TRISTAR RESOURCES

Tri-Star Resources Plc

Annual Report and Financial Statements

for the year ended 31 December 2017

Annual Report and Financial Statements

for the year ended 31 December 2017

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Company Information

Company registration number	04863813
Registered office	Suite 31, Second Floor 107 Cheapside London EC2V 6DN
Directors	**Mark Wellesley-Wood** (Executive Chairman) **Karen O'Mahony** (Acting CEO and CFO) **Adrian Collins** (Senior Independent Director) **David Fletcher** (Non-executive Director)
Secretary	**St James's Corporate Services Limited** Suite 31, Second Floor 107 Cheapside London EC2V 6DN
Nominated adviser and broker	**SP Angel Corporate Finance LLP** Prince Frederick House 35-39 Maddox Street London W1S 2PP
Registrars	**Link Market Services** 6th Floor 65 Gresham Street London EC2V 7NQ
Bankers	**Lloyds Bank Plc** PO Box 72, Bailey Drive Gillingham Business Park Kent ME8 0LS
Solicitors	**Fladgate LLP** 16 Great Queen Street London WC2B 5DG
Auditor	**Grant Thornton UK LLP** The Colmore Building 20 Colmore Circus Birmingham B4 6AT
Contact details	**Karen O'Mahony** ceo@tri-starresources.com ir@tri-starresources.com +44 20 7653 6291

Chairman's Statement

for the year ended 31 December 2017

2017 represented a pivotal year for Tri-Star Resources Plc ("Tri-Star" or the "Company" and together with its subsidiaries the "Group"). The Company substantially strengthened its financial position, reducing its debt from £11.4 million as of year-end 2016 to £2.4 million as at 31 March 2018 whilst at the same time investing a further $8.8 million (£6.6 million) in the form of a mezzanine loan in Strategic & Precious Metals Processing Group LLC FZC ("SPMP"). In carrying out this restructuring, we welcomed the funds managed by Odey Asset Management LLP ("OAM") which collectively became the Company's majority shareholder (together the "OAM Funds").

In order to achieve this, Tri-Star negotiated the conversion of the convertible secured loan notes held by the OAM Funds ("Convertible Loan Notes") into the equity share capital of the Company, together with some additional fund raising. This resulted in the OAM Funds collectively taking a 54% stake in Tri-Star, a transaction that required approval by the Takeover Panel as well as shareholders at a general meeting in June 2017. In November 2017, the OAM Funds lent a further $6 million (£4.5 million) to Tri-Star to allow the Company to invest in a mezzanine structure (15% loan facility) into SPMP. The Board elected to replace the majority of this loan with equity and an open offer was announced on 21 December 2017 to raise £4.4m of equity for the Company (the "Open Offer"). As a result of the Open Offer, the OAM funds collective shareholding in Tri-Star increased to 65% and, subsequently, Tri-Star increased its loan to SPMP from $6 million to $8.8 million.

SPMP is constructing a roasting facility in Oman to process mixed antimony and gold ores (the "SPMP Project" or the "Project"). During 2017, SPMP conducted further test work, completing the Bankable Feasibility Study and achieving process design freeze. At the time of writing, construction of the Project is 94% complete and work is focused on connecting the services and control systems in preparation for commissioning. Cold commissioning has already commenced on certain sections of the plant and will continue through to the conclusion of hot commissioning during Summer 2018. It is intended that production of both antimony and gold will then ramp up to a rate of approximately 25,000 tonnes of feedstock per annum by year end, or about 50% of design capacity. The precise split of output between antimony and gold will depend on the grade of feedstock being treated at the time.

SPMP has entered into contracts for the supply of concentrate with numerous feedstock suppliers so that the plant can be tested on a variety of sources in order to assess its performance and its capacity for variability. Much work has gone into broadening the range of acceptable feedstock specifications and dealing with impurities. It is anticipated that this will be a focus for improving efficiencies once the plant is in production. SPMP is also engaged in ongoing contractual discussions for the offtake of end product, where demand remains high.

As previously reported, the capital cost for the project increased during the year, primarily due to the addition of the gold calcine plant. With procurement and construction now close to finalisation, we can confirm that the total cost is expected to be around $112 million.

Changes in Board composition in the second half of 2017 reflected the change of control in the Company, general overall cost control and the continued need to support our partners in SPMP. OAM appointed two Directors to the Board of Tri-Star, David Fletcher and Karen O'Mahony, and their support and advice has been invaluable. In July, I became Executive Chairman (previously Non-Executive Chairman) and after many years of service to the Company, Jonathan Quirk retired from the Board and Dr Scott Morrison joined. In December, Emin Eyi, the founder and promoter of the Company stepped down as Deputy Chairman and Director following his resignation as CEO of SPMP.

Post year end, the Board continued to focus on reducing operational costs at the parent level and we elected to reduce the Board headcount from six directors to four. Scott Morrison resigned as Director and Guy Eastaugh, former CFO and, for the last two years CEO, stood down. Karen O'Mahony has stepped into the CEO role in an acting capacity whilst we transition the SPMP project through completion and commissioning.

Chairman's Statement

continued

The Group recorded a loss from operations during the year of £1,006,000 (2016: £832,000). The Group's share of losses in SPMP was £41,397 (2016: £769,000). The £3.64 million charge on conversion of the convertible secured loan notes was a major factor in the Company's total comprehensive loss of £5,948,000 (2016: £3,373,000). The Directors do not recommend the payment of a dividend.

With the Project in Sohar so close to completion, we now look forward to commissioning and production ramp up. We are optimistic that the goal to establish a high cashflow generating plant in Oman is in sight.

Mark Wellesley-Wood
Executive Chairman

1 May 2018

Strategic Report

for the year ended 31 December 2017

Introduction

The Company's principal activities are in the SPMP Project, an antimony and gold production facility. The SPMP Project is based in Sohar, Sultanate of Oman, and is being developed by SPMP, an Omani company in which Tri-Star has a 40% equity interest and an $8.8 million mezzanine loan position accruing 15% interest per annum. The Project is due to become operational in the second half of 2018.

Tri-Star also has antimony exploration licenses in Canada and Turkey and a mining permit in Turkey which are held for their potential contribution of feedstock to the SPMP Project.

SPMP Project

Background

The SPMP Project is a commercial facility which will produce high grade antimony ingots, powdered antimony trioxides ("ATO"), gypsum and gold ore bars. Feedstock will be sourced internationally and will be treated by an environmentally friendly roasting process.

The Project remains an attractive prospect for Tri-Star:

- **Scale:** The Project is the largest antimony roaster outside of China and the world's first clean plant, designed to EU environmental standards. It will have the capacity to produce more than 50,000 oz. of gold per annum and 20,000 tonnes in combined antimony metal and ATO products which represents 12%-15% of average annual world antimony production and will thus establish Oman as a major global producer of antimony.
- **Earnings:** The Project will generate significant revenues, divided approximately 60:40 between antimony and gold. In terms of developing end products, antimony derivatives offer the potential for further margin growth over and above the normal conversion margin.
- **Technology:** The Project applies a proprietary antimony and gold roasting technology that is flexible and sophisticated enough to be able to process many types of grade and impurities.
- **Logistics:** The Project will supply value added antimony products to customers across the globe. The location of the Project in the Gulf region provides an excellent centralised logistics route, and access to relatively inexpensive energy and modern infrastructure.
- **Demand for product:** Antimony is a rare metal with a range of industrial applications. Amongst other things it is used as an additive to flame retardant compounds, utilised in printed circuit boards, computers and other electronic products. Antimony has consistently ranked highly in European and US risk lists for supply of chemical elements or element groups required to maintain the current economy and lifestyle.
- **Board:** SPMP has an experienced and internationally focused Board of Directors who have helped manage the project from inception through to near completion.

Oman joint venture

SPMP was formed in June 2014 to develop and build the Project. Tri-Star has a 40% equity interest in SPMP, with the other joint venture partners being The Oman Investment Fund ("OIF") (40% equity holder) and DNR Industries Limited, part of Dutco Group in Dubai (20% equity holder). Tri-Star also has an $8.8 million mezzanine instrument in SPMP accruing 15% interest per annum, alongside the other joint venture partners who also have mezzanine instruments with SPMP on similar terms.

Significant events

In 2017, several announcements relating to Tri-Star's interest in SPMP were made, most notably:

- In July 2017, SPMP announced a capital budget update for the Project which included progress on test-work and operational readiness;
- In November 2017, SPMP announced the replacement of Emin Eyi as CEO and a restructuring of the senior management team, with Jason Peers as interim CEO. Jason has been involved in SPMP since its formation and has managed a large number of major project financings across the Middle East; and
- In November 2017, Tri-Star announced that it had invested a further $6 million in SPMP by way of a Mezzanine Loan to SPMP.

Strategic Report
continued

Since its financial year end, Tri-Star has announced further progress by SPMP. This included the announcement in January 2018 that the Company had invested a further $2.8 million in the SPMP Project, again by way of Mezzanine Loan to SPMP. This was part of a total $22 million invested into SPMP by its shareholders. In March 2018, SPMP announced that it had entered into a new banking agreement with Alizz Islamic Bank SAOG for a further $30 million facility, bringing SPMP's total debt facilities to $70 million in addition to the total of $52 million invested by shareholders in the form of mezzanine and equity. To date, Tri-Star has invested $6 million (£4.5 million) by way of equity and $8.8 million (£6.6 million) by way of Mezzanine Loans to SPMP. Details of the terms of these investments are set out in the accompanying notes to the financial statements.

Project status

Cold commissioning (testing of the facility with inert materials) began in Q2 2018 and hot commissioning (testing of the facility with actual feedstock) is expected to start later in Q2 2018. The Project is due to become operational in the second half of 2018.

SPMP is in the process of securing feedstock from a number of providers and is also engaged in detailed discussions with purchasers on the offtake side of the business.

Antimony

Currently, the principal use of antimony is in flame retardants as antimony trioxide ("ATO"). ATO is most commonly used as a synergist to improve the performance of other flame retardants such as aluminium hydroxide, magnesium hydroxide and halogenated compounds. ATO is used in this way in many products including plastics, textiles, rubber, adhesives and plastic covers for aircrafts and cars. The largest applications for metallic antimony (metal ingots) are as alloying material for lead and tin and for lead antimony plates in lead-acid batteries. Alloying lead and tin with antimony improves the properties of the alloys which are used in solders, bullets and plain bearings. The second most common use of antimony alloy is as a hardener for lead electrodes in lead acid batteries. This use is in decline as the antimony content of typical automotive battery alloys has declined by weight as calcium, aluminium and tin alloys are expected to replace it over time.

