protect shareholders' interests by following, where appropriate, the guidelines in the 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 the potential to impact on the local environment and consequently has adopted an Environmental Policy to ensure that the Group's activities have minimal harmful environmental impact. Contractors are carefully selected on the basis that they have their own acceptable environmental policy, resources and training in order to carry out field activities in line with the Company's high standards.

The Group's activities, carried out in accordance with the 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 all potentially 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.

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

## 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 Statements of Financial Position in respect of trade payables at the end of the financial year represents 14 days of average daily purchases (2015: 14 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 and implements a Health and Safety Policy to clearly define roles and responsibilities and in order to identify and manage risk.

## Board of Directors

The Directors and Officers of the Company are:

### Patrick Cheetham (56)

*Executive Chairman*

#### Key Strengths and Experience

- Geologist.
- 35 years' experience in mineral exploration.
- 30 years' experience in public company management.
- Founder of the Company, Dragon Mining Ltd, Archaean Gold NL and Sunrise Resources plc.

#### External Appointments:

Chairman and founder of Sunrise Resources plc.

### Richard Clemmey (44)

*Managing Director*

#### Key Strengths and Experience

- Chartered Engineer.
- 23 years' experience in developing and managing mining/quarrying projects worldwide for Derwent Mining, Lafarge, Hargreaves (GB) Ltd, Marshalls plc and CFE.
- Board Director since May 2012.

#### External Appointments:

None

### David Whitehead (74)

*Non-Executive Director†*

#### Key Strengths and Experience

- Mining geologist.
- 43 years' experience in all aspects of mineral exploration, mine development and operations management including senior Executive Management experience in major mining companies: Billiton plc and BHP Billiton Plc.
- Board Director since 2002.

#### External Appointments

Currently a director of Consolidated Mines & Investments Ltd and Chairman of its subsidiary Consolidated Nickel Mines Ltd. Both companies are unlisted.

### Donald McAlister (57)

*Non-Executive Director\**

#### Key Strengths and Experience

- Accountant.
- Previously Finance Director at Mwana Africa plc, Ridge Mining plc and Reunion Mining.
- 22 years' experience in all financial aspects of the resource industry, including metal hedging, tax planning, economic modelling/evaluation, project finance and IPOs.
- Founding director of the Company.

#### External Appointments

Financial Director of Moxico Resources plc and Finance Director of ZincOx Resources plc.

### Colin Fitch LLM, FCIS

*Company Secretary*

#### Key Strengths and Experience

- Barrister-at-Law.
- Previously Corporate Finance Director of Kleinwort Benson, Partner and Head of Corporate Finance at Rowe & Pitman (SG Warburg Securities) and Assistant Company Secretary at the London Stock Exchange.
- Held a number of non-executive directorships including Merrydown plc, African Lakes plc and Manders plc.

#### External Appointments

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.

# Our Governance (continued)

## 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 and applicable law. 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 AIM Rules of the London Stock Exchange for companies trading securities on the AIM 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.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

## Website Publication

The maintenance and integrity of the Tertiary Minerals plc website is the responsibility of the Directors; the work carried out by the Auditors does not involve the consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

## Directors' Report

The Directors are pleased to submit their Annual Report and audited accounts for the year ended 30 September 2016.

The Strategic Report starting on page 3 contains details of the principal activities of the Company and includes the Operating Review and Performance 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. 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 their 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.

## Events After The Balance Sheet Date

### *Kaaretselkä and Kiekerömaa Gold Projects, Finland*

On 5 December 2016 the Company announced the sale of the two legacy gold assets in Finland to TSX-V listed Aurion Resources Ltd. £100,000 initial consideration to be paid by Aurion: £15,000 in cash and £85,000 in Aurion shares. The Company will retain a royalty interest in the projects. The sale is conditional upon successful transfer of the Exploration Licences for each project from Tertiary to Aurion and exchange approval by the TSX-V.

### *Lassedalen Project, Norway*

On 7 December 2016 the Company announced it has entered into a non-binding Heads of Terms to acquire land and historic mine workings on its Lassedalen Fluorspar Project in Norway from global aluminium company, Hydro. The Company has been granted exclusivity for 14-months to complete due-diligence and agree and finalise a purchase agreement.

For further detail please refer to the Operating Review on pages 5 and 6.

## Dividend

The Directors are unable to recommend the payment of a 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 19 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 Risks and Uncertainties on page 9.

## 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 share register:

As at 12 December 2016	Number of shares	% of share capital
SVS (Nominees) Limited POOL	35,483,607	13.29
TD Direct Investing Nominees (Europe) Limited SMKTNOMS	26,339,920	9.87
Barclayshare Nominees Limited	23,981,067	8.98
Hargreaves Lansdown (Nominees) Limited 15942	11,218,121	4.20
HSDL Nominees Limited	10,290,883	3.86
Hargreaves Lansdown (Nominees) Limited VRA	10,282,817	3.85
Ronald Bruce Rowan	8,000,000	3.00

## 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

A resolution to re-appoint Crowe Clark Whitehill LLP as Auditor of the Company and the Group will be proposed at the forthcoming Annual General Meeting.

## Charitable and Political Donations

During the year, the Group made no charitable or political donations.

## Annual General Meeting

Notice of the Company's Annual General Meeting convened for Tuesday 31 January 2017 at 2.30 p.m. is set out on page 37 of this report. Explanatory Notes giving further information about the proposed resolutions are set out on page 38.

Approved by the Board of Directors on 12 December 2016 and signed on its behalf.

**Richard Clemmey**  
Managing Director

# Independent Auditor's Report

to the Members of Tertiary Minerals plc for the year ended 30 September 2016

We have audited the financial statements of Tertiary Minerals plc for the year ended 30 September 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at: [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 30 September 2016 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1(b) to the financial statements concerning the Group's and the Company's ability to continue as going concerns. As explained in Note 1(b) to the financial statements, the Group's projections include the proceeds of future fundraising necessary within the next 12 months in order to cover the Company's and group's overheads and carry out the company's and Group's planned discretionary project expenditure. As there is no assurance that adequate funds will be obtained, these conditions, along with the other matters explained in Note 1(b) to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as going concerns.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Michael Jayson (Senior Statutory Auditor)

For and on behalf of Crowe Clark Whitehill LLP  
Statutory Auditor  
Manchester, United Kingdom  
12 December 2016

Crowe Clark Whitehill LLP is a limited liability partnership registered in England and Wales (with registered number OC307043).

