



TRI-STAR RESOURCES PLC
("Tri-Star" or the "Company")

Interim Results for the six month period ended 30 June 2017

Tri-Star (AIM: TSTR), the technology and minerals processing company, is pleased to announce results for the six months ended 30 June 2017.

Financial highlights

- Expenses down 14% to £410,000 (30 June 2016: £478,000)
- Elimination of debt and derivative balances (31 December 2016: £11,398,000)
- Net assets of £2,161,000 (31 December 2016: net liabilities of £9,504,000)

Operational highlights

- Commencement of construction of Oman Antimony Roaster ("OAR") in Oman
- Strategic & Precious Metals Processing LLC ("SPMP") signed multi-year agreement to supply antimony and antimony gold concentrates to the OAR
- SPMP achieved process design freeze for overall project and formally approved an increase in the capital budget for the construction of OAR to \$96.0 million
- Test-work has been completed for process issues and initial independent test reports have confirmed good recoveries of antimony and gold from the test process

Business review

The period under review has proved transformational for the Company. In June 2017 Tri-Star enacted a debt for equity swap with the owners of its Convertible Secured Loan Notes and following this landmark transaction funds under the management of Odey Asset Management LLP (the "Odey Funds") have become owners of 54% of the Company's ordinary shares. As a consequence of the transaction, the Company's debt and related derivative balances have been extinguished, leaving the Company with net assets of £2.2 million as at 30 June 2017 (31 December 2016: net liabilities £9.5 million). Under IFRS, the Company has been required to book a resultant loss of £3.6 million in connection with the transaction. This loss and how it is derived is explained in detail in the accompanying notes to the interim financial statements.

At the same time as implementing the debt for equity swap with the Odey Funds Tri-Star successfully raised £1.3 million, before expenses, for general corporate purposes which has put the Company on a stable financial footing. As at 31 August 2017 Tri-Star held £1.0 million in cash.

Business activity during the first half has been focussed on the continued development of the Oman Antimony Roaster Project ("OAR"). The OAR is being developed by Strategic & Precious Metals Processing LLC ("SPMP"), an Omani company. The OAR is being built by SPMP in Sohar, Oman. Tri-Star has a 40% interest in SPMP.

Oman Antimony Roaster update

The OAR has continued to show good progress during 2017.

In addition to the commencement of construction works early in the year, in June 2017 Tri-Star announced that SPMP had entered into a multi-year agreement with Traxys Europe SA to supply antimony and gold concentrates to the OAR. Importantly, SPMP has since achieved process design freeze for the overall OAR project which enabled a more definitive appraisal of the costs to complete to be undertaken. As such, SPMP formally approved an increase in the capital budget for the construction of OAR to \$96.0 million in July 2017. The bulk of the increase in the approved capital budget resulted from design changes increasing the capability of the plant to accept a wider range of feedstock and expansion of the downstream gold treatment and associated gas handling.

In recent months, antimony prices have increased amid tightening supply of the metal over the summer months. Pricing for the metal has been observed in the \$8,300 to \$8,650 per tonne range in August 2017, with production in China having been subdued by nationwide environmental checks and generally weak demand in the off-season summer period.

With respect to financing, SPMP's existing committed financing facilities amount to \$70 million, comprising senior debt of \$40 million and shareholder loans and equity of a further \$30 million. As a result of the revised capital budget, SPMP is working closely with its stakeholders to increase the size of these facilities to accommodate the increased capital cost and associated working capital requirements. These discussions are ongoing, however it is likely that Tri-Star will be required to contribute significant additional capital to SPMP in order to maintain the Company's 40% stake in the OAR project. The debt for equity restructuring and the strengthening of the Company's balance sheet completed earlier this year have, the Directors believe, greatly enhanced the Company's ability to raise additional capital in the short term to satisfy these expected additional funding requests from SPMP.

Tri-Star will continue to keep the market updated with developments in relation to this exciting project.