An emerging application is the use of antimony in microelectronics.

Refractory Gold

Refractory gold is gold 'ore', where the metal is trapped in sulphide lattice structures that conventional processes are unable to extract. The clean antimony roasting technology developed by Tri-Star and sold to SPMP in 2015 has unlocked the potential of these gold resources, estimated to be 30% – 50% of remaining gold in the ground globally.

Other Tri-Star projects

Canada

The Company owns 100% of Tri-Star Antimony Canada. Through this Canadian subsidiary, the Company owns a license to explore the land of a large undeveloped antimony project in Canada ("Bald Hill deposit"). The Bald Hill deposit could become a potential future supplier of feedstock for the SPMP Project.

In 2017, the Company disposed of all of its 350,000 shares in Globex Mining Enterprises Inc ("Globex"). The Company had previously received these shares as payment for Globex's acquisition of a gold deposit project (Golden Pike) from the Company.

Turkey

The Company currently owns 90% of the exploration and mining rights for an historical artisanal mine in a known antimony belt in the Murat Dagi mountains of western Turkey ("Göynük Project").

The property comprises a permitted mining area of 47 hectares within an exploration area of 783 hectares. The licence is currently being maintained with no active exploration or mining being carried out.

Strategic Report
continued

Financing

Tri-Star undertook three financing transactions during 2017 to strengthen its financial position and enable further investment by the Company in the SPMP Project.

Conversion of OAM Convertible Loan Notes and private placing

In June 2017, Tri-Star announced that it had reached an agreement with the holders of its Convertible Loan Notes to restructure the Company's financial position. The proposals subsequently put to shareholders entailed all of the outstanding loan notes, amounting to approximately £12.2 million at that time, being converted or redeemed. At the same time the Company raised £1.3 million, before expenses, for general corporate purposes by way of a placing.

The placing and related transactions completed on 20 June 2017. Three funds under the discretionary management of Odey Asset Management LLP, i.e. the Odey Swan Fund, Odey European Inc ("OEI") and OEI MAC Inc ("OMI"), (together the "OAM Funds") became the holders of 54% of the Company's enlarged share capital.

Under IFRS, the Company was required to book a loss of £3.6 million in connection with the extinguishment of the Convertible Loan Notes. This loss and how it is derived is explained in detail in the accompanying note 13 to the financial statements. As a consequence of these transactions, the Company's debt and related derivative balances were eliminated, leaving the Company with net assets of £2.2 million as at 30 June 2017.

Issue of secured loan notes to OEI and OMI

In November 2017, Tri-Star announced that it had invested a further $6.0 million (£4.5 million) via a Mezzanine Loan in SPMP to assist in further development of the SPMP Project. The investment in SPMP was financed through the issuance of short-dated secured loan notes to OEI and OMI.

The principal terms of the loan notes are as follows:

- **Principal:** $6.0 million;
- **Security:** a fixed and floating charge over all the assets of the Company;
- **Term:** the notes were originally due to be redeemed on the earlier date of 30 June 2018 or the completion of an equity fundraise however, in April 2018, OAM agreed to extend the maturity date for the notes to 30th June 2019. This extension constitutes a Post Balance Sheet Event;
- **Interest:** the notes accrue interest at 25% per annum, accruing daily, capitalised and added to the outstanding principal amount on the last day of each calendar month and is payable on redemption.

In January 2018, $2.7 million of the $6.0 million secured loan notes were redeemed by means of funds raised through the Open Offer described below. This redemption constitutes a Post Balance Sheet event.

£4.4 million Open Offer to Tri-Star shareholders

Tri-Star announced an Open Offer on 21 December 2017 to raise up to approximately $5.7 million (£4.4 million) before expenses through the issue of new ordinary shares in the Company at an issue price of 0.01 pence per share.

The Open Offer provided funds for:

Partial pre-payment of the $6 million of the secured loan notes issued to OEI and OMI in November 2017	£2.00 million
Investment into the SPMP Project ($2.8 million mezzanine loan)	£2.05 million
General corporate purposes	£0.37 million
Total	£4.42 million

The Open Offer successfully closed on 10 January 2018 having been substantially oversubscribed. As a consequence, the OAM Funds increased their shareholdings in the Company to 65%, in aggregate.

The Open Offer and its impact on the Company constitutes a Post Balance Sheet Event and further information can be found in the relevant note accompanying the financial statements.

Strategic Report

continued

Result for the year

The results for 2017 reflect the impact of the extinguishment of the OAM convertible loan liability that took place in June 2017. Administration costs rose by 14% in 2017 to £869,000 from £763,000 in 2016.

Summary Profit and Loss Account	**2017 £'000**	**2016 £'000**
Loss from operations	(1,006)	(832)
Share of loss in associate	(41)	(769)
Profit on sale of Globex shares	55	–
Finance expense (net)	(1,333)	(1,978)
Loss before extinguishment of debt	(2,325)	(3,579)
Loss on extinguishment of debt	(3,637)	–
Loss before taxation	(5,962)	(3,579)

Share of loss in associate represents Tri-Star's share of SPMP's pre-tax result for the year. SPMP has not been profitable to date as the SPMP Project is only due to commence operations in 2018, with full production forecast for 2020.

Tri-Star made a profit of £55,000 during the year from the sale of 350,000 Globex Mining Enterprises Inc. shares.

Net finance expense of £1,333,000 in 2017 (2016: £1,978,000) predominantly represents the interest payable on the Convertible Loan Notes before redemption in June 2017, amounting to £1,176,000.

The loss on extinguishment of debt of £3,637,000 (2016: £nil) represents the impact on the Company of the redemption and alteration to the conversion terms of the Convertible Loan Notes redeemed in June 2017. This item is also non-cash in nature. Further detail on this amount is set out in the accompanying notes to the financial statements.

Financial position

As at 31 March 2018, the Company had £483,800 in cash. Since 31 December 2017, the Company has reduced its debt position from £4,348,000 to £2,374,000 as at 31 March 2018 whilst increasing its mezzanine investment in SPMP by a further $2.8 million (£2.05 million) in January 2018 to $8.8 million.

Key Performance Indicators ("KPIs")

Given the nature of the Company's assets and the current development of its operations, the Board does not consider the use of particular financial or operational KPIs.

Safety, health and environmental policies

Tri-Star is committed to meeting international best industrial practice in each jurisdiction in which it operates with respect to human rights, safety, health and environmental ("SHE") policies. Management, employees and contractors are governed by and required to comply with Tri-Star's SHE policies as well as all applicable international, national federal, provincial and municipal legislations and regulations. It is the primary responsibility of the supervisors and other senior field staff of Tri-Star and its subsidiaries to oversee safe work practices and ensure that rules, regulations, policies and procedures are being followed.

Strategic Report
continued

Principal risks and uncertainties

The Board continually reviews the risks facing the Company. The Company is not yet revenue generating. The principal risks and uncertainties facing the Company involve delays to the completion, commissioning and ramp up of the SPMP Project which may lead to higher funding requirements from the SPMP shareholders. Although the SPMP Project is proceeding on schedule, the timing and progress is not under the direct control of the Company. In terms of other more significant but lower probability risks, there is the matter of technological failure or political risk within Oman.

The Company is currently relying upon the ongoing support of OAM Funds vis-à-vis the secured loan notes issued to OEI and OMI and receipt of the balance of the remaining $2 million due from SPMP to continue as a going concern, as detailed in the going concern note below.

Financial risk management objectives and policies

The Company's principal financial instruments comprise of cash, loan notes and other financial liabilities. The Company has various other financial instruments such as loans and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are liquidity risk, price risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to fund the Company's operating activities. Management monitors the forecasts of the Company's cash flows and cash balances monthly and raises funds in discrete tranches to manage the activities through to revenue generation.

Price risk

The Company may be exposed directly or indirectly to fluctuating commodity prices of antimony and gold and the existence and quality of the antimony product within the licensed area. However, it is noted that market factors, particularly the closure of antimony facilities in China in the last year, positively impacts demand and therefore pricing for the outputs of the SPMP Project. The Directors will continue to review the prices of antimony when significant mining is undertaken and will consider how this risk can be mitigated at that stage.

Foreign exchange risk

The Company, its subsidiaries and associate operates in a number of jurisdictions and carries out transactions in UK Pounds Sterling, Omani Rials, Turkish Lira, Canadian dollars and US dollars. The Company puts in place hedging arrangements only when receipts and/or payments in a foreign currency are due and known with a high degree of certainty. Otherwise, no currency hedging takes place. Furthermore, it is the Group's policy not to engage in use of currency derivatives, derivative trading or to take part in currency speculation.

Strategic Report
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Going concern

The Company is not yet revenue generating and is reliant upon funds raised from issuing loans and shares. The holders of the secured loan notes have agreed to extend the term of the notes to 30 June 2019. However, an additional cash requirement of £430,000 in unavoidable running costs was identified based on cash flow forecasts for the period ending 31 May 2019, as prepared by the Directors. The Directors consider that there are a number of options to cover this deficit:

(1) SPMP arrange refinancing and make early repayment of part or all of its loan from Tri-Star which amounts to approximately $9 million ($8.8 million capital plus rolled up interest) (£6.4 million) at 31 March 2018.

(2) SPMP makes the $2 million (approximately £1.5 million) payment in respect of its acquisition from Tri-Star of the intellectual property ("IP") of the Project.

(3) Tri-Star raises further funds by way of an equity or debt placing or a further loan from the OAM Funds.

The Directors are confident that the Company will secure the funds required from one of the above sources. Accordingly, the Directors believe that it is appropriate to prepare accounts on a going concern basis. However, there is no certainty that they will be able to do so. These matters along with the matter set forth above mean that there is a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that the Group and Company may not be able to realise its assets or discharge its liabilities as they fall due.

Future prospects

We expect the remainder of 2018 to be challenging, but Tri-Star will remain focussed on the active management of its 40% interest in SPMP as the Project moves forward into the commissioning phase. We will also remain focused on cutting costs at the Group (i.e. the Company and its subsidiaries) level in order to maintain a lean operation.

Karen O'Mahony
Acting Chief Executive Officer & Chief Financial Officer

1 May 2018

Report of the Directors

for the year ended 31 December 2017

The Directors present their annual report together with the audited financial statements of Tri-Star Resources Plc ("Tri-Star") and its subsidiaries (the "Group") for the year ended 31 December 2017.

Principal activity

The principal activity of the Group is, in conjunction with its joint venture partners, the design and construction of an antimony and gold processing facility in the Sultanate of Oman which is being constructed by Strategic & Precious Metals Processing LLC FZC ("SPMP"). The Group also owns antimony and mining resources in Turkey and Canada.