# Consolidated Income Statement

for the year ended 30 September 2016

	Notes	2016 £	2015 £
Revenue	2,17	190,124	181,598
Administration costs		(558,857)	(569,515)
Pre-licence exploration costs		(25,343)	(23,869)
Impairment of deferred exploration costs	8	—	(4,522)
<b>Operating loss</b>		<b>(394,076)</b>	(416,308)
Impairment of available for sale investment		(81,142)	(260,997)
Interest receivable		1,712	2,314
Loss before income tax	3	(473,506)	(674,991)
Income tax	7	—	—
<b>Loss for the year attributable to equity holders of the parent</b>		<b>(473,506)</b>	(674,991)
Loss per share — basic and diluted (pence)	6	(0.20)	(0.37)

All amounts relate to continuing activities.

# Consolidated Statement of Comprehensive Income

for the year ended 30 September 2016

	2016 £	2015 £
<b>Loss for the year</b>	<b>(473,506)</b>	(674,991)
<b>Items that could be reclassified subsequently to the income statement:</b>		
Foreign exchange translation differences on foreign currency net investments in subsidiaries	466,534	(59,439)
	<b>(6,972)</b>	(734,430)
<b>Items that have been reclassified subsequently to the Income statement:</b>		
Fair value movement on available for sale investment	51,117	(112,702)
Transfer from available for sale investment reserve on impairment of available for sale investment	—	260,997
	<b>51,117</b>	148,295
<b>Total comprehensive income/(loss) for the year attributable to equity holders of the parent</b>	<b>44,145</b>	(586,135)

# Consolidated and Company Statements of Financial Position

at 30 September 2016  
Company No. 03821411

	Notes	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
<b>Non-current assets</b>					
Intangible assets	8	4,429,261	—	3,536,609	—
Property, plant & equipment	9	9,785	9,636	7,296	6,961
Investment in subsidiaries	10	—	6,834,155	—	6,391,555
Available for sale investment	10	204,470	204,470	148,222	148,222
		<b>4,643,516</b>	<b>7,048,261</b>	3,692,127	6,546,738
<b>Current assets</b>					
Receivables	11	105,032	81,377	90,309	74,757
Cash and cash equivalents	12	448,474	421,292	309,815	245,140
		<b>553,506</b>	<b>502,669</b>	400,124	319,897
<b>Current liabilities</b>					
Trade and other payables	13	(92,488)	(53,424)	(102,780)	(49,573)
<b>Net current assets</b>		<b>461,018</b>	<b>449,245</b>	297,344	270,324
<b>Net assets</b>		<b>5,104,534</b>	<b>7,497,506</b>	3,989,471	6,817,062
<b>Equity</b>					
Called up share capital	14	2,669,442	2,669,442	1,878,592	1,878,592
Share premium account		9,066,735	9,066,735	8,812,452	8,812,452
Merger reserve		131,096	131,096	131,096	131,096
Share option reserve	14	343,486	343,486	443,813	443,813
Available for sale investment reserve		51,117	51,117	—	—
Foreign currency reserve	14	382,354	—	(84,180)	—
Accumulated losses		(7,539,696)	(4,764,370)	(7,192,302)	(4,448,891)
<b>Equity attributable to the owners of the parent</b>		<b>5,104,534</b>	<b>7,497,506</b>	3,989,471	6,817,062

These financial statements were approved and authorised for issue by the Board of Directors on 12 December 2016 and were signed on its behalf.

**R H Clemmey**  
Director

**D A R McAlister**  
Director

# Consolidated Statement of Changes in Equity

Group	Share capital £	Share premium account £	Merger reserve £	Share option reserve £	Available for sale reserve £	Foreign currency reserve £	Accumulated losses £	Total £
<b>At 30 September 2014</b>	<b>1,743,020</b>	<b>8,622,974</b>	<b>131,096</b>	<b>426,721</b>	<b>(148,295)</b>	<b>(24,741)</b>	<b>(6,563,497)</b>	<b>4,187,278</b>
Loss for the period	—	—	—	—	—	—	(413,994)	(413,994)
Change in fair value	—	—	—	—	(112,702)	—	—	(112,702)
Transfer of impairment to income statement	—	—	—	—	260,997	—	(260,997)	—
Exchange differences	—	—	—	—	—	(59,439)	—	(59,439)
<b>Total comprehensive loss for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>148,295</b>	<b>(59,439)</b>	<b>(674,991)</b>	<b>(586,135)</b>
Share issue	135,572	189,478	—	—	—	—	—	325,050
Share-based payments expense	—	—	—	63,278	—	—	—	63,278
Transfer of expired options and warrants	—	—	—	(46,186)	—	—	46,186	—
<b>At 30 September 2015</b>	<b>1,878,592</b>	<b>8,812,452</b>	<b>131,096</b>	<b>443,813</b>	<b>—</b>	<b>(84,180)</b>	<b>(7,192,302)</b>	<b>3,989,471</b>
Loss for the period	—	—	—	—	—	—	(473,506)	(473,506)
Change in fair value	—	—	—	—	51,117	—	—	51,117
Exchange differences	—	—	—	—	—	466,534	—	466,534
<b>Total comprehensive income/(loss) for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>51,117</b>	<b>466,534</b>	<b>(473,506)</b>	<b>44,145</b>
Share issue	790,850	254,283	—	—	—	—	—	1,045,133
Share-based payments expense	—	—	—	25,785	—	—	—	25,785
Transfer of expired warrants	—	—	—	(126,112)	—	—	126,112	—
<b>At 30 September 2016</b>	<b>2,669,442</b>	<b>9,066,735</b>	<b>131,096</b>	<b>343,486</b>	<b>51,117</b>	<b>382,354</b>	<b>(7,539,696)</b>	<b>5,104,534</b>

