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## **CONTRACT AWARDED FOR MINERAL PROCESSING TESTWORK ON STORUMAN FLUORSPAR PROJECT**

- **Work Forms Major Component Of Economic And Technical Scoping Study**
  - **Drill Assays Delayed By Laboratory Problems; Fluorspar Prices Continue To Climb**
  - **Separation Tests Underway On Sample Of Kolari Magnetite Iron Ore**
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### **Storuman Fluorspar Project Sweden**

Tertiary Minerals plc ("Tertiary" or "the Company") is pleased to report that it has awarded a contract to SGS Lakefield (Canada) to complete an extensive programme of mineral processing testwork to evaluate the production of acid grade fluorspar concentrates from the Company's Storuman fluorspar project. The testwork is a major component of an Economic and Technical Scoping Study to evaluate development of the project that is planned to be completed later this year.

The Storuman mineral processing testwork will be based on a scope of work put together by the Company's consulting engineer, a specialist in Fluorspar flotation separation, and will be undertaken on samples collected from the Company's recent drill programme. The programme will take about 16 weeks and is scheduled to start in about 6 weeks time.

The preparation of the Economic and Technical Scoping Study will run in parallel with, and make use of the results from, the mineral processing testwork. The contract for this study will be awarded shortly, and is expected to be completed by the end of the year.

Meanwhile the price of fluorspar continues to climb on world markets, driven by a contraction of supplies from China. The latest price is US\$380-400/tonne (dry-basis, delivered Gulf) and this is forecast to increase further.

A previous mine design made for Storuman by Granges International in the 1970s captured some 1.7 million tonnes of fluorspar in a combined open pit and underground mine based on resources delineated at that time. The mineralisation is not yet closed off by the existing drilling and there is believed to be potential for substantial extensions to the known mineralisation.

The receipt of assay results from recent drilling at Storuman, initially expected by the end of June, will now be delayed for a period of approximately 6 weeks following technical problems at the independent analytical laboratory identified by the Company's rigorous quality control procedures. Use of this laboratory has been suspended and a new set of samples have been sent to an alternative laboratory for analysis.

## **Kolari Iron Project**

In Finland, at the Kolari iron project, where the Company is targeting a large deposit of disseminated magnetite iron-ore, a number of samples have been submitted for separation testwork to assess the recovery and characteristics of the contained magnetite. The testwork is being conducted at SGS Lakefield in Cornwall.

The Kolari iron deposit sits at the heart of the Kolari iron province where Northland Resources has recently announced a positive scoping study for development of a number of iron deposits in the area.

The iron ore market also continues to strengthen. A 96% price rise was recently agreed between Rio Tinto and Chinese consumers for iron ore from its Pilbara mines in Western Australia.

### **Further info:**

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### **Note:**

*The information in this release has been compiled and reviewed by Mr. Patrick Cheetham (MIMMM, MAusIMM) who is a qualified person for the purposes of the AIM Guidance Note for Mining Oil & Gas Companies issued on March 16, 2006. Mr Cheetham is a Member of the Institute of Materials, Minerals & Mining and also a member of the Australasian Institute of Mining & Metallurgy.*

## **Background - Storuman**

Tertiary was awarded the Storuman exploration licence in January this year. The Storuman fluorite deposit is located in an area with well established infrastructure. It is located adjacent to a sealed highway 20km from the regional town of Storuman which is connected by road and rail to the city and port of Umeå on the Gulf of Bothnia. In the other direction the highway leads to the port city of Mo-i-Rana in Norway.

Fluorspar is the commercial name for the industrial mineral fluorite (calcium fluoride - chemical formula  $CaF_2$ ). It is the main industrial source of fluorine for the manufacture of hydrofluoric acid and derivative fluorine chemicals including refrigerants, PTFE (Teflon™) and aluminium hydrofluoride, a flux used in the reduction of alumina to aluminium. It is also used as a flux in steel making, in the ceramics industry and in the manufacture of nuclear fuel (uranium hexafluoride).

Fluorspar consumers, several of which are based in Europe, are facing critical supply shortages as traditional supplies from China are diverted to meet growing Chinese domestic demand. China has recently imposed export quotas and export taxes to discourage export and thus ensure domestic supplies.

A conceptual target for the Company is a mining operation producing at least 100,000 tonnes per annum of acid grade fluorspar. The world market for fluorspar is just over 5 million tonnes per annum of which 65% is for acid grade fluorspar.

## **Background – Kolari**

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.