

Tertiary Minerals plc

Company No. 03821411

**Annual Report and Accounts
for the year ended 30 September 2017**

Highlights

2016 – 2017 ACHIEVED

- Engaged in discussions and technical due diligence for shortlisted potential fluorspar project acquisitions capable of generating revenue and profits in the near-term with discussions being reasonably advanced on one particular project
- Storuman Project, Sweden: Exploitation (Mine) Permit re-assessment process by the Swedish Mining Inspectorate is progressing
- MB Project, Nevada:
 - Scoping Study level bench scale metallurgical testwork progressing at SGS Lakefield in Canada with the aim of producing commercial grade acid-spar and mica
 - Received the Bureau of Land Management's (BLM) 2017 Hardrock Small Operator Award (National award) for outstanding and innovative reclamation and sustainable mineral development work on the project
- Lassedalen Project, Norway: Environmental, technical and legal due diligence is progressing for the planned purchase of land and historic mine workings associated with the Company's fluorspar Mineral Resource from global aluminium company, Hydro
- Completed the sale of the two legacy gold assets, Kaaretselkä and Kiekerömaa, in Finland to TSX-V listed Aurion Resources Ltd for an initial consideration and retained royalty interest

Post year end

- Signed a Memorandum of Understanding (MOU) with leading global commodities trading group, Possehl Erzkontor GmbH & Co. KG (wholly owned subsidiary of CREMER). The MOU provides for Possehl and Tertiary's intention to enter into a definitive purchase and sales agreement (Offtake Agreement) and associated partial pre-financing to Tertiary for the development of its fluorspar projects. The Offtake Agreement is subject to further negotiations and agreement of commercial terms
- The Company has sold the shares held in Aurion Resources Ltd. resulting in net proceeds of £116,264 and a profit of £31,264
- Recent investor interest in the Company resulted in a successful placing on 6 December 2017, which raised £500,000 before expenses

Contents

Chairman's Statement	2
Strategic Report	
Group Overview	3
Operating Review and Performance	3
Fluorspar Market and Strategic Opportunity	6
Financial Review and Performance	8
Risks and Uncertainties	9
Our Governance	
Corporate Governance	12
Corporate Responsibility	13
Board of Directors	14
Directors' Responsibilities	15
Directors' Report	15
Financial Statements	
Independent Auditor's Report to the Members of Tertiary Minerals plc	17
Consolidated Income Statement	21
Consolidated Statement of Comprehensive Income	21
Consolidated and Company Statements of Financial Position	22
Consolidated Statement of Changes in Equity	23
Company Statement of Changes in Equity	24
Consolidated and Company Statements of Cash Flows	25
Notes to the Financial Statements	26
Annual General Meeting	
Notice of Annual General Meeting	42
Annual General Meeting Explanatory Notes	43
Company Information	44

Chairman's Statement

I am pleased to present the Company's Annual Report and Financial Statements for the year ended 30 September 2017.

We have continued to advance our three main fluorspar projects during the year, albeit at a slower pace than in previous years. Partly this reflects the status of our lead fluorspar project at Storuman in Sweden, which is experiencing delays in permitting and partly it reflects a not-unrelated decline in our share price which has limited our appetite for dilutive fundraising and constrained our expenditure.

I am pleased, however, to see a significant increase in investor interest and a sharp increase in our share price and trading liquidity in recent weeks.

The Swedish Mining Inspectorate's re-assessment of our Storuman Fluorspar Project Exploitation (Mine) Permit has continued throughout the year at a frustratingly slow pace and with constantly changing goal posts. Our fellow mine developers are having the same experience and we will not be investing further funds in the project until the situation is favourably resolved. The project retains the support of key stakeholders with the exception of the Sami reindeer herding community.

At our MB Project in Nevada, scoping study level metallurgical testwork is in progress for our 86 million tonnes JORC compliant Mineral Resource with the aim of producing acid grade fluorspar and also by-product mica, whilst at our Lassedalen Project in Norway we have continued the environmental and legal due diligence associated with the acquisition of land from Norwegian aluminium producer Hydro which will help secure our mineral rights in the longer term.

Whilst we have seen falling fluorspar prices over the past six years I am pleased to report that there has been a significant upturn in the benchmark (FOB China) price of fluorspar also in 2017. The price of fluorspar appears to be returning to its long-term upward trend and demand is now forecast to grow over the next few years. This is discussed further on page 6. Whilst there has been a shakeout in the fluorspar industry with a number of mines closed, new mines that were on the drawing board for some years are now progressing after finding financial and offtake support.

This is also our own experience, having just recently announced the signing of a Memorandum of Understanding with leading global commodities trading group, Possehl Erzkontor GmbH & Co. KG. This paves the way for a definitive offtake agreement, subject to further negotiation and agreement of commercial terms and partial pre-financing of project working capital needs and/or capital investment and is a critical building block in our quest to becoming a leading supplier of fluorspar to the global markets.

Given the delays being experienced at Storuman, in January this year we announced that we would be looking at acquisition opportunities for the Company targeting an earlier cash flow than is foreseen for our existing projects, whilst maintaining fluorspar as our principal target. Genuine opportunities are hard to find but we have evaluated a number during the year, shortlisted a few, and one is now at a reasonably advanced stage of evaluation. The arrangement with Possehl will strengthen our hand in considering such opportunities.

A notable achievement in the year has been the sale of our two legacy gold projects in Finland to TSX-V listed Aurion Resources Ltd for cash and a share consideration, which we have now sold at a profit post year end. We also retain the right to advance royalty payments when mineral resources are defined and an ongoing production royalty. The value of our residual interest was boosted by the recent discovery by Aurion at their Risti Project, in the same district, of boulders containing free gold and spectacular gold grades.

I would like to pay tribute to our small management team whose professionalism was recognised when the Company received the 2017 US Bureau of Land Management's Hardrock Small Operator Award for outstanding and innovative reclamation of its exploration activity on the MB Project. This is quite an achievement for a relative newcomer to the US. I would also like to record the Board's great sadness in the passing in November 2017 of David Whitehead who, for 15 years as a non-executive director, made a great contribution to the Company.

As we head into 2018, with rekindled investor interest in the Company, we have a number of irons in the fire and so look forward to reporting further progress and encourage shareholders to attend our next Annual General Meeting to be held on Wednesday 31 January 2018 as set out on page 42.

Patrick Cheetham
Executive Chairman
13 December 2017

Strategic Report

Group Overview

Company's Aims

- To become a reliable long-term and competitive supplier of high quality fluorspar to world markets.

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.
- To be revenue generating in the near term.

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

For exploration projects, 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. For acquisition targets with the potential to generate revenue in the near-term, the Group is considering a range of terms on a case-by-case basis.

The Group currently operates with a **low-cost base** to maximise the funds that can be spent on exploration and development – **value adding** activities. The Company has five full time employees including the Managing Director who work with and oversee carefully selected and experienced consultants and contractors. During the year the Board of Directors comprised two independent Non-Executive Directors, the Managing Director and the Executive Chairman. Their profiles are provided on page 14.

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 significant shareholder (as defined under the AIM Rules) of Sunrise Resources plc, holding 6.88%.

The Company's activities are financed by periodic capital raisings, through private share placements. Access to capital through this method continues to be challenging and this is a limiting factor to the speed at which the Company can progress the development of its projects. When projects become more advanced, or as acquisition opportunities advance, the Board will seek to secure additional funding from a range of various sources, for example debt funding, pre-financing through off-take agreements and joint venture partnerships.

