

Tertiary Minerals plc

Company No. 03821411

**Annual Report and Accounts
for the year ended 30 September 2018**

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Chairman's Statement

I am pleased to present the Company's Annual Report and Financial Statements for the year ended 30 September 2018. In the period under review we have continued to focus on the Company's three strategically located fluorspar projects in Europe and the USA.

At the Company's most advanced project, Storuman in Sweden, the repercussions of recent mining case law continue to impact the 2016 grant of our Exploitation (Mine) Permit. The Swedish Mining Inspectorate's review of the grant of the Exploitation Permit has continued throughout the year and has consumed an inordinate amount of management time. I encourage shareholders to read our Operating Review where we set out where this time has been spent and I would highlight that, despite the lack of headline news, two of the three issues raised by stakeholders have been successfully addressed and resolved by the Company. The remaining issue relates to a perceived conflict between the location of the Tailings Storage Facility and reindeer herding activities. The Company is frustrated in resolving this issue by a refusal on the part of the reindeer herding community to engage directly with the Company and the failure of the County Government to adequately address the Company's plans for mitigation of this conflict. Despite this remaining issue, the Company is confident that, with political will, this grant of the Exploitation Permit will eventually be confirmed.

At our MB Project in Nevada, where we have a significant JORC compliant Mineral Resource, a small programme of metallurgical testwork was carried out earlier this year and we have now formulated a plan to address the metallurgical complexity that characterises the near surface mineralisation that would be mined in the early years of the Company's preliminary mine plan. Assuming this progresses satisfactorily we intend to progress the economic scoping study for development of the project in 2019. This may include further drilling targeting conceptual higher grade targets in the northern part of the project.

Work on our second European project, Lassedalen in Norway, has been a lower priority during the year. However, further development work is justified and drilling is required to increase the size of the current JORC Mineral Resource Estimate which, alongside Storuman, is well located for the large European fluorspar market.

The Company's fluorspar projects contain a total of 13.1 million tonnes of fluorspar in JORC classified Mineral Resources and so we follow developments in the fluorspar market very closely. I can report that the upturn in prices that we reported in 2017 has continued strongly in 2018. The benchmark (FOB China) mid-price of acid-grade fluorspar is now \$565/tonne (2017 Annual Report: \$410) which compares well to the CIF Rotterdam price of \$357.5/tonne used in the positive scoping study for development of the Storuman Project. The increase is, we believe, being driven by environmentally motivated mine closures in China and an increase in the value of downstream value-added products.

The general industry view is that fluorspar prices will continue to appreciate on the back of rising demand and this is discussed in more detail on page 6. Based on macroeconomic drivers the Company continues to be strategically placed to capitalise on the looming supply gap by developing its 100% controlled fluorspar assets which are located in the key markets of Europe and the USA.

The Company's efforts during the year to make a complementary project acquisition with nearer term production potential have not so far been successful despite coming close in one case. The Company is rightly cautious in its assessment of targets and follows the recently well used maxim that "no deal is better than a bad deal". We continue to assess opportunities and, through the Memorandum of Understanding ("MOU") signed last year, continue to enjoy the strong support of leading global commodities trading group, Possehl Erzkontor GmbH & Co. KG in this endeavour.

In addition to our fluorspar projects we retain a royalty interest in the Kaaresselkä and Kiekerömaa Gold Projects in Finland where, just to the north, the project owner, Aurion Resources, has recently drilled high-grade gold mineralisation on their Aamurusko Prospect. They have had three drill rigs working on this project and have advised that drilling may also be scheduled for our royalty interest projects in 2019.

At year end the Audit Committee and the Board are required to carry out an impairment review of the carrying values of the Company's various project interests and, in light of the current permitting delays surrounding the Storuman Project, it was decided that the carrying value of the Storuman Project and consequently the inter-company loan to the holding subsidiary, Tertiary Gold Limited, should be impaired. Further details are given on page 8. This has the effect of significantly increasing the loss for the year, but this is a non-cash movement and the Board is able to reverse this impairment in future when justified by future project developments.

Our Annual General Meeting for the year ended 30 September 2018 will be held in London on Thursday 21 February 2019 as set out on page 43. You will note that there is no proxy form accompanying the Notice of Meeting as we are moving to electronic voting in line with best practice. Further detailed instructions on proxy voting are attached to the Notice of Meeting on page 45 but I hope shareholders will choose to attend the meeting in person where possible.

Patrick Cheetham
Executive Chairman
11 December 2018

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 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 from potential new acquisition targets.

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 targets 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 one independent Non-Executive Director, the Managing Director and the Chairman. Their profiles are provided on page 15.

Administration costs are reduced via an arrangement governed by a Management Services Agreement with Sunrise Resources plc, whereby Sunrise Resources pays a share of the cost of head office overheads. As at the date of this report Tertiary is a significant shareholder (as defined under the AIM Rules) of Sunrise Resources plc, holding 5.17% of the issued ordinary share capital.

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 & Performance

Fluorspar Projects

Storuman Fluorspar Project, Sweden

2018 Operational Summary

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

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.

Strategic Report (continued)

Earlier in 2017 the Swedish Mining Inspectorate requested additional information from the Company relating to the original Environmental Impact Assessment (“EIA”) and the wider area and this information was provided 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. In response to the stakeholder feedback the Swedish Mining Inspectorate requested further detail from the Company in relation to the impact of proposed operations on the Natura 2000 and reindeer herding within the wider surrounding area and were granted a deadline of 16 April 2018 to respond.

Given that the level of detail required for the wider area has changed in response to the new case law, the Company engaged, through a series of meetings, with its Swedish consultants, lawyers, the Swedish Mining Inspectorate and The County Administrative Board of Västerbotten (“CAB”) in an effort to establish the requirements prior to the work being executed and submitted. Despite the Company continuing to have a good relationship with the CAB and has fully engaged with its key staff members throughout this process, without which the original Mine Permit would not have been awarded in the first place, the CAB seems unable to provide definitive guidance or opinion regarding the additional information or requirements.

Subsequently, comprehensive supplementary reports by the Company’s consultants and a legal statement were prepared and submitted to the Swedish Mining Inspectorate in April 2018, consisting of:

- In-depth analysis of reindeer herding
- Reindeer herding and reindeer grazing conditions in the area of planned mining operations
- Description of vegetation and reindeer conditions in the area of the planned tailings storage facility (“TSF”)
- In-depth analysis of impact on the Natura 2000 area, Kyrkbergstjärnen

The reports concluded that the Company’s proposed mining operations at Storuman, with mitigation measures proposed, will have only a minimal impact on reindeer husbandry and that there will be no impact on the Natura 2000 area.

Following consultation between the Mining Inspectorate and key stakeholders, in July 2018 the CAB returned the following opinion to the Mining Inspectorate:

- The CAB is satisfied that the reindeer herding can, with mitigation measures, coexist alongside the mine itself
- Natura 2000 area: The CAB is satisfied with the supplementary in-depth analysis and has concluded that a supplementary Natura 2000 permit is not required

- Tailings Storage Facility (“TSF”): The CAB is not satisfied that the mitigation measures proposed by the Company enable the coexistence of reindeer husbandry and the TSF operation. The CAB has expressed the view that the proposed TSF location should be protected to secure reindeer husbandry.

The CAB has therefore advised against grant of the Mine Permit in its current form.

