Tertiary Minerals plc

Company No. 03821411

Annual Report and Accounts
for the year ended 30 September 2019

Contents

Chairman's Statement

I am pleased to present the Company's Annual Report and Financial Statements for the year ended 30 September 2019.

In my interim report in May 2019, I spoke of our disappointment in the decision of the Swedish Mining Inspectorate to overturn their 2016 grant of our mining concession for the Storuman Fluorspar Project and our submission of an appeal to the Swedish Government. The Mining Inspectorate's decision was made on the basis that our proposed mine infrastructure and reindeer herding in the area could not coexist although their decision states that the economic aspects point in favour of granting the exploitation concession, that a permit regarding Natura 2000-area is unnecessary, that fluorspar is included in the EU list of critical raw materials and that a mining establishment would mean positive socio-economic benefit for the municipality of Storuman. Our appeal contends that the Mining Inspectorate did not adequately consider the extensive mitigation measures proposed for the local reindeer herding activities.

The Government has not yet decided on the appeal and, frustratingly, will not commit to a decision timeframe. Many new mining projects in Sweden are similarly affected and lobbying of the Government by other mining companies has not resulted in a change in the Government's current position towards mining projects.

Financial constraints during the year have limited our ability to fund activities on other fluorspar projects and so only limited work has taken place on the Company's large MB Fluorspar Project in Nevada. However, testwork is ongoing 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. When finances allow we intend to progress the economic scoping study for development of the project. This may include further drilling of conceptual higher-grade targets in the northern part of the project. No work was carried out at the Lassedalen Fluorspar Project in Norway.

As a Board we have faced some difficult decisions in 2019 as our fluorspar projects have not sustained the value they once added to the Company and our efforts to acquire a more advanced project are limited by our size and available financial resources. Consequently, the Board initiated a parallel back-to-its-roots strategy of gold and base metal exploration with an emphasis on low cost value adding acquisition and exploration of gold and base metal projects in Nevada, USA. Nevada is ranked as the most desirable mining jurisdiction in the world by the Fraser Institute and in 2018 produced 5.58 million ounces of gold.

In line with this parallel strategy we are delighted to have acquired interests in two new projects in 2019 of which the most advanced is the Pyramid Gold Project in Nevada where we have leased a parcel of private land and staked additional mining claims. Limited exploration in the late 1980s defined a priority epithermal gold vein drill target defined by a single drill hole which intersected visible gold and assayed 1.52m grading 17.8 g/t Au from 94.5m down hole. The broader target and vein trend are defined by a cohesive 750m long open-ended gold-mercury-arsenic soil geochemical anomaly. We intend to drill this target as soon as possible.

We also staked claims to secure the Paymaster Project in Nevada where grab samples of skarn-type mineralisation have returned assays up to 21% zinc, 6.5% lead, 3.3% copper and 253 g/t silver and where mineralisation is intermittently exposed and sampled over 1.7km strike length. We conducted a soil sampling programme in 2019 and identified the Valley and East Slope zinc-silver prospects as key prospects for follow up exploration in 2020.

In 2019, the stock market for junior mining companies on the AIM market was the most challenging I have experienced in over 20 years. Brexit was undoubtedly a factor as were the trade tensions between the US and China. For Tertiary, these factors have been exacerbated by the negative news from Sweden for our key Storuman Project and the inertia of the Swedish Government in its decision making.

Whilst we raised a modest amount of money in early 2019 to fund our activities in the first half of the year, fundraising for Tertiary and its peers at near market prices has been nearly impossible in the second half of 2019 and we have not been prepared to accept opportunistic offers of heavily discounted share placings. Instead, following the end of the financial year, we accepted an offer of funding from Bergen Global Opportunity Fund, LP, a U.S. based institutional investment fund and raised an initial £232,000 before expenses through the issuance of zero-coupon convertible securities as part of a facility having a nominal value of up to £653,000. We believe this will prove less dilutive to shareholders at this time. The balance of this facility can be drawn down by agreement with Bergen. As has been the case at year-end for several previous years, the Company will need to raise further funds in the next 12 months to continue as a going concern.

Market commentators are anticipating a better year for small cap companies in 2020 and we look forward to reporting news from our exciting new gold and base metal projects in Nevada over this coming year.

Our Annual General Meeting for the year ended 30 September 2019 will be held in our offices in Macclesfield this year, on Thursday 19 March 2020 as set out on page 45. Further detailed instructions on proxy voting are on pages 47 and 48.

Patrick Cheetham
Executive Chairman
18 February 2020

Strategic Report

Group Overview

Company's Aims

- Increase shareholder value through the discovery and development of valuable mineral deposits.
- Reduce the Group's geographical, technical, permitting and commodity risk exposure.

Company's Strategy

- Build and explore a new multi-commodity project portfolio.
- Continue the evaluation of the Company's fluorspar deposits.
- Operate only in stable, democratic and mining friendly jurisdictions.

Principal Activities

- The **identification, acquisition, exploration** and **development** of **mineral deposits** including **precious metals, base metals** and **industrial minerals** in **Nevada, USA** and **northern Europe.**

The head office is based in Macclesfield in the United Kingdom with core operating locations in Nevada, USA, Sweden and Norway.

Company's Business Model

For exploration projects, the Group prefers to acquire 100% ownership of mineral assets at minimal cost. This either involves applying for exploration licences from the relevant authority or negotiating rights with existing project owners for initially low periodic payments that rise over time as confidence in the project value increases.

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 14.

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 30 September 2019, Tertiary holds 2.71% of the issued ordinary share capital of Sunrise Resources plc.

The Company's activities are financed by periodic capital raisings, through share placings or share related financial instruments. Access to capital through this method has continued to be very 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

Pyramid Gold Project, Nevada, USA

As part of the Company's strategy to build a new multi-commodity project portfolio, in May 2019, the Company secured exploration rights and an option to purchase a group of claims in the Pyramid Mining District of Nevada. The project is located 25 miles northwest of Reno and is readily accessible from State Highway 445 which crosses the northwest tip of the project.

Project Highlights

- 20-year lease secured over a group of 9 patented claims with options to purchase (subject to underlying royalties)
- Additional 25 mining claims staked to cover additional targets along strike
- Located in productive Walker Lane porphyry copper/ epithermal gold belt
- Limited historical exploration (1989-90) has defined priority epithermal vein drill target:
  - Drill hole PYR 9 – intersected visible gold and assayed 1.52m grading 17.8 g/t Au from 94.5m down hole
  - PYR 9 ended in 1.52m grading 2.6 g/t Au at 115.8m depth
  - PYR 9 was only drill hole to effectively test a cohesive 750m long open-ended gold-mercury-arsenic soil geochemical anomaly
  - Claims contain a number of untested epithermal veins and stockwork target zones – 43 widespread surface samples assayed up to 7.27 g/t Au and averaged 1.3 g/t Au.

Geology and Mineralisation

The Pyramid Mining District lies at the northwest end of the Walker Lane mineral belt, a major northwest trending structural deformation zone and a highly productive gold, silver and copper producing region which is host to numerous past and currently producing multi-million ounce epithermal gold deposits as well porphyry copper and porphyry molybdenum deposits.

Within the Pyramid Mining District, the Company's Pyramid Project is underlain by a thick sequence of mid-late Tertiary age (23 Ma old) rhyolitic tuffs interpreted by the Nevada Bureau of Mines & Geology to have formed within an east-west elongated Caldera structure named the Perry Canyon Caldera.

The gold veins at Pyramid lie within the Perry Canyon Caldera and are interpreted from historical mapping and mineral exploration to lie on the margins of a large and deeply buried porphyry system in the southeast part of the district that is currently claimed by copper producer Asarco LLC (a division part of Groupo Mexico). At the higher erosional levels currently preserved at Pyramid such porphyry systems are prospective for high-sulphidation gold deposits (in more central areas) such as those found further south in the Walker Lane at the Goldfield Mining District (4 million ounces of past production at 1oz gold/ton) and low and intermediate-sulphidation epithermal deposits (of which there are many examples in the Walker Lane) in more peripheral areas where the Company's claims are located. This pattern of mineralisation is similar to that of many large porphyry systems in the US, Peru and the Pacific Basin countries.