Operating Review and Performance

Fluorspar Projects

Storuman Fluorspar Project, Sweden

2017 Highlights

- Exploitation (Mine) Permit re-assessment process by the Swedish Mining Inspectorate is progressing**

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 ₂ %)
Indicated	25.0	10.28
Inferred	2.7	9.57
Total	27.7	10.21

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 25-year Exploitation (Mine) Permit was granted on 18 February 2016.

However, as a consequence of the Supreme Court's decision to overturn the grant of a third-party mining company's Mine Permit in the south of Sweden (Norra Karr Mine Permit – rare earth element project, owned by Leading Edge Minerals) the government returned the Storuman Mine Permit case, along with many other cases, back to the Swedish Mining Inspectorate for re-assessment in December 2016. The re-assessment is intended to consider the impact of mining in the concession area on a wider surrounding area. Earlier this year the Swedish Mining Inspectorate requested additional information from the Company relating

Strategic Report (continued)

to the original Environmental Impact Assessment (EIA) and the wider area. The Company provided the additional information to the Swedish Mining Inspectorate in the form of an updated EIA in May 2017. The additional information was accepted by the Mining Inspectorate which subsequently invited all stakeholders to provide comments on the application and additional information, with the deadline for responses being 27 October 2017.

In response to stakeholder responses the Swedish Mining Inspectorate has now requested further detail from the Company in relation to the impact of proposed operations on the wider surrounding area. Given that the level of detail now required for the wider area has changed in response to the new case law, the Company continues its dialogue with the key stakeholders, Swedish legal advisors and the Mining Inspectorate to establish the exact requirements prior to the work being completed and submitted. The Company has been granted an extension by the Mining Inspectorate until 16 April 2018 to enable completion of its dialogue and preparation of data thoroughly and to a high standard.

Whilst the process is slow and frustrating, the Company continues to co-operate with the Mining Inspectorate and believes that the Mine Permit application and EIA are of a very high standard. The Company also continues to have the support from the majority of key stakeholders at Storuman, with the notable exception of the Sami reindeer herding community, and remains hopeful of a positive resolution to this in 2018. It is however worth noting that the Company has no influence on the speed at which the re-assessment of the grant of the mining permit is being processed by the Authorities.

Any ratification of the grant of the mining concession will, however, be open to appeal and the Company will therefore not spend any further money on exploration or development of the Storuman Fluorspar Project until the matter is resolved.

MB Fluorspar Project, Nevada, USA

2017 Highlights

- **Scoping Study level bench scale metallurgical testwork progressing at SGS Lakefield in Canada with the aim of producing commercial grade acid-spar and mica**
- **Received the Bureau of Land Management's (BLM) 2017 Hardrock Small Operator Award for outstanding and innovative reclamation and sustainable mineral development work on the project**

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 ₂ %)
Indicated	6.1	10.8
Inferred	80.3	10.7
Total	86.4	10.7

Metallurgical Testwork

Bench scale metallurgical testwork is progressing at SGS Lakefield to ascertain if commercial grade acid-spar and mica can be produced from the ore. This is the first critical step in the preparation of a Scoping Study for the project. The results of the testwork will determine the next steps in the development of the MB Fluorspar Project. The ore presents some metallurgical challenges and the Company has therefore engaged the services of one of the world's leading fluorspar metallurgists to assist with the testwork.

Following successful completion of the metallurgical testwork, the Company will progress with modelling various production scenarios and optimisation of the transport method/cost from mine to USA market and port. These work programmes should enable the Company to work towards completion of a **Scoping Study** for the project in 2018. Further work required for the completion of the Scoping Study may include an additional phase of drilling to target higher grade mineralisation, in line with the recommendations received from the appraisal of the MB deposit from world renowned economic geologist, Dr Richard Sillitoe.

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 for the European market alongside its Storuman Project.

JORC Compliant Mineral Resource

Classification	Million Tonnes (Mt)	Fluorspar (CaF ₂ %)
Inferred	4.0	24.60

Given the commitments on its other fluorspar projects and acquisition targets, and in the absence of expenditure obligations, further exploration at the Lassedalen Project has been a lower priority in 2016/2017.

In 2016 the Company entered into a Heads of Terms with the global aluminium company, Hydro, to acquire the land and historic mine workings for the project (purchase price of 1 Norwegian Krone), subject to successful due diligence. The seasonal environmental testwork required as part of the due diligence has recently been completed by Niva and data review is underway. Following satisfactory data review the Company is planning to progress with the technical and legal due diligence prior to taking ownership of the Hydro land position, expected completion in the first half of 2018.

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

Fluorspar Acquisition Opportunities

In January this year the Company updated the market on its business strategy and, whilst the Company remains committed to its fluorspar business and the development of its fluorspar assets, it has, since then, been reviewing complementary project acquisition opportunities capable of generating revenue and profits in a shorter timescale. Finding quality projects is not an easy task, but following the shortlisting of a number of projects for further evaluation the Company is engaged in discussions and technical due diligence with the owners of such fluorspar projects, with discussions being reasonably advanced on one particular project. There is, however, no guarantee that any deal will be successfully executed at this point.

Strategic Relationship with Possehl Erzkontor GmbH & Co. KG (Post Year End)

The Company has signed a Memorandum of Understanding ("MOU") with leading global commodities trading group, Possehl Erzkontor GmbH & Co. KG ("Possehl"), a wholly owned subsidiary of CREMER, a global specialist for the trade, processing and transport of agricultural, raw, basic materials and oleochemical products, including fluorspar.

Highlights and Key Terms:

- Possehl and Tertiary intend to enter into a definitive purchase and sales agreement ("Offtake Agreement") under which Tertiary will agree to sell to Possehl and Possehl will commit to purchase a minimum of 70% of commercial grade acid-spar to be produced at Tertiary's three fluorspar projects
- As a condition of the Offtake Agreement Possehl will provide part of the pre-financing to Tertiary, where funds will be advanced by Possehl to Tertiary to assist the Company in meeting its working capital needs and/or its capital investment needs for the development of its fluorspar projects
- The MOU provides for Possehl and Tertiary to enter into an Offtake Agreement, and pre-financing to be provided by Possehl to Tertiary, for any of the near-term revenue generating fluorspar acquisition targets where the Company is currently carrying out evaluation, due diligence and discussions
- Possehl will provide invaluable commercial and logistical support and advice to Tertiary during the development of its fluorspar projects as the Company works towards its production goals and the ultimate signing of the Offtake Agreement
- Possehl, founded in 1915 with headquarters in Lübeck, Germany, is owned by CREMER: Founded in 1946; headquarters in Hamburg; circa 70 branch offices and holdings worldwide; circa 1800 employees; annual revenue of >3 billion Euros; sales volume of >10.4 million tonnes in 2016
- The MOU will be effective from the date of execution to a date which is one year from the commencement of first commercial production at any of the Company's three fluorspar projects or the date of execution by both parties of an Offtake Agreement, whichever shall be the earlier

Non-Core Projects

Kaaresselkä and Kiekerömaa Gold Projects, Finland

In March 2017, the Company successfully completed the sale of two legacy gold assets, Kaaresselkä and Kiekerömaa in Finland, to TSX-V listed Aurion Resources Ltd. The Company was paid £100,000 initial consideration for the projects, £15,000 in cash and £85,000 in Aurion Shares. The Company also retains a pre-production and production royalty interest in the projects, therefore providing the opportunity for potential income in the future.