The Company, together with its Swedish consultants and lawyers, strongly disagree with the CAB’s assessment that reindeer herding and the TSF cannot co-exist and maintain the conclusion of the in-depth analysis of reindeer herding that the Company’s proposed mining operations at Storuman, with mitigation measures proposed, will have only a minimal impact on reindeer husbandry. The Company therefore prepared a comprehensive legal statement and submitted this to the Mining Inspectorate, summary as follows:

- The CAB has not sufficiently assessed the balance of interests between reindeer herding and mining under Chapter 3 of the Swedish Environmental Code
- The CAB has provided no supporting information as to why they believe the coexistence of reindeer husbandry and the TSF is not possible despite the Company providing in-depth analysis which shows that the proposed mining operations, with the extensive mitigation measures proposed, will have only a minimal impact on reindeer husbandry
- Socio-Economic factors have not been taken into account in the CAB’s assessment despite the fact that the Storuman mine will result in a significant number of direct and indirect jobs in a sparsely populated area of Sweden containing a low number of inhabitants who are working age and an ageing population compared with the national average
- The Company has fully satisfied the requirements of Chapters 3, 4 and 6 of the Swedish Environmental Code by providing a comprehensive EIA for the mining location and wider surrounding area

The Company now awaits feedback from the Mining Inspectorate in response to its legal statement. Whilst the process is slow and frustrating, the Company continues to co-operate with the Mining Inspectorate and believes that the original Mine Permit application, EIA and supplementary information are of a very high standard. The Company remains hopeful of a positive resolution to this matter but it is 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

2018 Operational Summary

- **First phase of Scoping Study level bench scale metallurgical testwork completed at SGS Lakefield in Canada**

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

Early metallurgical testwork completed at SGS Lakefield has indicated that the ore in certain areas of the deposit is metallurgically complex, presenting certain processing challenges, and therefore the Company has engaged the services of one of the world's leading consultant fluorspar metallurgists to assist with the testwork. The Company, consultant metallurgist and SGS Lakefield have scoped the next phase of testwork which is planned with the aim of producing commercial grade acid-spar and a by-product, mica.

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 the USA market and ports. Successful completion of these work programmes should enable the Company to work towards completion of a **Scoping Study** for the project in 2019. 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 Sturuman Project.

JORC Compliant Mineral Resource

Classification	Million Tonnes (Mt)	Fluorspar (CaF ₂ %)
Inferred	4.0	24.6

Given the commitments on its other fluorspar projects and acquisition targets, further exploration at the Lassedalen Project has been a lower priority in 2017/2018.

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

Acquisition Opportunities

Whilst the Company remains committed to its fluorspar business and the development of its fluorspar assets, throughout 2018 it has been reviewing complementary project acquisition opportunities potentially capable of generating revenue and profits in a shorter timescale. Finding quality projects is not an easy task and the Company has discontinued its review on several shortlisted projects, where either the acquisition breaches any of the class tests pursuant to AIM Rule 14 and therefore would constitute a reverse takeover, or the due diligence process has highlighted certain technical, economic or legal fatal flaws. The Company continues to evaluate numerous potential acquisition opportunities, however there is no guarantee that any deal will be successfully executed at this point.

Strategic Relationship with Possehl Erzkontor GmbH & Co. KG

Further to the signing of a MOU in 2017 with leading global commodities trading group, Possehl Erzkontor GmbH & Co. KG ("Possehl"), a wholly owned subsidiary of CREMER, Possehl continue to support the Company with the development of its projects and evaluation of potential acquisition opportunities through regular dialogue and meetings.

Non-Core Projects

Kaaresselkä and Kiekerömaa Gold Projects, Finland

Following the successful sale of its two legacy gold assets, Kaaresselkä and Kiekerömaa in Finland, to TSX-V listed Aurion Resources Ltd, the Company sold its Aurion shares for £117,633, in November 2017, resulting in a profit of £31,264 on the value of the shares issued as part consideration for the sale of the project at the time of issue.

The Company has been informed that Aurion recently relogged and sampled the Tertiary drill cores and Aurion may drill test some targets in 2019. The Company retains pre-production and net smelter royalty interest in the projects.

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.

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. In late 2017 the Company received a **prestigious national 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% 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 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:

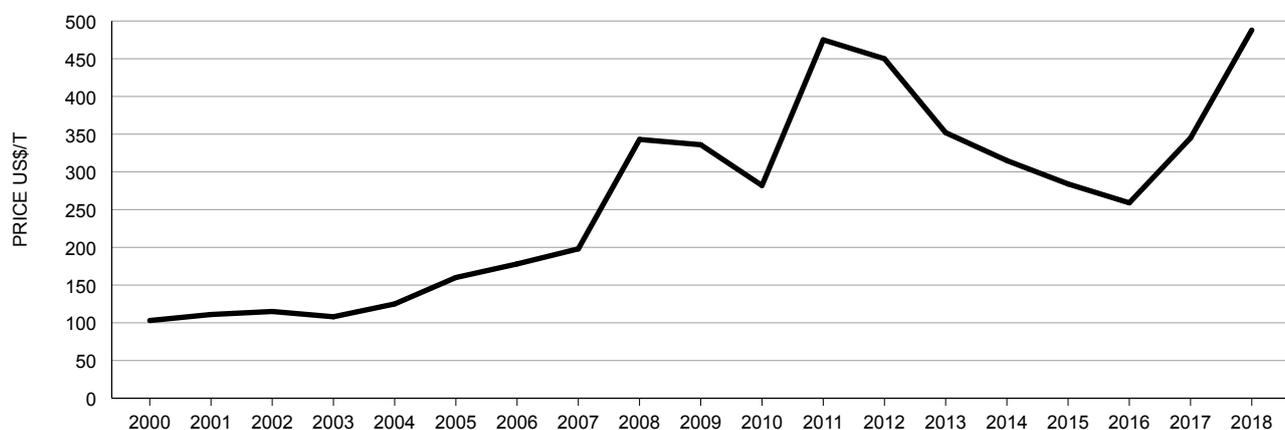
- Fluorocarbons, e.g. refrigerant gases, propellants, etc.
- Electrical and electronic appliances
- Metallurgical industry (extraction, manufacture and processing)
- Lithium batteries
- Pharmaceuticals, polymers and agrochemicals
- Petrochemical catalysts

Fluorspar – Production, Consumption and Price Trend

The current global production of fluorspar is approximately 5.7 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 was a contraction in acid-spar demand driven by a combination of environmental legislation and demand – fluorspar price followed this downward trend
- In 2017 **prices** for acid-spar **started to recover** and the **price recovery** has **continued through 2018**, export price for acid-spar (FOB China) is a traditional benchmark price and is currently published as mid US\$565/tonne (Industrial Minerals Magazine)
- The price increases are believed to be driven by the following 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
 - Between 2012 and 2016 various fluorspar producers outside China have closed their mining operations
- The equivalent price delivered into Europe (CIF Rotterdam), published as mid US\$515/tonne, has now started to recover following the FOB China price recovery
- **Overall long-term upward trend in price**

AVERAGE ACID-SPAR PRICES 2000–2018 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 >3% per year** over the next 5 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 demand will continue to grow in emerging economies – 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, demand for automotive Li-ion batteries forecast to grow CAGR 34%
 - Chinese supply-demand dynamics
- China produces >50% world fluorspar production
- **China fluorspar exports** continue to **decline** with acid-spar **exports decreasing >50%** since 2011, driven by increasing internal demand and production/export restrictions, China already consumes 90% of its fluorspar domestic production – heading towards becoming a **future net importer**

- **Western Europe** and **North America** are the largest acid-spar consuming regions outside 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** listed fluorspar as a **critical mineral** in 2018
- **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/Fastmarkets IM, United States Geological Survey, Roskill, IHS, UN Comtrade, industry sources, Xenops 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 22. The Group reports a loss of £2,267,197 for the year (2017: £395,532) after administration costs of £507,931 (2017: £550,229) and after crediting interest receivable of £142 (2017: £277). The loss includes impairment of the Storuman Project of £1,976,618, expensed pre-licence and reconnaissance exploration costs of £38,725 (2017: £30,617) and impairment of available for sale investment (the Company's share in Sunrise Resources plc) of £Nil (2017: £55,987). Administration costs include £8,997 (2017: £11,396) as non-cash costs for the value of certain share warrants held by employees as required by IFRS 2. The pre-tax loss is net of gains on disposal of available for sale equity share investments of £37,094.

