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POSITIVE SCOPING STUDY FOR TERTIARY'S EUROPEAN FLUORSPAR PROJECT

- POTENTIAL 18 YEAR MINIMUM OPEN-PIT MINE LIFE -

- **Storuman Project Could Give 3 Year Payback On US\$46 Million Capex**
- **24% IRR Predicted From Operating Cash Flows Of US\$17 million/Year For First 5-Years**
- **Tertiary Now Plans Further Drilling And More Definitive Studies**
- **Fluorspar Supply Shortages Predicted By European Commission**

Tertiary Minerals plc ("Tertiary" or "the Company": AIM:TYM) is pleased to advise the successful completion of an independent Scoping Study ("the Study") on its 100% owned Storuman Fluorspar project in Sweden. A viable fluorspar project is predicted with a Base Case generating US\$616 million in revenue over an 18 year life of mine for \$46 million of initial capital costs. Net pre-tax operating cash flow of \$17 million per annum is predicted in the first five years of production with a 2.8 year payback of capital, pre-production strip, and further feasibility costs.

Executive Chairman Patrick Cheetham said "This is an important value-adding milestone for the Storuman Project and for the Company and it allows the Board to make decisions regarding future advancement of the project. The Study suggests a long life project is possible with an attractive payback and particularly strong cash flow over the important first five years of the project."

The Project

The Storuman Fluorspar Project is located in northern Sweden in an area with well established infrastructure. It is located adjacent to the E12 highway, 20km from the regional town of Storuman, which connects the Project to the city and port of Umeå on the Gulf of Bothnia and, in the opposite direction, to the port city of Mo-i-Rana in Norway.

The basis for the Storuman Project is a large area of flat lying, sandstone hosted fluorspar mineralisation that runs along either side of the valley occupied by the E12 highway. The mineralisation has been defined (but not closed off) by 49 drill holes; 39 completed by Gränges International Mining in the 1970s; and 10 by the Company in 2008. A computer block model of the mineralisation, which occurs in two distinct closely-spaced horizons, has been made by Scott Wilson Limited ("Scott Wilson") and this formed the basis of a Competent Persons Report ("CPR") containing a tonnage and grade estimate of 28 to 31 million tonnes grading 11.2-12.3% CaF₂ at a cut-off grade of 8% CaF₂ that was reported by the Company on 17 November 2009.

The Gränges historical drill records could not be verified to the high level of confidence required to estimate a "Mineral Resource" under the JORC Code (neither original assay certificates nor detailed lithological logs could be traced) and consequently it was reported in the CPR that "The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource."

It was also reported in the CPR that "Drilling to date has confirmed the style and lateral continuity of fluorite mineralisation" and it is the Company's expectation that a large part of Scott Wilson tonnage and grade estimate can be converted into a JORC Mineral Resource by further drilling within the area of the 1970s drill grid.

The Study

The multi-disciplinary Scoping Study was compiled by Scott Wilson who was responsible for mine planning and scheduling, estimation of operating and capital costs (to an accuracy of +/- 35%) and preliminary financial analysis. The mineral processing flow sheet and key metallurgical design criteria were developed by Delta Minerals Ltd based on the results of testwork carried out by SGS Minerals Services (Lakefield, Canada). A preliminary assessment of mine permitting was carried out by URS Nordic AB and a market analysis was carried out by the Company. Key operating costs were peer reviewed by SRK Consulting (Sweden) AB.

For the Study a Whittle open-pit optimisation was carried out using the 2009 block model. This captured a potentially mineable deposit of 17,960,000 tonnes grading 12.3 % fluorspar (CaF₂) in a shallow open-pit. Scheduling of mine production from this pit provided a Base-Case for the Project with high grade mineralization being targeted in the early years of the operation. The waste-to-ore strip ratio is low, averaging 2.2 :1 over the Life of Mine, with waste being backfilled into worked-out areas of the pit on a progressive basis.