Past Mining and Exploration

In the main part of the Pyramid District, precious metals were mined from three moderately to steeply dipping, northwest-striking vein systems named after the prominent mines that occur along them – Ruth, Burrus, and Bluebird. The Company's claim interests cover the Ruth vein system and a number of parallel vein systems and zones of alteration. In addition to abundant quartz and pyrite, vein minerals in unoxidized ore from the Ruth vein system include barite, anglesite, galena, sphalerite, acanthite, gold and cassiterite.

The Pyramid Mining District was established in 1866 with only small-scale production reported. Modern exploration in the Pyramid district has focused primarily on the search for porphyry copper mineralisation with only limited exploration having been carried out for gold.

The only documented field exploration in the area of the Company's claims was carried out by Battle Mountain Gold Mining ("Battle Mountain") who leased the project from the current lessors, Golden Crescent Corporation, in the period 1988-89. Battle Mountain carried out surface sampling, soil sampling and drilled 10 shallow exploration holes for a total of 1,006m of drilling to depths between 43m and 140m.

Soil sampling was conducted on a 30m x 120m grid within a confined area 600m x 600m centred on Battle Mountain's main target area, the Ruth Mine vein system and associated vein stockwork. This identified a series of gold-in-soil anomalies and eight of their ten drill holes were designed to test a broad gold anomaly located just northwest of the Ruth Mine. These intersected areas of anomalous gold up to 1.5m grading 1.64 grammes/tonne gold (g/t Au) in hole PYR 1 from 10.7m depth.

Battle Mountain's two other drill holes were designed to test a parallel vein west of the Ruth vein system which correlates with a separate strong gold-arsenic-mercury soil anomaly, mercury and arsenic being strongly associated with gold in epithermal gold deposits. This soil anomaly is open ended and continues strongly to the northwest and southeast boundaries of the sampled area.

Drill hole PYR 9 on this western line intersected high-grade gold mineralisation and visible gold within a sample thickness of 1.52m grading 17.8 g/t Au from 94.5m downhole. A broad zone of low-grade mineralisation continued to the end of the hole at 115.8m where the last 1.52m sample graded 2.6 g/t Au.

PYR 10 targeted the same western line soil anomaly some 150m to the southwest but was interpreted to have been drilled in the wrong direction and made no significant gold intersections.

Battle Mountain did not carry out any follow up exploration.

Next Steps

The association of high-grade gold mineralisation in a previous drill hole associated with a strong and open-ended gold soil anomaly supported strongly by epithermal pathfinder elements mercury and arsenic presents a compelling drill target.

Similar narrow high-grade epithermal gold deposits in Nevada have hosted multi-million-ounce deposits such as the producing Midas Mine where the main veins produced more than 2.2 million ounces of gold and 26.9 million ounces of silver between 1998 and 2013.

Tertiary Minerals intends to follow up Battle Mountain's drilling and soil sampling results with an initial drilling programme as soon as possible. Core drilling is planned as water, which can affect sample quality, was encountered in drilling both holes PYR 9 and 10.

The broader potential of the vein systems on the Project area are highlighted by the results of 43 surface chip samples taken by Battle Mountain from various outcropping veins and old mine workings within the Company's Project area. These assayed up to 7.27 g/t Au and averaged 1.3 g/t Au.

This high prospectivity was confirmed by surface grab carried out by the Nevada Bureau of Mines & Geology during a regional assessment in 1999 when samples from the 1km long Ruth vein system averaged 1.3 g/t gold and 131 g/t silver. The highest gold content, 8 g/t Au, was from the Surefire Mine area which has never been drill tested.

Paymaster Polymetallic Project, Nevada, USA

In February 2019, the Company staked claim (19 claims) to the Paymaster zinc-copper-silver-cobalt-tellurium prospect. The project is located approximately 30km southwest of Tonopah in Nevada, USA, and covers an area of more than 390 acres.

Project Highlights

- Grab samples assay up to 21% zinc, 6.5% lead, 3.3% copper and 253 g/t silver
- Mineralisation intermittently exposed and sampled over 1.7km strike length
- Samples also contain high levels of high-tech metals tellurium and cobalt

Geology, Mineralisation and Past Exploration

Zinc skarns are important not only as a source of zinc, lead, copper, silver and other associated metals but also as indicators of buried porphyry copper and molybdenum deposits. As a class of mineral deposit they include a number of world class zinc-silver deposits such as Antamina in Peru.

The Paymaster skarn mineralisation was originally prospected in the late 1950's under US Defense Minerals Exploration Administration grant system. A government mining engineer recommended that the project be drill tested, but records suggest this did not take place and no production ensued.

In 1960, it was the subject of a brief publication by the US Geological Survey when zinc rich secondary clay minerals, sphalerite (zinc sulphide), galena (lead sulphide) and magnetite were identified in a pyroxene-garnet-quartz skarn mineral assemblage at the eastern end of the area now claimed by the Company. The prospector scale workings were later described in a Geological Survey of Nevada publication in 1991 by an acknowledged world expert on skarn deposits, Lawrence (Larry) Meinert who, on the basis of his observations, concluded that the Paymaster skarn must be part of a much larger hydrothermal system.

Within the Company's claim holdings, the skarn mineralisation has recently been traced westward over a total distance of 1.7km in a number of wide spaced and very shallow prospector pits. Seven grab samples of the skarn mineralisation exposed in or excavated from the pits average 10.1% zinc (maximum 20.9%), 1.5% lead (max. 6.5%) 134 g/t silver (max 253 g/t or 7.3 ounces/ton) and 0.68% copper (maximum 3.4%).

The skarn samples also contain up to 0.11% cobalt (average of 419ppm or 0.045%) and up to 58ppm tellurium (average 31ppm) and 782ppm bismuth (average 315ppm).

The mineralised skarn samples were collected largely from one stratigraphic horizon within Cambrian age limestone in contact with shale and 1 mile south of the limestone contact with the Cretaceous age Lone Mountain granite pluton. Where sampled the skarn appears to be associated with cross cutting faults and the continuity along strike between exposures is currently unknown but pinch and swell is seen on a local scale.

A follow-up soil sampling programme was completed by the Company in 2019:

- 165 soil samples
- Significant elevated levels of Ag, Cu, Zn, Co and Pb over a strike length of over 2,000 metres, maximum values:
  - Ag: 17.5 ppm
  - Cu: 896 ppm
  - Zn: 872 ppm
  - Co: 33 ppm
  - Pb: 2251 ppm

A further two zones of zinc-silver mineralisation have also been identified in the field:

Valley Prospect

- New thick skarn zone observed in the field: Approximately 350m long and up to 8m thick
- Rock sample taken from historic shaft spoil assayed 7.5% zinc, 4.3% lead and 180 g/t silver

East Slope Prospect

- 650m long zinc soil anomaly (100-250 ppm Zinc) surrounding previously sampled outcrop of zinc-silver-cobalt bearing skarn mineralisation, including 175m long 250-500 ppm zinc soil anomaly
- Previous rock sample assays up to 20.9% zinc, 0.11% cobalt and 198 ppm silver within the prospect

Next Steps

Follow up mapping, sampling, geophysics are now planned to identify future drilling targets.

Storuman Fluorspar Project, Sweden

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.

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

The Company, together with its Swedish Lawyers, prepared and submitted, on 3 May 2019, a detailed appeal to the Swedish Government against the decision by the Swedish Mining Inspectorate to reject Tertiary's Exploitation (Mine) Permit in its current form. The Company now awaits feedback from the Swedish Government in response to its appeal.