Revenue includes £218,841 (2017: £204,110) 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.

The financial statements show that, at 30 September 2018, the Group had net current assets of £249,787 (2017: £177,723). 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 23 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 £2,670,386 (2017: £4,508,015) and the breakdown by project is shown in Note 2 to the Financial Statements on page 30.

Expenditure which does not meet the criteria in Notes 1(d) and 1(n), 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.

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.

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 other than cost recovery. 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 – current year £507,931 (2017: £550,229).

Fundraising

During the 2018 financial year the Company raised a total of £500,000, 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 (£218,297), these projections include the proceeds of future fundraising necessary within the next 12 months to meet the Group's overheads and planned discretionary project expenditures and to maintain the Company and its subsidiaries as going concerns.

Impairment

A biannual review is carried out by the directors to assess whether there are any indications of impairment of the Group's assets.

A review of exploration assets for indication of impairment under IFRS 6 and IAS 36 resulted in an impairment charge in Tertiary Gold Limited, relating to the Storuman Fluorspar Project, being recognised in the Consolidated Income Statement as part of operating expenses, with a commensurate reduction in the carrying value of intangible assets. Consequently, the value of the Company's

investment in and due from its subsidiaries was considered. Being in excess of the market value of the Group at year end, this indicated a potential impairment under IAS 36 12(d). The directors therefore undertook an impairment review of the carrying values of the investments, with particular reference to Tertiary Gold Limited. The result of this review, together with the fact that there had been an impairment of the underlying assets held by Tertiary Gold Limited, indicated that impairment was required in the carrying value of the investment in Tertiary Gold Limited. The investment has been impaired down to the value of the underlying exploration and development assets, i.e. an impairment of £4,681,523 (Note 10).

A review of available for sale investment assets for indication of impairment under IAS 39 was carried out by the directors. Available for sale assets at year end comprised investment in shares of Sunrise Resources plc.

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.

The overall revaluation of Sunrise Resources plc has been negative since 5 November 2012 and at March 2017 the decline was considered, under IAS 39, to be prolonged and significant, resulting in further impairment in addition to that of previous periods. At the last review the share price had recovered to a level which did not necessitate impairment in the current period. Under the terms of IAS 39, previous impairment of available for sale assets cannot be reversed.

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 below together with risk mitigation strategies employed by the Board.

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>

Strategic Report (continued)

RISK	MITIGATION STRATEGIES
<p><i>Mining and Processing Technical Risk</i></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><i>Environmental Risk</i></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><i>Political Risk</i></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>
<p><i>Partner Risk</i></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><i>Financing & Liquidity Risk</i></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>

RISK	MITIGATION STRATEGIES
<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 41.</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 11 December 2018 and signed on its behalf.

Richard Clemmey
Managing Director

Our Governance

Corporate Governance Statement

There is no prescribed corporate governance code for AIM companies and London Stock Exchange prefers to give companies the flexibility to choose from a range of codes which suit their specific stage of development, sector and size.

The Board considers the corporate governance code published by Quoted Companies Alliance Corporate Governance Code 2018 ("the QCA Code") for small and mid-sized quoted companies to be the most suitable code for the Company and has adopted the principles set out in the QCA Code and applies these principles wherever possible, and where appropriate to its size and available resources.

The Chairman, Patrick Cheetham, has overall responsibility for the Corporate Governance of the Company. This Corporate Governance Statement was approved by the Board on 17 August 2018.

The QCA Code sets out ten principles which should be applied. The principles are listed below with an explanation of how the Company applies each principle and/or the reasons for any aspect of non-compliance.

Principle One: Establish a strategy and business model which promote long-term value for shareholders.

The Company has a clearly defined strategy and business model that has been adopted by the Board and is set out on page 3.

Principle Two: Seek to understand and meet shareholder needs and expectations.

All shareholders are encouraged to attend the Annual General Meeting where they can meet and directly communicate with the Board. Shareholders are welcome to contact the Company via email at info@tertiaryminerals.com with any specific queries.

The Company also provides regulatory, financial and business news updates through the Regulatory News Service (RNS) and various media channels such as Twitter. Shareholders also have access to information through the Company's website, www.tertiaryminerals.com, which is updated on a regular basis.

Principle Three: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

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 (both internal and external to the Group) through individual policies and through ethical and transparent actions. The Company engages positively with local communities and stakeholders in its project locations and encourages feedback through this engagement.

Principle Four: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

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 whilst recognising that its business opportunities carry an inherently high level of risk. The principal risks and uncertainties facing the Group at this stage in its development and in the foreseeable future together with risk mitigation strategies employed by the Board are detailed on page 9 to 11.

Principle Five: Maintain the board as a well-functioning, balanced team led by the chair.

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 formally 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, operational and financial matters.

The Board is supported by the Audit, Remuneration and Nomination Committees.

The Board currently consists of the Chairman, Managing Director and one Non-Executive Director. The current Board's preference is that independent Non-Executive Directors are equally represented or comprise the majority of Board members. However, due to the untimely death of the Company's second Non-Executive Director, David Whitehead, in November 2017 this is not currently the case. However, the Company intends that a replacement will be appointed in due course. When there are two Non-Executive directors in post, the Board considers that the structure is nevertheless acceptable having regard to the fact that it is not yet revenue-earning.

Despite serving as a Non-Executive Director for more than nine years, Donald McAlister is considered independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgement. In compliance with good practice, he will continue to seek annual re-election rather than every third year as per the Articles of Association.

Attendance at Board and Committee Meetings

The Board retains full control of the Group with day-to-day operational control delegated to Executive Directors. The full Board meets four times a year and on any other occasions it considers necessary. During 2018 there were nine Board meetings, two Remuneration Committee meetings, two Audit Committee meetings and one Nomination Committee meeting. All meetings were attended by their constituent directors.

Principle Six: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

The Board considers the current balance of sector, financial and public market skills and experience appropriate given the current size and stage of development of the Company and that the Board has the skills and experience necessary to execute the Company's strategy and business plan and discharge its duties effectively.

The directors maintain their skills through membership of various professional bodies, attendance at mining conferences and through their various external appointments. Details of the current Board of Directors' biographies are set out on page 15.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

The Board and its committees will also seek external expertise and advice where required.

Principle Seven: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

The ultimate measure of the effectiveness of the Board is the Company's progress against the long-term strategy and aims of the business. This progress is reviewed in Board meetings held at least four times a year. The Managing Director's performance is reviewed once a year by the rest of the Board, and measured against a definitive list of short, medium and long-term strategic targets set by the Board.