# Company Statement of Changes in Equity

Company	Share capital £	Share premium account £	Merger reserve £	Share option reserve £	Available for sale reserve £	Accumulated losses £	Total £
<b>At 30 September 2014</b>	<b>1,743,020</b>	<b>8,622,974</b>	<b>131,096</b>	<b>426,721</b>	<b>(105,770)</b>	<b>(3,901,584)</b>	<b>6,916,457</b>
Loss for the period	—	—	—	—	—	(375,021)	(375,021)
Change in fair value	—	—	—	—	(112,702)	—	(112,702)
Transfer of impairment to income statement	—	—	—	—	218,472	(218,472)	—
<b>Total comprehensive loss for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>105,770</b>	<b>(593,493)</b>	<b>(487,723)</b>
Share issue	135,572	189,478	—	—	—	—	325,050
Share-based payments expense	—	—	—	63,278	—	—	63,278
Transfer of expired options and warrants	—	—	—	(46,186)	—	46,186	—
<b>At 30 September 2015</b>	<b>1,878,592</b>	<b>8,812,452</b>	<b>131,096</b>	<b>443,813</b>	<b>—</b>	<b>(4,448,891)</b>	<b>6,817,062</b>
Loss for the period	—	—	—	—	—	(441,591)	(441,591)
Change in fair value	—	—	—	—	51,117	—	51,117
<b>Total comprehensive loss for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>51,117</b>	<b>(441,591)</b>	<b>(390,474)</b>
Share issue	790,850	254,283	—	—	—	—	1,045,133
Share-based payments expense	—	—	—	25,785	—	—	25,785
Transfer of expired warrants	—	—	—	(126,112)	—	126,112	—
<b>At 30 September 2016</b>	<b>2,669,442</b>	<b>9,066,735</b>	<b>131,096</b>	<b>343,486</b>	<b>51,117</b>	<b>(4,764,370)</b>	<b>7,497,506</b>

# Consolidated and Company Statements of Cash Flows

for the year ended 30 September 2016

	Notes	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
<b>Operating activity</b>					
Total loss after tax		(475,218)	(449,650)	(677,305)	(600,316)
Depreciation charge		6,833	6,647	4,600	3,883
Impairment charge – exploration		—	—	4,522	—
Impairment charge – available for sale investment		81,142	81,142	260,997	218,472
Share-based payment charge		25,784	25,784	63,278	63,278
Non-cash additions to available for sale investment		(86,272)	(86,272)	(21,298)	(21,298)
Increase in provision for impairment of loans to subsidiaries		—	1,071	—	2,166
(Increase)/decrease in receivables	11	(14,723)	(6,620)	25,423	21,261
Increase/(decrease) in payables	13	(10,292)	3,851	(68,770)	(49,647)
<b>Net cash outflow from operating activity</b>		<b>(472,746)</b>	<b>(424,047)</b>	<b>(408,553)</b>	<b>(362,201)</b>
<b>Investing activity</b>					
Interest received		1,712	8,059	2,314	6,823
Development expenditures	8	(473,527)	—	(560,250)	—
Purchase of property, plant & equipment	9	(9,322)	(9,322)	(3,040)	(3,040)
Additional loans to subsidiaries		—	(443,671)	—	(594,818)
<b>Net cash outflow from investing activity</b>		<b>(481,137)</b>	<b>(444,934)</b>	<b>(560,976)</b>	<b>(591,035)</b>
<b>Financing activity</b>					
Issue of share capital (net of expenses)		1,045,133	1,045,133	325,050	325,050
<b>Net cash inflow from financing activity</b>		<b>1,045,133</b>	<b>1,045,133</b>	<b>325,050</b>	<b>325,050</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>91,250</b>	<b>176,152</b>	<b>(644,479)</b>	<b>(628,186)</b>
Cash and cash equivalents at start of year		309,815	245,140	942,890	873,326
Exchange differences		47,409	—	11,404	—
<b>Cash and cash equivalents at 30 September</b>	12	<b>448,474</b>	<b>421,292</b>	<b>309,815</b>	<b>245,140</b>

# Notes to the Financial Statements

for the year ended 30 September 2016

## 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 – EPIC: TYM.

The Company is a holding company for a number of companies (together, “the Group”). 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.

### (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 their 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.

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 £441,591 (2015: £593,493).

### (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. The bi-annual impairment reviews were conducted in March 2016 and September 2016.

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 and 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	Straight-line basis
Computer equipment	33% per annum	Straight-line basis

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) Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided to Sunrise Resources plc net of discounts, VAT and other sales-related taxes.

**(k) 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 opening reserves are taken to the foreign currency reserve.

**(l) 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.

**(m) Share warrants and share-based payments**

The Company issues warrants and options to employees (including directors) and third parties. 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, IAS 32 and IAS 39, 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.

# Notes to the Financial Statements

for the year ended 30 September 2016

## **(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 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 assets 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.

Available for sale assets represent a holding in Sunrise Resources plc as described in Note 10. In the Interim Financial Statements for the six month period to 31 March 2016 a reduction in share price from cost was considered significant in terms of value and as a result the asset was treated as impaired in line with the requirements of IAS 39. This treatment is despite the fact that directors do not believe that the underlying business of Sunrise Resources plc is impaired either economically or commercially. A subsequent increase in share price in the period to 30 September 2016 has been recognised in equity (see note 1(f)).

### *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 warrants, share options and share-based payments*

The estimates of costs recognised in connection with the fair value of share options and share warrants 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 warrants and options before exercise, and behavioural considerations of warrant holders.

## **(p) Standards, amendments and interpretations not yet effective**

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods. Specifically, the adoption of IFRS 9 will have minimal impact for both the measurement and disclosures of existing financial instruments. As the Group does not have any turnover other than recharge of expenses, IFRS 15 will not have any significant impact on revenue recognition and related disclosures. Finally, the adoption of IFRS 16 will not have any impact on the financial statements of the Group as all lease contracts are for periods of less than one year.