MB Fluorspar Project, Nevada, USA

The MB Property comprises 60 contiguous mining claims and is located 19km southwest 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 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. Progress has been slow during the period 2018/2019 due to lack of available funding. The Company has budgeted further testwork during 2020 subject to available funds.

Following successful completion of the metallurgical testwork, the Company will progress to 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. Further work required for the completion of the Scoping Study may include an additional phase of drilling to target higher grade mineralisation, in line with the recommendations received from the appraisal of the MB deposit from world renowned economic geologist, Dr Richard Sillitoe.

Lassedalen Fluorspar Project, Norway

The Lassedalen Fluorspar Project is favourably located near Kongsberg, 80km to the south-west of Oslo in Norway. It is less than 1km from highway E134 and approximately 50km from the nearest Norwegian port. The Company views this resource as strategically important for the European market alongside its Storuman Project.

JORC Compliant Mineral Resource

Classification	Million Tonnes (Mt)	Fluorspar (CaF_2%)
Inferred	4.0	24.6

Given the commitments on its other projects and available funding, further exploration at the Lassedalen Project has been a lower priority in 2018/2019.

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.

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 ("Aurion"), the Company retains a royalty interest in the projects. Aurion continue to be supported by Kinross Gold Corporation which currently holds a 9.9% interest in Aurion.

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. The Company has previously received a **prestigious national award** for its innovative reclamation and sustainable mineral development work on its MB Project in Nevada, USA.

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 £831,507 for the year (2018: £2,267,197) after administration costs of £502,788 (2018: £507,931) and after crediting interest receivable of £234 (2018: £142). The loss includes impairment of the Lassedalen Project of £442,917, expensed pre-licence and reconnaissance exploration costs of £75,778 (2018: £38,725). Administration costs include £8,021 (2018: £8,997) as non-cash costs for the value of certain share warrants held by employees as required by IFRS 2.

Revenue includes £189,742 (2018: £218,841) 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 2019, the Group had net current assets of £21,499 (2018: £249,787). 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 set out in Note 1(d) (accounting policies) to the Financial Statements on page 28. The intangible assets total £2,461,972 (2018: £2,670,386) and the breakdown by project is shown in Note 2 to the Financial Statements on page 31.

Expenditure which does not meet the criteria set out 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 £502,788 (2018: £507,931).

Fundraising

During the 2019 financial year the Company raised a total of £250,000, 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 the year-end (£50,617), 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.

Investments in Group undertakings

The directors have reviewed the carrying value of the Company's investments in shares of subsidiary undertakings totalling £224,890, by reference to estimated recoverable amounts. In turn, this requires an assessment of the recoverability of underlying exploration assets in those subsidiaries in accordance with IFRS 6.

Loans to Group undertakings

A review of the recoverability of loans to subsidiary undertakings, totalling £1,971,407 has been carried out. This indicated a potential credit loss arising in the year of £486,907 (2018: £4,681,523) relating to Tertiary Gold Limited. The assessment and provision arises from the fact that there has been an impairment of the underlying exploration assets held by Tertiary Gold Limited, leading to doubt over recoverability of the loan. The provision made against the receivable has reduced it to the value of the underlying development assets.

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
Exploration Risk	
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.	The directors bring many years of combined mining and exploration experience and an established track record in mineral discovery. The Company currently targets advanced and drill ready exploration projects in order to avoid higher risk grass roots exploration.
Resource Risk	
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.	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.
Development Risk	
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.	In order to reduce development risk in future, the directors will ensure that its permit application processes and financing applications are robust and thorough.
Commodity Risk	
Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.	The Company consistently reviews commodity prices and trends for its key projects throughout the development cycle.

RISK	MITIGATION STRATEGIES
Mining and Processing Technical Risk	
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.	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.
Environmental Risk	
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.	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.
Political Risk	
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.	The Company's strategy currently restricts its activities to stable, democratic and mining friendly jurisdictions. The Company has adopted a strong Anti-corruption Policy and Code of Conduct and this is strictly enforced.
Partner Risk	
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.	The Company currently maintains control of certain key projects so that it can control the pace of exploration and reduce partner risk. For projects where other parties are responsible for critical payments and expenditures the Company's agreements legislate that such payments and expenditures are met.
Financing & Liquidity Risk	
Liquidity risk is the risk that the Company will not be able to raise working capital for its ongoing activities. 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. There is no certainty such funds will be available when needed.	The Company maintains a good network of contacts in the capital markets that has historically met its financing requirements. 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.

Strategic Report (continued)

RISK	MITIGATION STRATEGIES
Financial Instruments Details of risks associated with the Group's Financial Instruments are given in Note 19 to the financial statements on page 43.	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. 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. The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

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 on 18 February 2020 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 the Quoted Companies Alliance, the 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 18 February 2020.

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 promotes 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 pages 8 to 10.

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, this is not currently the case as the Company intends that an additional Non-Executive Director will be appointed in due course. When there are two Non-Executive Directors in post, the Board considers that the current Board 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.

Our Governance (continued)

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 formally four times a year and on any other occasions it considers necessary. During the period under review there were twelve 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 directors' biographies are set out on page 14.

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 reviews 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 11 days of average daily purchases (2018: 15 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 implemented a Health and Safety Policy to clearly define roles and responsibilities and in order to identify and manage risk.

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 Audit and Remuneration Committees with formally delegated duties and responsibilities. Donald McAlister currently chairs the Audit and Remuneration Committees.

Audit Committee

The Audit Committee, currently composed entirely of the Non-Executive Director, 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 Director. The Remuneration Committee determines 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 operates 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 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 17.

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 2019, Tertiary Minerals plc held 2.71% 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 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
18 February 2020

Our Governance (continued)

Board of Directors

The directors and officers of the Company during the financial year were:

Patrick Cheetham (60)
Executive Chairman

Key Strengths and Experience

- Geologist.
- 38 years' experience in mineral exploration.
- 33 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 (47)
Managing Director

Key Strengths and Experience

- Chartered Engineer.
- 26 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

Gritstone Ltd.

Donald McAlister (60)
*Non-Executive Director**

Key Strengths and Experience

- Accountant.
- Previously Finance Director at Mwana Africa plc, Ridge Mining plc, Reunion Mining and Moxico Resources plc.
- 25 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 ZincOx Resources plc.

Rod Venables – City Group PLC
Company Secretary

Key Strengths and Experience

- Qualified company/commercial solicitor
- Director and Head of Company Secretarial Services at City Group PLC
- Experienced in both Corporate Finance and Corporate Broking
- Company Secretary for Sunrise Resources plc.

External Appointments

Company Secretary for Sunrise Resources plc and other corporate clients of City Group PLC.

* Currently Chair of the Audit Committee and Remuneration Committee.

Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

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

In preparing these Financial Statements, the directors are required to:

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

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

They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements are 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. 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 2019.

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 (£50,617), 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.

Our Governance (continued)

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 8.

Directors

The directors currently holding office are:

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

Post Balance Sheet Events

On 8 October 2019, the Swedish tax office informed the Company that the appeal was not successful with regard to levy of an incorrect tax return relating to tax year 2013/14 in Tertiary Gold Sweden Branch. The levy was increased to SEK 296,958 (approximately £24,461) by the interest of SEK 8,703. The Company's tax lawyer in Sweden is further appealing the decision. This event is treated as a post balance sheet adjusting event and the full cost of potential tax levy was accrued.

On 19 November 2019, the Company entered into a convertible securities issuance deed (the "Agreement") with Bergen Global Opportunity Fund, LP (the "Investor"), a US based institutional investment fund, in connection with an issuance by the Company of zero coupon convertible securities having a nominal amount of up to £653,000 (the "Convertible Securities"). Pursuant to the Agreement, on 26 November 2019 the Company issued a convertible security with the nominal value of £263,000 (at the purchase price of £232,000).