The Nomination Committee, currently consisting of the Chairman, Managing Director and one Non-Executive Director, meets once a year to lead the formal process of rigorous and transparent procedures for Board appointments. During this meeting the Nomination Committee review the structure, size and composition of the Board; succession planning; leadership; key strategic and commercial issues; conflicts of interest; time required from Non-Executive Directors to execute their duties effectively; overall effectiveness of the Board and its own terms of reference.

Principle Eight: Promote a corporate culture that is based on ethical values and behaviours.

The Board recognises and strives to promote a corporate culture based on strong ethical and moral values. The corporate culture of the Company is promoted throughout its workforce, suppliers and contractors and is underpinned by the implementation and regular review, enforcement and documentation of various policies: Health and Safety Policy; Environmental Policy; Share Dealing Policy; Anti-Corruption Policy and Code of Conduct; Privacy and Cookies Policy and Social Media Policy.

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 15 days of average daily purchases (2017: 8 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)

Principle Nine: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Board has overall responsibility for all aspects of the business. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-Executive Directors are properly briefed on all operational and financial matters. The Chairman has overall responsibility for corporate governance matters in the Group and chairs the Nomination Committee. The Managing Director has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

Non-Executive Director, Donald McAlister, is responsible for bringing independent and objective judgment to Board decisions. The Board has established an Audit and Remuneration Committee with formally delegated duties and responsibilities. Donald McAlister currently chairs the Audit and Remuneration Committee.

Audit Committee

The Audit Committee, composed entirely of Non-Executive Directors, meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them.

Remuneration Committee

The Remuneration Committee also comprises the Non-Executive Directors. The Remuneration Committee meets at least once a year to determine the appropriate remuneration for the Company's executive directors, ensuring that this reflects their performance and that of the Group, and to demonstrate to shareholders that executive remuneration is set by Board members who have no personal interest in the outcome of their decisions.

The Company has initiated a long-term bonus and incentive scheme for the Managing Director. The objective of adopting the scheme is to provide reward for successfully achieving performance targets set by the Board of Directors in line with the Company's Aims and Strategy. The Company has in place an Inland Revenue approved share option scheme and also issues warrants to subscribe for shares to executive directors and employees. Directors' emoluments are disclosed in Note 4 to the financial statements and details of Directors' warrants are disclosed in Note 15.

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 2018, Tertiary Minerals plc held 5.19% 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.

Principle Ten: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company regularly communicates with, and encourages feedback from, its various stakeholder groups. The Company's website is regularly updated and users can register to be alerted via email when certain announcements are made.

The Group's financial reports can be found here: www.tertiaryminerals.com/investor-media/financial-reports

Notices of General Meetings held for at least the past five years can be found here: www.tertiaryminerals.com/news-releases

The results of voting on all resolutions in future general meetings will be posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20% of independent votes.

This Corporate Governance statement will be reviewed at least annually to ensure that the Company's corporate governance framework evolves in line with the Company's strategy and business plan.

Patrick Cheetham
Executive Chairman
11 December 2018

Board of Directors

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

Patrick Cheetham (58)

Executive Chairman

Key Strengths and Experience

- Geologist.
- 37 years' experience in mineral exploration.
- 32 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 (46)

Managing Director

Key Strengths and Experience

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

External Appointments

None

David Whitehead (now deceased)

Non-Executive Director

During part of the last financial year David Whitehead operated as a non-executive director but he sadly passed away in November 2017. The Board will be seeking a replacement in due course.

Donald McAlister (59)

*Non-Executive Director**

Key Strengths and Experience

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

External Appointments

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

Colin Fitch LL.M, 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.

Our Governance (continued)

Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the AIM Rules of the London Stock Exchange for companies trading securities on the AIM Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Website Publication

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

Directors' Report

The Directors are pleased to submit their Annual Report and audited accounts for the year ended 30 September 2018.

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 (£218,297), 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.

Dividend

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

Financial Instruments & Other Risks

Details of the Group's Financial Instruments and risk management objectives and of the Group's exposure to risk associated with its Financial Instruments is given in Note 19 to the financial statements.

The business of mineral exploration and evaluation has inherent risks. Details of risks and uncertainties that affect the Group's business are given in Risks and Uncertainties 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 part of the financial year.

Post Balance Sheet Events

There were no post balance sheet events.

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 11 December 2018	Number of shares	% of share capital
Interactive Investor Services Nominees Limited SMKTNOMS	38,896,483	10.82
Barclays Direct Investing Nominees Limited CLIENT1	32,315,054	8.99
Interactive Investor Services Nominees Limited SMKTISAS	21,022,090	5.85
Hargreaves Lansdown (Nominees) Limited 15942	19,446,657	5.41
Hargreaves Lansdown (Nominees) Limited VRA	17,684,315	4.92
HSDL Nominees Limited MAXI	14,241,816	3.96
HSDL Nominees Limited	13,003,446	3.62
Hargreaves Lansdown (Nominees) Limited HLNOM	12,909,505	3.59
Share Nominees Ltd	12,631,309	3.52
HSBC Client Holdings Nominee (UK) Limited 731504	10,857,913	3.02

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 U.K. 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 Thursday 21 February 2019 at 2.30 p.m. is set out on page 43 of this report. Explanatory Notes giving further information about the proposed resolutions are set out on page 44.

Approved by the Board of Directors on 11 December 2018 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 2018

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 2018, which comprise:

- the Group income statement and statement of comprehensive income for the year ended 30 September 2018;
- the Group and parent company statements of financial position as at 30 September 2018;
- 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 2018 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 3% 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.

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>Carrying value of capitalised exploration and evaluation costs</i></p> <p>The Group has significant intangible assets, comprising exploration and evaluation project costs.</p> <p>The directors are required to ensure that only costs which meet the IFRS criteria of an asset are capitalised within exploration properties. Additionally the directors are required to assess whether there are any indicators of impairment of these assets.</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>The directors concluded that there were indicators of impairment relating to the Storuman Project, as a result of the decision of the local Swedish government agency (the County Administrative Board) in July 2018 to advise against the granting of a mine permit.</p> <p>The directors concluded to impair the carrying value of the Storuman asset fully on the basis that the future commercial exploitation of the asset has been delayed indefinitely.</p>	<p>In respect of all material intangible assets our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • Substantive testing on expenditure capitalised in the year to ensure it was permitted under accounting standards; • Reviewing progress on exploration and evaluation activities at each of the licence areas to assess whether there was evidence which would indicate a potential impairment trigger; • Reviewing approved budget forecasts and minutes of board meetings to confirm the intention to continue exploration work on the licences; and • A review of the directors' assessment of whether there are any indicators of impairment to capitalised costs and discussion around any key judgemental areas.
<p><i>Impairment of the investment in the subsidiaries, Tertiary Gold Limited and Tertiary Minerals US Inc., in the Company financial statements.</i></p> <p>The cost of the investment in and loan due from the subsidiaries, 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 those subsidiaries.</p> <p>Following the impairment of the exploration and evaluation assets held within Tertiary Gold Limited under IFRS 6, the value of investment in and due from the subsidiary was in excess of the net asset value and market value of the group at year end indicating a potential impairment.</p> <p>The directors have prepared an impairment review of the carrying value of the investment in Tertiary Gold Limited. The result of this review, indicated that an impairment charge was required in the carrying value of the investment in Tertiary Gold Limited.</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 investments in and loans due from the subsidiaries required impairment in the Company.</p>

Independent Auditor's Report (continued)

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 16), 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.