## 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.

	Exploration projects £	Head office £	Total £
<b>2016</b>			
<b>Consolidated Income Statement</b>			
Revenue (all UK)	—	190,124	190,124
Impairment of deferred exploration costs	—	—	—
Pre-licence exploration costs	(25,343)	—	(25,343)
Impairment of available for sale investment	—	(81,142)	(81,142)
Share-based payments	—	(25,785)	(25,785)
Administration costs and other expenses	—	(533,072)	(533,072)
<b>Operating Loss</b>	<b>(25,343)</b>	<b>(449,875)</b>	<b>(475,218)</b>
Bank interest received	—	1,712	1,712
Loss before income tax	(25,343)	(448,163)	(473,506)
Income tax	—	—	—
<b>Loss for the year attributable to equity holders</b>	<b>(25,343)</b>	<b>(448,163)</b>	<b>(473,506)</b>
<b>Non-current assets</b>			
Intangible assets:			
Deferred exploration costs:			
Kaaresselkä Gold Project, Finland	303,432	—	303,432
Kiekerömaa Gold Project, Finland	141,190	—	141,190
Lassedalen Fluorspar Project, Norway	376,921	—	376,921
Storuman Fluorspar Project, Sweden	1,931,150	—	1,931,150
MB Fluorspar Project, USA	1,676,568	—	1,676,568
	4,429,261	—	4,429,261
Property, plant & equipment	—	9,785	9,785
Available for sale investment	—	204,470	204,470
	4,429,261	214,255	4,643,516
<b>Current assets</b>			
Receivables	23,603	81,429	105,032
Cash and cash equivalents	—	448,474	448,474
	23,603	529,903	553,506
<b>Current liabilities</b>			
Trade and other payables	(35,051)	(57,437)	(92,488)
<b>Net current assets</b>	<b>(11,448)</b>	<b>472,466</b>	<b>461,018</b>
<b>Net assets</b>	<b>4,417,813</b>	<b>686,721</b>	<b>5,104,534</b>
<b>Other data</b>			
Deferred exploration additions	473,527	—	473,527
Exchange rate adjustments to deferred exploration costs	—	419,125	419,125

# Notes to the Financial Statements

for the year ended 30 September 2016

## 2. Segmental analysis (continued)

2015	Exploration projects £	Head office £	Total £
<b>Consolidated Income Statement</b>			
Revenue (all UK)	—	181,598	181,598
Impairment of deferred exploration costs	(4,522)	—	(4,522)
Pre-licence exploration costs	(23,869)	—	(23,869)
Transfer from available for sale investment reserve on impairment of available for sale investment	—	(260,997)	(260,997)
Share-based payments	—	(63,278)	(63,278)
Administration costs and other expenses	—	(506,237)	(506,237)
<b>Operating loss</b>	<b>(28,391)</b>	<b>(648,914)</b>	<b>(667,305)</b>
Bank interest received	—	2,314	2,314
Loss before income tax	(28,391)	(646,600)	(674,991)
Income tax	—	—	—
<b>Loss for the year attributable to equity holders</b>	<b>(28,391)</b>	<b>(646,600)</b>	<b>(674,991)</b>
<b>Non-current assets</b>			
Intangible assets:			
Deferred exploration costs:			
Kaaresselkä Gold Project, Finland	289,421	—	289,421
Kiekerömaa Gold Project, Finland	132,467	—	132,467
Lassedalen Fluorspar Project, Norway	360,585	—	360,585
Storuman Fluorspar Project, Sweden	1,656,135	—	1,656,135
MB Fluorspar Project, USA	1,098,001	—	1,098,001
	3,536,609	—	3,536,609
Property, plant & equipment	—	7,296	7,296
Available for sale investment	—	148,222	148,222
	3,536,609	155,518	3,692,127
<b>Current assets</b>			
Receivables	15,106	75,203	90,309
Cash and cash equivalents	—	309,815	309,815
	15,106	385,018	400,124
<b>Current liabilities</b>			
Trade and other payables	(46,743)	(56,037)	(102,780)
<b>Net current assets</b>	<b>(31,637)</b>	<b>328,981</b>	<b>297,344</b>
<b>Net assets</b>	<b>3,504,972</b>	<b>484,499</b>	<b>3,989,471</b>
<b>Other data</b>			
Deferred exploration additions	560,250	—	560,250
Exchange rate adjustments to deferred exploration costs	—	70,843	70,843

**3. Loss before income tax**

	2016 £	2015 £
<b>The operating loss is stated after charging</b>		
Operating lease rentals – land and buildings	19,727	19,290
Fees payable to the Group's Auditor for:		
The audit of the Group's annual accounts	6,000	6,000
Fees payable to the Group's Auditor and its associates for other services:		
The audit of the Group's subsidiaries, pursuant to legislation	3,000	3,000
Other services	1,000	1,000
Depreciation – owned assets	6,833	4,600

**4. Directors' emoluments**

Remuneration in respect of Directors was as follows:

	Net cost to Group 2016 £	Income from recharge to Sunrise Resources plc 2016 £	Total 2016 £	Total 2015 £
P L Cheetham (salary)	20,815	88,427	109,242	108,706
R H Clemmey (salary)	97,280	628	97,908	81,530
D A R McAlister (salary)	16,000	—	16,000	16,000
D Whitehead (salary)	15,000	—	15,000	15,519
	<b>149,095</b>	<b>89,055</b>	<b>238,150</b>	<b>221,755</b>

The above remuneration amounts do not include non-cash share-based payments charged in these financial statements in respect of share warrants issued to the Directors in the year amounting to £19,308 (2015: £48,949) or Employer's National Insurance contributions of £27,530 (2015: £25,076).

The above remuneration amount for R H Clemmey includes a bonus of £15,977 (2015: £Nil).

There were no pension contributions made during the year on behalf of Directors (2015: £Nil).

The Directors are also the key management personnel. If all benefits are taken into account, the total key management personnel compensation would be £257,458 (2015: £270,704).

**5. Staff costs**

Total staff costs for the Group and Company, including directors, were as follows:

	Net cost to Group 2016 £	Income from recharge to Sunrise Resources plc 2016 £	Total 2016 £	Total 2015 £
Wages and salaries	214,286	145,298	359,584	329,801
Social security costs	19,336	17,050	36,386	34,757
Share-based payments	25,785	—	25,785	58,730
	<b>259,407</b>	<b>162,348</b>	<b>421,755</b>	<b>423,288</b>

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

	2016 Number	2015 Number
Technical employees	3	3
Administration employees (including Non-Executive Directors)	6	5
	<b>9</b>	<b>8</b>

An increase in the number of administration employees for 2016 is due to inclusion of the part-time Company Secretary onto the payroll, which was not included in prior years.