Aurion has recently announced the discovery of a new bonanza gold zone, called Aurora, at its 100% owned Risti project. The Kaaresselkä project is located in the same regional deformation zone, to the south of Risti, where 133 rock grab samples collected from predominantly large and angular sub-cropping quartz-tourmaline blocks assayed from nil to 1,563.5 g/t Au, including 36 samples which assayed greater than 31 g/t Au (1 ounce per tonne). The average grade of all 133 samples is 74.3 g/t Au. In September this year Kinross Gold Corporation completed a private placement with Aurion resulting in Kinross owning 9.98% of the issued and outstanding share capital of Aurion.

These developments have resulted in an increase in the value of the Aurion Shares held by Tertiary. The Company has therefore capitalised on this increase and the shares were sold in November 2017, resulting in a profit of £31,264 on the sale.

Strategic Report (continued)

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 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. As detailed in the project review, the Company has received a **prestigious award** for its innovative reclamation and sustainable mineral development work on its MB project in Nevada, USA.

Fluorspar Market and Strategic Opportunity*

Fluorspar – Principal Uses

There are two principal commercial grades of fluorspar:

- Metallurgical-spar (60-96% CaF₂)
- Acid-spar (+97% CaF₂)

Metallurgical-spar accounts for approximately 35-40% 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 60-65% of total fluorspar production with the **principal applications** being:

- Aluminium production – used to produce aluminium fluoride (AlF₃) 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

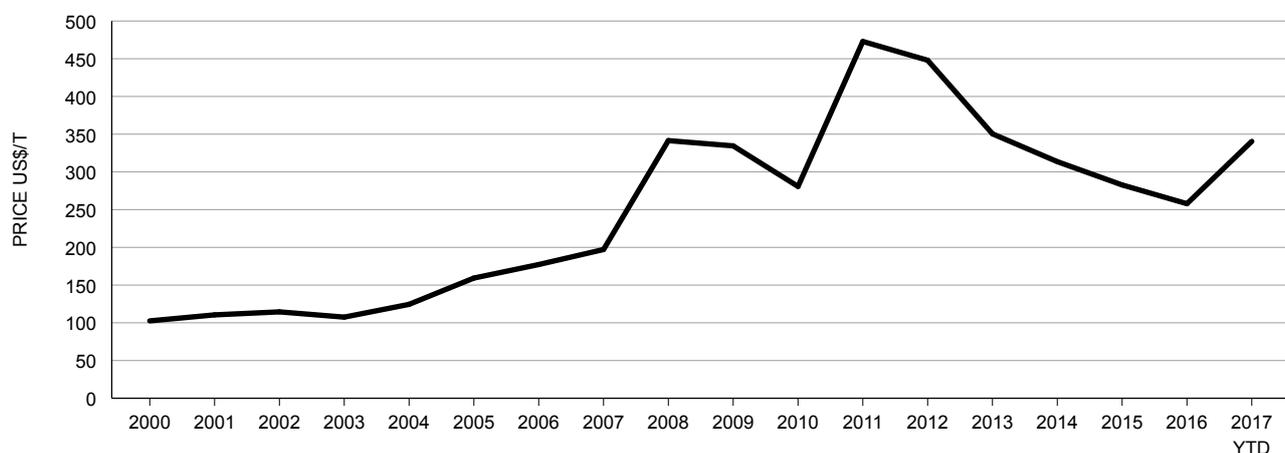
Fluorspar – Production, Consumption and Price Trend

The current global production of fluorspar is approximately 5.7-6.0 million tonnes per year:

- Major producing regions: China (>50% of the world's production); Mexico; Mongolia/CIS; S Africa
- **Major Consuming regions** (highest to lowest): China; **North America; Europe;** Mexico; Russia
- The global supply and demand for fluorspar grew over the decade 1998 to 2008
- Since the global financial crisis in 2009 there has been contraction in acid-spar demand driven by a combination of environmental legislation and demand – fluorspar price has followed this downward trend
- In 2017 **prices** for acid-spar have **started to recover** in China, export price for acid-spar (FOB China) is a traditional benchmark price and is currently published as US\$400-420/tonne (Industrial Minerals Magazine)
- The price increases are believed to be driven by two key factors:
 - Increase in production of downstream value-added fluorspar products;
 - As China moves its focus to environmental protection they have implemented strict environmental policies and permitting requirements resulting in a number of fluorspar mines closing – Chinese fluorspar production down 13% year on year in 2017
- The equivalent price delivered into Europe (CIF Rotterdam), published as US\$300-340/tonne, has now started to recover following the FOB China price recovery
- **Overall long-term upward trend in price**

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

AVERAGE ACID-SPAR PRICES 2000–2017 YTD US\$/T FOB CHINA



Fluorspar – Outlook and Strategic Opportunity

- Industry view (producers, end users, analysts) is that **demand** for acid-spar will **increase by 4-5% per year** over the next five years and **prices** are forecast to **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, 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
 - CAGR* growth forecast in key fluorspar consuming market segments for next four years – Steel: >5%; Aluminium: >3.5%; Fluorinated refrigerants: >4%; Li-ion batteries: >10%
- China produces >50% of the world's fluorspar
- China fluorspar exports** continue to **decline** with acid-spar **exports decreasing >50%** since 2011, 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**
- China** listed fluorspar as a **strategic mineral** in 2017
- Imbalance** between production and consumption in China causing **supply gap** – to be filled by new fluorspar producers outside China

Based on macroeconomic drivers the Company continues to be strategically placed to capitalise on the supply gap in the future by **developing its 100% owned large fluorspar assets, containing fluorspar resources of 13.1 million tonnes**, located in the key markets of the **USA** and **Europe**.

* The information in this Fluorspar Market Summary is drawn from various sources, including Industrial Minerals Magazine, United States Geological Survey, Roskill, IHS, UN Comtrade, industry sources and CRU. CAGR – Compound annual growth rate.

Strategic Report (continued)

Financial Review & 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 21. The Group reports a loss of £395,532 for the year (2016: £473,506) after administration costs of £550,229 (2016: £558,857) and after crediting interest receivable of £277 (2016: £1,712). The loss includes expensed pre-licence and reconnaissance exploration costs of £30,617 (2016: £25,343) and impairment of available for sale investment (the Company's share in Sunrise Resources plc) of £55,987 (2016: £81,142). Administration costs include £11,396 (2016: £25,785) as non-cash costs for the value of certain share warrants held by employees as required by IFRS 2.

Revenue includes £204,110 (2016: £190,124) from the provision of management, administration and office services provided to Sunrise Resources plc, to the benefit of both companies through efficient utilisation of services, and £36,914 arising from a compensation payment from American Assay Laboratories for part sample loss.

The financial statements show that, at 30 September 2017, the Group had net current assets of £177,723 (2016: £461,018). 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 22 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 £4,508,015 (2016: £4,429,261) and the breakdown by project is shown in Note 2 to the Financial Statements on page 29.

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 impairment reviews have been undertaken by the Directors 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 five 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 2017, it was decided that the decline in fair value was likely to be deemed significant under the requirements of IAS 39; therefore an amount of £55,987 was impaired and charged 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 2017, has been recognised in the Available for Sale Investment Reserve in equity (see Note 1(f) and Note 10 in the Notes to the Financial Statements on pages 27 and 34).

An additional Available for Sale Investment was acquired in the period by way of shares in Aurion Resources Limited, as consideration for the sale of Finnish exploration licences. The increase in fair value, due to an increase in the share price of Aurion Resources Limited shares, has been recognised in the Available for Sale Investment Reserve in equity at year end.

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 2017 financial year the Company raised a total of £300,000, before expenses, as shown in Note 14 of the Financial Statements.

The Directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. Given the Group’s cash position at year end (£159,278), 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.

Following the financial year end, the Company has successfully raised £500,000 before expenses on 6 December 2017.