The Study considers contract mining of 1 million tonnes per annum of fluorspar mineralisation and a flotation process plant with three stage crushing, primary ball milling, and two re-grind stages in combination with rougher and cleaner column flotation cells. Process plant recovery of 82% was used, based on existing testwork results, giving an average production of 103,000 tonnes per year of 97.5% fluorspar concentrate (which would be transported to a Swedish port for export).

The Company is targeting the higher priced acid-grade market which accounts for 70% of fluorspar production. The Study assumes that all fluorspar produced is sold at current published mid-prices of \$357/tonne CIF (Cost, Insurance & Freight) Rotterdam (equivalent published mid-price of \$287/tonne FOB (Free on Board - Ship) China). It was noted that the process flow sheet results in a fluorspar concentrate that is finer grained than traditionally supplied to the market. However, the Company's recent marketing enquiries have not met

resistance to a finer grained concentrate with a number of consumers interested to test Storuman fluorspar through their acid-plants.

Scoping Study Highlights (\$ = US dollars, all Pre-Tax) :

The Study is preliminary in nature and includes a range of grades and tonnage estimates that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the economic forecasts in the Study will be realized.

	BASE CASE	EXTENDED MINE LIFE
Average Annual Production of Acid –Grade Fluorspar	103,000 tonnes/yr	103,000 tonnes/yr
Mine Life	18 years	23 years
Gross Cash generated over Life of Mine (LOM)	\$616 million	\$787 million
Net Cash generated over LOM	\$137 million	\$174 million
Initial Capital Costs (Capex)	\$ 46 million	\$ 46 million
Average Annual Net Operating Cash Flow Years 1-5	\$ 17 million/yr	\$ 17 million/yr
NPV (8% discount rate)	\$ 33 million	\$ 41 million
IRR (ungeared, 100% equity)	24.1 %	24.2%
Payback	< 3 years	< 3 years

Project drilling, prefeasibility and feasibility studies are estimated to cost \$2.1 million. Initial capital costs for the Project are estimated at \$46 million and pre-strip operating costs of \$7.5 million are projected pre-production. Sustaining capital costs total \$19 million commencing in year 2 at an average rate of \$1.1 million per annum and for so long as the project is operating. Mine closure costs are estimated at \$10 million.

The average net pre-tax operating cash flow over the life of mine is \$8.9 million per year.

Financial analysis by Scott Wilson indicates that the Base-Case returns a pre-tax Net Present Value (NPV) of \$33 million based on a discount rate of 8%, and an Internal Rate of Return (IRR) of 24.1% on an ungeared, 100% equity basis.

Opportunities

Scott Wilson has reported that, in its opinion, the available geological information at this stage of the project does not fully reflect the potential of the Storuman fluorite deposit and so Scott Wilson has modelled an Extended Mine Life Case to consider the effects of extending the life of mine by a further 5 years of open pit mining at the base case average fluorspar head grade and mine strip ratio.

For the Extended Mine Life Case, total sustaining capital and closure costs increased from \$29.5 million to \$34.8 million and NPV (8%) increases to \$41 million and the IRR increases to 24.2% on the same basis.

The average net pre-tax operating cash flow over the life of mine is \$8.9 million per year in each case.

Scott Wilson also identified other opportunities to enhance the Project economics including:

- evaluation of an owner-operator (rather than contract) scenario for mining as their early indications showed that may be more cost effective with a trade-off between operating costs and capital costs.
- evaluation of more cost effective tailings disposal methods as the Tailings Storage Facility is a large capital expense.

Financial modelling sensitivity analysis indicates that the Project is most sensitive to Fluorspar pricing, ore-grade and operating costs but relatively insensitive to NPV discount rate and capital costs.

The Company's re-modelling of the Scott Wilson data using the average of fluorspar prices published for 2009 results in a substantial increase in the Project NPV and IRR as shown in table below.

The Company has also re-modelled the effect of owning and operating the mining fleet and after allowing for reduced mining costs and added capital costs, the NPV and IRR are further enhanced at current fluorspar prices as also illustrated in the table below.