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TRI-STAR RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	<i>Notes</i>	Unaudited Period ended 30 June 2017 £'000	Unaudited Period ended 30 June 2016 £'000	Audited Year ended 31 December 2016 £'000
Share based payment charge		(130)	(5)	(66)
Exploration expenditure and other administrative expenses		(410)	(478)	(763)
Amortisation of intangibles		(1)	(2)	(3)
Total administrative expenses and loss from operations		(541)	(485)	(832)
Profit on sale of available for sale asset		55	-	-
Share of loss in associated companies		(370)	(305)	(769)
Finance income		-	848	133
Loss on extinguishment of debt		(3,637)	-	-
Finance cost		(1,228)	(990)	(2,111)
Loss before taxation		(5,721)	(932)	(3,579)
Taxation	4	62	-	179
Loss after taxation, and loss attributable to the equity holders of the Company		(5,659)	(932)	(3,400)
Loss before and after taxation attributable to				
Non-controlling interest		-	-	-
Equity holders of the parent		(5,659)	(932)	(3,400)
Other comprehensive (expenditure)/income				
Items that will be reclassified subsequently to profit and loss				
Exchange differences on translating foreign operations		(5)	1	(20)
Recycle to income statement on disposal of available for sale asset		(47)	-	-
Increase in value of available for sale asset		-	-	47
Other comprehensive (expenditure)/income for the period, net of tax		(52)	1	27
Total comprehensive loss for the year, attributable to owners of the company		(5,711)	(931)	(3,373)
Total comprehensive loss attributable to				
Non-controlling interest		-	-	-
Equity holders of the parent		(5,711)	(931)	(3,373)
Loss per share				
Basic and diluted loss per share (pence)	5	(0.06)	(0.01)	(0.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

		Unaudited 30 June 2017	Unaudited 30 June 2016	Audited 31 December 2016
Assets	Notes	£'000	£'000	£'000
Non-current				
Intangible assets		15	20	17
Investment in associates	6	1,113	1,947	1,483
Property, plant and equipment		32	57	43
		<u>1,160</u>	<u>2,024</u>	<u>1,543</u>
Current				
Cash and cash equivalents		1,108	580	447
Available for sale asset		-		89
Trade and other receivables		104	59	37
Total current assets		<u>1,212</u>	<u>639</u>	<u>573</u>
Total assets		<u><u>2,372</u></u>	<u><u>2,663</u></u>	<u><u>2,116</u></u>
Liabilities				
Current				
Trade and other payables		63	49	74
Derivative financial liability	7	-	253	969
Total current liabilities		<u>63</u>	<u>302</u>	<u>1,043</u>
Liabilities due after one year				
Loans	7	-	9,309	10,429
Deferred tax liability		148	176	148
Total liabilities		<u>211</u>	<u>9,787</u>	<u>11,620</u>
Equity				
Issued share capital		3,160	2,601	2,601
Share premium		31,342	14,519	14,525
Share based payment reserve		1,130	1,074	1,130
Other reserves		(6,156)	(6,156)	(6,109)
Translation reserve		(783)	(757)	(778)
Retained earnings		(26,529)	(18,402)	(20,870)
		<u>2,164</u>	<u>(7,121)</u>	<u>(9,501)</u>
Non-controlling interest		(3)	(3)	(3)
Total equity		<u>2,161</u>	<u>(7,124)</u>	<u>(9,504)</u>
Total equity and liabilities		<u><u>2,372</u></u>	<u><u>2,663</u></u>	<u><u>2,116</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited Period ended 30 June 2017 £'000	Unaudited Period ended 30 June 2016 £'000	Audited Year ended 31 December 2016 £'000
Cash flows from operating activities			
Loss after tax	(5,659)	(932)	(3,400)
Amortisation of intangibles	1	2	3
Depreciation	10	10	20
Finance income	-	(1)	(2)
Finance cost	1,176	991	2,111
Loss from associates	370	305	769
Fees paid by shares	130	5	10
Loss on extinguishment of loans	3,637	-	-
Equity settled share-based payments	-	-	56
Movement on fair value of derivatives	52	(847)	(131)
Profit on disposal of AFSA	(55)	-	-
(Increase)/decrease in trade and other receivables	(67)	97	116
(Decrease) in trade and other payables	(11)	(368)	(448)
Net cash outflow from operating activities	(416)	(738)	(896)
Cash flows from investing activities			
Purchase of property, plant and equipment	-	(2)	(1)
Purchase of intangible assets	-	(22)	(20)
Investment in available for sale asset	-	-	(41)
Net receipts on sale of available for sale asset	96	-	-
Finance income	-	1	2
Net cash inflow/(outflow) from investing activities	96	(23)	(60)
Cash flows from financing activities			
Proceeds from issue of share capital	1,300	-	-
Share issue costs	(54)	-	-
Finance costs	(263)	-	-
Net cash inflow from financing activities	983	-	-
Net increase/(decrease) in cash and cash equivalents	663	(761)	(956)
Cash and cash equivalents at beginning of period	447	1,308	1,308
Exchange differences on cash and cash equivalents	(2)	33	95
Cash and cash equivalents at end of period	1,108	580	447

