



Interim Statement 2008

Directors and Professional Advisers

Directors:

Patrick Cheetham
Donald McAlister
David Whitehead

Executive Chairman
Non-Executive Director
Non-Executive Director

Company Secretary:

Colin Fitch LLM, FCIS

Head and Registered Office:

Sunrise House
Hulley Road
Macclesfield
Cheshire SK10 2LP
United Kingdom

Tel: + 44 (0)1625 626203
Fax: + 44 (0)1625 626204

Website: www.tertiaryminerals.com
Company Registration Number: 3821411

Auditors:

PKF (UK) LLP
Sovereign House
Queen Street
Manchester M2 5HR
United Kingdom

Bankers:

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

Broker and Nominated Adviser:

Seymour Pierce Ltd
20 Old Bailey
London EC4M 7EN
United Kingdom

Solicitors:

Cobbetts
58 Mosley Street
Manchester M2 3HZ
United Kingdom

Registrars:

Capita Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA
United Kingdom

Chairman's Statement

I am pleased to report the Company's progress and interim results for the six month period ended 31 March 2008.

Review of Activities

Our projects in Sweden and Finland have seen considerable progress in the past six months. The most significant development has been the acquisition in January this year of the Storuman fluorspar deposit in Sweden. This was defined as a multi-million tonne deposit in the 1970s and then abandoned at a time when fluorspar prices were artificially low as a result of Chinese dumping. Fluorspar, the main industrial source of fluorine for the manufacture of hydrofluoric acid and derivative fluorine chemicals, is now in critical short supply as traditional supplies from China are diverted to meet growing Chinese domestic demand.

The Company has moved quickly to evaluate the Storuman project and has recently announced the results of its initial drilling programme where fluorspar mineralisation was intersected in each of 10 holes drilled over a strike length of 2km. Whilst assay results are awaited, it is already clear that our exploration licences host a large body of fluorspar mineralisation with potential for significant extensions.

A conceptual target for Storuman is a mining operation producing at least 100,000 tonnes per annum of acid grade fluorspar which currently sells in Europe for over US\$300 per tonne, more than double the price some few years ago. A programme of metallurgical testwork is planned as a component of a technical and economic scoping study which the Company hopes to complete over the summer.

In Finland, at the Kolari iron project, three scout holes and the re-logging of a number of historic drill holes from the Sivakkalehto deposit have validated the potential for a substantial tonnage of near surface bulk-mineable iron mineralisation. Over the 550m strike length so far evaluated drilling has defined a coherent envelope of disseminated magnetite mineralisation over 100m wide with a magnetite content of approximately 30% (equal to approximately 20% Fe). Most historical drill intersections were made in this body at depths of 100-300m but interpretation of ground magnetic surveys and the results from the Company's three shallow drill holes suggests that the body is sub-vertical and sub-crops beneath glacial till cover. A programme of metallurgical testwork is planned to evaluate the marketability of magnetite concentrates from the deposit.

The Company has an ongoing programme to generate new projects holds a number of other projects in Finland and Sweden where new mineral discoveries are being targeted. For example, at the Company's Vähäjoki iron oxide-copper-gold project, also in Finland, exploration is being managed and funded by Canadian mining company Inmet Mining Corporation, under an earn-in/joint venture agreement. Drilling is currently in progress at Vähäjoki to test a number of geophysical anomalies.

In Saudi Arabia the issue of a new exploration licence at Ghurayyah in Saudi Arabia has been further delayed by newly introduced Government administrative processes but the Board remains hopeful that a new licence will be issued in the near future as we are optimistic that the issuing process is in its latter stages. The market for tantalum, one of the main metals contained in the Ghurayyah deposit, continues to strengthen with a major tantalum processor having recently announced double-digit percentage price rises for its tantalum products.

Results

The Group has adopted International Financial Reporting Standards and reports a loss for the six month period of £170,709 (Six months to 31 March 2007: £615,435). This loss comprises administration costs of £153,334, exploration costs (written-off and provided for) amounting to £36,829 and interest income of £19,454.

The directors have continued to provide in full against the carrying value of the Ghurayyah project until such time as a new exploration licence is issued on terms and conditions which are acceptable to the Company, at which point the provision may be reversed.

Patrick L Cheetham
Executive Chairman
21 May 2008

Consolidated Income Statement

for the six months to 31 March 2008

	Six months to 31 March 2008 Unaudited £	Six months to 31 March 2007 Unaudited £	Twelve months to 30 September 2007 Unaudited £
Exploration costs written off and provided for	36,829	535,990	691,182
Administrative expenses	<u>153,334</u>	<u>131,553</u>	<u>244,528</u>
Operating loss	(190,163)	(667,543)	(935,710)
Share of operating loss of associate	-	(18,458)	(18,458)
Profit arising from the increase in value of the Group's share of the net assets of Sunrise Diamonds resulting from share issues (note 5).	-	53,250	53,250
Interest receivable	19,454	16,075	27,713
Share of interest receivable of associate	<u>-</u>	<u>1,241</u>	<u>1,241</u>
Loss on ordinary activities before taxation	(170,709)	(615,435)	(871,964)
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(170,709)</u>	<u>(615,435)</u>	<u>(871,964)</u>
Loss per share – basic and fully diluted (pence) (note 3)	<u>(0.28)</u>	<u>(1.13)</u>	<u>(1.60)</u>