# Notes to the Financial Statements

for the year ended 30 September 2016

## 6. Loss per share

Loss per share has been calculated using the loss for the year attributable to equity holders of the parent and the weighted average number of shares in issue during the year.

	2016	2015
Loss (£)	<b>(473,506)</b>	(674,991)
Weighted average shares in issue (No.)	<b>233,830,700</b>	181,090,346
Basic and diluted loss per share (pence)	<b>(0.20)</b>	(0.37)

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. Income tax

No liability to corporation tax arises for the year due to the Group recording a taxable loss (2015: £Nil).

The tax credit for the period is lower than the credit resulting from the loss before tax at the standard rate of corporation tax in the UK – 20% (2015: 20%). The differences are explained below.

	2016 £	2015 £
<b>Tax reconciliation</b>		
Loss before income tax	<b>(473,506)</b>	(674,991)
Tax at hybrid rate 20% (2015: 20.5%)	<b>(94,701)</b>	(138,373)
Differences between capital allowances and depreciation	<b>(4,218)</b>	(549)
Pre-trading expenditure no longer deductible for tax purposes	<b>125,770</b>	85,476
Tax effect at 20% (2015: 20.5%)	<b>24,310</b>	17,410
Unrelieved tax losses carried forward	<b>(70,391)</b>	(120,963)
<b>Tax recognised on loss</b>	<b>—</b>	<b>—</b>
<b>Total losses carried forward for tax purposes</b>	<b>(5,351,834)</b>	(4,999,880)

### **Factors that may affect future tax charges**

The Group has total losses carried forward of £5,351,834 (2015: £4,999,880). This amount would be charged to tax, thereby reducing tax liability, 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. The carried tax loss is adjusted each year for amounts that can no longer be carried forward.

## 8. Intangible assets

Group	Deferred exploration expenditure 2016 £	Deferred exploration expenditure 2015 £
<b>Cost</b>		
At start of year	4,799,087	4,309,680
Additions	473,527	560,250
Exchange adjustments	419,125	(70,843)
<b>At 30 September</b>	<b>5,691,739</b>	<b>4,799,087</b>
<b>Impairment losses</b>		
At start of year	(1,262,478)	(1,257,956)
Charge during year	—	(4,522)
<b>At 30 September</b>	<b>(1,262,478)</b>	<b>(1,262,478)</b>
<b>Carrying amounts</b>		
<b>At 30 September</b>	<b>4,429,261</b>	<b>3,536,609</b>
At start of year	3,536,609	3,051,724

## 9. Property, plant &amp; equipment

	Group fixtures and fittings 2016 £	Company fixtures and fittings 2016 £	Group fixtures and fittings 2015 £	Company fixtures and fittings 2015 £
<b>Cost</b>				
At start of year	53,422	36,046	50,544	33,006
Additions	9,322	9,322	3,040	3,040
Disposals	(11,224)	(11,224)	(162)	—
<b>At 30 September</b>	<b>51,520</b>	<b>34,144</b>	<b>53,422</b>	<b>36,046</b>
<b>Depreciation</b>				
At start of year	(46,126)	(29,085)	(41,688)	(25,202)
Charge for the year	(6,833)	(6,647)	(4,600)	(3,883)
Disposals	11,224	11,224	162	—
<b>At 30 September</b>	<b>(41,735)</b>	<b>(24,508)</b>	<b>(46,126)</b>	<b>(29,085)</b>
<b>Net Book Value</b>				
<b>At 30 September</b>	<b>9,785</b>	<b>9,636</b>	<b>7,296</b>	<b>6,961</b>
At start of year	7,296	6,961	8,856	7,804

# Notes to the Financial Statements

for the year ended 30 September 2016

## 10. Investments

### Subsidiary undertakings

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2016	Principal activity
Tertiary Gold Limited	England & Wales	100% of Ordinary Shares	Mineral exploration
Tertiary (Middle East) Limited	England & Wales	100% of Ordinary Shares	Mineral exploration
Tertiary Minerals US Inc.	Nevada, USA	100% of Ordinary Shares	Mineral exploration

	Company 2016 £	Company 2015 £
<b>Investment in subsidiary undertakings</b>		
Ordinary Shares – Tertiary (Middle East) Limited	1	1
Ordinary Shares – Tertiary Gold Limited	224,888	224,888
Ordinary Shares – Tertiary Minerals US Inc.	1	1
Loan – Tertiary (Middle East) Limited	683,586	682,301
Less – Provision for impairment	(683,372)	(682,301)
Loan – Tertiary Gold Limited	5,158,075	5,045,884
Loan – Tertiary Minerals US Inc.	1,450,976	1,120,781
<b>At 30 September</b>	<b>6,834,155</b>	<b>6,391,555</b>

### Available for sale investment

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2016	Principal activity
Sunrise Resources plc	England & Wales	9.13% of Ordinary Shares	Mineral exploration

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
<b>Available for sale investment</b>				
Value at start of year	148,222	148,222	239,626	239,626
Additions to available for sale investment	86,273	86,273	21,298	21,298
Movement in valuation of available for sale investment	(30,025)	(30,025)	(112,702)	(112,702)
<b>At 30 September</b>	<b>204,470</b>	<b>204,470</b>	<b>148,222</b>	<b>148,222</b>

The additions to available for sale investment are shares issued in lieu of a cash payment for settlement of outstanding invoices 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 2016, based on the closing mid-market price of shares on the AIM Market.

These are level one inputs for the purpose of the IFRS 13 fair value hierarchy.