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share capital	Share premium account	Other reserves	Share-based payment reserve	Translation reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2016 (audited)	2,601	14,515	(6,156)	1,074	(758)	(17,470)	(6,194)	(3)	(6,197)
Issue of share capital	-	4	-	-	-	-	4	-	4
Transactions with owners	-	4	-	-	-	-	4	-	4
Loss for the period	-	-	-	-	-	(932)	(932)	-	(932)
Exchange difference on translation of foreign operations	-	-	-	-	1	-	1	-	1
Total comprehensive loss for the period	-	-	-	-	1	(932)	(931)	-	(931)
Balance at 30 June 2016 (unaudited)	2,601	14,519	(6,156)	1,074	(757)	(18,402)	(7,121)	(3)	(7,124)
Issue of share capital	-	6	-	-	-	-	6	-	6
Share based payments	-	-	-	56	-	-	56	-	56
Transactions with owners	-	6	-	56	-	-	62	-	62
Loss for the period	-	-	-	-	-	(2,468)	(2,468)	-	(2,468)
Increase in value of available for sale asset	-	-	47	-	-	-	47	-	47
Exchange difference on translation of foreign operations	-	-	-	-	(21)	-	(21)	-	(21)
Total comprehensive loss for the period	-	-	47	-	(21)	(2,468)	(2,442)	-	(2,442)
Balance at 31 December 2016 (audited)	2,601	14,525	(6,109)	1,130	(778)	(20,870)	(9,501)	(3)	(9,504)
Issue of share capital	559	13,057	-	-	-	-	13,616	-	13,616
Share issue costs	-	(54)	-	-	-	-	(54)	-	(54)
Fair value on extinguishment of loan	-	3,814	-	-	-	-	3,814	-	3,814
Transactions with owners	559	16,817	-	-	-	-	17,376	-	17,376
Loss for the period	-	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Transfer on sales of available for sale asset	-	-	(47)	-	-	-	(47)	-	(47)
Exchange difference on translation of foreign operations	-	-	-	-	(5)	-	(5)	-	(5)
Total comprehensive loss for the period	-	-	(47)	-	(5)	(5,659)	(5,711)	-	(5,711)
Balance at 30 June 2017 (unaudited)	3,160	31,342	(6,156)	1,130	(783)	(26,529)	2,164	(3)	2,161

NOTES TO THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. GENERAL INFORMATION

The financial information set out in this interim report for the Company, its subsidiaries and associates (the "Group") does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2016 have been completed and filed at Companies House. The auditor's report on the annual financial statements was unqualified and did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006, but did contain an emphasis of matter in respect of going concern.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company's ordinary shares are quoted on the AIM market of the London Stock Exchange and the Company applies the Companies Act 2006 when preparing its annual financial statements.

The annual financial statements for the year ended 31 December 2017 will be prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) and the principal accounting policies adopted remain unchanged from those adopted in preparing its financial statements for the year ended 31 December 2016.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

GOING CONCERN

The Directors have prepared cash flow forecasts for the period ending 30 September 2018. The forecasts assume that the balance of \$2 million due from SPMP on successful commissioning of the Oman Antimony Roaster in its pilot phase will be received, as described further in Note 8. The forecasts demonstrate that the Group will have sufficient cash resources available to allow it, assuming the \$2m is received, to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the accounts have been prepared on a going concern basis.

3. 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 assessment of performance and about which discrete financial information is available. The chief operating decision maker has defined that the Group's only reportable operating segment during the period is mining.