Domicile and principal place of business

Tri-Star is domiciled in the United Kingdom. Its principal places of business are the UK, Turkey, Canada and the Sultanate of Oman.

Directors

The current membership of the Board and those directors who served during the year is set out below.

Mark Wellesley-Wood
Karen O'Mahony (appointed 20 June 2017)
Adrian Collins
David Fletcher (appointed 20 June 2017)
Guy Eastaugh (resigned 2 March 2018)
Scott Morrison (appointed 17 July 2017, resigned 8 March 2018)
Emin Eyi (resigned 19 December 2017)
Jonathan Quirk (resigned 17 July 2017)

Director's shareholdings

Director	Number of ordinary shares of 0.005p each held at 1 May 2017	Percentage of issued ordinary share capital %
Mark Wellesley-Wood	24,748,204	0.04
Karen O'Mahony	456,944,633	0.72
Adrian Collins	94,902,353	0.15

Ms O'Mahony's shares are held by PEAL Investment Advisory Limited, a company in which Ms O'Mahony has a 75% equity interest and Odey Asset Management LLP has a 15% equity interest.

Details of the Directors' entitlements to share options are given in note 15.

Matters covered in the Group's Strategic Report

The principal risks and uncertainties have been included in the Group's Strategic Report.

Report of the Directors

continued

Substantial shareholdings

Interests in excess of 3% of the issued share capital of the Company, which had been notified as at 30 April 2018, are as follows:

	Number of ordinary shares of 0.005p each	Percentage of issued ordinary share capital %
Funds managed by Odey Asset Management LLP	41,606,494,641	65.16

Odey Asset Management LLP is the investment manager of Odey European Inc, OEI MAC Inc and Odey Swan Fund, which collectively own 65.16% of Tri-Star. (Odey Asset Management LLP itself does not own any shares in Tri-Star).

Odey Asset Management LLP is 98% owned by Odey Asset Management Group Ltd, which is itself 100% owned by Odey Holdings AG. David Fletcher, a director of Tri-Star Resources plc, owns 1.8% of Odey Holdings AG.

Biographical details of Directors

Mark Wellesley-Wood (Executive Chairman)

Mark Wellesley-Wood joined the Board as Non-Executive Chairman in March 2015 and was appointed Executive Chairman in July 2017. Mr Wellesley-Wood is a mining engineer, with over 40 years of experience in both the mining industry and investment banking. Previously, Mr Wellesley-Wood was a director of Investec Investment Banking and Securities in London. He has been closely involved in mining activities in Africa, having started his career on the Zambian copper-belt, and is a former Executive Chairman and CEO of South African gold miner, DRDGold Limited.

Karen O'Mahony (Acting CEO & CFO)

Karen O'Mahony joined the Board in June 2017 as Non-Executive Director and was appointed Acting Chief Executive Officer and Chief Financial Officer in March 2018. Ms O'Mahony remains a Managing Director of PEAL Investment Advisory Limited ("PEAL"), a boutique firm that specialises in monitoring, managing and restructuring direct private equity investments. Prior to the establishment of PEAL in 2014, Ms O'Mahony was Deputy Chief Investment Officer at Misland Capital Ltd where she helped manage a multi-asset portfolio with a focus on both public and private equity investments. From 2002 to 2004, she was a Director at Davy Stockbrokers Ltd in Dublin and prior to that, she worked as an Associate at Goldman Sachs. She holds a master's degree in Quantitative Finance from University College Dublin and an undergraduate degree in Finance from Trinity College Dublin. Ms O'Mahony also sits on the board of Chronos Therapeutics Limited, a clinical stage biotech company that specialises in degenerative and behavioural diseases of the brain and nervous system.

Adrian Collins (Senior Independent Director)

Adrian Collins joined the Board in August 2010. Mr Collins has worked in the fund management business for over 35 years, a large part of which was at Gartmore Investment Management where latterly he was Managing Director. He has held a number of senior positions in the fund management industry and is currently Chairman of Liontrust Asset Management plc. He is also on the boards of a number of listed investment trusts and other companies, both in the UK and overseas. Mr Collins is a former Chairman of the Company, having served in that capacity from August 2010 until March 2015. Mr Collins is currently Chairman of the Remuneration Committee.

David Fletcher (Non-executive Director)

David Fletcher joined the Board in June 2017. David is a Partner and Non-Executive Chairman of OAM. He has been part of the OAM management team for over 20 years since joining as Chief Executive in 1995. Mr Fletcher is also a Senior Adviser at Social Finance, a not for profit social sector innovator. Prior to OAM, Mr Fletcher was Chief Executive Officer at Leopold Joseph, the quoted UK merchant bank, where he had worked since graduating from New College, Oxford, in 1980. Mr Fletcher is currently Chairman of the Audit Committee.

Report of the Directors

continued

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under this law the Directors have to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 and profit or loss of the Group and the Company for that period. 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 applicable accounting standards have been followed, 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 Group and Company will continue in business.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor and Annual General Meeting

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 489(4) of the Companies Act 2006. A resolution to reappoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

St James's Corporate Services Ltd

1 May 2018

Corporate Governance

for the year ended 31 December 2017

Remuneration report

The Company supports the concept of an effective board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved for decision. Procedures are in place for operational management to supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Directors that served during the year are detailed on page 11.

The Remuneration Committee, chaired by Mr Collins, meets at least twice a year and has as its remit the determination and review of, amongst others, the remuneration of executives on the Board and any share incentive plans of the Company.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer shareholder's questions at the Annual General Meeting and there will be a resolution to approve the 2017 annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit Committee, chaired by Mr Fletcher, meets at least twice a year to consider the integrity of the financial statements of the Company, including its annual and interim accounts, the effectiveness of the Company's internal controls and risk management systems, auditor reports, and terms of appointment and remuneration for the auditors.

The Board has considered the need for an internal audit function but has decided the size and complexity of the Group does not justify it at present. However, it will keep this decision under annual review.

Report on Remuneration

for the year ended 31 December 2017

Policy on Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward Directors for enhancing shareholder value and return. The Board aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Group's objectives.

The remuneration of the Directors in 2017 was as follows:

Year to 31 December 2017

Director	Notes	Salary and fees £	Loss of office £	Total £	Employers NI (note 5) £
Mark Wellesley-Wood		70,360	–	70,360	8,583
Karen O'Mahony	1	13,269	–	13,269	921
Adrian Collins		30,000	–	30,000	–
David Fletcher	1	13,269	–	13,269	921
Guy Eastaugh		175,000	–	175,000	23,024
Scott Morrison	2	11,474	–	11,474	921
Emin Eyi	4	45,000	22,500	67,500	–
Jonathan Quirk	3	12,513	–	12,513	690
Total		370,885	22,500	393,385	

The remuneration of the Directors in 2016 was as follows:

Year to 31 December 2016

Director	Salary and fees £	Bonus £	Total £	Employers NI (note 5) £
Mark Wellesley-Wood	51,750	–	51,750	6,022
Guy Eastaugh	175,000	58,333	233,333	31,081
Adrian Collins	30,000	–	30,000	–
Emin Eyi	45,000	–	45,000	–
Jonathan Quirk	20,000	–	20,000	1,641
Total	321,750	58,333	380,083	

Notes

1 Appointed 20 June 2017
2 Appointed 17 July 2017
3 Resigned 17 July 2017
4 Resigned 19 December 2017
5 Employers NIC is disclosed for IFRS purposes and does not comprise remuneration

Pensions

During the year, the Group made a total pension contribution of £104 to Ms O'Mahony. No other pension contributions were made on behalf of the other Directors. No pension contributions were made to the Directors in 2016.

Share options

Details of options granted to Directors are shown in note 15 to the financial statements. No Directors exercised any share options during the years ended 31 December 2017 or 31 December 2016.

Notice periods of the Directors

The Executive Chairman's and acting CEO's contracts are terminable on three months' notice on either side.

The other non-executive Directors' contracts are terminable on one month's notice on either side.

Report of the Independent Auditor

to the members of Tri-Star Resources Plc
for the year ended 31 December 2017

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Tri-Star Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, the consolidated and the company statements of financial position, the consolidated and the company statements of changes in equity, the consolidated and the company statements of cash flows, principal accounting policies and 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 financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 31 December 2017 and of the group's loss for the year 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 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (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 and the parent company 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 as applied to listed entities, 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.

Who we are reporting to

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.

Material uncertainty related to going concern

We draw attention to 'Principal accounting policies – going concern' on page 27 in the financial statements, which indicates that the group is not yet revenue generating and is reliant upon funds raised from issuing loans and shares. Furthermore, the forecasts prepared by the directors of the group identify a cash deficit of £430,000 to 30 June 2019. As stated in 'Principal accounting policies – going concern', these events or conditions, along with the other matters as set forth in 'Principal accounting policies – going concern', indicate that a material uncertainty exists that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Report of the Independent Auditor

to the members of Tri-Star Resources Plc continued

Overview of our audit approach

- Overall group materiality: £342,000, which represents 5% of the group's preliminary loss before taxation.
- We performed full-scope audit procedures on the financial statements of Tri-Star Resources plc. We performed analytical procedures on the financial information of the subsidiaries based in Turkey and Canada. A full-scope audit of the associated undertaking based in Oman is performed through the component auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 that 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

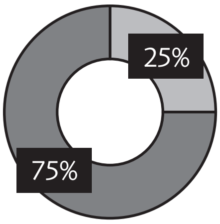
Materiality measure	**Group**	**Parent**
Financial statements as a whole	£342,000, which is 5% of preliminary loss before taxation. This benchmark is considered the most appropriate because it is the key driver of the results of the group and is monitored by management. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2016 as a result of increased loss before tax in the current year.	£274,000, which is 4.8% of preliminary loss before taxation. This benchmark is considered the most appropriate because the company is a holding company without revenue, incurring costs for the group. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2016 as a result of increased loss before tax in the current year.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We determined a lower level of specific materiality for certain areas such as related party transactions and directors' remuneration.	We determined a lower level of specific materiality for certain areas such as related party transactions and directors' remuneration.
Communication of misstatements to the audit committee	£17,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£14,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Report of the Independent Auditor

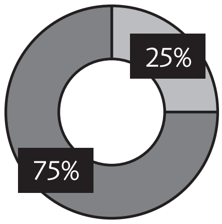
to the members of Tri-Star Resources Plc continued

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – group



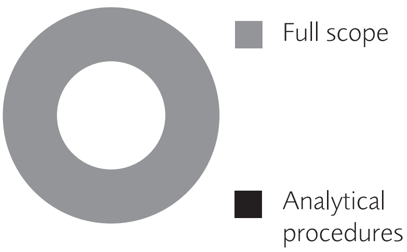
Overall materiality – parent



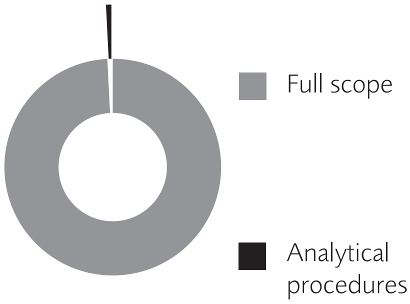
An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Group's and parent's business, its environment and is risk-based. The components of the Group were evaluated by the Group audit team based on a measure of materiality considering each as a percentage of total Group assets, liabilities, equity and earnings before taxes, to assess the significance of the component and to determine the planned audit response. We performed a full-scope audit of the financial statements of the Parent Company. The component auditor performed a full scope audit of Strategic & Precious Metals Processing LLC. Analytical procedures were performed over remaining components of the group. A total of 99.2% of the consolidated assets and 100% of the consolidated loss before tax were subject to full-scope audit procedures. Communication between the group audit team and the component auditor was continuous via e-mails and regular conference calls throughout the planning, substantive and completion stages of the group audit.