	Base Case		Extended Mine Life Case	
	NPV (8%),	IRR	NPV (8%),	IRR
Using:				
Study Fluorspar Price (\$357 CIF Rotterdam)	\$33 million	24%	\$41 million	24%
2009 Average Fluorspar Price (\$413 CIF Rotterdam)	\$104 million	45%	\$120 million	45%
Owner-Operator Mining Fleet (Study Fluorspar Price Basis)	\$47 million	25%	\$57 million	25%

In order to define JORC classified Resources and to extend the mineralisation for additional mine life the Company is now planning further drilling with the objective to:

- infill along the centre of the two separate mineralized zones in order to potentially expand the open pit;
- extend mineralisation to the north, south east and west to potentially extend the open pit;
- extend mineralisation to the east along the steeper terrain, which may potentially identify resources amenable to open pit or underground mining; and
- delineate a JORC classified Mineral Resource.

Due to the potential long open-pit mine life the Study did not consider the development of an underground mine but the deposit is known to continue into the valley sides beyond the limits of economic open-pit mining and opportunities for underground mining of higher grade material may exist.

Commenting further today Mr Cheetham said "The Project is strongly geared to the fluorspar price and evolving supply dynamics favour higher prices in future. A strong increase in demand is seen for fluoro-chemicals in refrigeration and auto air conditioning in India, Russia, Brazil and China. Fluorspar prices have been rising in the face of declining exports from China which is increasingly reserving domestic fluorspar resources for domestic demand."

"Just last month the European Commission released a report identifying fluorspar as one of 14 industrial minerals critical to European industry and for which supply shortages are foreseen." he added.

The Base-Case production of over 100,000 tonnes per year of fluorspar would position Storuman as a medium-scale producer in World terms and the largest in Europe. The proximity of Storuman to large fluorspar consumers in mainland Europe coupled with Sweden's low political risk; excellent regional infrastructure, and long history of mining gives the Storuman Project a number of strategic advantages.

Further info:

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Footnotes:

1. JORC is the Australasian Code for the reporting of exploration results, Mineral Resources and Ore Reserves prepared by the Joint Ores Reserves Committee (JORC) of the Australasian Institute of Mining & Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia.
2. 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 Note for Mining and Oil & Gas Companies dated June 2009. Mr Cheetham is a Member of the Institute of Materials, Minerals & Mining and also a member of the Australasian Institute of Mining & Metallurgy.

Fluorspar is the commercial name for the industrial mineral fluorite (calcium fluoride - chemical formula CaF_2). High grade concentrates of fluorspar (Acid-spar) are 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. Lower grade concentrates are used in steel making and in the ceramics industry. Small quantities of fluorspar are used in the manufacture of nuclear fuel (uranium hexafluoride).

Storuman is targeting the higher price, Acid-spar market which accounts for approximately 70% of fluorspar production. Demand for fluorspar is strongly linked to economic activity and future projected demand for fluorspar is expected to be driven in particular by rising demand for refrigerators, air conditioners, and motor cars in China, India, Russia and Brazil, as well as overall global growth.

Global production and trade in fluorspar has risen from less than 4.0 million tonnes (Mt) per year in 1994 to 5.7Mt in 2007 and is projected to rise by 24% (1.3Mt) to 7.0 million tonnes by 2030. Placing this projected rise in perspective, it is the equivalent of thirteen (13) new fluorspar mines of the size proposed for Storuman.

Traded globally, pricing for fluorspar reflects its relative demand and supply but also the surplus quantity available for export from countries with domestic production and demand. As the world's dominant producer, consumer and exporter of fluorspar the Chinese export price for Acid-spar is a common benchmark price published on a regular basis. In 2000 the price for Acid-spar from China was US\$100/tonne (FOB) and increased to US\$428 in 2009 before the global economic crisis. After a fall in price during the global economic crisis there was a period of price stability and in April 2010 prices began to rise and by May 2010 the FOB China price for Acid-spar was US\$275-300/tonne. The current FOB China price is currently published as \$275-300/tonne.