Impairment

A bi-annual review is carried out by the Directors to whether there are any indications of impairment. The bi-annual impairment indication reviews were conducted in March 2017 and October 2017 and the directors do not consider that there are any indications of impairment in the intangible assets.

Capital Restructure

At a General Meeting on 13 April 2017 the shareholders approved the subdivision of the Company’s ordinary share capital whereby each existing Ordinary Share with a nominal value of 1p was subdivided into 1 new Ordinary Share of 0.01p and 1 Deferred Share of 0.99p each. The Deferred Shares have no significant rights attached to them and carry no right to vote or to participate in distribution of surplus assets and are not admitted to trading on the AIM market of the London Stock Exchange plc. The Deferred Shares effectively carry no value.

Risks & 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 overleaf together with risk mitigation strategies employed by the Board.

Strategic Report (continued)

RISK	MITIGATION STRATEGIES
<p>Exploration Risk</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 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>Resource Risk</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>Development Risk</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 the Company ultimately not receiving the required permits and in extreme cases loss of title.</p>	<p>In order to reduce development risk in future, the directors will ensure that its permit application processes and financing applications are robust and thorough.</p>
<p>Commodity Risk</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>Mining and Processing Technical Risk</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>Environmental Risk</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>Political Risk</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 currently 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>

RISK	MITIGATION STRATEGIES
<p>Partner Risk</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 Company currently maintains 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>Financing & Liquidity Risk</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. Nevertheless further equity issues will be required over the next 12 months.</p>
<p>Financial Instruments</p> <p>Details of risks associated with the Group's Financial Instruments are given in Note 19 to the financial statements on page 40.</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>

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 13 December 2017 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.

During the year the Board of Directors comprised 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.

Non-Executive Director, Donald McAlister, has 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 he 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 during that time and he continues to provide valuable advice based on his long experience of the mining industry.

Due to the untimely death of Non-Executive Director, David Whitehead, in November 2017, the Company will seek to appoint a suitable replacement in due course.

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 Donald McAlister is not considered to be independent under the terms of the Code, he is 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 his 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

During the year, 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

During the year, the Remuneration Committee also comprised 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 15.

The Board is aware that Donald McAlister is not considered to be independent under the terms of the Code if he holds warrants to buy shares in the Company and so he no longer participates in the issue of warrants.

Nomination Committee

During the year the Nomination Committee comprised 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 2017, Tertiary Minerals plc held 7.56% 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.

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.

The Company received the Bureau of Land Management's (BLM) 2017 Hardrock Small Operator Award (National award) for outstanding and innovative reclamation and sustainable mineral development work on the MB Project.

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.

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 8 days of average daily purchases (2016: 14 days).

Anti-Corruption Policy and Code of Conduct

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

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.

Our Governance (continued)

Board of Directors

The Directors and Officers of the Company during the financial year were:

Patrick Cheetham (57)

Executive Chairman

Key Strengths and Experience

- Geologist.
- 36 years' experience in mineral exploration.
- 31 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 (45)

Managing Director

Key Strengths and Experience

- Chartered Engineer.
- 24 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

Donald McAlister (58)

*Non-Executive Director**

Key Strengths and Experience

- Accountant.
- Previously Finance Director at Mwana Africa plc, Ridge Mining plc and Reunion Mining.
- 23 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.

David Whitehead (now deceased)

Non-Executive Director

During the last financial year David Whitehead operated as a non-executive director but he sadly passed away in November 2017.

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.

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 2017.

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. Given the Group's cash position at year end (£159,278), 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.

This expectation is strengthened by recent investor interest in the Company, resulting in a successful placing on 6 December 2017, which raised £500,000 before expenses.

Dividend

The Directors are unable to recommend the payment of a dividend.

Our Governance (continued)

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 starting on page 9.

Directors

The Directors currently holding office are:

Mr P L Cheetham
Mr R H Clemmey
Mr D A R McAlister

In addition, Mr D Whitehead (now deceased) was a non-executive director during the financial year.

Events After The Balance Sheet Date

Fundraising

Subsequent to the year end, on 6 December 2017, there was an allotment of 41,666,670 ordinary shares of 0.01p by way of conditional placing at 1.2p per share for a total consideration of £500,000 before expenses. The issue of the Placing Shares is conditional, *inter alia*, on their admission to trading on AIM ("Admission"). Application has been made for the Placing Shares to be admitted to trading on AIM and Admission is expected to occur on or around 20 December 2017.

Strategic Relationship with Possehl Erzkontor GmbH & Co. KG

On 29 November 2017, the Company announced that it has signed a Memorandum of Understanding ("MOU") with leading global commodities trading group, Possehl Erzkontor GmbH & Co. KG ("Possehl"), a wholly owned subsidiary of CREMER. Possehl and Tertiary intend to enter into a definitive purchase and sales agreement ("Offtake Agreement") under which Tertiary will agree to sell to Possehl and Possehl will commit to purchase a minimum of 70% of commercial grade acid-spar to be produced at Tertiary's three fluorspar projects. As a condition of the Offtake Agreement Possehl will provide part of the pre-financing to Tertiary, where funds will be advanced by Possehl to Tertiary to assist the Company in meeting its working capital needs and/or its capital investment needs for the development of its fluorspar projects.

Sale of Aurion Shares

The Aurion shares issued to Tertiary earlier in the year as part consideration (£85,000) for the sale of the two legacy gold assets in Finland, were sold in November 2017 resulting in net proceeds of £116,264 and a £31,264 profit.

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 13 December 2017	Number of shares	% of share capital
TD Direct Investing Nominees (Europe) Limited SMKTNOMS	39,697,148	12.52
Barclays Direct Investing Nominees Limited CLIENT1	27,890,003	8.80
Hargreaves Lansdown (Nominees) Limited 15942	16,042,686	5.06
HSDL Nominees Limited	15,988,094	5.04
TD Direct Investing Nominees (Europe) Limited SMKTISAS	14,646,729	4.62
HSDL Nominees Limited MAXI	12,870,657	4.06
Hargreaves Lansdown (Nominees) Limited VRA	11,931,577	3.76

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 Wednesday 31 January 2018 at 2.30 p.m. is set out on page 42 of this report. Explanatory Notes giving further information about the proposed resolutions are set out on page 43.

Approved by the Board of Directors on 13 December 2017 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 2017

Opinion

We have audited the financial statements of Tertiary Minerals plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 September 2017, which comprise:

- the Group income statement and statement of comprehensive income for the year ended 30 September 2017;
- the Group and parent company statements of financial position as at 30 September 2017;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2017 and of the Group's loss for the period 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 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (IASs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 1(b) in the financial statements, which indicates that 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 stated in Note 1(b), these events or conditions, along with the other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £100,000, based on 2% of the Group's total assets, with a lower level of materiality used for the Consolidated Income Statement.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £1,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group and its subsidiaries are accounted for from one central operating location, the Group's registered office. Our audit was conducted from the main operating location and all group companies were within the scope of our audit testing.