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 U.K. LLP

Statutory Auditor

Manchester

11 December 2018

Consolidated Income Statement

for the year ended 30 September 2018

	Notes	2018 £	2017 £
Revenue	2,17	218,841	241,024
Administration costs		(507,931)	(550,229)
Pre-licence exploration costs		(38,725)	(30,617)
Impairment of deferred exploration asset	8	(1,976,618)	—
Operating loss		(2,304,433)	(339,822)
Impairment of available for sale investment		—	(55,987)
Gain on disposal of available for sale investment		37,094	—
Interest receivable		142	277
Loss before income tax	3	(2,267,197)	(395,532)
Income tax	7	—	—
Loss for the year attributable to equity holders of the parent		(2,267,197)	(395,532)
Loss per share — basic and diluted (pence)	6	(0.65)	(0.14)

All amounts relate to continuing activities.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2018

	2018 £	2017 £
Loss for the year	(2,267,197)	(395,532)
Items that could be reclassified subsequently to the income statement:		
Foreign exchange translation differences on foreign currency net investments in subsidiaries	(62,575)	(15,442)
Fair value movement on available for sale investment reserve	(72,010)	122,753
	(134,585)	107,311
Items that have been reclassified subsequently to the income statement:		
Disposal from available for sale investment reserve	(38,634)	—
	(38,634)	—
Total comprehensive loss for the year attributable to equity holders of the parent	(2,440,416)	(288,221)

Consolidated and Company Statements of Financial Position

at 30 September 2018
Company No. 03821411

	Notes	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Non-current assets					
Intangible assets	8	2,670,386	—	4,508,015	—
Property, plant & equipment	9	3,308	3,308	4,361	4,341
Investment in subsidiaries	10	—	2,478,924	—	7,035,229
Available for sale investment	10	202,328	202,328	408,971	266,087
		2,876,022	2,684,560	4,921,347	7,305,657
Current assets					
Receivables	11	96,653	72,749	94,253	73,390
Cash and cash equivalents	12	218,297	202,732	159,278	140,928
		314,950	275,481	253,531	214,318
Current liabilities					
Trade and other payables	13	(65,163)	(38,602)	(75,808)	(41,281)
Net current assets		249,787	236,879	177,723	173,037
Net assets		3,125,809	2,921,439	5,099,070	7,478,694
Equity					
Called up Ordinary Shares	14	35,932	35,932	31,708	31,708
Deferred Shares	14	2,644,062	2,644,062	2,644,062	2,644,062
Share premium account		9,785,702	9,785,702	9,331,768	9,331,768
Merger reserve		131,096	131,096	131,096	131,096
Share option reserve	14	168,923	168,923	259,690	259,690
Available for sale investment reserve		63,226	63,226	173,870	115,987
Foreign currency reserve	14	304,337	—	366,912	—
Accumulated losses		(10,007,469)	(9,907,502)	(7,840,036)	(5,035,617)
Equity attributable to the owners of the parent		3,125,809	2,921,439	5,099,070	7,478,694

The Company reported a loss for the year ended 30 September 2018 of £4,971,649 (2017 – £366,439).

These financial statements were approved and authorised for issue by the Board of Directors on 11 December 2018 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 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
Loss for the period	—	—	—	—	—	—	—	(2,305,831)	(2,305,831)
Change in fair value	—	—	—	—	—	(72,010)	—	—	(72,010)
Transfer of disposals to income statement	—	—	—	—	—	(38,634)	—	38,634	—
Exchange differences	—	—	—	—	—	—	(62,575)	—	(62,575)
Total comprehensive loss for the year	—	—	—	—	—	(110,644)	(62,575)	(2,267,197)	(2,440,416)
Share issue	4,224	—	453,934	—	—	—	—	—	458,158
Share-based payments expense	—	—	—	—	8,997	—	—	—	8,997
Transfer of expired warrants	—	—	—	—	(99,764)	—	—	99,764	—
At 30 September 2018	35,932	2,644,062	9,785,702	131,096	168,923	63,226	304,337	(10,007,469)	3,125,809

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 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
Loss for the period	—	—	—	—	—	—	(4,977,649)	(4,977,649)
Change in fair value	—	—	—	—	—	(46,761)	—	(46,761)
Transfer of disposals to income statement	—	—	—	—	—	(6,000)	6,000	—
Total comprehensive loss for the year	—	—	—	—	—	(52,761)	(4,971,649)	(5,024,410)
Share issue	4,224	—	453,934	—	—	—	—	458,158
Share-based payments expense	—	—	—	—	8,997	—	—	8,997
Transfer of expired warrants	—	—	—	—	(99,764)	—	99,764	—
At 30 September 2018	35,932	2,644,062	9,785,702	131,096	168,923	63,226	(9,907,502)	2,921,439

Consolidated and Company Statements of Cash Flows

for the year ended 30 September 2018

	Notes	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Operating activity					
Total loss after tax excluding interest received		(2,267,339)	(4,985,875)	(395,809)	(374,085)
Depreciation charge	9	4,019	3,999	5,910	5,781
Shares issued in settlement of outstanding wages		8,158	8,158	1,361	1,361
Share-based payment charge		8,997	8,997	11,396	11,396
Impairment charge – deferred exploration asset		1,976,618	—	—	—
Impairment charge – available for sale investment		—	—	55,987	55,987
Non-cash additions to available for sale investment		—	—	(52,735)	(52,735)
Gain on disposal of available for sale investment		(37,094)	(5,830)	—	—
Increase/(decrease) in provision for impairment of loans to subsidiaries	10	—	4,682,590	—	(1,196)
(Increase)/decrease in receivables	11	(2,400)	641	10,779	7,987
(Decrease) in payables	13	(10,645)	(2,679)	(16,680)	(12,143)
Net cash outflow from operating activity		(319,686)	(289,999)	(379,791)	(357,647)
Investing activity					
Interest received		142	14,226	277	7,646
Exploration and development expenditures	8	(201,622)	—	(190,172)	—
Disposal of development asset		—	—	15,000	—
Disposal of available for sale investment	10	133,094	16,828	—	—
Purchase of property, plant & equipment	9	(2,966)	(2,966)	(486)	(486)
Additional loans to subsidiaries	10	—	(126,285)	—	(199,877)
Net cash outflow from investing activity		(71,352)	(98,197)	(175,381)	(192,717)
Financing activity					
Issue of share capital (net of expenses)		450,000	450,000	270,000	270,000
Net cash inflow from financing activity		450,000	450,000	270,000	270,000
Net increase/(decrease) in cash and cash equivalents		58,962	61,804	(285,172)	(280,364)
Cash and cash equivalents at start of year		159,278	140,928	448,474	421,292
Exchange differences		57	—	(4,024)	—
Cash and cash equivalents at 30 September	12	218,297	202,732	159,278	140,928

Notes to the Financial Statements

for the year ended 30 September 2018

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 tranches 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 (£218,297), these projections include the proceeds of future fundraising necessary within the next 12 months to meet the Group’s overheads and planned discretionary project expenditure and to maintain the Company and its subsidiaries as going concerns. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. This represents a material uncertainty related to events or conditions which may cast significant doubt on the Group and Company’s ability to continue as going concerns and, therefore, that they may be unable to realise their assets and discharge their liabilities in the normal course of business. However, the Directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

(c) Basis of consolidation

Investments, including long-term loans, in subsidiaries are valued at the lower of cost or recoverable amount, with a biannual review for impairment.