In connection with the Agreement:

(a) the Company issued to the Investor 17,000,000 Shares by way of a commencement fee in relation to the overall funding ("Commencement Fee Shares");

(b) the Company will issue to the Investor 18,000,000 Shares at par to collateralise the investment ("Collateral Shares"). Investor may be required to make a further payment to the Company once all of the obligations of the Company under the Agreement have been finally met and no amount remains outstanding to the Investor, depending on the price of Shares at such time; and

(c) the Company issued 22,000,000 warrants with an exercise period of 48 months from the date of issue (the "Warrants") to the Investor entitling the Investor (or any subsequent holder of the Warrants) to subscribe for one Share per Warrant at the exercise price equal to 0.33588 pence.

(d) On 18 February 2020, the Company received a Conversion Notice from the Investor in respect of the Conversion of £263,000 of the Convertible Security as a result of which the Company will issue 154,705,883 new ordinary shares at a Conversion Price of 0.17 pence per share.

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 18 February 2020	Number of shares	% of share capital
Interactive Investor Services Nominees Limited SMKTNOMS	36,591,837	7.64
Securities Services Nominees Limited 1850004	31,278,520	6.53
JIM Nominees Limited JARVIS	30,912,864	6.46
Barclays Direct Investing Nominees Limited CLIENT1	28,903,754	6.04
Interactive Investor Services Nominees Limited SMKTISAS	27,609,274	5.77
SVS (Nominees) Limited POOL	20,529,450	4.29
SVS Securities (Nominees) Ltd ONL	20,474,804	4.28
Hargreaves Lansdown (Nominees) Limited 15942	17,171,588	3.59
Vidacos Nominees Limited IGUKCLT	16,934,318	3.54
SVS Securities (Nominees) ISA Ltd ISA	16,100,891	3.36

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, 19 March 2020 at 2.00 p.m., is set out on page 45 of this report. Explanatory Notes giving further information about the proposed resolutions are set out on page 46.

Approved by the Board on 18 February 2020 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 2019

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 2019, which comprise:

- the Group income statement and statement of comprehensive income for the year ended 30 September 2019;
- the Group and Parent Company statements of financial position as at 30 September 2019;
- 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 2019 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.

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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (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 necessary to realise the value inherent in these projects. As stated in Note 1(b), these events or conditions, along with the other matters as set forth in Note 1(b) (taking into account the projects set out in Note 1(n), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In considering the longer term financial outlook of the group, the continued viability of the most significant exploration and evaluation assets is critical to this assessment and the risks and audit responses are detailed in the Key Audit Matters below. 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 £75,000, based on 2% of the Group's total assets, with a lower level of materiality used for the Consolidated Income Statement.

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

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

We agreed with the Audit and Risk 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.

We determined that going concern should be considered a key audit matter and this is described above in the section "Material uncertainty relating to going concern."

The other key matters and responses are summarised below. 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
Potential impairment of capitalised exploration and evaluation costs. The group has intangible assets, comprising exploration and evaluation project costs, the most significant of which are the MB Nevada Project within Tertiary Minerals US Inc. and assets relating to projects in Finland within Tertiary Gold Limited. The directors are required to ensure that only costs which meet the IFRS criteria of an asset are capitalised within exploration properties. The directors are required to assess whether there are any indicators of impairment of these assets. 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 use their sector experience, apply their specialist expertise and form a conclusive judgement as whether or not, on the balance of evidence, further exploration is justified to determine if an economically viable mining operation can be established in future.	In respect of all material intangible assets our audit work included, but was not restricted to: • Substantive testing of expenditure capitalised in the year to ensure that 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 • Review and challenge of the directors' assessment of whether there are any indicators of impairment and discussion of any key judgemental areas.
Potential impairment of investments in subsidiaries and recoverability of loans to subsidiaries in the Company financial statements. The carrying values of investments in and recoverability of loans to subsidiaries, Tertiary Gold Limited and Tertiary Minerals US Inc., are dependent upon the future cash flows associated with the recovery of the exploration and evaluation assets held by the subsidiaries. In the event of impairment in the underlying exploration and evaluation assets, there is a potential impact upon the realisation of investments and recoverability of loans in the accounts of Tertiary Minerals Plc (the Company) and this assessment would also be required by the directors.	In conjunction with our work associated with the potential impairment of the exploration and evaluation assets held within subsidiaries, critical review of the directors' assessment of potential impairment of investments in subsidiaries and recoverability of loans to subsidiaries in the accounts of Tertiary Minerals Plc (the Company).

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 15, 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 ISAs (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.

Ian Weekes (Senior Statutory Auditor)
For and on behalf of Crowe U.K. LLP
Statutory Auditor
Manchester
18 February 2020

Consolidated Income Statement

for the year ended 30 September 2019

	Notes	2019 £	2018 £
Revenue	2,17	**189,742**	218,841
Administration costs		**(502,788)**	(507,931)
Pre-licence exploration costs		**(75,778)**	(38,725)
Impairment of deferred exploration asset	8	**(442,917)**	(1,976,618)
Operating loss		**(831,741)**	(2,304,433)
Disposal of other investments		**—**	37,094
Interest receivable		**234**	142
Loss before income tax	3	**(831,507)**	(2,267,197)
Income tax	7	**—**	—
Loss for the year attributable to equity holders of the parent		**(831,507)**	(2,267,197)
Loss per share — basic and diluted (pence)	6	**(0.19)**	(0.65)

All amounts relate to continuing activities.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2019

	2019 £	2018 £
Loss for the year	**(831,507)**	(2,267,197)
Items that could be reclassified subsequently to the income statement:		
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**115,415**	(62,575)
Fair value movement on other investments	**—**	(72,010)
	115,415	(134,585)
Items that have been reclassified subsequently to the income statement:		
Disposal of other investments	**—**	(38,634)
	—	(38,634)
Items that will not be reclassified to the income statement:		
Changes in the fair value of other investments	**(71,670)**	—
	(71,670)	—
Total comprehensive income/(loss) for the year attributable to equity holders of the parent	**(787,762)**	(2,440,416)

Consolidated and Company Statements of Financial Position

at 30 September 2019
Company No. 03821411

	Notes	**Group 2019 £**	**Company 2019 £**	Group 2018 £	Company 2018 £
Non-current assets					
Intangible assets	8	**2,461,972**	**—**	2,670,386	—
Property, plant & equipment	9	**4,182**	**4,182**	3,308	3,308
Investment in subsidiaries	10	**—**	**2,196,297**	—	2,478,924
Other investments	10	**89,775**	**89,775**	202,328	202,328
		2,555,929	**2,290,254**	2,876,022	2,684,560
Current assets					
Receivables	11	**41,568**	**19,347**	96,653	72,749
Cash and cash equivalents	12	**50,617**	**29,445**	218,297	202,732
		92,185	**48,792**	314,950	275,481
Current liabilities					
Trade and other payables	13	**(70,686)**	**(29,717)**	(65,163)	(38,602)
Net current assets		**21,499**	**19,075**	249,787	236,879
Net assets		**2,577,428**	**2,309,329**	3,125,809	2,921,439
Equity					
Called up Ordinary Shares	14	**44,307**	**44,307**	35,932	35,932
Deferred Shares	14	**2,644,062**	**2,644,062**	2,644,062	2,644,062
Share premium account		**10,008,687**	**10,008,687**	9,785,702	9,785,702
Merger reserve		**131,096**	**131,096**	131,096	131,096
Share option reserve	14	**67,468**	**67,468**	168,923	168,923
Fair value reserve		**(8,444)**	**(8,444)**	63,226	63,226
Foreign currency reserve	14	**419,752**	**—**	304,337	—
Accumulated losses		**(10,729,500)**	**(10,577,847)**	(10,007,469)	(9,907,502)
Equity attributable to the owners of the parent		**2,577,428**	**2,309,329**	3,125,809	2,921,439

The Company reported a loss for the year ended 30 September 2019 of £779,821 (2018 – £4,971,649).