Consolidated loss before tax



Consolidated total assets



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.

Report of the Independent Auditor

to the members of Tri-Star Resources Plc continued

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

- the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the directors.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 directors for the financial statements

As explained more fully in the statement of directors' responsibilities 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 the 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.

David White
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

1 May 2018

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Share based payments		(135)	(66)
Amortisation and impairment of intangible assets		(2)	(3)
Administrative expenses		(869)	(763)
Total administrative expenses and loss from operations		(1,006)	(832)
Profit on sale of available for sale asset		55	–
Share of loss in associate company		(41)	(769)
Finance income	2	31	133
Loss on extinguishment of debt	13	(3,637)	–
Finance cost	2	(1,364)	(2,111)
Loss before taxation	3	(5,962)	(3,579)
Taxation	4	80	179
Loss after taxation, and loss attributable to the equity holders of the Company		(5,882)	(3,400)
Loss after taxation attributable to			
Non-controlling interest		(1)	–
Equity holders of the parent		(5,881)	(3,400)
Other comprehensive expenditure			
Items that will be reclassified subsequently to profit and loss			
Recycle to income statement on disposal of available for sale asset		(47)	–
Increase in value of available for sale asset		–	47
Exchange loss on translating foreign operations		(19)	(20)
Other comprehensive income for the period, net of tax		(66)	27
Total comprehensive loss for the year, attributable to owners of the Company		(5,948)	(3,373)
Total comprehensive loss attributable to			
Non-controlling interest		(1)	–
Equity holders of the parent		(5,947)	(3,373)
Loss per share			
Basic and diluted loss per share (pence)	5	(0.04)	(0.04)

The accompanying principal accounting policies and notes on pages 27 to 50 form an integral part of the financial statements.

Consolidated Statement of Financial Position

as at 31 December 2017

	Note	Group 2017 £'000	2016 £'000
Assets			
Non-current			
Intangible assets	7	12	17
Investment in associates	8	1,421	1,483
Loan to associate	10	4,439	–
Property, plant and equipment	9	21	43
		5,893	1,543
Current			
Cash and cash equivalents		485	447
Available for resale asset		–	89
Trade and other receivables	11	106	37
Total current assets		591	573
Total assets		6,484	2,116
Liabilities			
Current			
Trade and other payables	12	77	74
Short term loans	13	4,348	–
Financial liability	13	–	969
Total current liabilities		4,425	1,043
Loans repayable after one year			
Loans	13	–	10,429
Deferred tax liability	14	130	148
Total liabilities		4,555	11,620
Equity			
Issued share capital	16	3,160	2,601
Share premium		31,347	14,525
Share based payment reserve		1,105	1,130
Other reserves		(6,953)	(6,887)
Retained earnings		(26,726)	(20,870)
		1,933	(9,501)
Non-controlling interest		(4)	(3)
Total equity		1,929	(9,504)
Total equity and liabilities		6,484	2,116

The consolidated financial statements were approved by the Board and authorised for issue on 1 May 2018.

Karen O'Mahony
Acting Chief Executive Officer & Chief Financial Officer

The accompanying principal accounting policies and notes on pages 27 to 50 form an integral part of the financial statements.

Company Statement of Financial Position

as at 31 December 2017

	Note	Company 2017 £'000	2016 £'000
Assets			
Non-current			
Investment in associates	8	3,893	3,893
Loan to associate	10	4,439	–
Property, plant and equipment	9	12	27
		8,344	3,920
Current			
Cash and cash equivalents		473	430
Available for resale asset		–	89
Trade and other receivables	11	91	21
Total current assets		564	540
Total assets		8,908	4,460
Liabilities			
Current			
Trade and other payables	12	73	68
Short term loans	13	4,348	–
Financial liability	13	–	969
Total current liabilities		4,421	1,037
Loans repayable after one year			
Loans	13	–	10,429
Deferred tax liability	14	130	148
Total liabilities		4,551	11,614
Equity			
Issued share capital	16	3,160	2,601
Share premium		31,347	14,525
Share based payment reserve		1,105	1,130
Other reserves		–	47
Retained earnings		(31,255)	(25,457)
Total equity		4,357	(7,154)
Total equity and liabilities		8,908	4,460

The Company's loss for the year was £5,823,000 (year ended 31 December 2016: £2,892,000).

The consolidated financial statements were approved by the Board and authorised for issue on 1 May 2018.

Karen O'Mahony
Acting Chief Executive Officer & Chief Financial Officer

The accompanying principal accounting policies and notes on pages 27 to 50 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Other reserves £'000	Share based payment reserves £'000	Trans-lation reserve £'000	Retained earnings £'000	Total attributable to owners of parent £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2016	2,601	14,515	(6,156)	1,074	(758)	(17,470)	(6,194)	(3)	(6,197)
Share based payments	–	–	–	56	–	–	56	–	56
Issue of share capital	–	10	–	–	–	–	10	–	10
Transactions with owners	–	10	–	56	–	–	66	–	66
Exchange difference on translating foreign operations	–	–	–	–	(20)	–	(20)	–	(20)
Increase in value of available for sale asset	–	–	47	–	–	–	47	–	47
Loss for the year	–	–	–	–	–	(3,400)	(3,400)	–	(3,400)
Total comprehensive loss for the period	–	–	47	–	(20)	(3,400)	(3,373)	–	(3,373)
Balance at 31 December 2016	2,601	14,525	(6,109)	1,130	(778)	(20,870)	(9,501)	(3)	(9,504)
Issue of share capital	559	13,062	–	–	–	–	13,621	–	13,621
Share issue costs	–	(54)	–	–	–	–	(54)	–	(54)
Transfer on lapse of options	–	–	–	(25)	–	25	–	–	–
Fair value on extinguishment of loan	–	3,814	–	–	–	–	3,814	–	3,814
Transactions with owners	559	16,822	–	(25)	–	25	17,381	–	17,381
Exchange difference on translating foreign operations	–	–	–	–	(19)	–	(19)	–	(19)
Transfer on sales of available for sale asset	–	–	(47)	–	–	–	(47)	–	(47)
Loss for the period	–	–	–	–	–	(5,881)	(5,881)	(1)	(5,882)
Total comprehensive loss for the period	–	–	(47)	–	(19)	(5,881)	(5,947)	(1)	(5,948)
Balance at 31 December 2017	3,160	31,347	(6,156)	1,105	(797)	(26,726)	1,933	(4)	1,929

The accompanying principal accounting policies and notes on pages 27 to 50 form an integral part of the financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Share based payment reserves £'000	Available for sale reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	2,601	14,515	1,074	–	(22,565)	(4,375)
Share based payments	–	–	56	–	–	56
Issue of share capital	–	10	–	–	–	10
Transactions with owners	–	10	56	–	–	66
Increase in value of available for sale asset	–	–	–	47	–	47
Loss for the period	–	–	–	–	(2,892)	(2,892)
Total comprehensive loss for the period	–	–	–	47	(2,892)	(2,845)
Balance at 31 December 2016	2,601	14,525	1,130	47	(25,457)	(7,154)
Issue of share capital	559	13,062	–	–	–	13,621
Share issue costs	–	(54)	–	–	–	(54)
Transfer on lapse of options	–	–	(25)	–	25	–
Fair value on extinguishment of loan	–	3,814	–	–	–	3,814
Transactions with owners	559	16,822	(25)	–	25	17,381
Transfer on sales of available for sale asset	–	–	–	(47)	–	(47)
Loss for the period	–	–	–	–	(5,823)	(5,823)
Total comprehensive loss for the period	–	–	–	(47)	(5,823)	(5,870)
Balance at 31 December 2017	3,160	31,347	1,105	–	(31,255)	4,357

The accompanying principal accounting policies and notes on pages 27 to 50 form an integral part of the financial statements.

Consolidated and Company Statements of Cash Flows

for the year ended 31 December 2017

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash flow from operating activities				
Continuing operations				
Loss after taxation	(5,882)	(3,400)	(5,823)	(2,892)
Amortisation and impairment of intangibles	2	3	–	6
Depreciation	20	20	15	15
Finance income	(31)	(2)	(52)	(2)
Finance cost	1,312	2,111	1,312	2,111
Loss from associates	41	769	–	–
Fees paid by shares	135	10	135	10
Loss on extinguishment of loans	3,637	–	3,637	–
Share based payments	–	56	–	56
Movement on fair value of derivatives	52	(131)	52	(131)
Profit on disposal of AFSA	(55)	–	(55)	–
(Increase)/decrease in trade and other receivables	(10)	116	(10)	79
Decrease in trade and other payables	(15)	(448)	(13)	(61)
Net cash outflow from operating activities	(794)	(896)	(802)	(809)
Cash flows from investing activities				
Finance income	–	2	–	2
Cash invested in subsidiaries	–	–	–	(6)
Loans made to associate	(4,511)	–	(4,511)	–
Investment in AFSA	–	(41)	–	(41)
Net receipts on sale of AFSA	96	–	96	–
Purchase of property, plant and equipment	–	(1)	–	(1)
Purchase of intangible assets	–	(20)	–	–
Net cash outflow from investing activities	(4,415)	(60)	(4,415)	(46)
Cash flows from financing activities				
Proceeds from issue of share capital	1,300	–	1,300	–
Share issue costs	(54)	–	(54)	–
Finance costs	(498)	–	(498)	–
New loans	4,511	–	4,511	–
Net cash inflow from financing activities	5,259	–	5,259	–
Net change in cash and cash equivalents	50	(956)	42	(855)
Cash and cash equivalents at beginning of period	447	1,308	430	1,285
Exchange differences on cash and cash equivalents	(12)	95	1	–
Cash and cash equivalents at end of period	485	447	473	430

The accompanying principal accounting policies and notes on pages 27 to 50 form an integral part of the financial statements.