Independent Auditor's Report (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall

audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><i>Potential impairment of capitalised exploration and evaluation costs associated with the Storuman Fluorspar Project held in the subsidiary, Tertiary Gold Limited.</i></p> <p>The Group holds the rights to explore the site but has faced opposition from two groups when applying for a mining permit. A 25 year mine permit was initially awarded in February 2016 but since this date appeals have been raised and there has been a change in case law which have ultimately led to the Permit application being returned to the Swedish Mining Inspectorate for re-assessment.</p> <p>There is a risk that a mine permit may not be awarded in the future and that accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate and that capitalised costs to date exceed the recoverable amount for the site.</p> <p>Any assessment of value in use requires that accumulated costs be assessed against the likelihood that such costs will be recoverable against future exploitation or sale. 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.</p>	<p>Our audit work included, but was not restricted to, a review of the directors' assessment of the criteria for the capitalisation of exploration and evaluation expenditure and whether there are any indicators of impairment to capitalised costs.</p> <p>The directors concluded that there were no indicators of potential impairment, as a result of the following factors:</p> <ul style="list-style-type: none"> • the Group continues to hold the right to explore in the specific area and have no intention to not renew the licence; • future expenditure on the project is planned once a 25 year mining permit has been granted and they expect this to be given within the next 12 months; and • the exploration activities performed to date indicate a commercially viable quantity of mineral resources are present which would exceed the carrying amount of the exploration and evaluation asset. <p>Our work did not indicate that there were facts or circumstances to suggest that an impairment review of exploration and evaluation assets was required.</p>
<p><i>Potential impairment of the investment in the subsidiary, Tertiary Gold Limited, in the Company financial statements.</i></p> <p>The cost of the investment in and loan due from the subsidiary, Tertiary Gold Limited, held as an asset of the Company, is supported by the future cash flows associated with the recovery of the exploration and evaluation assets held by Tertiary Gold Limited.</p> <p>If there were impairment in the exploration and evaluation assets of Tertiary Gold Limited, this could imply that the carrying value of the investment in and due from the subsidiary, was also impaired in the Company's financial statements.</p>	<p>In conjunction with our work associated with the potential impairment of the exploration and evaluation assets held within Tertiary Gold Limited, we considered directors' assessment on whether there was an indication that the cost of the investment in and loan due from the subsidiary required impairment in the Company.</p> <p>Although there were no indications of impairment under IFRS 6, the value of investment in and due from the subsidiary was in excess of the market value of the group at year end indicating a potential impairment per IAS 36 12(d). The directors have therefore prepared an impairment review of the carrying value of the investment in Tertiary Gold Limited. The result of this review, together with the fact that there had been no impairment of the underlying assets held by Tertiary Gold Limited, indicated that no impairment was required in the carrying value of the investment in Tertiary Gold Limited. We concur with the directors' view that there had been no impairment in the carrying value of the investment which includes the loan due from the subsidiary.</p>

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- 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; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with IASs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Michael Jayson (Senior Statutory Auditor)

For and on behalf of Crowe Clark Whitehill LLP
Statutory Auditor
Manchester
13 December 2017

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 2017

	Notes	2017 £	2016 £
Revenue	2,17	241,024	190,124
Administration costs		(550,229)	(558,857)
Pre-licence exploration costs		(30,617)	(25,343)
Operating loss		(339,822)	(394,076)
Impairment of available for sale investment		(55,987)	(81,142)
Interest receivable		277	1,712
Loss before income tax	3	(395,532)	(473,506)
Income tax	7	—	—
Loss for the year attributable to equity holders of the parent		(395,532)	(473,506)
Loss per share — basic and diluted (pence)	6	(0.14)	(0.20)

All amounts relate to continuing activities.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2017

	2017 £	2016 £
Loss for the year	(395,532)	(473,506)
Items that could be reclassified subsequently to the income statement:		
Foreign exchange translation differences on foreign currency net investments in subsidiaries	(15,442)	466,534
Fair value movement on available for sale investment	122,753	51,117
	107,311	517,651
Total comprehensive income/(loss) for the year attributable to equity holders of the parent	(288,221)	44,145

Consolidated and Company Statements of Financial Position

at 30 September 2017
Company No. 03821411

	Notes	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Non-current assets					
Intangible assets	8	4,508,015	—	4,429,261	—
Property, plant & equipment	9	4,361	4,341	9,785	9,636
Investment in subsidiaries	10	—	7,035,229	—	6,834,155
Available for sale investment	10	408,971	266,087	204,470	204,470
		4,921,347	7,305,657	4,643,516	7,048,261
Current assets					
Receivables	11	94,253	73,390	105,032	81,377
Cash and cash equivalents	12	159,278	140,928	448,474	421,292
		253,531	214,318	553,506	502,669
Current liabilities					
Trade and other payables	13	(75,808)	(41,281)	(92,488)	(53,424)
Net current assets		177,723	173,037	461,018	449,245
Net assets		5,099,070	7,478,694	5,104,534	7,497,506
Equity					
Called up Ordinary Shares	14	31,708	31,708	2,669,442	2,669,442
Deferred Shares	14	2,644,062	2,644,062	—	—
Share premium account		9,331,768	9,331,768	9,066,735	9,066,735
Merger reserve		131,096	131,096	131,096	131,096
Share option reserve	14	259,690	259,690	343,486	343,486
Available for sale investment reserve		173,870	115,987	51,117	51,117
Foreign currency reserve	14	366,912	—	382,354	—
Accumulated losses		(7,840,036)	(5,035,617)	(7,539,696)	(4,764,370)
Equity attributable to the owners of the parent		5,099,070	7,478,694	5,104,534	7,497,506

The Company reported a loss for the year ended 30 September 2017 of £366,439 (2016 – £441,591).

These financial statements were approved and authorised for issue by the Board of Directors on 13 December 2017 and were signed on its behalf.

R H Clemmey
Director

D A R McAlister
Director

Consolidated Statement of Changes in Equity

Group	Ordinary share capital £	Deferred shares £	Share premium account £	Merger reserve £	Share option reserve £	Available for sale reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2015	1,878,592	—	8,812,452	131,096	443,813	—	(84,180)	(7,192,302)	3,989,471
Loss for the period	—	—	—	—	—	—	—	(473,506)	(473,506)
Change in fair value	—	—	—	—	—	51,117	—	—	51,117
Exchange differences	—	—	—	—	—	—	466,534	—	466,534
Total comprehensive loss for the year	—	—	—	—	—	51,117	466,534	(473,506)	44,145
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	—
At 30 September 2016	2,669,442	—	9,066,735	131,096	343,486	51,117	382,354	(7,539,696)	5,104,534
Loss for the period	—	—	—	—	—	—	—	(395,532)	(395,532)
Change in fair value	—	—	—	—	—	122,753	—	—	122,753
Exchange differences	—	—	—	—	—	—	(15,442)	—	(15,442)
Total comprehensive loss for the year	—	—	—	—	—	122,753	(15,442)	(395,532)	(288,221)
Share split	(2,644,062)	2,644,062	—	—	—	—	—	—	—
Share issue	6,328	—	265,033	—	—	—	—	—	271,361
Share-based payments expense	—	—	—	—	11,396	—	—	—	11,396
Transfer of expired warrants	—	—	—	—	(95,192)	—	—	95,192	—
At 30 September 2017	31,708	2,644,062	9,331,768	131,096	259,690	173,870	366,912	(7,840,036)	5,099,070

Company Statement of Changes in Equity

Company	Ordinary share capital £	Deferred shares £	Share premium account £	Merger reserve £	Share option reserve £	Available for sale reserve £	Accumulated losses £	Total £
At 30 September 2015	1,878,592	—	8,812,452	131,096	443,813	—	(4,448,891)	6,817,062
Loss for the period	—	—	—	—	—	—	(441,591)	(441,591)
Change in fair value	—	—	—	—	—	51,117	—	51,117
Total comprehensive loss for the year	—	—	—	—	—	51,117	(441,591)	(390,474)
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	—
At 30 September 2016	2,669,442	—	9,066,735	131,096	343,486	51,117	(4,764,370)	7,497,506
Loss for the period	—	—	—	—	—	—	(366,439)	(366,439)
Change in fair value	—	—	—	—	—	64,870	—	64,870
Total comprehensive loss for the year	—	—	—	—	—	64,870	(366,439)	(301,569)
Share split	(2,644,062)	2,644,062	—	—	—	—	—	—
Share issue	6,328	—	265,033	—	—	—	—	271,361
Share-based payments expense	—	—	—	—	11,396	—	—	11,396
Transfer of expired warrants	—	—	—	—	(95,192)	—	95,192	—
At 30 September 2017	31,708	2,644,062	9,331,768	131,096	259,690	115,987	(5,035,617)	7,478,694