The Group’s financial statements consolidate the financial statements of Tertiary Minerals plc and its subsidiary undertakings eliminating inter-company 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 £4,971,649 (2017: £366,439). The loss for 2018 includes provision for impairment of its investment in subsidiary undertakings in the amount of £4,681,523 (Note 10).

(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 biannual review is carried out by the Directors to consider whether there are any indications of impairment in capitalised exploration and development costs. The biannual impairment reviews were conducted in April 2018 and November 2018.

Where an indication of impairment is identified, the relevant value is written off to the income statement in the period for which the impairment was identified. An impairment of exploration and development costs may subsequently be reversed in later periods should conditions allow.

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.

Notes to the Financial Statements

for the year ended 30 September 2018

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. The fair value of the warrants and options 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.

The Company also issues shares in order to settle certain liabilities, including partial settlement of outstanding directors' fees. The fair value of shares issued is based on the closing mid-market price of the shares on the AIM Market on the day prior to the date of settlement and it is expensed on the date of settlement with a corresponding increase in equity.

(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) Whether substantive expenditure on further exploration for and evaluation of mineral resources for the specific project is either budgeted or planned.
- (c) Whether exploration for and evaluation of mineral resources on the specific project has led to the discovery of commercially viable quantities of mineral resources and whether the entity has decided to discontinue such activities on the project.
- (d) Whether 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 likely 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. The results of the impairment review conducted during this year are detailed within Notes 8 and 10.

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 2018 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 (see Note 1(b)).

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 (see Note 1(m)).

(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 classification and measurement 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.

Notes to the Financial Statements

for the year ended 30 September 2018

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.

2018	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Revenue	—	218,841	218,841
Pre-licence exploration costs	(38,725)	—	(38,725)
Impairment of deferred exploration asset	(1,976,618)	—	(1,976,618)
Share-based payments	—	(8,997)	(8,997)
Administration costs and other expenses	—	(498,934)	(498,934)
Operating Loss	(2,015,343)	(289,090)	(2,304,433)
Gain on disposal of available for sale investment	—	37,094	37,094
Bank interest received	—	142	142
Loss before income tax	(2,015,343)	(251,854)	(2,267,197)
Income tax	—	—	—
Loss for the year attributable to equity holders	(2,015,343)	(251,854)	(2,267,197)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Kaaresselkä Gold Project, Finland	260,992	—	260,992
Kiekerömaa Gold Project, Finland	97,887	—	97,887
Lassedalen Fluorspar Project, Norway	430,616	—	430,616
MB Fluorspar Project, USA	1,880,891	—	1,880,891
	2,670,386	—	2,670,386
Property, plant & equipment	—	3,308	3,308
Available for sale investment	—	202,328	202,328
	2,670,386	205,636	2,876,022
Current assets			
Receivables	23,780	72,873	96,653
Cash and cash equivalents	—	218,297	218,297
	23,780	291,170	314,950
Current liabilities			
Trade and other payables	(15,299)	(49,864)	(65,163)
Net current assets	8,481	241,306	249,787
Net assets	2,678,867	446,942	3,125,809
Other data			
Deferred exploration additions	201,622	—	201,622
Exchange rate adjustments to deferred exploration costs	(62,633)	—	(62,633)

2. Segmental analysis (continued)

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)

3. Loss before income tax

	2018 £	2017 £
The operating loss is stated after charging		
Operating lease rentals – land and buildings	20,668	20,239
Depreciation – owned assets	4,019	5,910
Fees payable to the Group's Auditor for:		
The audit of the Group's annual accounts	6,175	6,000
The audit of the Group's subsidiaries, pursuant to legislation	3,087	3,000
Fees payable to the Group's Auditor and its associates for other services:		
Interim review of accounts	1,000	1,000
VAT review	2,250	—
Corporation tax fees	1,300	1,800

Notes to the Financial Statements

for the year ended 30 September 2018

4. Directors' emoluments

Remuneration in respect of Directors was as follows:

	Net cost to Group 2018 £	Income from recharge to Sunrise Resources plc 2018 £	Total 2018 £	Total 2017 £
P L Cheetham (salary)	16,176	98,296	114,472	110,061
R H Clemmey (salary)	97,978	376	98,354	86,643
D A R McAlister (salary)	16,000	—	16,000	16,000
D Whitehead (deceased) (salary)	2,500	—	2,500	15,000
	132,654	98,672	231,326	227,704

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 £4,224 (2017: £7,509) or Employer's National Insurance contributions of £28,050 (2017: £25,985). During the year shares were issued to D A R McAlister having a market value of £2,720 at the time of issue in part settlement of outstanding directors' fees.

The above remuneration amount for R H Clemmey includes a bonus of £12,500 (2017: £4,097). Bonus remuneration is applicable to performance in the previous financial year.

Pension contributions made during the year on behalf of Directors amounted to £599 (2017: £258).

The Directors are also the key management personnel. If all benefits are taken into account, the total key management personnel compensation would be £235,550 (2017: £235,213).

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 £136,878 (2017: £142,449).

5. Staff costs

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

	Net cost to Group 2018 £	Income from recharge to Sunrise Resources plc 2018 £	Total 2018 £	Total 2017 £
Wages and salaries	189,631	168,464	358,095	350,526
Social security costs	19,116	20,349	39,465	35,752
Share-based payments	8,997	—	8,997	11,396
	217,744	188,813	406,557	397,674

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:

	2018 Number	2017 Number
Technical employees	3	3
Administration employees (including Non-Executive Directors)	5	6
	8	9

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.

	2018	2017
Loss (£)	(2,267,197)	(395,532)
Weighted average ordinary shares in issue (No.)	351,361,810	284,429,468
Basic and diluted loss per ordinary share (pence)	(0.65)	(0.14)

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 (2017: £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% (2017: 19%). The differences are explained below.

	2018 £	2017 £
Tax reconciliation		
Loss before income tax	(2,267,197)	(395,532)
Tax at hybrid rate 19% (2017: 19.5%)	(430,767)	(77,129)
Differences between capital allowances and depreciation	(110)	4,006
Expenditure disallowed for tax purposes	79,394	—
Pre-trading expenditure no longer deductible for tax purposes	42,707	28,934
Tax effect at 19% (2017: 19.5%)	23,178	6,423
Unrelieved tax losses carried forward	(407,589)	(70,706)
Tax recognised on loss	—	—
Total losses carried forward for tax purposes	(7,859,632)	(5,714,426)

Factors that may affect future tax charges

The Group has total losses carried forward of £7,859,632 (2017: £5,714,426). 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.

Notes to the Financial Statements

for the year ended 30 September 2018

8. Intangible assets

Group	Deferred exploration expenditure 2018 £	Deferred exploration expenditure 2017 £
Cost		
At start of year	5,870,493	5,691,739
Additions	201,622	190,172
Exchange adjustments	(62,633)	(11,418)
At 30 September	6,009,482	5,870,493
Disposals		
At start of year	(1,362,478)	(1,262,478)
Impairment losses during year	(1,976,618)	—
Disposals during year	—	(100,000)
At 30 September	(3,339,096)	(1,362,478)
Carrying amounts		
At 30 September	2,670,386	4,508,015
At start of year	4,508,015	4,429,261

The directors carried out an impairment review which, with reference to IFRS 6.20(b) and IAS 36.12(b), resulted in an impairment charge, relating to the Tertiary Gold Limited Storuman Fluorspar Project, being recognised in the Consolidated Income Statement as part of operating expenses. Refer to accounting policy 1(d) and 1(n) for a description of the considerations used in the impairment review.