Principal Accounting Policies

for the year ended 31 December 2017

Basis of preparation

The Group and Company financial statements have been prepared under the historical cost convention except for the derivative financial instrument which is at fair value and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Company's ordinary shares are quoted on AIM, a market operated by the London Stock Exchange. The Company applies the Companies Act 2006 when preparing its annual financial statements.

The Group and the Company financial statements have been prepared under IFRS and the principal accounting policies adopted remain unchanged from those adopted by the Group and the Company in preparing its financial statements for the prior year.

Going concern

The Company is not yet revenue generating and is reliant upon funds raised from issuing loans and shares. The holders of the secured loan notes have agreed to extend the term of the notes to 30 June 2019. However, an additional cash requirement of £430,000 in unavoidable running costs was identified based on cash flow forecasts for the period ending 31 May 2019, as prepared by the Directors. The Directors consider that there are a number of options to cover this deficit:

(1) SPMP arranges refinancing and make early repayment of part or all of its loan to Tri-Star which amounts to approximately $9 million ($8.8 million capital plus rolled up interest) (£6.4 million) as at 31 March 2018.

(2) SPMP make the $2 million (£1.5 million) payment in respect of the acquisition from Tri-Star of the intellectual property ("IP") of the roaster.

(3) Tri-Star raises further funds by way of an equity or debt placing or a further loan from the OAM Funds.

The Directors are confident that the Company will secure the funds required from one of the above sources. Accordingly, the Directors believe that it is appropriate to prepare accounts on a going concern basis. However, there is no certainty that they will be able to do so. These matters along with the matter set forth above mean that there is a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, that the Group and Company may not be able to realise its assets or discharge its liabilities as they fall due.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the statement of financial position date. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group has power over the investee, has the right to variable returns from the investee and has the power to affect its returns. The Group obtains and exercises control through voting rights and control is reassessed if there are indications that the status of any of the three elements have changed.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group's investment in associated undertakings is accounted for using the equity method. The consolidated income statement includes the Group's share of the associated profits and losses while the Group's share of net assets of associates is shown in the consolidated statement of financial position.

Principal Accounting Policies
continued

Investments
Investments in subsidiary and associated undertakings in the Company accounts are recorded at cost less provision for impairment as described in the impairment policy below.

Taxation
Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the statement of financial position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with IAS12 no deferred tax is recognised on the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. This also applies to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to other comprehensive income or equity are charged or credited directly to other comprehensive income or equity.

Impairment testing of intangible assets and property, plant and equipment
Once fair values in respect of business combinations have been finalised, for the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Intangible assets with an indefinite useful life and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit and loss in the statement of comprehensive income, for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment loss on other assets is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation if no impairment loss had been recognised.

Principal Accounting Policies
continued

Intangible assets

Licences

Licences are recognised as an intangible asset at historical cost and are carried at cost less accumulated amortisation and accumulated impairment losses. The licences have a finite life and no residual value and are amortised on a straight-line basis over the life of the licence, being ten years to 2025.

Intangible exploration assets

Intangible exploration assets are recorded in the accounts where there is a viable future economic benefit to the Group which would result from the exploitation of the mine. As a result, the asset is held on an indefinite life basis with an impairment review not being required unless there are any indications that the carrying amount exceeds the recoverable amount.

Exploration of mineral resources

All costs associated with mineral exploration prior to 31 December 2017 (except those acquired as part of a business combination) have been expensed in profit and loss in the statement of comprehensive income due to the uncertainty of the future revenues and speculative nature of the exploration costs. The Directors will continue to assess exploration of mineral resources on a project-by-project basis and will capitalise costs once the feasibility of the project is established.

Property, plant and equipment

Measurement bases

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred. When assets are sold, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the consolidated statement of comprehensive income.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, which is revised annually, over its useful economic life on a straight-line basis as follows:

Motor vehicles	5 years
Equipment	3 years

Available-for-sale financial assets

Available for sale assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available for sale reserve within equity, except for impairment losses and foreign exchange differences, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Principal Accounting Policies
continued

Financial assets
The Group's financial assets comprise trade and other receivables.

All financial assets are initially recognised at fair value, plus transaction costs.

Interest and other cash flows resulting from holding financial assets are recognised in the statement of comprehensive income using the effective interest method, regardless of how the related carrying amount of financial assets is measured, except instruments that are designated at fair value through profit and loss on initial recognition.

Trade and other receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it being in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. Any impairment loss is recognised in profit and loss in the statement of comprehensive income.

Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand, bank deposits repayable on demand, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less advances from banks repayable within three months from the date of advance if the advance forms part of the Group's cash management.

Equity
Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other reserves comprise the amounts arising on the reverse acquisition.

Translation reserves are amounts in respect of translation of overseas subsidiaries.

Share based payment reserve comprises amounts arising on the share based employee remuneration and share based payments made to consultants in the settlement of services provided.

Retained earnings include all current and prior periods results as disclosed in the consolidated statement of comprehensive income.

Principal Accounting Policies

continued

Share based payments

The Company operates equity settled share based compensation in respect of certain third party advisers.

The Company operates equity settled share based remuneration plans for remuneration of its employees and equity settled share based plans in respect of services received from external consultants.

All employee services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share based remuneration is ultimately recognised as an expense in profit and loss in the statement of comprehensive income with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. Upon exercise of warrants, the value of the warrants exercised is transferred from the share based payment reserve to share capital and share premium.

Fees settled in shares

Where shares have been issued as consideration for services provided they are measured at the fair value of the services provided.

Financial liabilities

The Group's financial liabilities include other financial liabilities and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the statement of comprehensive income with the exception of derivatives.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Principal Accounting Policies

continued

Financial derivative liabilities

Pursuant to the terms of the Convertible Loan Notes, when investors exercise their conversion rights the Company has an obligation to deliver ordinary shares to those investors (see note 13 for further information).

In accordance with IAS 32 and 39, whilst Tri-Star had a contractual right to deliver a variable number of shares, the conversion option qualifies as an embedded derivative. Thus, the Convertible Loan Notes are treated as a hybrid instrument which includes a component of debt and an embedded derivative for the conversion option held by the noteholder.

The Company initially measured the embedded derivative at fair value and classifies it under the derivative financial instruments liability heading. At the end of each financial accounting reporting period, the embedded derivative is re-measured and changes in fair value are recognised in profit and loss in the consolidated statement of comprehensive income.

The debt component is initially recorded as the difference between the proceeds received for the Convertible Notes and the fair value of the aforementioned embedded derivative. Subsequently, the debt component is measured at amortised cost until it is settled upon conversion or maturity. Debt issuance costs are recognised as a deduction in the value of the debt in the Consolidated Statement of Financial Position and included as part of its amortised cost.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

Employee compensation

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

Foreign currencies

These financial statements are presented in UK Pounds Sterling which is the functional currency of the Company. The group carries out transactions in United States dollars, Turkish Lira, Canadian dollars, United Arab Emirates Dirhams and Omani Rials. The Directors are keeping under review the functional currency of the Company.

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit or loss.

The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity within translation reserve.

Principal Accounting Policies

continued

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical accounting judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current and next accounting year are discussed below:

Other intangible exploration asset valuation and goodwill

Tri-Star carried on its statement of financial position goodwill and an exploration asset arising from the acquisition of Portage Minerals Inc. during 2013. The goodwill and exploration asset are required to be reviewed for impairment if the Directors judge that there are any indications that the carrying amount exceeds the recoverable amount. During the year ended 31 December 2015 the Directors considered that the carrying amount should be impaired in full. Further details on the carrying value of this asset are set out in note 7 to the financial statements.

Treatment of exploration and evaluation costs

IFRS 6 "Exploration for and Evaluation of Mineral Resources" requires an entity to consistently apply a policy to account for expenditure on exploration and evaluation of a mineral resource. The Directors have chosen to expense the exploration and evaluation costs to date on the basis that the future development of the mine remains uncertain as at 31 December 2017. The Directors will continue to assess this and when feasibility is determined will look to capitalise further costs in line with accounting standards.

Investment in associate

The Directors have considered the carrying value of the investment in SPMP in the Company only accounts and reviewed this against SPMP cash flows. The Directors concluded that no impairment is required. The Directors have also considered the recoverability of the loan made to SPMP in the year, and have concluded that no provision against this is required.

Convertible loan accounting

The Group has measured the carrying value of the liability component of the Convertible Loan Notes as the initial amount loaned plus costs, less the fair value of the derivative liability on issue plus interest, calculated using the amortised interest rate. This is based on the judgement that the terms of the instrument fails the fixed for fixed test on the basis that the number of shares that the liability converts is variable over time.

The fair value of the derivative liability embedded in the Convertible Loan Notes was calculated using the Black-Scholes option valuation model. The movement in fair value since issue is recorded in profit and loss in the consolidated statement of comprehensive income.

The following assumptions were used in calculating the fair value to 21 June 2017 when the loan was extinguished:

- The share price volatility was 79%, based on historic volatility;
- An exercise price of 0.20p being the fixed exercise price and a share price of 0.17p being the market share price at that time;
- The effects of potential dilution were not factored in.

Volatility of the Company's ordinary shares has been calculated by reference to the actual observed volatility of the Company's ordinary shares.

As Tri-Star is a publicly traded company the impact of dilution on option valuation has not been factored into the valuation model as the valuation has been based on Tri-Star's share price immediately after the Convertible Loan Notes were issued. The Directors believe that the post announcement share price would have incorporated the potential dilution effect of the Convertible Loan Notes on Tri-Star's share capital as a whole and therefore the dilution impact has not been considered again when the option was valued.

The impact of the accounting for the convertible loan is set out in note 13.

Principal Accounting Policies

continued

Critical accounting estimates and judgements continued

Loan to SPMP

The Group has considered the treatment of the loan to SPMP and concluded that the loan does not have embedded derivate or equity element as the conversion option does not meet fixed to fixed criteria. The finance charge of $80,000 on the loan has been amortised over the maximum term of the loan using the effective interest rate.

Contingent asset

Under the agreement to sell the Project IP to SPMP, there is a balance of US$2 million due to be paid to Tri-Star. This payment is contingent upon the successful completion of a pilot plant. Accordingly, the Directors have determined not to accrue this deferred income.