**11. Receivables**

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Trade receivables	64,902	64,902	53,906	53,906
Other receivables	22,683	676	15,102	524
Prepayments	17,447	15,799	21,301	20,327
<b>At 30 September</b>	<b>105,032</b>	<b>81,377</b>	<b>90,309</b>	<b>74,757</b>

The Group aged analysis of trade receivables is as follows:

	Not impaired £	30 days or less £	Over 30 days £	Total carrying amount £
<b>2016 Trade receivables</b>	<b>64,902</b>	<b>64,902</b>	—	<b>64,902</b>
2015 Trade receivables	53,906	53,906	—	53,906

**12. Cash and cash equivalents**

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Cash at bank and in hand	43,756	16,574	91,227	26,552
Short-term bank deposits	404,718	404,718	218,588	218,588
<b>At 30 September</b>	<b>448,474</b>	<b>421,292</b>	<b>309,815</b>	<b>245,140</b>

**13. Trade and other payables**

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Trade payables	33,471	16,214	32,027	13,042
Other taxes and social security costs	10,358	10,358	5,684	5,684
Accruals	38,324	16,517	59,866	25,644
Other payables	10,335	10,335	5,203	5,203
<b>At 30 September</b>	<b>92,488</b>	<b>53,424</b>	<b>102,780</b>	<b>49,573</b>

# Notes to the Financial Statements

for the year ended 30 September 2016

## 14. Issued capital and reserves

	2016 No.	2016 £	2015 No.	2015 £
<b>Allotted, called up and fully paid</b>				
Ordinary Shares of 1p each				
Balance at start of year	187,859,217	1,878,592	174,302,034	1,743,020
Shares issued in the year	79,084,996	790,850	13,557,183	135,572
Balance at 30 September	266,944,213	2,669,442	187,859,217	1,878,592

During the year to 30 September 2016 the following share issues took place:

An issue of 28,888,889 1.0p Ordinary Shares at 2.25p per share, by way of placing, for a total consideration of £592,412 net of expenses (6 October 2015).

An issue of 97,170 1.0p Ordinary Shares at 1.40p per share to a director, in satisfaction of directors' fees, for a total consideration of £1,360 (11 March 2016).

An issue of 50,000,000 1.0p Ordinary Shares at 1.00p per share, by way of placing, for a total consideration of £450,000 net of expenses (25 May 2016).

An issue of 98,937 1.0p Ordinary Shares at 1.375p per share to a director, in satisfaction of directors' fees, for a total consideration of £1,361 (2 August 2016).

During the year to 30 September 2015 a total of 13,557,183 1.0p Ordinary Shares were issued, at an average price of 2.654p, for a total consideration of £324,795 net of expenses.

The total amount of transaction fees debited to the Share Premium account in the year was £107,588 (2015: £34,745).

### Nature and purpose of reserves

#### Foreign currency reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Parent's functional currency, being Sterling, are recognised directly in the foreign currency reserve.

#### Share option reserve

The share option reserve is used to recognise the fair value of share-based payments provided to employees, including key management personnel, by means of share options and share warrants issued as part of their remuneration. Refer to Note 15 for further details.

## 15. Warrants and options granted

Warrants not exercised at 30 September 2016

Issue date	Exercise price	Number	Exercisable	Expiry dates
26/01/2012	9.75p	2,300,000	Any time before expiry	26/01/2017
26/01/2012	9.75p	200,000	Any time before expiry	26/01/2017
10/01/2013	7.63p	1,700,000	Any time before expiry	10/01/2018
10/01/2013	7.63p	300,000	Any time before expiry	10/01/2018
14/01/2014	11.25p	1,050,000	Any time before expiry	14/01/2019
14/01/2014	11.25p	300,000	Any time before expiry	14/01/2019
01/10/2014	9.00p	600,000	Any time before expiry	30/09/2019
01/10/2014	12.00p	600,000	Any time from 01/10/2016	30/09/2019
01/10/2014	15.00p	600,000	Any time from 01/10/2017	30/09/2019
01/10/2014	18.00p	600,000	Any time from 01/10/2018	30/09/2019
01/10/2014	21.00p	600,000	Any time from 01/10/2018	30/09/2019
20/02/2015	4.00p	1,200,000	Any time before expiry	20/02/2020
20/02/2015	4.00p	500,000	Any time before expiry	20/02/2020
11/03/2016	1.40p	200,000	Any time from 11/03/2017	11/03/2021
11/03/2016	1.40p	800,000	Any time from 11/03/2017	11/03/2021

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.

**15. Warrants and options granted** (continued)**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 outstanding during the year are as follows:

	2016		2015	
	Number of share warrants	Weighted average exercise price Pence	Number of share warrants and share options	Weighted average exercise price Pence
Outstanding at start of year	15,050,000	9.259	13,700,000	7.422
Granted during the year	1,000,000	1.400	4,700,000	11.02
Exercised during the year	—	—	(200,000)	2.375
Forfeited during the year	—	—	—	—
Expired during the year	(4,500,000)	7.272	(3,150,000)	4.337
Outstanding at 30 September	11,550,000	9.353	15,050,000	9.259
Exercisable at 30 September	8,150,000	8.224	10,350,000	8.459

The warrants outstanding at 30 September 2016 had a weighted average exercise price of £0.08 (2015: £0.09), a weighted average fair value of £0.03 (2015: £0.03) and a weighted average remaining contractual life of 2.22 years.

There were no warrants exercised in the year ended 30 September 2016. Warrants exercised in the year ended 30 September 2015 had a weighted average exercise price of £0.02.

In the year ended 30 September 2016, warrants were granted on 11 March 2016. The aggregate of the estimated fair values of the warrants granted on this date is £4,603. In the year ended 30 September 2015, warrants were granted on 1 October 2014 and 20 February 2015. The aggregate of the estimated fair values of the warrants granted on these dates is £76,354.

No share options were outstanding at 30 September 2016.

No share options were granted in the year ended 30 September 2016 or the year ended 30 September 2015.

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

	2016	2015
Weighted average share price	1.40p	5.43p
Weighted average exercise price	1.40p	11.02p
Expected volatility	75%	80%
Expected life	4 years	4 years
Risk-free rate	0.80%	1.75%
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 £25,785 and £63,278 related to equity-settled share-based payment transactions in 2016 and 2015 respectively.

# Notes to the Financial Statements

for the year ended 30 September 2016

## 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 2016. No contingent rent is payable. The lease is eligible for renewal on expiry.

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

	2016	2015
	Land & buildings	Land & buildings
	£	£
Office accommodation:		
Within one year	<b>3,299</b>	3,234

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

Lease payments recognised in loss for the period amounted to £19,727 (2015: £19,290).