Consolidated and Company Statements of Cash Flows

for the year ended 30 September 2017

	Notes	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Operating activity					
Total loss after tax		(395,809)	(374,085)	(475,218)	(449,650)
Depreciation charge		5,910	5,781	6,833	6,647
Impairment charge – available for sale investment		55,987	55,987	81,142	81,142
Share-based payment charge		11,396	11,396	25,784	25,784
Non-cash additions to available for sale investment		(52,735)	(52,735)	(86,272)	(86,272)
Increase/(decrease) in provision for impairment of loans to subsidiaries		—	(1,196)	—	1,071
(Increase)/decrease in receivables	11	10,779	7,987	(14,723)	(6,620)
Increase/(decrease) in payables	13	(16,680)	(12,143)	(10,292)	3,851
Net cash outflow from operating activity		(381,152)	(359,008)	(472,746)	(424,047)
Investing activity					
Interest received		277	7,646	1,712	8,059
Development expenditures	8	(190,172)	—	(473,527)	—
Disposal of development asset		15,000	—	—	—
Purchase of property, plant & equipment	9	(486)	(486)	(9,322)	(9,322)
Additional loans to subsidiaries		—	(199,877)	—	(443,671)
Net cash outflow from investing activity		(175,381)	(192,717)	(481,137)	(444,934)
Financing activity					
Issue of share capital (net of expenses)		271,361	271,361	1,045,133	1,045,133
Net cash inflow from financing activity		271,361	271,361	1,045,133	1,045,133
Net increase/(decrease) in cash and cash equivalents		(285,172)	(280,364)	91,250	176,152
Cash and cash equivalents at start of year		448,474	421,292	309,815	245,140
Exchange differences		(4,024)	—	47,409	—
Cash and cash equivalents at 30 September	12	159,278	140,928	448,474	421,292

Notes to the Financial Statements

for the year ended 30 September 2017

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. Given the Group’s cash position at year end (£159,278), 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.

This expectation is strengthened by recent investor interest in the Company resulting in a successful placing on 6 December 2017, which raised £500,000 before expenses.

(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 £366,439 (2016: £441,591).

(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 there are any indications of impairment in capitalised exploration and development costs. The bi-annual impairment reviews were conducted in March 2017 and October 2017.

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 includes 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 in equity.

(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 2017

(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 include a holding in Sunrise Resources plc as described in Note 10. In the Interim Financial Statements for the six month period to 31 March 2017 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 2017 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.

2017	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Revenue	36,914	204,110	241,024
Pre-licence exploration costs	(30,617)	—	(30,617)
Share-based payments	—	(11,396)	(11,396)
Administration costs and other expenses	—	(538,833)	(538,833)
Operating Loss	6,297	(346,119)	(339,822)
Impairment of available for sale investment	—	(55,987)	(55,987)
Bank interest received	—	277	277
Loss before income tax	6,297	(401,829)	(395,532)
Income tax	—	—	—
Loss for the year attributable to equity holders	6,297	(401,829)	(395,532)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Kaaresselkä Gold Project, Finland	260,823	—	260,823
Kiekerömaa Gold Project, Finland	97,705	—	97,705
Lassedalen Fluorspar Project, Norway	407,050	—	407,050
Storuman Fluorspar Project, Sweden	2,015,865	—	2,015,865
MB Fluorspar Project, USA	1,726,572	—	1,726,572
	4,508,015	—	4,508,015
Property, plant & equipment	—	4,361	4,361
Available for sale investment	—	408,971	408,971
	4,508,015	413,332	4,921,347
Current assets			
Receivables	20,830	73,423	94,253
Cash and cash equivalents	—	159,278	159,278
	20,830	232,701	253,531
Current liabilities			
Trade and other payables	(25,080)	(50,728)	(75,808)
Net current assets	(4,250)	181,973	177,723
Net assets	4,503,765	595,305	5,099,070
Other data			
Deferred exploration additions	190,172	—	190,172
Exchange rate adjustments to deferred exploration costs	—	(11,418)	(11,418)

Notes to the Financial Statements

for the year ended 30 September 2017

2. Segmental analysis (continued)	Exploration projects £	Head office £	Total £
2016			
Consolidated Income Statement			
Revenue	—	190,124	190,124
Pre-licence exploration costs	(25,343)	—	(25,343)
Share-based payments	—	(25,785)	(25,785)
Administration costs and other expenses	—	(533,072)	(533,072)
Operating Loss	(25,343)	(368,733)	(394,076)
Impairment of available for sale investment	—	(81,142)	(81,142)
Bank interest received	—	1,712	1,712
Loss before income tax	(25,343)	(448,163)	(473,506)
Income tax	—	—	—
Loss for the year attributable to equity holders	(25,343)	(448,163)	(473,506)
Non-current assets			
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
Current assets			
Receivables	23,603	81,429	105,032
Cash and cash equivalents	—	448,474	448,474
	23,603	529,903	553,506
Current liabilities			
Trade and other payables	(35,051)	(57,437)	(92,488)
Net current assets	(11,448)	472,466	461,018
Net assets	4,417,813	686,721	5,104,534
Other data			
Deferred exploration additions	473,527	—	473,527
Exchange rate adjustments to deferred exploration costs	—	419,125	419,125

3. Loss before income tax	2017 £	2016 £
The operating loss is stated after charging		
Operating lease rentals – land and buildings	20,239	19,727
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	5,910	6,833

4. Directors' emoluments

Remuneration in respect of Directors was as follows:

	Net cost to Group 2017 £	Income from recharge to Sunrise Resources plc 2017 £	Total 2017 £	Total 2016 £
P L Cheetham (salary)	17,571	92,490	110,061	109,242
R H Clemmey (salary)	86,369	274	86,643	97,908
D A R McAlister (salary)	16,000	—	16,000	16,000
D Whitehead (salary)	15,000	—	15,000	15,000
	134,940	92,764	227,704	238,150

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 amounting to £7,509 (2016: £19,308) or Employer's National Insurance contributions of £25,985 (2016: £27,530).

The above remuneration amount for R H Clemmey includes a bonus of £4,097 (2016: £15,977).

Pension contributions made during the year on behalf of Directors amounted to £258 (2016: £Nil).

The Directors are also the key management personnel. If all benefits are taken into account, the total key management personnel compensation would be £235,213 (2016: £257,458).

After recharge to Sunrise Resources plc, if all benefits are taken into account, the key management personnel net compensation cost to the Group would be £142,449 (2016: £168,403).

5. Staff costs

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

	Net cost to Group 2017 £	Income from recharge to Sunrise Resources plc 2017 £	Total 2017 £	Total 2016 £
Wages and salaries	194,447	156,079	350,526	359,584
Social security costs	17,241	18,511	35,752	36,386
Share-based payments	11,396	—	11,396	25,785
	223,084	174,590	397,674	421,755

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

	2017 Number	2016 Number
Technical employees	3	3
Administration employees (including Non-Executive Directors)	6	6
	9	9

Notes to the Financial Statements

for the year ended 30 September 2017

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 Ordinary shares in issue during the year.