Capitalisation of costs by SPMP

SPMP presently has one activity which is building the antimony plant in Oman. As such the directors have taken the view that most of the costs incurred during the year are directly attributable to the building of the plant and have capitalised them. The Directors believe that this represents a fair view.

Adoption of new or amended IFRS

The Directors anticipate that the adoption of new standards which are in issue but not yet effective and have not been adopted early by the Group will be relevant to the group but will not result in significant changes to the Group's accounting policies. These are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018, EU endorsed)
- IFRS 14 Regulatory Deferral Accounts (IASB effective 1 January 2016, EU endorsement deferred until final standard released)
- IFRS 15 Revenue from Contracts with Customers (IASB effective 1 January 2018, EU endorsed)
- IFRS 16 Leases (IASB effective 1 January 2019, EU not yet endorsed)
- IFRS 17 Insurance Contracts (IASB effective 1 January 2021, EU not yet endorsed)
- IFRIC Interpretation 22 Foreign currency transactions and advance considerations (IASB effective 1 January 2018, EU not yet endorsed)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (IASB effective 1 January 2016, EU not yet endorsed)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (IASB effective 1 January 2019, EU not yet endorsed)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (IASB effective 1 January 2019, EU not yet endorsed)
- Amendments to IAS 40: Transfers of investment property (IASB effective 1 January 2018, EU not yet endorsed)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (IASB effective 1 January 2018, EU endorsed)
- Amendments to IFRS 9: Prepayment features with negative compensation (IASB effective 1 January 2019, EU not yet endorsed)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (IASB effective 1 January 2019, EU not yet endorsed)
- Amendments to IFRS 4: Applying IFRS 9 to IFRS 4 Insurance Contracts (IASB effective 1 January 2018, EU endorsed)
- Annual Improvements to IFRS 2014-2016 Cycle - Relating to IFRS 1 First time adoption of IFRS and IAS 28 Investment in Associates and Joint Ventures (IASB effective 1 January 2018, EU endorsed)
- Clarifications to IFRS 15 Revenue from Contracts with Customers (IASB effective 1 January 2018, EU endorsed)
- Annual Improvements to IFRS 2014-2016 Cycle - Relating to IFRS 12 Disclosure of interest in other entities (IASB effective 1 January 2017, EU not yet endorsed)

Due to the limited operations at present, the Company does not believe that the new standards will have a significant impact.

Notes to the Financial Statements

for the year ended 31 December 2017

1 Segmental reporting

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and an assessment of performance and about which discrete financial information is available.

The Board considers that the Group comprises only one operating segment, that of mining, development and operations.

In respect of the non-current assets, £12,000 (2016: £27,000) arise in the UK, and £5,881,000 (2016: £1,516,000) arise in the rest of the world.

2 Finance income and costs

	Group	
	2017 £'000	2016 £'000
Finance income		
Bank interest	–	2
Interest on loan to associate	31	–
Movement in derivative	–	131
	31	133

	Group	
	2017 £'000	2016 £'000
Finance costs		
Interest and fees payable on short term loans	136	–
Movement in derivative	52	–
Interest payable on convertible loan	1,176	2,111
	1,364	2,111

Further details regarding the movement in fair value of derivatives and interest payable on the convertible loan are set out in note 13.

3 Loss before taxation

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was £5,823,000 (year ended 31 December 2016: £2,892,000).

The loss before taxation is attributable to the principal activities of the Group.

The loss before taxation of the Group is stated after charging/(crediting):

	Group	
	2017 £'000	2016 £'000
Staff costs	466	433
Share-based payment charge	135	66
Depreciation of owned property, plant and equipment	20	20
Amortisation and impairment of intangible assets	2	3
Profit on disposal of intangible asset	–	(41)
Profit on disposal of available for sale asset	(55)	–
Operating lease rentals	–	3
Fees payable to the Company's auditor for the audit of the financial statements	43	49
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance	12	30

Notes to the Financial Statements

continued

4 Taxation

Unrelieved tax losses of approximately £4.99 million (2016: £4.21 million) remain available to offset against future taxable trading profits. The related deferred tax asset arising at 31 December 2017 is £847,456 (2016: £842,505) and has not been provided on the grounds that it is uncertain when taxable profits will be generated by the Group to utilise those losses.

The unrelieved tax losses and related associated deferred tax asset were incorrectly stated as being £15.58 million and £3,932,000 in the Company's 2016 annual report and financial statements and accordingly have been restated.

The tax charge for the Group for the year comprises:

	Group	
	2017 £'000	**2016 £'000**
Research and development taxation relief	62	151
Deferred taxation in respect of transition to IFRS	18	28
	80	179

The tax assessed for the period differs from the standard rate of corporation tax in the UK as follows:

	2017 £'000	**2016 £'000**
Loss before taxation	(5,962)	(3,579)
Loss multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(1,148)	(716)
Effect of:		
Expenses not deductible for tax purposes	31	16
Overseas loss not recognised	34	172
R&D tax rebate	62	151
Interest disallowed	952	396
Unrelieved tax losses	149	160
Total tax charge for year	80	179

5 Loss per share

The calculation of the consolidated basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

	2017 £'000	**2016 £'000**
(Loss) attributable to owners of the Company after tax	(5,882)	(3,400)

	2017 Number	**2016 Number**
Weighted average number of ordinary shares for calculating basic loss per share	14,378,618,913	8,464,881,335

	2017 Pence	**2016 Pence**
Basic and diluted loss per share	(0.04)	(0.04)

Dilutive earnings per share is the same as basic loss per share in each year because the potential shares arising under the share option scheme and share warrants are anti-dilutive. The weighted average number of ordinary shares excludes deferred shares which have no voting rights and no entitlement to a dividend.

Notes to the Financial Statements
continued

6 Employee benefit expense

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Wages and salaries	430	390	386	386
Social security	36	43	31	37
Share based payment charge	–	–	–	–
Total Emoluments	466	433	417	423

Average monthly number of employees:

	2017 Number	2016 Number	2017 Number	2016 Number
Directors	6	4	6	4
Other	5	5	–	–
	11	9	6	4

The Directors are the key management personnel of the Group. Details of Directors' remuneration are included in the report on remuneration on page 15.

7 Intangible assets

Group	Other intangible exploration asset £'000	Mining and mineral licences £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2016	3,502	102	701	4,305
Additions	–	20	–	20
At 31 December 2016	3,502	122	701	4,325
Exchange difference	–	(3)	–	(3)
At 31 December 2017	3,502	119	701	4,322
Amortisation and impairment				
At 1 January 2016	3,502	102	701	4,305
Amortisation charge in the year	–	3	–	3
At 31 December 2016	3,502	105	701	4,308
Amortisation charge in the year	–	2	–	2
At 31 December 2017	3,502	107	701	4,310
Net book value				
At 31 December 2017	–	12	–	12
At 31 December 2016	–	17	–	17
At 1 January 2016	–	–	–	–

Mining and mineral licences are amortised on a straight-line basis over the life of the licences.

Notes to the Financial Statements

continued

8 Investments

At 31 December 2017, the Company held the following interests in subsidiary undertakings and associates:

Subsidiary or Associate	Proportion of ordinary share capital held	Nature of business	Country of incorporation	Registered address
Tristar Trading Limited	100%	Dormant	England and Wales	16 Great Queen Street, London, WC2B 5DG
Üç Yildiz Antimon Madencilik İthalat Ve İhracat Sanayi ve Ticaret Anonim Şirketi	99%	Mining	Turkey	Ozyurt Mahallesi. Kutahaya Yolu Uzeri 1kn no. 2, Gediz, Kutahya
Tri-Star Antimony Canada Inc	100%	Mining	Canada	1 Germain Street, Suite 1700, Saint John, New Brunswick, E2L 4V1
Tri-Star Union FZ-LLC	90%	Mining services	UAE	PO Box 31291, Al-Jazeera Al-Hamra, Ras Al Khaimah
Strategic & Precious Metals Processing LLC	40%	Mining services	Oman	PO Box 329, PC115, Madinat Al Sultan, Qaboos
Rockport Mining Corporation*	100%	Mining	Canada	1 Germain Street, Suite 1700, Saint John, New Brunswick, E2L 4V1
Golden Ridge Joint Venture*	60%	Mining	Canada	1 Germain Street, Suite 1700, Saint John, New Brunswick, E2L 4V1

*These interests are held by Tri-Star Antimony Canada Inc

Tri-Star has a 40% interest in SPMP and has accounted for it as an associate undertaking. SPMP made a loss of £103,000 in 2017 (2016: £1,923,000) of which Tri-Star's share in the Group accounts was £41,000 (2016: £769,000). Tri-Star had a net investment of £1,421,000 on consolidation as at 31 December 2017 (2016: £1,483,000) in SPMP. Additionally, the Group made a loan of $6,000,000 (£4.5 million) to SPMP during the year.

The movement in the investment in the associated undertaking was:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At 1 January	1,483	2,252	3,893	3,893
Interest on loan to associate eliminated on consolidation	(21)	–	–	–
Share of loss for year	(41)	(769)	–	–
At 31 December	1,421	1,483	3,893	3,893

Summarised financial information in respect of the Group's only material associate, SPMP is set out below.

	2017 $'000	2016 $'000
Administrative expenses	(175)	(2,612)
Operating loss	(175)	(2,612)
Finance (costs)/income	–	6
Loss for the period	(175)	(2,606)
Other comprehensive income	–	–
Loss and total comprehensive loss for the period	(175)	(2,606)

Notes to the Financial Statements

continued

8 Investments continued

	2017 $'000	2016 $'000
Non-current assets	85,948	18,009
Current assets	3,652	3,290
Total assets	89,600	21,299
Current liabilities	17,195	6,459
Liabilities due after one year	62,456	4,716
Total liabilities	79,651	11,175
Share capital	15,052	15,052
Retained earnings	(5,103)	(4,928)
Total equity	9,949	10,124
Total equity and liabilities	89,600	21,299

Company	**Investment in group undertakings £'000**	**Investment in associates £'000**	**Total £'000**
Cost			
At 1 January 2016	5,866	3,893	9,759
Additions	6	–	6
At 31 December 2016	5,872	3,893	9,765
Additions	–	–	–
At 31 December 2017	5,872	3,893	9,765
Amortisation and impairment			
At 1 January 2016	(5,866)	–	(5,866)
Impairment in the year	(6)	–	(6)
At 31 December 2016	(5,872)	–	(5,872)
Impairment in the year	–	–	–
At 31 December 2017	(5,872)	–	(5,872)
Net book value			
At 31 December 2017	–	3,893	3,893
At 31 December 2016	–	3,893	3,893
At 1 January 2016	–	3,893	3,893

During the year ended 31 December 2016 the Company increased its investment in Uc Yildiz by £6,000 which has been provided for in full.