## 17. Related party transactions

### Key management personnel

The Directors holding office in the period and their warrants held in the share capital of the Company are:

	At 30 September 2016				At 30 September 2015	
	Shares number	Warrants number	Warrants exercise price	Warrants expiry date	Shares number	Warrants number
P L Cheetham*	11,876,913	1,500,000	9.750p	26/01/2017	11,876,913	5,000,000
		500,000	7.630p	10/01/2018		
		500,000	11.250p	14/01/2019		
		1,000,000	4.000p	20/02/2020		
D A R McAlister	453,894	300,000	9.750p	26/01/2017	257,787	600,000
D Whitehead	414,900	300,000	9.750p	26/01/2017	414,900	600,000
R H Clemmey	504,037	1,000,000	7.630p	10/01/2018	6,333	5,350,000
		350,000	11.250p	14/01/2019		
		600,000	9.000p	30/09/2019		
		600,000	12.000p	30/09/2019		
		600,000	15.000p	30/09/2019		
		600,000	18.000p	30/09/2019		
		600,000	21.000p	30/09/2019		

\* 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 2016. 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.

**17. Related party transactions (continued)****Sunrise Resources plc**

During the year the Company charged costs of £190,124 (2015: £181,598) to Sunrise Resources plc being shared overheads of £23,488 (2015: £22,809), costs paid on behalf of Sunrise Resources plc of £4,288 (2015: £6,312), staff salary costs of £61,866 (2015: £55,454) and directors' salary costs of £100,482 (2015: £97,023), comprising P L Cheetham £99,775 (2015: £96,972) and R H Clemmey £707 (2015: £51). The salary costs in Notes 4 and 5 include these charges.

At the balance sheet date an amount of £64,724 (2015: £53,888) was due from Sunrise Resources plc.

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 2016				At 30 September 2015	
	Shares number	Warrants number	Warrants exercise price	Warrants expiry date	Shares number	Warrants number
P L Cheetham*	75,776,599	2,000,000	1.250p	24/02/2017	22,725,951	13,222,222
		2,000,000	0.850p	19/03/2018		
		2,000,000	0.550p	14/01/2019		
		3,000,000	0.275p	05/02/2020		
D A R McAlister	550,000	—	—	—	550,000	—
D Whitehead	250,000	—	—	—	250,000	—
R H Clemmey	—	500,000	1.250p	24/02/2017	—	2,250,000
		500,000	0.850p	19/03/2018		
		500,000	0.550p	14/01/2019		
		750,000	0.275p	05/02/2020		
		500,000	0.160p	18/02/2021		

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

**18. 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.

**19. Financial instruments**

At 30 September 2016, 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 2016, as defined in IAS 39, are as follows:

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Loans & receivables	536,846	487,652	379,845	300,510
Available for sale investments	204,470	204,470	148,222	148,222
Financial liabilities at amortised cost	81,449	42,385	96,416	43,209

# Notes to the Financial Statements

for the year ended 30 September 2016

## 19. Financial instruments (continued)

### **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 holds cash balances in Sterling, US Dollars, Swedish Kronor, Euros and Saudi Riyals to provide funding for exploration and evaluation activity, whilst the Company holds cash balances in Sterling, US Dollars and Euros. 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 risk. 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.

Bank and cash balances were held in the following denominations:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
United Kingdom Sterling	415,860	225,795	409,535	221,972
United States Dollar	19,240	71,543	11,641	23,140
Swedish Krona	553	2,373	—	—
European Euro	12,777	9,200	116	28
Canadian Dollar	—	866	—	—
Saudi Riyal	44	38	—	—
	<b>448,474</b>	<b>309,815</b>	<b>421,292</b>	<b>245,140</b>

Surplus Sterling funds are placed with NatWest bank on short-term treasury deposits at variable rates of interest.

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.

Sensitivity analysis shows that the Sterling value of its US Dollar denominated financial assets at 30 September 2016 would increase or decrease by £962 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.

## 20. Event after the Balance Sheet date

### ***Kaaresselkä and Kiekerömaa Gold Projects, Finland***

On 5 December 2016 the Company announced the sale of the two legacy gold assets in Finland to TSX-V listed Aurion Resources Ltd. £100,000 initial consideration to be paid by Aurion: £15,000 in cash and £85,000 in Aurion shares. The Company will retain a royalty interest in the projects. The sale is conditional upon successful transfer of the Exploration Licences for each project from Tertiary to Aurion and exchange approval by the TSX-V. For further detail please refer to the Non-Core Projects section of the Operating Review on page 6.

# Notice of Annual General Meeting

**Tertiary Minerals plc**  
**Company No. 03821411**

Notice is hereby given that the Annual General Meeting of Tertiary Minerals plc will be held in the Fourth Floor Meeting Room at Arundel House, 13–15 Arundel Street, Temple Place, London, WC2R 3DX on Tuesday 31 January 2017, at 2.30 p.m. for the following purposes:

## **Ordinary Business**

1. To receive the Accounts and Reports of the Directors and of the Auditor for the year ended 30 September 2016.
2. To re-elect Mr D Whitehead who is retiring as a director of the Company.
3. To re-elect Mr D A R McAlister who is retiring as a director of the Company.
4. To reappoint Crowe Clark Whitehill as Auditor of the Company and to authorise the Directors to fix their remuneration.

## **Special Business**

### **Ordinary Resolution**

5. That, in accordance with section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £3,000,000 (consisting of 300,000,000 Ordinary Shares of 1p each) provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act.

### **Special Resolution**

6. That subject to the passing of resolution 5, the Directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 5 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
  - a) the allotment of equity securities in connection with an offer by way of a rights issue to the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
  - b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £3,000,000 (consisting of 300,000,000 Ordinary Shares of 1 pence each).

The power granted by this resolution will expire on the conclusion of the Company's next Annual General Meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. Please refer to the Notes on the reverse of the Proxy Form.

By order of the Board.

## **C D T Fitch**

Company Secretary  
 12 December 2016

## **Registered Office:**

Sunrise House, Hulley Road, Macclesfield, Cheshire SK10 2LP United Kingdom

# Annual General Meeting Explanatory Notes

Company No. 03821411

The Annual General Meeting of Tertiary Minerals plc will be held on at 2.30 p.m. on Tuesday 31 January 2017 in the Fourth Floor Council Room at Arundel House, 13–15 Arundel Street, Temple Place, London, WC2R 3DX. The business of the meeting is as follows:

## Ordinary Business

### **Resolution 1**

The Board is required to present to the meeting for approval the Accounts and the Reports of Directors and the Auditor for the year ended 30 September 2016 which can be found on pages 3 to 21.