These financial statements were approved and authorised for issue by the Board on 18 February 2020 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 £	Fair value reserve £	Foreign currency reserve £	Accumulated losses £	Total £
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**
Loss for the period	—	—	—	—	—	—	—	(831,507)	(831,507)
Change in fair value	—	—	—	—	—	(71,670)	—	—	(71,670)
Exchange differences	—	—	—	—	—	—	115,415	—	115,415
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**—**	**(71,670)**	**115,415**	**(831,507)**	**(787,762)**
Share issue	8,375	—	222,985	—	—	—	—	—	231,360
Share-based payments expense	—	—	—	—	8,021	—	—	—	8,021
Transfer of expired warrants	—	—	—	—	(109,476)	—	—	109,476	—
At 30 September 2019	**44,307**	**2,644,062**	**10,008,687**	**131,096**	**67,468**	**(8,444)**	**419,752**	**(10,729,500)**	**2,577,428**

Company Statement of Changes in Equity

Company	Ordinary share capital £	Deferred shares £	Share premium account £	Merger reserve £	Share option reserve £	Fair value reserve £	Accumulated losses £	Total £
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**
Loss for the period	—	—	—	—	—	—	(779,821)	(779,821)
Change in fair value	—	—	—	—	—	(71,670)	—	(71,670)
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**—**	**(71,670)**	**(779,821)**	**(851,491)**
Share issue	8,375	—	222,985	—	—	—	—	231,360
Share-based payments expense	—	—	—	—	8,021	—	—	8,021
Transfer of expired warrants	—	—	—	—	(109,476)	—	109,476	—
At 30 September 2019	**44,307**	**2,644,062**	**10,008,687**	**131,096**	**67,468**	**(8,444)**	**(10,577,847)**	**2,309,329**

Consolidated and Company Statements of Cash Flows

for the year ended 30 September 2019

	Notes	**Group 2019 £**	**Company 2019 £**	Group 2018 £	Company 2018 £
Operating activity					
Total (loss)/profit after tax excluding interest received		**(831,741)**	**(810,097)**	(2,267,339)	(4,985,875)
Depreciation charge	9	**1,635**	**1,635**	4,019	3,999
Shares issued in lieu of net wages		**1,360**	**1,360**	8,158	8,158
Share-based payment charge		**8,021**	**8,021**	8,997	8,997
Impairment charge – deferred exploration asset		**442,917**	**—**	1,976,618	—
Impairment charge – other investments		**—**	**—**	—	—
Non-cash additions to other investments		**—**	**—**	—	—
Gain on disposal of other investments		**—**	**—**	(37,094)	(5,830)
Increase/(decrease) in provision for impairment of loans to subsidiaries	10	**—**	**487,610**	—	4,682,590
(Increase)/decrease in receivables	11	**55,084**	**53,401**	(2,400)	641
Increase/(decrease) in payables	13	**5,523**	**(8,885)**	(10,645)	(2,679)
Net cash outflow from operating activity		**(317,201)**	**(266,955)**	(319,686)	(289,999)
Investing activity					
Interest received		**234**	**30,279**	142	14,226
Exploration and development expenditures	8	**(121,967)**	**—**	(201,622)	—
Disposal of development asset		**—**	**—**	—	—
Disposal of other investments	10	**40,883**	**40,883**	133,094	16,828
Purchase of property, plant & equipment	9	**(2,509)**	**(2,509)**	(2,966)	(2,966)
Additional loans to subsidiaries	10	**—**	**(204,985)**	—	(126,285)
Net cash outflow from investing activity		**(83,359)**	**(136,332)**	(71,352)	(98,197)
Financing activity					
Issue of share capital (net of expenses)		**230,000**	**230,000**	450,000	450,000
Net cash inflow from financing activity		**230,000**	**230,000**	450,000	450,000
Net increase/(decrease) in cash and cash equivalents		**(170,560)**	**(173,287)**	58,962	61,804
Cash and cash equivalents at start of year		**218,297**	**202,732**	159,278	140,928
Exchange differences		**2,880**	**—**	57	—
Cash and cash equivalents at 30 September	12	**50,617**	**29,445**	218,297	202,732

Notes to the Financial Statements

for the year ended 30 September 2019

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.

The Group has adopted IFRS 9 from 1 October 2018. The directors reviewed the Group's existing financial assets as at 1 October 2018 and reclassified the investments previously held as available for sale into at fair value through other comprehensive income (OCI) category. The adoption of IFRS 9 did not result in adjustments to the amounts recognised in the financial statements. The new accounting policy is set out in Note 1(f).

(b) Going concern

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

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. Given the Group's cash position at year end (£50,617), 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.

(c) Basis of consolidation

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

The Group's financial statements consolidate the financial statements of Tertiary Minerals plc and its subsidiary undertakings using the acquisition method and eliminate intercompany balances and transactions.

In accordance with section 408 of the Companies Act 2006, Tertiary Minerals plc is exempt from the requirement to present its own Statement of Comprehensive Income. The amount of the loss for the financial year recorded within the financial statements of Tertiary Minerals plc is £779,821 (2018: £4,971,649). The loss for 2019 includes provision for impairment of its investment in subsidiary undertakings in the amount of £487,610 (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 2019 and December 2019.

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 be subsequently 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.

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) Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

(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 recognised as the fair value of management services provided to Sunrise Resources plc and relates to expenditure incurred and recharged. The company recognises revenue as contractual performance obligations are satisfied. Revenue is net of discounts, VAT and other sales-related taxes.

Other income

Other income includes amounts received from Sunrise Resources plc under the management services agreement. Other income is recognised in the period the management services are provided based on the expenditure incurred.

(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 payment of fees to directors. 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

IFRS 6 "Exploration for and Evaluation of Mineral Resources" requires that exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed recoverable amount.

In practical terms, this requires that project carrying values are regularly monitored and assessed for recoverability whether from future exploitation of resources or realised by sale to a third party.

Where activities have not reached a stage which permits reasonable confirmation of the existence of mineral reserves, the directors must form a judgement whether future exploration and evaluation should continue. This requires management to use their sector experience, apply their specialist expertise and form a conclusive judgement as whether or not, on the balance of evidence that further exploration is justified to determine if an economically viable mining operation can be established in future. Such estimates, judgements and assumptions are likely to change as new information and evidence becomes available. If it becomes apparent, in the judgement of the directors, that recovery of capitalised expenditure is unlikely the carrying value should be considered as impaired as detailed overleaf.

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 directors are required to continually monitor and review the carrying values by reference to new developments, stages in the exploration process and new circumstances. Assessment of the potential impairment of assets requires an updated judgement of the probability of adequate future cash flows from the relevant project. It includes 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.

The judgements in respect of key projects are;

MB fluorspar project has a carrying value of £2.1m and expenditure of £132k is budgeted for 2020. The complexity of ore was raised as an issue in the early exploration phase, however, using historical data and chemical analysis the directors expect that the deeper zones to the North-West of the site will not be as complex from a metallurgical viewpoint and there are reasonable prospects for progressing. So in their judgement development of this project is to continue.

Two gold projects with a total carrying value of £359,000 were sold to a third party in 2016. Tertiary has the right to future royalties, but only if these projects proceed to drilling, successful exploration and production. The directors have sought confirmation from the third party of their plans and commitment to continue with the project. Based upon this and their confidence regarding the likely outcome of exploration, the directors have concluded that the carrying value is not impaired.

Going concern
The preparation of financial statements requires an assessment of the validity of the going concern assumption. This in turn is dependent on finance being available for the continuing working capital requirements of the Group. Based on the assumption that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts.

Share warrants, share options and share-based payments
The estimates of costs recognised in connection with the fair value of share options and share warrants require that management selects an appropriate valuation model and make decisions on various inputs into the model, including the volatility of its own share price, the probable life of the warrants and options before exercise, and behavioural considerations of warrant holders.