Consolidated Statement of Total Recognised Income and Expense

for the six months to 31 March 2008

	Six months to 31 March 2008 Unaudited £	Six months to 31 March 2007 Unaudited £	Twelve months to 30 September 2007 Unaudited £
Loss for the period	<u>(170,709)</u>	<u>(615,435)</u>	<u>(871,964)</u>
Movement in revaluation of available for sale investment	<u>(249,610)</u>	<u>257,475</u>	<u>291,825</u>
Total recognised expense since last accounts	<u>(420,319)</u>	<u>(357,960)</u>	<u>(580,139)</u>

Consolidated Balance Sheet

as at 31 March 2008

	As at 31 March 2008 Unaudited £	As at 31 March 2007 Unaudited £	As at 30 September 2007 Unaudited £
Non-current assets			
Intangible Assets	805,815	749,704	688,170
Tangible Assets	7,023	9,890	8,682
Available for sale investment	299,990	515,250	549,600
	1,112,828	1,274,844	1,246,452
Current assets			
Debtors	60,696	49,681	62,467
Cash at bank and in hand	864,261	636,768	441,617
	924,957	686,449	504,084
Payables : amounts falling due within one year	(56,432)	(72,830)	(78,307)
Net current assets	868,525	613,619	425,777
Net Assets	1,981,353	1,888,463	1,672,229
Equity			
Called up share capital	636,037	545,127	545,127
Share premium account	4,859,689	4,259,683	4,259,683
Merger reserve	131,096	131,096	131,096
Other reserves	48,911	15,160	23,601
Available for sale revaluation reserve	42,215	257,475	291,825
Foreign currency reserve	(14,667)	(25,389)	(27,884)
Profit and loss account	(3,721,928)	(3,294,689)	(3,551,219)
Total Equity	1,981,353	1,888,463	1,672,229

Consolidated Statement of Changes in Equity

for the six months to 31 March 2008

	Six months to 31 March 2008 Unaudited £	Six months to 31 March 2007 Unaudited £	Twelve months to 30 September 2007 Unaudited £
Opening Equity	1,672,229	2,260,821	2,260,821
Issue of ordinary shares	690,916	-	-
Share based payments	25,310	10,990	19,431
Available for sale revaluation	(249,610)	257,475	291,825
Foreign exchange translation	13,217	(25,388)	(27,884)
Net loss for the period	(170,709)	(615,435)	(871,964)
Closing Equity	1,981,353	1,888,463	1,672,229

Consolidated Cash Flow Statement

for the six months to 31 March 2008

	Six months to 31 March 2008 Unaudited £	Six months to 31 March 2007 Unaudited £	Twelve months to 30 September 2007 Unaudited £
<u>Operating Activities</u>			
Cash outflow from operating activity (note 4)	(164,675)	(122,545)	(218,719)
Net cash outflow from operating activity	(164,675)	(122,545)	(218,719)
<u>Investing Activities</u>			
Interest received (note 2)	19,454	16,075	27,713
Purchase of intangible assets	(136,184)	(113,589)	(220,638)
Purchase of tangible assets	(84)	(1,894)	(3,177)
Net cash outflow from investing activity	(116,814)	(99,408)	(196,102)
<u>Financing Activities</u>			
Issue of share capital (net of expenses)	690,916	-	-
Exchange differences	13,217	(25,389)	-
Net cash outflow from financing activity	704,133	(25,389)	-
Increase/(decrease) in cash in the period (note 5)	422,644	(247,342)	(414,821)

Notes to the Interim Statement

1. Basis of preparation

The interim financial statement has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS) for the first time. The Company has reviewed the accounting policies set out in the Company's financial statements for the period ended 30 September 2007, which were prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). The review concluded that in preparing its opening IFRS balance sheet, the Group would need to adjust amounts reported previously in financial statements prepared since the transition date to IFRS, 1 October 2006 (see Note 2).

The Group has elected to apply the following IFRS1 exemptions and transitional provisions:

Cumulative translation differences exemption

The Group has elected to set previously accumulated translation differences to zero at the transition date.

Available for sale investments

The Group has applied IFRS7 for the first time. The ordinary shares held in Sunrise Diamonds plc are designated as an available for sale investment under non-current assets and are measured subsequently at fair value, with changes in value recognised in equity, through the Consolidated Statement of Changes in Equity. Gains and losses arising from available for sale investments are recognised in the income statement when they are sold or when the investment is impaired.

The financial information set out in this statement relating to the period ended 30 September 2007 does not constitute statutory accounts for that period. Full audited accounts in respect of that financial period have been delivered to the Registrar of Companies. They did not contain a statement under Section 237(2) or (3) of the Companies Act 1985 and received an unqualified audit opinion, however there was an emphasis of matter in relation to the availability of project finance.

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

The Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the "going concern" basis for preparing the accounts. The interim statement has been approved by the Directors and is unaudited.