Notes to the Financial Statements

continued

9 Property, plant and equipment

Group

	Land £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2016	2	104	56	162
Additions	–	–	1	1
At 31 December 2016	2	104	57	163
Exchange difference	–	(1)	(1)	(2)
Cost at 31 December 2017	2	103	56	161
Depreciation				
At 1 January 2016	–	62	38	100
Charge for the year	–	14	6	20
At 31 December 2016	–	76	44	120
Charge for the year	–	15	5	20
At 31 December 2017	–	91	49	140
Net book value				
At 31 December 2017	2	12	7	21
At 31 December 2016	2	28	13	43
At 1 January 2016	2	42	18	62

Exchange differences have arisen on assets which are held by foreign subsidiaries. These are translated from the functional currency of the subsidiary into Sterling at the prevailing exchange rate at each period end.

Company

	Motor vehicles £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2016	67	28	4	99
Additions	–	1	–	1
At 31 December 2016	67	29	4	100
Additions	–	–	–	–
Cost at 31 December 2017	67	29	4	100
Depreciation				
At 1 January 2016	29	25	4	58
Charge for the year	13	2	–	15
At 31 December 2016	42	27	4	73
Charge for the year	14	1	–	15
At 31 December 2017	56	28	4	88
Net book value				
At 31 December 2017	11	1	–	12
At 31 December 2016	25	2	–	27
At 1 January 2016	38	3	–	41

Notes to the Financial Statements

continued

10 Loans receivable

Loans receivable represent the USD$6 million mezzanine loan which the Company advanced to SPMP as announced on 29 November 2017. The principal terms of the loan are as follows:

- An interest rate of 15% per annum compounded, payable in full on redemption of the loan;
- Ranks pari passu with the existing mezzanine loans already in place at SPMP;
- Loan term of five years with SPMP having the option to redeem (with accrued interest to date) from the third anniversary of drawdown;
- There is an option to convert the loan into shares if it remains outstanding for 12 months after the due date.

11 Trade and other receivables

	Group		Company	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
Current				
Trade receivables	61	–	61	–
Other receivables	30	23	15	7
Prepayments and accrued income	15	14	15	14
Trade and other receivables	106	37	91	21

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

All other receivables have been reviewed for indicators of impairment, none is overdue.

12 Trade and other payables

	Group		Company	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
Trade payables	15	14	16	14
Social security and other taxes	13	12	13	10
Other payables	5	5	–	1
Accruals and deferred income	44	43	44	43
	77	74	73	68

Notes to the Financial Statements
continued

13 Secured loan notes (Group and Company)

Issue of secured loan notes to OEI and OMI

Current Loan Notes comprise short-dated secured loan notes issued to OEI and OMI, two of the three OAM Funds. The Loan Notes are secured on a debenture comprising a fixed and floating charge over all the assets of Tri-Star Resources plc.

The Loan Notes carry an annual interest rate of 25% and had an original repayment date of 30 June 2018 or equity placement whichever is earlier. As an equity placement took place in January 2018, the loans technically fell due, but OEI and OMI have agreed to extend repayment to 30 June 2019 or earlier at the Company's discretion.

Conversion of OAM Convertible Loan Notes and private placing

On 1 June 2017, Tri-Star announced that it has reached an agreement with OAM to restructure the Company's balance sheet and raise additional working capital (the "Proposals"). The Proposals, which were subject to shareholder approval, entailed all of the previously outstanding Convertible Loan Notes being converted or redeemed. The Company also raised £1.3 million, before expenses, for general working capital purposes. Full details of the Proposals were set out in the circular to Tri-Star shareholders dated 1 June 2017 and were approved by shareholders at a general meeting on 20 June 2017.

Under the Proposals, the OAM funds converted approximately £4.4 million of Convertible Loan Notes into 3,614 million new ordinary shares of the Company (the "Conversion") at a conversion price of 0.121855p and participated in a placing of 7,453 million new ordinary shares in the Company (the "Placing") also at 0.121855p per ordinary share (the "Placing Price"). Approximately £7.8 million of the Placing proceeds were then to be applied to redeem the balance of the Convertible Loan Notes with the remaining £1.3 million of proceeds being used to meet expenses of the transaction and for general working capital purposes.

IFRS requires that the difference between the carrying amount of financial liability (or part of financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed should be recognised in profit and loss. Additionally, equity instruments issued to the creditor to extinguish the liability should be measured at the fair value of the instruments issued. The fair value of the shares issued in respect of both the Conversion and the Placing in respect of the extinguishment of the Convertible Loan Notes has been measured at 0.16p per ordinary share, being the closing price on 31 May 2017, the day prior to the agreement with OAM being reached. The difference between the Conversion and Placing Price (0.121855 pence per ordinary share) and the fair value of the ordinary shares issued (0.16 pence per ordinary share) amounts to £3,814,000.

The loss on extinguishment recorded in the income statement is measured as follows:

	£'000
Book value of debt	12,626
Repaid by issue of 3,613,884,866 shares	(4,404)
Repaid via shares purchased by OAM Funds	(7,782)
Fair value adjustment for shares issued for conversion and repayment	(3,814)
Costs incurred	(263)
Loss on extinguishment of loan	(3,637)

Notes to the Financial Statements

continued

14 Deferred tax liability

The deferred tax liability which relates to an inputed tax on intangible can be reconciled as follows:

	2017 £'000	2016 £'000
At 1 January	148	176
Offset against current year losses	(18)	(28)
At 31 December	130	148

In 2015, the Group and Company recognised a deferred tax liability of £176,000 which has arisen on the transition of the Company to IFRS. This liability was payable over the next nine years on a straight-line basis but may be offset against potential future trading losses in each year, therefore £18,000 (2016: £28,000) has been offset against current year losses.

15 Share options and warrants (Group and Company)

Share options

The Group operates share option schemes for certain employees and consultants (including Directors).

Details of the number of share options outstanding are as follows:

Grant date	First exercise date (when vesting conditions are met)	Expiry date	Exercise price £	Fair value £	2017 Number	2016 Number
10-May-11	10-May-11	09-May-21	0.01	0.002517	34,000,000	34,000,000
10-May-11	10-May-11	09-May-21	0.02	0.001645	34,000,000	34,000,000
10-May-11	10-May-11	09-May-21	0.03	0.001625	50,000,000	50,000,000
10-May-11	10-May-12	09-May-21	0.01	0.002517	34,000,000	34,000,000
10-May-11	10-May-12	09-May-21	0.02	0.001645	34,000,000	34,000,000
10-May-11	10-May-12	09-May-21	0.03	0.001625	50,000,000	50,000,000
10-May-11	10-May-13	09-May-21	0.01	0.003539	34,000,000	34,000,000
10-May-11	10-May-13	09-May-21	0.02	0.001645	34,000,000	34,000,000
10-May-11	10-May-13	09-May-21	0.03	0.001625	50,000,000	50,000,000
04-Oct-13	04-Oct-13	31-Dec-17	0.005	0.000899	–	27,800,000
02-Oct-14	02-Oct-14	01-Oct-24	0.0019	0.001301	16,670,000	16,670,000
22-Sep-15	22-Sep-15	21-Sep-25	0.0011	0.001322	245,000,000	245,000,000
Total					615,670,000	643,470,000

At 31 December 2017, all of the 615,670,000 options outstanding were exercisable (2016: 643,470,000).

The weighted average exercise price of the options at the year-end is £0.013.

Notes to the Financial Statements

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15 Share options and warrants (Group and Company) continued

Directors' share options

The following options are held by Directors who served at the year-end:

	At the beginning of the year Number	Granted during the year Number	Exercised during the year	At the end of the year Number	Exercise price Pence
M Wellesley-Wood	50,000,000	–	–	50,000,000	0.11
G Eastaugh	16,670,000	–	–	16,670,000	0.19
	100,000,000	–	–	100,000,000	0.11
	116,670,000	–	–	116,670,000	
A Collins	12,750,000	–	–	12,750,000	1
	12,750,000	–	–	12,750,000	2
	18,750,000	–	–	18,750,000	3
	35,000,000	–	–	35,000,000	0.11
	79,250,000	–	–	79,250,000	
Total	245,920,000	–	–	245,920,000	

Warrants

There are 70,200,000 warrants outstanding with an exercise price of £0.001 and a remaining contractual life of 2.59 years. These are exercisable immediately and expire on 5 August 2019.

16 Share capital (Group and Company)

	2017 £'000	2016 £'000
Allotted, issued and fully paid		
1,363,925,475 deferred shares of 0.1p (2016: 1,363,925,475)	1,364	1,364
856,547,275 deferred shares of 0.095p (2016: 856,547,275)	814	814
19,645,632,560 ordinary shares of 0.005p (2016: 8,470,583,101)	982	423
	3,160	2,601

Following the issue of the 2,103,492 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 3 May 2017, the issue of 11,169,366,869 ordinary shares of 0.05 pence each announced on 20 June 2017 and the issue of the 3,579,098 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 26 October 2017, there were 19,645,632,560 Ordinary Shares in issue (each of which are voting shares) as at 31 December 2017.

The ordinary shares are voting shares and carry the right for the holder to receive notice of, and attend meetings of the Company, the holder has the right to receive dividends.

The deferred shares do not carry the right for the holder to receive notice of, or attend meetings of the Company, the holder will have no right to receive dividends; the deferred shares are not redeemable; and the Directors are authorised to transfer all the deferred shares to any person they may determine for a total price of one penny.

Notes to the Financial Statements

continued

17 Reconciliation of liabilities arising from financing activities

	Long-term borrowings £	Short-term borrowings £	Total £
1 January 2017	10,429	969	11,398
Cash-flows			
Proceeds	–	4,511	4,511
Non-cash			
Repayment in shares and equivalent	(11,165)	(1,021)	(12,186)
Accrued interest	1,176	101	1,277
Movement through income statement	(440)	–	(440)
Amortised costs	–	(199)	(199)
Movement in financial liability	–	52	52
Foreign exchange movement	–	(65)	(65)
31 December 2017	–	4,348	4,348

	Long-term borrowings £	Short-term borrowings £	Total £
1 January 2016	8,318	1,100	9,418
Cash-flows			
Proceeds	–	–	–
Non-cash			
Accrued interest	2,111		2,111
Movement in financial liability	–	(131)	(131)
31 December 2016	10,429	969	11,398

18 Financial risk management policies and objectives

The Group operates in a number of jurisdictions and has carried out transactions in Sterling, Turkish Lira, Canadian dollars, US dollars and Omani Rials. The Group operates foreign currency bank accounts to help mitigate foreign currency risk.