### **Resolutions 2 and 3**

The two Non-Executive Directors, Mr D Whitehead and Mr D A R McAlister, have both served the Company for more than nine years and under the terms of the UK Corporate Governance Code would not now be regarded as independent. As in previous years, it is proposed that they seek annual re-election rather than re-election every third year as stated in the Articles of Association. The Company has been fortunate enough to secure the services of these two Non-Executive Directors during their period of office and both continue to provide valuable advice based on their long experience of the mining industry.

Biographical details of the Directors can be found on page 13.

### **Resolution 4**

The Company's Auditor, Crowe Clark Whitehill LLP is offering itself for reappointment and if elected will hold office until the conclusion of the next Annual General Meeting at which accounts are laid before shareholders. This resolution will also allow the Directors to fix the remuneration of the Auditor.

## Special Business

### **Resolution 5**

This resolution is to give the Directors authority to issue shares. The last such authority was put in place by a meeting of shareholders held on 18 February 2016 but it will expire at the coming Annual General Meeting.

Section 551 of the Companies Act 2006 requires that directors be authorised by shareholders before any share capital can be issued.

At this stage in its development the Company relies on raising funds from the equity markets, through the issue of shares, from time to time and unless this resolution is put in place the Company will not be in a position to continue to raise funds to continue its activities.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2018.

### **Resolution 6**

This resolution will be proposed as a Special Resolution in the event that Resolution 5 is passed by shareholders. Resolution 6 is proposed to give the Directors authority to issue shares other than by way of rights issues which are, for regulatory reasons, complex, expensive, time consuming and impractical for a company the size of Tertiary Minerals plc.

A similar authority granted at last year's Annual General Meeting is due to expire at the coming Annual General Meeting.

The resolution will, if passed, authorise Directors to allot shares or grant rights over shares of the Company where they propose to do so for cash and otherwise than to existing shareholders pro rata to their holdings, for example through a placement of shares.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2018.

# Form of Proxy

**Tertiary Minerals plc**  
**Company No. 03821411**

I/We (Block capitals please)

being a member/members of **Tertiary Minerals plc** hereby appoint the Chairman of the Meeting (see Note 3 overleaf) or the proxy named below as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 31 January 2017 in the Fourth Floor Meeting Room at Arundel House, 13–15 Arundel Street, Temple Place, London WC2R 3DX at 2.30 p.m. and at any adjournment thereof.

I/We wish this proxy to be used in connection with those of the Resolutions to be proposed at the Annual General Meeting which are listed below, in the manner set out below, and in connection with any other ordinary business transacted at the meeting.

Name of proxy	Number of shares appointed over	I wish to appoint multiple proxies (see Note 4 overleaf) Please tick

Signed or sealed (see Notes) ..... Dated .....

Please indicate with an "X" in the spaces below how you wish the proxy to vote. Unless otherwise instructed the proxy will at his discretion vote as he thinks fit or abstain from voting in relation to all business of the meeting.

Ordinary Business	For	Against	Vote Withheld
1. Ordinary Resolution to receive the Accounts and Reports of the Directors and of the Auditor for the year ended 30 September 2016.			
2. Ordinary Resolution to re-elect Mr D Whitehead who is retiring as a director of the Company.			
3. Ordinary Resolution to re-elect Mr D A R McAlister who is retiring as a director of the Company.			
4. Ordinary Resolution to reappoint Crowe Clark Whitehill LLP as Auditor of the Company and authorise the Directors to fix their remuneration.			
<b>Special Business</b>			
5. Ordinary Resolution to authorise the Directors to allot shares.			
6. Special Resolution to empower the Directors to disapply the pre-emption rights for certain allotments of shares.			

Please see Notes overleaf.

Please return this Proxy Form in accordance with Note 6 overleaf.



# Proxy Form Notes and Instructions

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these Notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the relevant box on the Proxy Form. If you sign and return the Proxy Form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as the proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the Proxy Form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy, which in aggregate should not exceed the number of shares held by you. Please also tick the box to indicate that there are multiple proxies. All forms must be signed and should be returned as set out in Note 6.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy, the Proxy Form must be:
  - completed and signed;
  - sent or delivered to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and received by Capita Asset Services no later than 2.30 p.m. on Friday 27 January 2017.
7. In the case of a member which is a company, the Proxy Form or any notice of revocation of a proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint or revoke a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. If you wish to change your proxy instructions simply submit a new proxy appointment according to these instructions. If you need another hard-copy Proxy Form please contact the Company. The last date for receipt of a new proxy instruction is set out in Note 6 above.
12. To revoke a proxy instruction you will need to send notice clearly stating your intention to revoke your proxy appointment to: Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
13. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on Friday 27 January 2017. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

# Company Information

Tertiary Minerals plc (AIM – EPIC: TYM)  
Company No. 03821411

## Head Office

Silk Point  
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Macclesfield  
Cheshire  
SK10 2BB  
United Kingdom  
Tel: +44 (0)1625 838679  
Fax: +44 (0)1625 838559

## Auditor

Crowe Clark Whitehill LLP  
3rd Floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT  
United Kingdom

## Nominated Adviser & Broker

SP Angel Corporate Finance LLP  
Prince Frederick House  
35-39 Maddox Street  
London  
W1S 2PP  
United Kingdom

## Registrars

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
United Kingdom

## Registered Office

Sunrise House  
Hulley Road  
Macclesfield  
Cheshire  
SK10 2LP  
United Kingdom

## Company website:

[www.tertiaryminerals.com](http://www.tertiaryminerals.com)

## Bankers

National Westminster Bank plc  
2 Spring Gardens  
Buxton  
Derbyshire  
SK17 6DG  
United Kingdom

## Joint Broker

Beaufort Securities Limited  
63 St Mary Axe  
London  
EC3A 8AA  
United Kingdom

## Solicitors

Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU  
United Kingdom

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