	2017	2016
Loss (£)	(395,532)	(473,506)
Weighted average ordinary shares in issue (No.)	284,429,468	233,830,700
Basic and diluted loss per ordinary share (pence)	(0.14)	(0.20)

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. Deferred shares are excluded from the loss per share calculation as they have no attributable earnings.

7. Income tax

No liability to corporation tax arises for the year due to the Group recording a taxable loss (2016: £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 – 19% (2016: 20%). The differences are explained below.

	2017 £	2016 £
Tax reconciliation		
Loss before income tax	(395,532)	(473,506)
Tax at hybrid rate 19.5% (2016: 20.0%)	(77,129)	(94,701)
Differences between capital allowances and depreciation	4,006	(4,218)
Pre-trading expenditure no longer deductible for tax purposes	28,934	125,770
Tax effect at 19.5% (2016: 20.0%)	6,423	24,310
Unrelieved tax losses carried forward	(70,706)	(70,391)
Tax recognised on loss	—	—
Total losses carried forward for tax purposes	5,714,426	(5,351,834)

Factors that may affect future tax charges

The Group has total losses carried forward of £5,714,426 (2016: £5,351,834). 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 2017 £	Deferred exploration expenditure 2016 £
Cost		
At start of year	5,691,739	4,799,087
Additions	190,172	473,527
Exchange adjustments	(11,418)	419,125
At 30 September	5,870,493	5,691,739
Disposals		
At start of year	(1,262,478)	(1,262,478)
Disposals during year	(100,000)	—
At 30 September	(1,362,478)	(1,262,478)
Carrying amounts		
At 30 September	4,508,015	4,429,261
At start of year	4,429,261	3,536,609

9. Property, plant & equipment

	Group fixtures and fittings 2017 £	Company fixtures and fittings 2017 £	Group fixtures and fittings 2016 £	Company fixtures and fittings 2016 £
Cost				
At start of year	51,520	34,144	53,422	36,046
Additions	486	486	9,322	9,322
Disposals	(5,429)	(2,811)	(11,224)	(11,224)
At 30 September	46,577	31,819	51,520	34,144
Depreciation				
At start of year	(41,735)	(24,508)	(46,126)	(29,085)
Charge for the year	(5,910)	(5,781)	(6,833)	(6,647)
Disposals	5,429	2,811	11,224	11,224
At 30 September	(42,216)	(27,478)	(41,735)	(24,508)
Net Book Value				
At 30 September	4,361	4,341	9,785	9,636
At start of year	9,785	9,636	7,296	6,961

Notes to the Financial Statements

for the year ended 30 September 2017

10. Investments

Subsidiary undertakings

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2017	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

The registered office of Tertiary Gold Limited and Tertiary (Middle East) Limited is the same as the Parent Company, being Sunrise House, Hulley Road, Macclesfield, Cheshire, SK10 2LP.

The registered office of Tertiary Minerals US Inc. is 241 Ridge Street, Suite 210, Reno, NV 89501, USA.

	Company 2017 £	Company 2016 £
Investment in subsidiary undertakings		
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	682,258	683,586
Less – Provision for impairment	(682,176)	(683,372)
Loan – Tertiary Gold Limited	5,251,392	5,158,075
Loan – Tertiary Minerals US Inc.	1,558,865	1,450,976
At 30 September	7,035,229	6,834,155

Although there were no indications of impairment under IFRS 6, the value of investment in and due from the subsidiary was in excess of the market value of the Group at year end indicating a potential impairment per IAS 36 12(d). The directors have therefore prepared an impairment review of the carrying value of the investment in Tertiary Gold Limited. For the impairment review the Directors have used previous independent Scoping Study cashflow analysis as a basis for their assessment. The directors have then made various assumptions, which they consider reasonable at this stage, with regard to any material changes to key inputs which may affect project economics, notably fluorspar price, Mineral Resource grade and operating costs. The result of this review, together with the fact that there had been no impairment of the underlying assets held by Tertiary Gold Limited, indicated that no impairment was required in the carrying value of the investment in Tertiary Gold Limited.

Available for sale investment

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2017	Principal activity
Sunrise Resources plc	England & Wales	7.56% of Ordinary Shares	Mineral exploration
Aurion Resources Limited	Canada	0.12% of ordinary shares	Mineral exploration

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Available for sale investment				
Value at start of year	204,470	204,470	148,222	148,222
Additions to available for sale investment	137,735	52,734	86,273	86,273
Movement in valuation of available for sale investment	66,766	8,883	(30,025)	(30,025)
At 30 September	408,971	266,087	204,470	204,470

Additions to available for sale investments are a combination of shares issued in lieu of cash payment for settlement of outstanding invoices to Sunrise Resources plc for management fees, and shares acquired in Aurion Resources Limited for part settlement of consideration on disposal of Finland gold assets.

The fair value of each available for sale investment is equal to the market value of its shares at 30 September 2017, based on the closing mid-market price of shares on its equity exchange market.

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

11. Receivables	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Trade receivables	61,336	61,336	64,902	64,902
Other receivables	19,753	1,463	22,683	676
Prepayments	13,164	10,591	17,447	15,799
At 30 September	94,253	73,390	105,032	81,377

The Group aged analysis of trade receivables is as follows:

	Not impaired £	30 days or less £	Over 30 days £	Total carrying amount £
2017 Trade receivables	61,336	61,336	—	61,336
2016 Trade receivables	64,902	64,902	—	64,902

12. Cash and cash equivalents	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Cash at bank and in hand	45,141	26,791	43,756	16,574
Short-term bank deposits	114,137	114,137	404,718	404,718
At 30 September	159,278	140,928	448,474	421,292

13. Trade and other payables	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Trade payables	22,377	7,087	33,471	16,214
Other taxes and social security costs	14,438	14,438	10,358	10,358
Accruals	32,907	13,670	38,324	16,517
Other payables	6,086	6,086	10,335	10,335
At 30 September	75,808	41,281	92,488	53,424

Notes to the Financial Statements

for the year ended 30 September 2017

14. Issued capital and reserves	2017 No.	2017 £	2016 No.	2016 £
Allotted, called up and fully paid Ordinary Shares				
Balance at start of year	266,944,213	2,669,442	187,859,217	1,878,592
Split to deferred shares	—	(2,644,062)	—	—
Shares issued in the year	50,132,720	6,328	79,084,996	790,850
Balance at 30 September	317,076,933	31,708	266,944,213	2,669,442

	2017 No.	2017 £	2016 No.	2016 £
Deferred Shares				
Balance at start of year	—	—	—	—
Split from Ordinary Shares	267,076,933	2,644,062	—	—
Balance at 30 September	267,076,933	2,644,062	—	—

Capital restructure

At a General Meeting on 13 April 2017 the shareholders approved the subdivision of the Company's ordinary share capital whereby each existing Ordinary Share with a nominal value of 1p was subdivided into 1 new Ordinary Share of 0.01p and 1 Deferred Share of 0.99p each. The Deferred Shares have no significant rights attached to them and carry no right to vote or to participate in distribution of surplus assets and are not admitted to trading on the AIM market of the London Stock Exchange plc. The Deferred Shares effectively carry no value.

During the year to 30 September 2017 the following share issues took place:

An issue of 132,720 1.0p ordinary shares at 1.025p per share to a director, in satisfaction of directors' fees, for a total consideration of £1,360 (31 January 2017).

An issue of 50,000,000 0.01p ordinary shares at 0.6p per share, by way of placing, for a total consideration of £270,000 net of expenses (26 May 2017).