Financial assets by category

The IAS 39 categories of financial asset included in the consolidated and company statements of financial position and the headings in which they are included are as follows:

Group	2017			2016		
	Loans and receivables £'000	Non financial assets £'000	Statement of financial position total £'000	Loans and receivables £'000	Non financial assets £'000	Statement of financial position total £'000
Trade and other receivables	91	15	106	23	14	37
Loan to associate	4,439	–	4,439	–	–	–
Available for sale assets	–	–	–	89	–	89
Cash and cash equivalents	485	–	485	447	–	447
Total	5,015	15	5,030	559	14	573

Notes to the Financial Statements

continued

18 Financial risk management policies and objectives continued

Company

	2017 Loans and receivables £'000	2017 Non financial assets £'000	2017 Statement of financial position total £'000	2016 Loans and receivables £'000	2016 Non financial assets £'000	2016 Statement of financial position total £'000
Trade and other receivables	76	15	91	7	14	21
Loan to associate	4,439	–	4,439	–	–	–
Available for sale assets	–	–	–	89	–	89
Cash and cash equivalents	473	–	473	430	–	430
Total	4,988	15	5,003	526	14	540

Financial liabilities by category

The IAS 39 categories of financial liability included in the consolidated and company statements of financial position and the headings in which they are included are as follows:

Group

	2017 Other financial liabilities at amortised cost £'000	2017 Liabilities carried at fair value £'000	2017 Liabilities not within the scope of IAS 39 £'000	2017 Total £'000	2016 Other financial liabilities at amortised cost £'000	2016 Liabilities carried at fair value £'000	2016 Liabilities not within the scope of IAS 39 £'000	2016 Total £'000
Trade payables	15	–	–	15	14	–	–	14
Social Security and other taxes	–	–	13	13	–	–	12	12
Other payables	5	–	–	5	5	–	–	5
Accruals and deferred income	44	–	–	44	43	–	–	43
Loans	4,348	–	–	4,348	–	–	–	–
Host debt instrument	–	–	–	–	10,429	–	–	10,429
Financial derivative liability	–	–	–	–	–	969	–	969
Deferred tax liability	–	–	130	130	–	–	148	148
Total	4,412	–	143	4,555	10,491	969	160	1,620

Company

	2017 Other financial liabilities at amortised cost £'000	2017 Liabilities carried at fair value £'000	2017 Liabilities not within the scope of IAS 39 £'000	2017 Total £'000	2016 Other financial liabilities at amortised cost £'000	2016 Liabilities carried at fair value £'000	2016 Liabilities not within the scope of IAS 39 £'000	2016 Total £'000
Trade payables	16	–	–	16	14	–	–	14
Social Security and other taxes	–	–	13	13	–	–	10	10
Other payables	–	–	–	–	1	–	–	1
Accruals and deferred income	44	–	–	44	43	–	–	43
Loans	4,348	–	–	4,348	–	–	–	–
Host debt instrument	–	–	–	–	10,429	–	–	10,429
Financial derivative liability	–	–	–	–	–	969	–	969
Deferred tax liability	–	–	130	130	–	–	148	148
Total	4,408	–	143	4,551	10,487	969	158	11,614

Notes to the Financial Statements

continued

18 Financial risk management policies and objectives continued

The financial statements include an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The categories are set out below.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The derivative value element of the convertible loan has been classified as a Level 3 liability.

In accordance with IAS 32 and 39, since Tri-Star has a contractual right to deliver a variable number of shares, the conversion option qualifies as an embedded derivative.

Credit risk

The Group and Company's principal financial assets are cash balances and other receivables. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned. The Group and Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the consolidated and company statements of financial position date, as summarised below:

Group	**2017 £'000**	**2016 £'000**
Trade and other receivables	91	23

Company	**2017 £'000**	**2016 £'000**
Trade and other receivables	76	7

None of the amounts included in trade and other receivables are past due or impaired (2016: £nil).

Liquidity risk

The Group and Company seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Maturity of financial liabilities

The Group's financial liability analysis is as follows:

	Expiry date	**2017 £'000**	**2016 £'000**
Trade and other payables	Less than one year	4,368*	19
Accruals and deferred income	Less than one year	44	43
Convertible loan – host debt element	Less than five years	–	969
Convertible loan – host debt element	Less than five years	–	10,429
Total		4,412	11,460

*Note that the OAM funds have extended their loans to 30 June 2019.

Notes to the Financial Statements

continued

18 Financial risk management policies and objectives continued

The Company's financial liability analysis is as follows:

	Expiry date	2017 £'000	2016 £'000
Trade and other payables	Less than one year	4,364**	15
Accruals and deferred income	Less than one year	44	43
Convertible loan – host debt element	Less than five years	–	969
Convertible loan – host debt element	Less than five years	–	10,429
Total		4,408	11,456

**Note that the OAM funds have extended their loans to 30 June 2019.

Foreign exchange risk

The Group operates in a number of jurisdictions and carries out transactions in UK Pounds Sterling, Turkish Lira, Canadian dollars, US dollars, UAE Dirhams and Omani Rials. The Group does not have a policy to hedge arrangements but will continue to keep this under review. The Group operates foreign currency bank accounts to help mitigate the foreign currency risk.

Note that in November 2017, Tri-Star invested $6 million via a Mezzanine Loan to SPMP. While this loan was made from Tri-Star to SPMP in a foreign currency, this investment was financed through the issuance of secured loan notes to OEI and OMI, also in USD. These transactions are offsetting from a currency risk perspective.

Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for the shareholders and can continue to progress its mining strategy;
- to support the Group's stability and growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group monitors capital on the basis of the carrying amount of equity and cash and cash equivalents as presented on the face of the statement of the financial position.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The management regards total equity as capital and reserves, for capital management purposes.

Notes to the Financial Statements

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19 Related party transactions

During the year, the Company made loans of £111,278 (2016: £110,146) to Üç Yildiz (a subsidiary undertaking). At 31 December 2017, Tri-Star was owed £1,376,831 (2016: £1,265,553) from Üç Yildiz. This balance is fully provided for in Tri-Star.

During the year, the Company charged to SPMP £68,041 (2016: £40,339) for invoices paid on its behalf and arrangement fees, made loans of $6,000,000 (2016: Nil) to SPMP and charged $71,507 in interest on the loan to SPMP. There is a contingent payment of $2 million relating to the Project IP due to the Company, on successful completion of a pilot plant from SPMP. This $2 million has not been recognised in the accounts. At 31 December 2017, Tri-Star was owed $6,071,507 (2016: $Nil) from SPMP in respect of outstanding mezzanine loans together with accrued interest.

During the year, the Company made loans of £4,131 (2016: £235,397) to Tri-Star Antimony Canada Inc. At 31 December 2017, Tri-Star was owed £1,981,532 (2016: £1,977,401) by Tri-Star Antimony Canada Inc. Tri-Star Antimony Canada Inc. is a 100% owned subsidiary undertaking. This balance is fully provided for in Tri-Star.

At 31 December 2017, the following amounts were due to the directors in respect of expenses claimed, Mr Eastaugh £538, Mr Morrison £1,794, Mr Wellesley-Wood £1075. In addition, £1,230 was owed to PEAL Investment Advisory Limited, a company in which Ms O'Mahony has a 75% equity interest, in respect of Ms O'Mahony's expenses.

OEI and OMI became major shareholders on extinguishment of their loans on 20 June 2017, as described in note 13. On 29 November 2017, OEI loaned the Company $3,400,543 (£2,556,607) and interest of £56,966 was charged during the year. At 31 December 2017, the total owed was £2,577,279 including £46,294 in exchange movements. On 29 November 2017, OMI loaned the Company $2,599,457, (£1,954,332) and interest of £43,546 was charged during the year. At 31 December 2017, the total owed was £1,970,134 including £27,744 in exchange movements. In January 2018, these loans were partially repaid as described in note 21 below. Additionally, arrangement fees on the loans of £235,186 were paid to the OAM Funds.

20 Contingent assets (Group and Company)

Under the agreement to sell the Project IP to SPMP, there is a balance of $2 million due to be paid to Tri-Star by SPMP. This payment is contingent upon the successful commissioning of the plant in its pilot phase. The Directors have determined not to accrue this deferred income. Therefore, there is a contingent asset of $2 million at 31 December 2017 (31 December 2016: $2 million).

Notes to the Financial Statements

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21 Post balance sheet events

Open offer

On 11 January 2018, the Company announced that the Open Offer announced on 21 December 2017, had been oversubscribed, and that 44,204,755,697 new Ordinary Shares would be issued at 0.01 pence per share to raise approximately £4.42 million before expenses. Following admission of these shares on 12 January 2018 there are 63,850,388,257 Ordinary Shares in issue.

As a result of the Open Offer the OAM Funds' shareholding increased to 65.16% of the share capital of the Company and the Directors' interests are as follows:

Director	Number of Ordinary Shares	Percentage of enlarged share capital
Mark Wellesley Wood, Executive Chairman	24,748,204	0.04%
Karen O'Mahony, Acting CEO and CFO	456,944,633	0.72%
Adrian Collins, Non-executive Director	94,902,353	0.15%

Ms O'Mahony's shares are held by PEAL Investment Advisory Limited.

Of the net proceeds of the Open Offer, $2.7 million (£2.0 million) has been applied to part repay loans outstanding from the OAM Funds, and $2.8 million (£2.1 million) were provided for additional investment into SPMP (see below). The balance of the £4.42 million of funds raised from the Open Offer (being £0.37 million) has been retained to pay the costs of the Open Offer and provide additional funds for general corporate purposes.

Additional mezzanine loan

On 24 January 2018, the Company announced that it has invested a further $2.8 million (£2.05 million) via additional mezzanine loan to SPMP ("SPMP Mezzanine Loan") to assist in further development of the SPMP Project. Tri-Star has a 40% equity interest in SPMP. The investment in SPMP was financed from Tri-Star by applying part of the proceeds of the Open Offer to shareholders (see above).

The terms of this $2.8 million SPMP Mezzanine Loan are identical to the existing mezzanine loan Tri-Star invested in SPMP in November 2017. Contemporaneous with this investment, the two other shareholders in the SPMP Project have invested further funds of $13.2 million in the project. Since November 2017, therefore, SPMP shareholders have invested a total of $22 million of additional funding into the SPMP Project, of which Tri-Star has invested $8.8 million (including this latest $2.8 million) representing 40% of the total additional funding of $22 million. All these investments have been made on the same financial terms as each other.

The above figure of 63,850,388,257 shares may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

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