(o) 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. Specifically, the adoption of IFRS 16 (leases) will change the accounting treatment by lessees of leases currently classified as operating leases. Lease agreements will give rise to the recognition by the lessee of an asset, representing the right to use the leased item and a related liability for future lease payments. Lease costs will be recognised in the income statement in the form of depreciation of the right of use asset over the lease term and finance charges representing the unwind of the discount on the lease liability. The adoption of IFRS 16 will not have a material impact on the financial statements of the Group as it has negligible leasing exposure and exploration project leases are exempt as exploration assets under IFRS 16.3(b).

2. Segmental analysis

The Chief Operating Decision Maker is the Board. 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.

2019	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Revenue	—	189,742	189,742
Pre-licence exploration costs	(75,778)	—	(75,778)
Impairment of deferred exploration asset	(442,917)	—	(442,917)
Share-based payments	—	(8,021)	(8,021)
Administration costs and other expenses	—	(494,767)	(494,767)
Operating Loss	(518,695)	(313,046)	(831,741)
Disposal of other investments	—	—	—
Bank interest received	—	234	234
Loss before income tax	(518,695)	(312,812)	(831,507)
Income tax	—	—	—
Loss for the year attributable to equity holders	(518,695)	(312,812)	(831,507)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Kaaresselkä Gold Project, Finland	260,938	—	260,938
Kiekerömaa Gold Project, Finland	97,828	—	97,828
MB Fluorspar Project, USA	2,056,419	—	2,056,419
Paymaster, USA	17,395	—	17,395
Pyramid, USA	29,392	—	29,392
	2,461,972	—	2,461,972
Property, plant & equipment	—	4,182	4,182
Other investments	—	89,775	89,775
	2,461,972	93,957	2,555,929
Current assets			
Receivables	22,154	19,414	41,568
Cash and cash equivalents	—	50,617	50,617
	22,154	70,031	92,185
Current liabilities			
Trade and other payables	(9,183)	(61,503)	(70,686)
Net current assets	12,971	8,528	21,499
Net assets	2,474,943	102,485	2,577,428
Other data			
Deferred exploration additions	121,967	—	121,967
Exchange rate adjustments to deferred exploration costs	112,536	—	112,536

Notes to the Financial Statements

for the year ended 30 September 2019

2. Segmental analysis (continued)

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)
Disposal of other investments	—	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
Other investments	—	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)

3. Loss before income tax

	2019 £	2018 £
The operating loss is stated after charging		
Operating lease rentals – land and buildings	**21,081**	20,668
Depreciation – owned assets	**1,635**	4,019
Fees payable to the Group's Auditor for:		
The audit of the Group's annual accounts	**6,125**	6,175
The audit of the Group's subsidiaries, pursuant to legislation	**3,105**	3,087
Fees payable to the Group's Auditor and its associates for other services:		
Interim review of accounts	**1,000**	1,000
Corporation tax fees	**1,300**	1,300
Corporation tax review fees	**3,300**	—
VAT review	**—**	2,250

4. Directors' emoluments

Remuneration in respect of Directors was as follows:

	Net cost to Group 2019 £	Income from recharge to Sunrise Resources plc 2019 £	Total 2019 £	Total 2018 £
P L Cheetham (salary)	**18,821**	**68,067**	**86,888**	114,472
R H Clemmey (salary)	**86,183**	**706**	**86,889**	98,354
D A R McAlister (salary)	**16,833**	**—**	**16,833**	16,000
D Whitehead (deceased) (salary)	**—**	**—**	**—**	2,500
	121,837	**68,773**	**190,610**	231,326

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 £4,677 (2018: £4,224) or Employer's National Insurance contributions of £23,072 (2018: £28,050).

There was no bonus in the year 2019. The remuneration amount for R H Clemmey includes a bonus of £12,500 in 2018. Bonus remuneration is applicable to performance in the previous financial year.

Pension contributions made during the year on behalf of Directors amounted to £1,061 (2018: £599).

The directors are also the key management personnel. If all benefits are taken into account, the total key management personnel compensation would be £195,287 (2018: £235,550).

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 £126,514 (2018: £136,878).

Notes to the Financial Statements

for the year ended 30 September 2019

5. Staff costs

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

	Net cost to Group 2019 £	Income from recharge to Sunrise Resources plc 2019 £	Total 2019 £	Total 2018 £
Wages and salaries	**179,782**	**139,022**	**318,804**	358,095
Social security costs	**18,952**	**17,141**	**36,093**	39,465
Share-based payments	**8,021**	**—**	**8,021**	8,997
	206,755	**156,163**	**362,918**	406,557

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:

	2019 Number	2018 Number
Technical employees	**3**	3
Administration employees (including non-executive directors)	**5**	5
	8	8

The Company Secretary, Colin Fitch, retired in June 2019 and since July 2019 the company secretarial services have been provided by Rod Venables through City Group PLC.

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.

	2019	2018
Loss (£)	**(831,507)**	(2,267,197)
Weighted average ordinary shares in issue (No.)	**416,198,199**	351,361,810
Basic and diluted loss per ordinary share (pence)	**(0.19)**	(0.65)

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 (2018: £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% (2018: 19%). The differences are explained below.

	2019 **£**	2018 £
Tax reconciliation		
Loss before income tax	**(831,507)**	(2,267,197)
Tax at hybrid rate 19% (2018: 19%)	**(157,986)**	(430,767)
Differences between capital allowances and depreciation	**(1,828)**	(110)
Expenditure disallowed for tax purposes	**29,902**	79,394
Pre-trading expenditure no longer deductible for tax purposes	**43,625**	42,707
Tax effect at 19% (2018: 19%)	**13,623**	23,178
Unrelieved tax losses carried forward	**(144,363)**	(407,589)
Tax recognised on loss	**—**	—
Total losses carried forward for tax purposes	**8,689,670**	7,859,632

Factors that may affect future tax charges

The Group has total losses carried forward of £8,689,670 (2018: £7,859,632). 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.

Following a review of the 2017 and 2018 tax returns there was a change in treatment of carried forward losses as excess management expenses of the Company. This change resulted in the difference of £1,469 between the 2018 and 2019 carried forward balances.

Notes to the Financial Statements

for the year ended 30 September 2019

8. Intangible assets

Group	**Deferred exploration expenditure 2019 £**	Deferred exploration expenditure 2018 £
Cost		
At start of year	**6,009,482**	5,870,493
Additions	**121,967**	201,622
Exchange adjustments	**112,536**	(62,633)
At 30 September	**6,243,985**	6,009,482
Disposals		
At start of year	**(3,339,096)**	(1,362,478)
Impairment losses during year	**(442,917)**	(1,976,618)
Disposals during year	**—**	—
At 30 September	**(3,782,013)**	(3,339,096)
Carrying amounts		
At 30 September	**2,461,972**	2,670,386
At start of year	**2,670,386**	4,508,015

The directors carried out an impairment review which, with reference to IFRS6.20(b) and IAS36.12(b), resulted in an impairment charge, relating to the Tertiary Gold Limited Lassedalen 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.

9. Property, plant & equipment

	Group fixtures and fittings 2019 £	**Company fixtures and fittings 2019 £**	Group fixtures and fittings 2018 £	Company fixtures and fittings 2018 £
Cost				
At start of year	**49,543**	**34,785**	46,577	31,819
Additions	**2,509**	**2,509**	2,966	2,966
Disposals	**(3,900)**	**(3,900)**	—	—
At 30 September	**48,152**	**33,394**	49,543	34,785
Depreciation				
At start of year	**(46,235)**	**(31,477)**	(42,216)	(27,478)
Charge for the year	**(1,635)**	**(1,635)**	(4,019)	(3,999)
Disposals	**3,900**	**3,900**	—	—
At 30 September	**(43,970)**	**(29,212)**	(46,235)	(31,477)
Net Book Value				
At 30 September	**4,182**	**4,182**	3,308	3,308
At start of year	**3,308**	**3,308**	4,361	4,341

10. Investments

Subsidiary undertakings

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2019	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.