During the year to 30 September 2016 a total of 79,084,996 1.0p ordinary shares were issued, at an average price of 1.458p, for a total consideration of £1,045,133 net of expenses.

The total amount of transaction fees debited to the Share Premium account in the year was £30,000 (2016: £107,588).

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 granted

Warrants not exercised at 30 September 2017

Issue date	Exercise price	Number	Exercisable	Expiry dates
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 before expiry	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 before expiry	11/03/2021
11/03/2016	1.40p	800,000	Any time before expiry	11/03/2021
31/01/2017	1.025p	200,000	Any time from 31/01/2018	31/01/2022
31/01/2017	1.025p	800,000	Any time from 31/01/2018	31/01/2022

Warrants are issued for nil consideration and are exercisable as disclosed above. They are exchangeable on a one for one basis for each ordinary share at the exercise price on the date of conversion.

Share-based payments

The Company issues warrants to directors and employees on varying terms and conditions.

Details of the share warrants outstanding during the year are as follows:

	2017		2016	
	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	11,550,000	9.353	15,050,000	9.259
Granted during the year	1,000,000	1.025	1,000,000	1.400
Exercised during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Expired during the year	(2,500,000)	9.750p	(4,500,000)	7.272
Outstanding at 30 September	10,050,000	8.425p	11,550,000	9.353
Exercisable at 30 September	7,250,000	7.427p	8,150,000	8.224

The warrants outstanding at 30 September 2017 had a weighted average exercise price of £0.08 (2016: £0.09), a weighted average fair value of £0.02 (2016: £0.03) and a weighted average remaining contractual life of 2.01 years.

In the year ended 30 September 2017, warrants were granted on 31 January 2017. The aggregate of the estimated fair values of the warrants granted on this date is £3,404. 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.

There were no warrants exercised in the year ending 30 September 2017.

Notes to the Financial Statements

for the year ended 30 September 2017

15. Warrants granted (continued)

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

	2017	2016
Weighted average share price	1.025p	1.40p
Weighted average exercise price	1.025p	1.40p
Expected volatility	62.5%	75%
Expected life	4 years	4 years
Risk-free rate	0.59%	0.80%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous three 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 £11,396 and £25,785 related to equity-settled share-based payment transactions in 2017 and 2016 respectively.

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 2017. No contingent rent is payable. The lease is eligible for renewal on expiry.

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

	2017 Land & buildings £	2016 Land & buildings £
Office accommodation:		
Within one year	3,388	3,299

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

Lease payments recognised in loss for the period amounted to £20,239 (2016: £19,727).

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 2017				At 30 September 2016	
	Shares number	Share warrants number	Warrants exercise price	Warrants expiry date	Shares number	Share warrants number
P L Cheetham*	12,612,113	500,000	7.630p	10/01/2018	11,876,913	3,500,000
		500,000	11.250p	14/01/2019		
		1,000,000	4.000p	20/02/2020		
D A R McAlister	586,614	—	—	—	453,894	300,000
D Whitehead (now deceased)	414,900	—	—	—	414,900	300,000
R H Clemmey	687,405	1,000,000	7.630p	10/01/2018	504,037	4,350,000
		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.

17. Related party transactions (continued)

The Directors have no beneficial interests in the shares of the Company's subsidiary undertakings as at 30 September 2017. 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.

Sunrise Resources plc

During the year the Company charged costs of £204,110 (2016: £190,124) to Sunrise Resources plc being shared overheads of £24,874 (2016: £23,488), costs paid on behalf of Sunrise Resources plc of £4,646 (2016: £4,288), staff salary costs of £69,957 (2016: £61,866) and directors' salary costs of £104,633 (2016: £100,482), comprising P L Cheetham £104,324 (2016: £99,775) and R H Clemmey £309 (2016: £707). All salary costs include employer's National Insurance and Pension contributions.

The salary costs in Notes 4 and 5 include these charges.

At the balance sheet date an amount of £61,275 (2016: £64,724) 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 2017				At 30 September 2016	
	Shares number	Warrants number	Warrants exercise price	Warrants expiry date	Shares number	Warrants number
P L Cheetham*	79,741,326	2,000,000	0.850p	19/03/2018	75,776,599	9,000,000
		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 (now deceased)	250,000	—	—	—	250,000	—
R H Clemmey	—	500,000	0.850p	19/03/2018	—	2,750,000
		500,000	0.550p	14/01/2019		
		750,000	0.275p	05/02/2020		
		500,000	0.160p	18/02/2021		
		500,000	0.135p	01/02/2022		

* 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.

Notes to the Financial Statements

for the year ended 30 September 2017

19. Financial instruments

At 30 September 2017, 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 2017, as defined in IAS 39, are as follows:

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Loans & receivables	240,367	203,727	536,846	487,652
Available for sale investments	408,971	408,971	204,470	204,470
Financial liabilities at amortised cost	60,689	26,163	81,449	42,385

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 and Euros 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	
	2017 £	2016 £	2017 £	2016 £
United Kingdom Sterling	132,779	415,860	129,533	409,535
United States Dollar	16,113	19,240	11,122	11,641
Swedish Krona	94	553	5	—
European Euro	10,234	12,777	253	116
Canadian Dollar	15	—	15	—
Saudi Riyal	43	44	—	—
	159,278	448,474	140,928	421,292

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 exchange rates 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 2017 would increase or decrease by £806 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.

19. Financial instruments (continued)**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. Contingent liability

Following an audit of the Tertiary Gold Sweden Branch by the Swedish tax office, Skatteverket, an assessment of SEK 288,256 (approximately £26,467) was levied in February 2017 in respect of tax year 2013/14. The Skatteverket assertion of an incorrect tax return submission has been strongly contested by the Company's Swedish tax lawyer and the case is currently in appeal with an expectation based on professional advice that the appeal is likely to succeed.

21. Events after the balance sheet date

Subsequent to the year end, on 6 December 2017, there was an allotment of 41,666,670 ordinary shares of 0.01 pence by way of a conditional placing at 1.2 pence per share for a total consideration of £500,000 before expenses. The issue of the Placing Shares is conditional, *inter alia*, on their admission to trading on AIM ("Admission"). Application has been made for the Placing Shares to be admitted to trading on AIM and Admission is expected to occur on or around 20 December 2017.

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, 6 Temple Place, London, WC2R 2PG on Wednesday 31 January 2018, 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 2017.
2. To re-elect Mr D A R McAlister who is retiring as a director of the Company.
3. To reappoint Crowe Clark Whitehill as Auditor of the Company and to authorise the Directors to fix their remuneration.

Special Business

Ordinary Resolution

4. 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 £30,000 (consisting of 300,000,000 Ordinary Shares of 0.01p 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

5. That subject to the passing of resolution 4, 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 4 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 £30,000 (consisting of 300,000,000 Ordinary Shares of 0.01 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
13 December 2017

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 Wednesday 31 January 2018 in the Fourth Floor Council Room at Arundel House, 6 Temple Place, London, WC2R 2PG. 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 2017 which can be found on pages 3 to 25.

Resolution 2

Mr D A R McAlister has 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 he seeks 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 Mr McAlister during his period of office and continues to provide valuable advice based on his long experience of the mining industry.

Biographical details of the Directors can be found on page 14.

Resolution 3

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 4

This resolution is to give the Directors authority to issue shares. The last such authority was put in place by a General Meeting of shareholders held on 13 April 2017 but it will expire at the forthcoming 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 2019.

Resolution 5

This resolution will be proposed as a Special Resolution in the event that Resolution 4 is passed by shareholders. Resolution 5 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 a General Meeting (held on 13 April 2017) is due to expire at the forthcoming 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 2019.

Company Information

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