The key reasons for the impairment of the Storuman Project relate to the fact that the County Administrative Board has advised against the grant of the Mine Permit in its current form and that all further expenditure on exploration or development of the project is currently on hold.

As a result of the impairment review the directors concluded to impair the carrying value of the project fully.

9. Property, plant & equipment

	Group fixtures and fittings 2018 £	Company fixtures and fittings 2018 £	Group fixtures and fittings 2017 £	Company fixtures and fittings 2017 £
Cost				
At start of year	46,577	31,819	51,520	34,144
Additions	2,966	2,966	486	486
Disposals	—	—	(5,429)	(2,811)
At 30 September	49,543	34,785	46,577	31,819
Depreciation				
At start of year	(42,216)	(27,478)	(41,735)	(24,508)
Charge for the year	(4,019)	(3,999)	(5,910)	(5,781)
Disposals	—	—	5,429	2,811
At 30 September	(46,235)	(31,477)	(42,216)	(27,478)
Net Book Value				
At 30 September	3,308	3,308	4,361	4,341
At start of year	4,361	4,341	9,785	9,636

10. Investments

Subsidiary undertakings

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2018	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 2018 £	Company 2017 £
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	683,243	682,258
Less – Provision for impairment	(683,243)	(682,176)
Loan – Tertiary Gold Limited	5,246,129	5,251,392
Less – Provision for impairment	(4,681,523)	—
Loan – Tertiary Minerals US Inc.	1,689,428	1,558,865
At 30 September	2,478,924	7,035,229

In relation to indication of impairment of exploration assets under IFRS 6, and with reference to IAS 36.12(b), the value of the Company's investment in and due from its subsidiaries was considered. Being in excess of the market value of the Group at year end, this indicated a potential impairment under IAS 36.12(d). The directors therefore undertook an impairment review of the carrying values of the investments, with particular reference to Tertiary Gold Limited. The result of this review, together with the fact that there had been an impairment of the underlying assets held by Tertiary Gold Limited, indicated that impairment was required in the carrying value of the investment in Tertiary Gold Limited. The investment has been impaired down to the value of the underlying exploration assets, i.e. an impairment of £4,681,523.

Available for sale investment

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2018	Principal activity
Sunrise Resources plc	England & Wales	5.19% of Ordinary Shares	Mineral exploration
Aurion Resources Limited	Canada	Full disposal in period	Mineral exploration

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Available for sale investment				
Value at start of year	408,971	266,087	204,470	204,470
Additions to available for sale investment	—	—	137,735	52,734
Disposal of available for sale investment	(134,633)	(17,000)	—	—
Movement in valuation of available for sale investment	(72,010)	(46,759)	66,766	8,883
At 30 September	202,328	202,328	408,971	266,087

Additions to available for sale investments in 2017 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.

Disposals in the year ended September 2018 comprises disposal of 10,000,000 Sunrise Resources plc shares and full disposal of all Aurion Resources Limited shares.

The fair value of each available for sale investment is equal to the market value of its shares at 30 September 2018, 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.

Notes to the Financial Statements

for the year ended 30 September 2018

11. Receivables	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Trade receivables	59,690	59,690	61,336	61,336
Other receivables	23,229	1,913	19,753	1,463
Prepayments	13,734	11,146	13,164	10,591
At 30 September	96,653	72,749	94,253	73,390

The Group aged analysis of trade receivables is as follows:

	Not impaired £	30 days or less £	Over 30 days £	Total carrying amount £
2018 Trade receivables	59,690	59,690	—	59,690
2017 Trade receivables	61,336	61,336	—	61,336

12. Cash and cash equivalents	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Cash at bank and in hand	20,944	5,379	45,141	26,791
Short-term bank deposits	197,353	197,353	114,137	114,137
At 30 September	218,297	202,732	159,278	140,928

13. Trade and other payables	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Trade payables	18,650	6,337	22,377	7,087
Other taxes and social security costs	14,207	14,207	14,438	14,438
Accruals	30,468	16,220	32,907	13,670
Other payables	1,838	1,838	6,086	6,086
At 30 September	65,163	38,602	75,808	41,281

14. Issued capital and reserves

	2018 Number of shares	2018 Nominal value	2017 Number of shares	2017 Nominal value
Allotted, called up and fully paid Ordinary Shares				
Balance at start of year	317,076,933	31,708	266,944,213	2,669,442
Split to deferred shares	—	—	—	(2,644,062)
Shares issued in the year	42,246,821	4,224	50,132,720	6,328
Balance at 30 September	359,323,754	35,932	317,076,933	31,708

	2018 Number of shares	2018 Nominal value	2017 Number of shares	2017 Nominal value
Deferred Shares				
Balance at start of year	267,076,933	2,644,062	—	—
Split from Ordinary Shares	—	—	267,076,933	2,644,062
Balance at 30 September	267,076,933	2,644,062	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.

Share Issues

During the year to 30 September 2018 the following share issues took place:

An issue of 41,666,670 0.01p ordinary shares at 1.2p per share, by way of placing, for a total consideration of £450,000 net of expenses (6 December 2017).

An issue of 362,554 0.01p ordinary shares at 1.875p per share to two directors, in satisfaction of outstanding directors' fees, for a total consideration of £6,798 (31 January 2018).

An issue of 217,597 0.01p ordinary shares at 0.625p per share to a director, in satisfaction of outstanding director's fees, for a total consideration of £1,360 (17 August 2018).

During the year to 30 September 2017 a total of 50,132,720 1.0p and 0.01p ordinary shares were issued, at an average price of 0.601p, for a total consideration of £271,360 net of expenses.

The total amount of transaction fees debited to the Share Premium account in the year was £50,000 (2017: £30,000).

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.

Notes to the Financial Statements

for the year ended 30 September 2018

15. Warrants granted

Warrants not exercised at 30 September 2018

Issue date	Exercise price	Number	Exercisable	Expiry dates
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 before expiry	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 before expiry	31/01/2022
31/01/2017	1.025p	800,000	Any time before expiry	31/01/2022
31/01/2018	1.875p	200,000	Any time from 01/02/2019	31/01/2023
31/01/2018	1.875p	800,000	Any time from 01/02/2019	31/01/2023

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:

	2018		2017	
	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	10,050,000	8.425	11,550,000	9.353
Granted during the year	1,000,000	1.875	1,000,000	1.025
Exercised during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Expired during the year	(2,000,000)	7.630	(2,500,000)	9.750
Outstanding at 30 September	9,050,000	7.877	10,050,000	8.425
Exercisable at 30 September	6,850,000	6.717	7,250,000	7.427

The warrants outstanding at 30 September 2018 had a weighted average exercise price of 7.9p (2017: 8.4p), a weighted average fair value of 1.84p (2017: 2.24p) and a weighted average remaining contractual life of 1.76 years.

In the year ended 30 September 2018, warrants were granted on 31 January 2018. The aggregate of the estimated fair values of the warrants granted on this date is £7,082. 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.

There were no warrants exercised in the year ending 30 September 2018.

15. Warrants granted (continued)

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

	2018	2017
Weighted average share price	1.875p	1.025p
Weighted average exercise price	1.875p	1.025p
Expected volatility	70.0%	62.5%
Expected life	4 years	4 years
Risk-free rate	1.06%	0.59%
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 £8,997 and £11,396 related to equity-settled share-based payment transactions in 2018 and 2017 respectively.