Investment in subsidiary undertakings	Company 2019 £	Company 2018 £
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	**683,947**	683,243
Less – Provision for impairment	**(683,947)**	(683,243)
Loan – Tertiary Gold Limited	**5,302,305**	5,246,129
Less – Provision for impairment	**(5,168,430)**	(4,681,523)
Loan – Tertiary Minerals US Inc.	**1,837,532**	1,689,428
At 30 September	**2,196,297**	2,478,924

Investments in share capital of subsidiary undertakings

The directors have reviewed the carrying value of the Company's investments in shares of subsidiary undertakings totalling £224,890, by reference to estimated recoverable amounts. In turn, this requires an assessment of the recoverability of underlying exploration assets in those subsidiaries in accordance with IFRS 6.

Loans to Group undertakings

Amounts owed by subsidiary undertakings are unsecured and repayable in cash. Loan interest is charged to US subsidiaries on intercompany loans with Parent Company.

A review of the recoverability of loans to subsidiary undertakings, totalling £1,971,407 has been carried out. This indicated a potential credit loss arising in the year of £486,907 (2018: £4,681,523) relating to Tertiary Gold Limited. The assessment and provision arises from the fact that there has been an impairment of the underlying exploration assets held by Tertiary Gold Limited, leading to doubt over recoverability of the loan. The provision made against the receivable has reduced it to the value of the underlying development assets.

10. Investments (continued)

Other investments – listed investments

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2019	Principal activity
Sunrise Resources plc	England & Wales	2.71% of Ordinary Shares	Mineral exploration

Investment designated at fair value through OCI	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Value at start of year	**202,328**	**202,328**	408,971	266,087
Additions	**—**	**—**	—	—
Disposal	**(40,883)**	**(40,883)**	(134,633)	(17,000)
Movement in valuation	**(71,670)**	**(71,670)**	(72,010)	(46,759)
At 30 September	**89,775**	**89,775**	202,328	202,328

Disposals in the last financial year comprise a disposal of 52,000,000 Sunrise Resources plc shares (2018: 10,000,000 Sunrise Resources plc shares and the disposal of the Company's shareholding of Aurion Resources Limited shares).

The fair value of each investment is equal to the market value of its shares at 30 September 2019, based on the closing mid-market price of shares on its equity exchange market.

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

11. Receivables

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Trade receivables	**10,496**	**10,496**	59,690	59,690
Other receivables	**20,020**	**1,725**	23,229	1,913
Prepayments	**11,052**	**7,126**	13,734	11,146
At 30 September	**41,568**	**19,347**	96,653	72,749

The Group aged analysis of trade receivables is as follows:

	Not impaired £	30 days or less £	Over 30 days £	Total carrying amount £
2019 Trade receivables	**10,496**	**10,496**	**—**	**10,496**
2018 Trade receivables	59,690	59,690	—	59,690

12. Cash and cash equivalents

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Cash at bank and in hand	**47,787**	**26,615**	20,944	5,379
Short-term bank deposits	**2,830**	**2,830**	197,353	197,353
At 30 September	**50,617**	**29,445**	218,297	202,732

13. Trade and other payables

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Trade payables	**11,592**	**5,737**	18,650	6,337
Other taxes and social security costs	**6,481**	**6,481**	14,207	14,207
Accruals	**48,055**	**12,941**	30,468	16,220
Other payables	**4,558**	**4,558**	1,838	1,838
At 30 September	**70,686**	**29,717**	65,163	38,602

14. Issued capital and reserves

	2019 Number	2019 £	2018 Number	2018 £
Allotted, called up and fully paid Ordinary Shares				
Balance at start of year	**359,323,754**	**35,932**	317,076,933	31,708
Shares issued in the year	**83,751,911**	**8,375**	42,246,821	4,224
Balance at 30 September	**443,075,665**	**44,307**	359,323,754	35,932

	2019 Number	2019 £	2018 Number	2018 £
Deferred Shares				
Balance at start of year	**267,076,933**	**2,644,062**	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 or any other stock exchange. The Deferred Shares effectively carry no value.

Share Issues

During the year to 30 September 2019 the following share issues took place:

An issue of 83,333,333 0.01p ordinary shares at 0.3p per share, by way of placing, for a total consideration of £230,000 net of expenses (25 January 2019).

An issue of 418,578 0.01p ordinary shares at 0.325p per share to a director, in satisfaction of director's fees, for a total consideration of £1,360 (21 February 2019).

During the year to 30 September 2018 a total of 42,246,821 0.01p ordinary shares were issued, at an average price of 1.203p, for a total consideration of £458,158 net of expenses.

The total amount of transaction fees debited to the Share Premium account in the year was £20,000 (2018: £50,000).

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 Company's functional currency, being Sterling, are recognised directly in the foreign currency reserve.

Share option reserve

The share option reserve is used to recognise the fair value of share-based payments provided to employees, including key management personnel, by means of share options and share warrants issued as part of their remuneration. Refer to Note 15 for further details.

15. Warrants granted

Warrants not exercised at 30 September 2019

Issue date	Exercise price	Number	Exercisable	Expiry dates
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
21/02/2019	0.50p	3,500,000	Any time from 21/02/2020	21/02/2024
21/02/2019	0.35p	3,000,000	Any time from 21/02/2020	21/02/2024
21/02/2019	0.35p	400,000	Any time from 21/02/2020	21/02/2024
21/02/2019	0.35p	1,600,000	Any time from 21/02/2020	21/02/2024

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:

	2019		2018	
	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	**9,050,000**	**7.877**	10,050,000	8.425
Granted during the year	**8,500,000**	**0.412**	1,000,000	1.875
Exercised during the year	**—**	**—**	—	—
Forfeited during the year	**—**	**—**	—	—
Expired during the year	**(4,350,000)**	**13.84**	(2,000,000)	7.630
Outstanding at 30 September	**13,200,000**	**1.106**	9,050,000	7.877
Exercisable at 30 September	**4,700,000**	**2.362**	6,850,000	6.717

The warrants outstanding at 30 September 2019 had a weighted average exercise price of 1.1p (2018: 7.9p), a weighted average fair value of 0.43p (2018: 1.84p) and a weighted average remaining contractual life of 3.42 years (2018: 1.76 years).

In the year ended 30 September 2019, warrants were granted on 21 February 2019. The aggregate of the estimated fair values of the warrants granted on this date is £11,173. 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.

There were no warrants exercised in the year ending 30 September 2019.

15. Warrants granted (continued)

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

	2019	2018
Weighted average share price	**0.350p**	1.875p
Weighted average exercise price	**0.388p**	1.875p
Expected volatility	**75.0%**	70.0%
Expected life	**4 years**	4 years
Risk-free rate	**0.827%**	1.06%
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 £8,021 and £8,997 related to equity-settled share based payment transactions in 2019 and 2018 respectively.

16. Operating lease commitments

The Company rents office premises under a short-term operating lease agreement.

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

	2019 Land & buildings £	2018 Land & buildings £
Office accommodation:		
Within one year	**3,525**	3,456

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

Lease payments recognised in loss for the period amounted to £21,081 (2018: £20,668).

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 2019				At 30 September 2018	
	Shares number	**Share warrants number**	**Warrants exercise price**	**Warrants expiry date**	Shares number	Share warrants number
P L Cheetham*	**12,612,113**	**1,000,000**	**4.000p**	**20/02/2020**	12,612,113	1,500,000
		2,000,000	**0.500p**	**21/02/2024**		
D A R McAlister	**1,295,343**	**1,500,000**	**0.500p**	**21/02/2024**	876,765	—
R H Clemmey	**977,405**	**3,000,000**	**0.350p**	**21/02/2024**	977,405	3,350,000

* Includes 2,843,625 shares held by K E Cheetham, wife of P L Cheetham.