2. Explanation of Transition to IFRS

The balance sheets as at 1 October 2006, 31 March 2007 and 30 September 2007 as prepared under UK GAAP, were reviewed. No amendments are required to the balance sheet at 1 October 2006, but amendments are required to the balance sheets at 31 March 2007 and 30 September 2007, in order that they comply to IFRS and these are restated below.

BALANCE SHEET AT 31 MARCH 2007	UK GAAP Unaudited £	Note 2a £	Note 2b £	IFRS Unaudited £
Non-current assets				
Intangible Assets	749,704	-	-	749,704
Tangible Assets	9,890	-	-	9,890
Share of net assets of associate	-	-	-	-
Available for sale investment	257,775	257,475	-	515,250
	1,017,369	257,475	-	1,274,844
Current assets				
Debtors	49,681	-	-	49,681
Cash at bank and in hand	636,768	-	-	636,768
	686,449	-	-	686,449
Payables : amounts falling due within one year	-	-	-	(72,830)
	(72,830)	-	-	(72,830)
Net current assets	613,619	-	-	613,619
Net Assets	1,630,988	257,475	-	1,888,463
Equity				
Called up share capital	545,127	-	-	545,127
Share premium account	4,259,683	-	-	4,259,683
Merger reserve	131,096	-	-	131,096
Other reserves	15,160	-	-	15,160
Available for sale revaluation reserve	-	257,475	-	257,475
Foreign currency reserve	-	-	(25,388)	(25,388)
Profit and loss account	(3,320,078)	-	25,388	(3,294,690)
Total Equity	1,630,988	257,475	-	1,888,463

**BALANCE SHEET
AT 30 SEPTEMBER 2007**

	UK GAAP Audited £	Note 2a £	Note 2b £	IFRS Unaudited £
Non-current assets				
Intangible Assets	688,170	-	-	688,170
Tangible Assets	8,682	-	-	8,682
Share of net assets of associate	-	-	-	-
Available for sale investment	257,775	291,825	-	549,600
	954,627	291,825	-	1,246,452
Current assets				
Debtors	62,467	-	-	62,467
Cash at bank and in hand	441,617	-	-	441,617
	504,084	-	-	504,084
Payables : amounts falling due within one year	(78,307)	-	-	(78,307)
Net current assets	425,777	-	-	425,777
Net Assets	1,380,404	291,825	-	1,672,229
Equity				
Called up share capital	545,127	-	-	545,127
Share premium account	4,259,683	-	-	4,259,683
Merger reserve	131,096	-	-	131,096
Other reserves	23,601	-	-	23,601
Available for sale revaluation reserve	-	291,825	-	291,825
Foreign currency reserve	-	-	(27,884)	(27,884)
Profit and loss account	(3,579,103)	-	27,884	(3,551,219)
Total Equity	1,380,404	291,825	-	1,672,229

Notes

2a Investments in Listed Companies

The Group in applying IAS32 and IAS39 (IFRS7) has valued the listed shares in Sunrise Diamonds plc at fair value. This investment is treated as an available for sale investment and the movement in fair value has been recognised through equity.

2b Foreign Currency Reserve

A translation reserve was created for the exchange differences arising from the retranslation of the opening net investment in subsidiaries.

The income statements at 31 March 2007 and 30 September 2007, as prepared under UK GAAP, were reviewed, but no amendments are required to comply with IFRS.

The cash flow statement has been restructured to comply with IFRS and interest received is included as an investing activity.

3. Loss per share

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

	Six months to 31 March 2008 Unaudited £	Six months to 31 March 2007 Unaudited £	Twelve months to 30 September 2007 Unaudited £
Loss for the period (£)	(170,709)	(615,435)	(871,964)
Weighted average shares in issue (No.)	62,063,731	54,512,736	54,512,736
Basic loss per share (pence)	<u>(0.28)</u>	<u>(1.13)</u>	<u>(1.60)</u>

The loss attributable to ordinary shareholders and the weighted average number of ordinary shares used for the purpose of calculating diluted earnings per share, are identical to those used to calculate the basic earnings per ordinary share. This is because the exercise of share warrants would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS33.

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

	Six months to 31 March 2008 Unaudited £	Six months to 31 March 2007 Unaudited £	Twelve months to 30 September 2007 Unaudited £
Operating loss	(190,163)	(667,543)	(935,710)
Provision against intangible asset	18,039	522,809	
Depreciation charge	1,743	1,903	4,393
Non-cash movement in reserves	25,310	10,990	19,431
Intangible assets written off	500	-	691,182
Decrease/(Increase) in receivables	1,770	7,517	(5,270)
(Decrease)/Increase in payables	(21,874)	1,779	7,255
Net cash outflow from operating activities	<u>(164,675)</u>	<u>(122,545)</u>	<u>(218,719)</u>

5. Financial information regarding associated undertaking

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

6. Interim report

Copies of this interim report will be sent to all shareholders and are available from Tertiary Minerals plc, Sunrise House, Hulley Road, Macclesfield, Cheshire, SK10 2LP, United Kingdom. It is also available on the Company's website at www.tertiaryminerals.com