16. Operating lease commitments

The Company rents office premises under an operating lease agreement. The lease term is for one year expiring on 30 November each year. No contingent rent is payable. The lease is eligible for renewal on expiry.

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

	2018 Land & buildings £	2017 Land & buildings £
Office accommodation:		
Within one year	3,456	3,388

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

Lease payments recognised in loss for the period amounted to £20,668 (2017: £20,239).

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 2018				At 30 September 2017	
	Shares number	Share warrants number	Warrants exercise price	Warrants expiry date	Shares number	Share warrants number
P L Cheetham*	12,612,113	500,000	11.250p	14/01/2019	12,612,113	2,000,000
		1,000,000	4.000p	20/02/2020		
D A R McAlister	876,765	—	—	—	586,614	—
D Whitehead (deceased)	—	—	—	—	414,900	—
R H Clemmey	977,405	350,000	11.250p	14/01/2019	687,405	4,350,000
		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.

Notes to the Financial Statements

for the year ended 30 September 2018

17. Related party transactions (continued)

The Directors have no beneficial interests in the shares of the Company's subsidiary undertakings as at 30 September 2018.

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 £218,841 (2017: £204,110) to Sunrise Resources plc being shared overheads of £24,607 (2017: £24,874), costs paid on behalf of Sunrise Resources plc of £5,421 (2017: £4,646), staff salary costs of £77,597 (2017: £69,957) and directors' salary costs of £111,216 (2017: £104,633), comprising P L Cheetham £110,790 (2017: £104,324) and R H Clemmey £426 (2017: £309). All salary costs include employer's National Insurance and statutory pension contributions.

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

At the balance sheet date an amount of £59,690 (2017: £61,275) 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 2018				At 30 September 2017	
	Shares number	Warrants number	Warrants exercise price	Warrants expiry date	Shares number	Warrants number
P L Cheetham*	83,454,885	2,000,000	0.550p	14/01/2019	79,741,326	7,000,000
		3,000,000	0.275p	05/02/2020		
D A R McAlister	550,000	—	—	—	550,000	—
D Whitehead (deceased)	—	—	—	—	250,000	—
R H Clemmey	—	500,000	0.550p	14/01/2019	—	2,750,000
		750,000	0.275p	05/02/2020		
		500,000	0.160p	18/02/2021		
		500,000	0.135p	01/02/2022		
		500,000	0.160p	31/01/2023		

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

18. Capital management

The Group's capital requirements are dictated by its project and overhead funding requirements from time to time. Capital requirements are reviewed by the Board on a regular basis.

The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns, to increase the value of the assets of the business and to provide an adequate return to shareholders in the future when exploration assets are taken into production.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure the possibilities open to the Group in future include issuing new shares, consolidating shares, returning capital to shareholders, taking on debt, selling assets and adjusting the amount of dividends paid to the shareholders.

19. Financial instruments

At 30 September 2018, 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 2018, as defined in IAS 39, are as follows:

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Loans & receivables	301,215	264,335	240,367	203,727
Available for sale investments	202,328	202,328	408,971	266,087
Financial liabilities at amortised cost	50,276	23,715	60,689	26,163

Risk management

The principal risks faced by the Group and Company resulting from financial instruments are liquidity risk, foreign currency risk and, to a lesser extent, interest rate risk and credit risk. The Directors review and agree policies for managing each of these risks as summarised below. The policies have remained unchanged from previous periods as these risks remain unchanged.

Liquidity risk

The Group holds cash balances in Sterling, US Dollars, Swedish Kronor, Euros, Canadian Dollars and Saudi Riyals to provide funding for exploration and evaluation activity. 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	
	2018 £	2017 £	2018 £	2017 £
United Kingdom Sterling	203,098	132,779	202,085	129,533
United States Dollar	4,171	16,113	313	11,122
Swedish Krona	483	94	5	5
European Euro	10,486	10,234	314	253
Canadian Dollar	15	15	15	15
Saudi Riyal	44	43	—	—
	218,297	159,278	202,732	140,928

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 2018 would increase or decrease by £209 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.

Notes to the Financial Statements

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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 received 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 invoices issued to related parties and its joint arrangements for management charges. The amounts outstanding from time to time are not material and 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 £24,942) was levied in February 2017 in respect of the 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.

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 Thursday 21 February 2019, 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 2018.
2. To re-elect Mr P L Cheetham who is retiring under the Articles of Association as a director of the Company.
3. To re-elect Mr R H Clemmey who is retiring under the Articles of Association as a director of the Company.
4. To re-elect Mr D A R McAlister who is retiring as a director of the Company.
5. To reappoint Crowe U.K. LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.

Special Business

Ordinary Resolution

6. 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 £35,000 (consisting of 350,000,000 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

7. That subject to the passing of resolution 6, 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 6 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 £35,000 (consisting of 350,000,000 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 Electronic Voting, Proxy Notes and Instructions on page 45.

By order of the Board.

C D T Fitch
 Company Secretary
 11 December 2018

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 Thursday 21 February 2019 in the Fourth Floor Meeting 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 2018 which can be found on pages 3 to 26.

Resolutions 2 and 3

The Company's Articles of Association require that directors retire at least once every three years and offer themselves for re-election if they and the Board so wish.

This year, both Mr P L Cheetham and Mr R H Clemmey are retiring and the Board proposes that they be re-elected.

Biographical details of the directors can be found on page 15.

Resolution 4

Despite serving as a Non-Executive Director for more than nine years, Donald McAlister is considered independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgement. In compliance with good practice, he will continue to seek annual re-election rather than every third year as per the Articles of Association. The Company has been fortunate enough to secure the services of Mr McAlister during his period of office and he continues to provide valuable advice based on his long experience of the mining industry.

Biographical details of the directors can be found on page 15.

Resolution 5

The Company's Auditor, Crowe U.K. 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 6

This resolution is to give the Directors authority to issue shares. The last such authority was put in place by a meeting of shareholders held on 31 January 2018 but it will expire at the coming Annual General Meeting.

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

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

If given, this authority will expire at the conclusion of the Annual General Meeting in 2020.

Resolution 7

This resolution will be proposed as a Special Resolution in the event that Resolution 6 is passed by shareholders. Resolution 7 is proposed to give the Directors authority to issue shares other than by way of rights issues which are, for regulatory reasons, complex, expensive, time consuming and impractical for a company the size of Tertiary Minerals plc.

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

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

If given, this authority will expire at the conclusion of the Annual General Meeting in 2020.

Electronic Voting, Proxy Notes and Instructions

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on Tuesday 19 February 2019. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 15 minutes prior to the commencement of the Meeting at 2:30 p.m. (UK time) on Thursday 21 February 2019 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. You can vote either:
 - by logging on to www.signalshares.com and following the instructions; or
 - by proxy. You may request a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita), on Tel: 0371 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
 - by attending the meeting and voting in person.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 2.30 p.m. on Tuesday 19 February 2019.

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
8. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 2.30 p.m. on Tuesday 19 February 2019. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to

Electronic Voting, Proxy Notes and Instructions (continued)

the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
13. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
14. Any shareholder attending the Meeting has the right to ask questions following the proceedings. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
15. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

Shareholder Notes

Company Information

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

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Auditor

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Manchester
M2 5NT
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Nominated Adviser & Broker

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

Registrars

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

Registered Office

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SK10 2LP
United Kingdom

Company website:

www.tertiaryminerals.com

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SK17 6DJ
United Kingdom

Solicitors

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