The directors have no beneficial interests in the shares of the Company's subsidiary undertakings as at 30 September 2019. 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.

17. Related party transactions (continued)
Sunrise Resources plc
During the year the Company charged costs of £189,742 (2018: £218,841) to Sunrise Resources plc being shared overheads of £27,025 (2018: £24,607), costs paid on behalf of Sunrise Resources plc of £6,554 (2018: £5,421), staff salary costs of £78,590 (2018: £77,597) and directors' salary costs of £77,574 (2018: £111,216), comprising P L Cheetham £76,773 (2018: £110,790) and R H Clemmey £801 (2018: £426). All salary costs include employer's National Insurance and Pension contributions.

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

At the balance sheet date an amount of £10,496 (2018: £59,690) was due from Sunrise Resources plc.

P L Cheetham, a director of the Company, is also a director of Sunrise Resources plc.

Shares and warrants held in Sunrise Resources plc by the Company's directors are as follows:

	At 30 September 2019				At 30 September 2018	
	Shares number	**Warrants number**	**Warrants exercise price**	**Warrants expiry date**	Shares number	Warrants number
P L Cheetham*	**125,593,683**	**3,000,000**	**0.275p**	**05/02/2020**	83,454,885	5,000,000
D A R McAlister	**550,000**	**—**	**—**	**—**	550,000	—
R H Clemmey	**—**	**750,000**	**0.275p**	**05/02/2020**		2,750,000
		500,000	**0.160p**	**18/02/2021**		
		500,000	**0.135p**	**01/02/2022**		
		500,000	**0.160p**	**31/01/2023**		
		750,000	**0.110p**	**21/02/2024**		

* 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 2019, the Group's and Company's financial assets consisted of listed 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 2019, as defined in IFRS 9, are as follows:

	Group 2019 £	**Company 2019 £**	Group 2018 £	Company 2018 £
Financial assets at amortised cost	**81,133**	**41,670**	301,215	264,335
Financial assets at fair value through other comprehensive income	**89,775**	**89,775**	202,328	202,328
Financial liabilities at amortised cost	**62,156**	**21,187**	50,276	23,715

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 Krona, Canadian Dollars, Euros and Saudi Riyals to provide funding for exploration and evaluation activity. The Group and the Company are dependent on equity fundraising through share 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**	
	2019 £	2018 £	**2019 £**	2018 £
United Kingdom Sterling	**23,526**	203,098	**22,438**	202,085
United States Dollar	**11,628**	4,171	**6,691**	313
Swedish Krona	**5,734**	483	**—**	5
Norwegian Krona	**4**	—	**4**	—
European Euro	**9,664**	10,486	**303**	314
Canadian Dollar	**14**	15	**14**	15
Saudi Riyal	**47**	44	**—**	—
	50,617	218,297	**29,450**	202,732

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 2019 would increase or decrease by £581 for each 5% increase or decrease in the value of Sterling against the Dollar.

Neither the Company nor the Group is exposed to material transactional currency risk.

19. Financial instruments (continued)

Interest rate risk

The Group and Company finance their operations through equity fundraising and therefore do not carry borrowings.

Fluctuating interest rates have the potential to affect the loss and equity of the Group and the Company insofar as they affect the interest paid on financial instruments held for the benefit of the Group. The directors do not consider the effects to be material to the reported loss or equity of the Group or the Company presented in the financial statements.

Credit risk

The Company has exposure to credit risk through receivables such as VAT refunds, invoices issued to related parties and its joint arrangements for management charges. The amounts outstanding from time to time are not material other than for VAT refunds which are considered by the directors to be low risk.

The Company has exposure to credit risk in respect of its cash deposits with NatWest bank and this exposure is considered by the directors to be low.

20. Events after the reporting date

On 8 October 2019, the Swedish tax office informed the Company that the appeal was not successful with regards to levy of an incorrect tax return relating to tax year 2013/14 in Tertiary Gold Sweden Branch. The levy was increased to SEK 296,958 (approximately £24,461) by the interest of SEK 8,703. The Company's tax lawyer in Sweden is further appealing the decision. This event is treated as a post balance sheet adjusting event and the full cost of potential tax levy was accrued.

On 19 November 2019, the Company entered into a convertible securities issuance deed (the "Agreement") with Bergen Global Opportunity Fund, LP (the "Investor"), a US based institutional investment fund, in connection with an issuance by the Company of zero coupon convertible securities having a nominal amount of up to £653,000 (the "Convertible Securities"). Pursuant to the Agreement, on 26 November 2019 the Company issued a convertible security with the nominal value of £263,000 (at the purchase price of £232,000).

In connection with the Agreement:

(a) the Company issued to the Investor 17,000,000 Shares by way of a commencement fee in relation to the overall funding ("Commencement Fee Shares");

(b) the Company will issue to the Investor 18,000,000 Shares at par to collateralise the investment ("Collateral Shares"). Investor may be required to make a further payment to the Company once all of the obligations of the Company under the Agreement have been finally met and no amount remains outstanding to the Investor, depending on the price of Shares at such time; and

(c) the Company issued 22,000,000 warrants with an exercise period of 48 months from the date of issue (the "Warrants") to the Investor entitling the Investor (or any subsequent holder of the Warrants) to subscribe for one Share per Warrant at the exercise price equal to 0.33588 pence.

(d) On 18 February 2020, the Company received a Conversion Notice from the Investor in respect of the Conversion of £263,000 of the Convertible Security as a result of which the Company will issue 154,705,883 new ordinary shares at a Conversion Price of 0.17 pence per share.

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 at Silk Point, Queens Avenue, Macclesfield, Cheshire SK10 2BB on Thursday, 19 March 2020, at 2.00 p.m. for the following purposes:

Ordinary Business

1. To receive the Accounts and the Reports of the Directors and of the Auditor for the year ended 30 September 2019.
2. To re-elect Mr D A R McAlister who is retiring as a director of the Company.
3. To reappoint Crowe U.K. LLP as Auditor of the Company and to authorise the directors to fix their remuneration.

Special Business

Ordinary Resolution

4. That, in accordance with section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £70,000 (consisting of 700,000,000 ordinary shares of 0.01p each) provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act.

Special Resolution

5. That subject to the passing of resolution 4, the directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 4 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

   a) the allotment of equity securities in connection with an offer by way of a rights issue to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £70,000 (consisting of 700,000,000 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 Proxy Notes and Instructions on page 47.

By order of the Board.

Rod Venables
Company Secretary
18 February 2020

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 2.00 p.m. on Thursday, 19 March 2020 at Silk Point, Queens Avenue, Macclesfield, Cheshire SK10 2BB. 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 2019 which can be found on pages 3 to 26.

Resolution 2

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 14.

Resolution 3

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 authorise the directors to fix the remuneration of the Auditor.

Special Business

Resolution 4

This resolution is to give the directors authority to issue shares. The last such authority was put in place by a meeting of shareholders held on 21 February 2019 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 2021.

Resolution 5

This resolution will be proposed as a Special Resolution in the event that Resolution 4 is passed by shareholders. Resolution 5 is proposed to give the directors authority to issue shares other than by way of rights issues which are, for regulatory reasons, complex, expensive, time consuming and impractical for a company the size of Tertiary Minerals plc.

A similar authority granted at 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 share placings.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2021.

Voting at the Meeting, 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 17 March 2020. 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 2.00 p.m. (UK time) on Thursday 19 March 2020 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:
   - by attending the meeting and voting in person.
   - by logging on to www.signalshares.com and following the instructions.
   - by proxy. You may request a hard copy form of proxy directly from the registrars, Link Asset Services, on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. 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.

   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 the Registrars, Link Asset Services, at 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 2.00 p.m. on Tuesday 17 March 2020.
7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrars 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.

Voting at the Meeting, Electronic Voting, Proxy Notes and Instructions (continued)

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 2.00 p.m. on Tuesday 17 March 2020. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to 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.

Company Information

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

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Solicitors
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