In respect of the non-current assets as at 30 June 2017 of £1,160,000, £20,000 arise in the UK (30 June 2016: £35,000, 31 December 2016: £27,000), and £1,140,000 arise in the rest of the world (30 June 2016: £1,989,000, 31 December 2016: £1,516,000).

4. TAXATION

As at 31 December 2016 Tri-Star Resources plc had unrelieved Schedule D Case 1 corporation tax losses of £4.26 million. The Directors expect these losses to be available to offset against future taxable trading profits.

The Group has not recognised any deferred tax asset at 30 June 2017 (30 June and 31 December 2016: £nil) in respect of these losses on the grounds that it is uncertain when taxable profits will be generated by the Group to utilise any such losses.

5. (LOSS) PER SHARE

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

	Unaudited period ended 30 June 2017 £'000	Unaudited period ended 30 June 2016 £'000	Audited year ended 31 December 2016 £'000
Loss on ordinary activities after tax (£'000)	<u>(5,659)</u>	<u>(932)</u>	<u>(3,400)</u>
Weighted average number of shares for calculating basic loss per share	<u>9,026,640,031</u>	<u>8,461,899,843</u>	<u>8,464,881,335</u>
Basic and diluted loss per share (pence)	<u>(0.06)</u>	<u>(0.01)</u>	<u>(0.04)</u>

Diluted earnings per share is the same as basic loss per share in each year because the potential shares arising under the share option scheme, share warrants and convertible bonds are anti-dilutive.

The weighted average number of ordinary shares excludes deferred shares which have no voting rights and no entitlement to a dividend.

6. INVESTMENT IN ASSOCIATES

Strategic & Precious Metals Processing LLC ("SPMP") was incorporated in the Sultanate of Oman in 2014. Tri-Star has a 40% interest in the company and accounts for its investment in SPMP as an associate undertaking.

SPMP made a loss of £925,000 in the period to 30 June 2017 (30 June 2016: £762,000, 31 December 2016: £1,923,000) of which Tri-Star's share in the Group accounts was £370,000 (30 June 2016: £305,000, 31 December 2016: 769,000). Tri-Star had a net investment of £1,113,000 on consolidation as at 30 June 2017 (30 June 2016: £1,947,000, 31 December 2016: £1,483,000).

7. CONVERTIBLE SECURED LOAN NOTES

As at 31 December 2016, the Company had in issue three tranches of convertible secured loan notes ("Loan Notes") held by funds under the discretionary management of Odey Asset Management LLP. The Loan Notes carried a non-cash coupon of 15% per annum which compounded half yearly and were secured by way of a

guarantee and debenture granted by Tri-Star Antimony Canada Inc. The Loan Notes were redeemable at 100% of their principal amount plus accrued interest by way of the issue of new Tri-Star ordinary shares on maturity on 19 June 2018 (unless otherwise converted prior to maturity).

On 1 June 2017, Tri-Star announced that it has reached agreement with Odey Asset Management LLP 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 outstanding 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.

The Proposals included a reduction in the conversion price of the Loan Notes from 0.20 pence to 0.121855 pence per ordinary share, unconditional and effective 1 June 2017. Under the Proposals, funds under the discretionary management of Odey Asset Management LLP converted approximately £4.4 million of Loan Notes into 3,614 million new ordinary shares of the Company (the "Conversion") 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 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 Notes has been measured at 0.16p per share, being the closing price on 31 May 2017, the day prior to the agreement with Odey Asset Management LLP being reached. The difference between the Conversion and Placing Price (0.121855 pence per ordinary share) and the fair value of the ordinary shares so issued (0.16 pence per ordinary share) amounts to £3,814,000. The loss on extinguishment recorded in the income statement was measured as follows:

	£'000
Book value of debt	12,626
Repaid by issue of 3,613,884,866 shares	(4,404)
Repaid in cash	(7,782)
Fair value adjustment for shares issued for conversion and repayment	(3,814)
Costs incurred	(263)
	<hr/>
Loss on extinguishment of loan	<u>(3,637)</u>

8. CONTINGENT ASSET

Under the agreement to sell the Roaster intellectual property to Strategic & Precious Metals Processing LLC, there is a balance of \$2million due to be paid to Tri-Star. 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 as at 30 June 2017 (30 June and 31 December 2016: \$2 million).