TRI-STAR RESOURCES PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

9 March 2016

Tri-Star Resources plc ("Tri-Star" or the "Company") is pleased to announce its financial results for the year ended 31 December 2015.

Financial highlights:

- Profit on sale of intellectual property of £1.6 million (2014: £nil)
- Board monthly ongoing salary cost cut by over 50%
- Operating expenses reduced by 21%
- Loss before impairments and fair value movements reduced by 27%
- Cash as at 29 February 2016 of £1.0 million

Operational highlights:

- In June 2015, agreement reached for the sale of Tri-Star's intellectual property rights ("IPR") to Strategic & Precious Metals Processing LLC ("SPMP") for a sum of up to US$6.0 million
- In August 2015 Tri-Star completed the raising of £3.5 million by way of private placement of convertible notes and new equity
- On 16 September 2015 Tri-Star announced that SPMP had achieved financial close for the Oman Antimony Roaster Project ("OAR") and Tri-Star had fully funded in cash its equity funding commitment, to SPMP, of US$6.0 million;
- US$4.0 million received from sale of IPR on financial close, US$2 million remains contingent
- Post year end, in February 2016, Tri-Star announced that SPMP had entered into an EPCM services agreement with world leading engineering services provider, WorleyParsons
- Non-core gold assets sold in Canada; licence extension obtained in Turkey

Guy Eastaugh, Chief Executive Officer, said "I am pleased to present these annual results to shareholders demonstrating not only the enormous operational achievements the Company made in 2015 but also the impact of the sale of intellectual property to our associate joint venture company, SPMP, and its successful financial close.

"The Company's financial position entering 2016 is sound, given we have £1.0 million in cash and our operating costs greatly reduced going forward, the result of extensive cost cutting measures implemented towards the latter part of 2015 and into 2016. We are very pleased with the advances made to date and look forward to further significant accomplishments this year."

CHAIRMAN'S STATEMENT

2015 represented a truly transformational year for Tri-Star. The Company, in conjunction with its joint venture partners in SPMP, brought the OAR to financial close in the midst of very difficult market conditions for this type of commercial endeavour. In addition, alongside the successful sale of our intellectual property to the joint venture, Tri-Star was able to fully finance its $6.0 million equity share of the project.

Throughout 2015, the Company continued to advance the OAR, achieving many significant milestones along the way, culminating with Tri-Star's successful £3.5 million fundraise in August 2015 and financial close of the OAR shortly thereafter in September 2015. Reports already published in earlier years had confirmed the project's technical and financial viability and the engineering design work has now been completed. The OAR joint venture company itself, Strategic & Precious Metals Processing LLC, has long since taken over the detailed negotiations with counterparties required on a number of fronts in relation to the project. In February 2016, SPMP achieved a notable milestone with the appointment of a lead EPCM contractor to oversee the construction of the Roaster. Whilst significant tasks remain ahead, the Company and its partners have demonstrated considerable commitment and desire to see the OAR come to fruition. SPMP is set to commence site preparation and construction of the facility during 2016, with plant commissioning by the end of 2017.

In 2015 we took the difficult decision to scale back our operations in Canada in the light of prevailing low prices for commodities and metals, generally, around the world. We have reduced our footprint to comprise essentially the strategically important antimony prospect in the Bald Hill region of New Brunswick, Canada. The associated gold assets have long been considered non-core and in January 2016 a significant proportion of these gold assets, comprising the Golden Pike properties, were sold. Likewise, in light of prevailing market conditions, the Company is reviewing the strategic options open to it in relation to the Göynük antimony mine in Turkey.

Regarding the Company's financial position, during the year Tri-Star secured additional funding through a £2.0 million private placing of Convertible Notes with Odey European Inc. and also raised a further £1.5 million through the issue of new equity. Details of the subsequent important changes to the terms of the Convertible Notes are set out in the accompanying financial statements.

As for the overall result for the year, I am pleased to report that the Group recorded a very much reduced loss before impairments and movements in the fair value of the Convertible Notes of £1,816,000 (2014: £2,497,000), down by 27%. A dividend is not being recommended at this time.

I would like to thank my non-executive Board colleagues Adrian Collins and Jonathan Quirk for all their hard work during the year, along with the executive management team and our employees for their dedication and effort during what turned out to be a hugely successful year for Tri-Star.

In September 2015, Guy Eastaugh was appointed Chief Executive Officer, having previously been our Chief Financial Officer and Emin Eyi was appointed Deputy Chairman of the Company contemporaneous with his appointment as Chief Executive Officer of SPMP. Ken Hight stepped down from the Board in October and I thank him for his hugely valuable contribution since joining us in 2013.

Mark Wellesley-Wood
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Our goal is to become a leading antimony metal processing and technology company. The Company's principal asset is its 40% share in Strategic & Precious Metals Processing LLC which is developing a 20,000 tonne per annum antimony production facility in Sohar, Sultanate of Oman, the "OAR". Tri-Star also owns upstream antimony assets in Canada and Turkey.

I am pleased to report on the Company's progress towards achieving its aims during 2015 and set out the clear priorities for Tri-Star's financial and other resources for the future.

Result for the year

During 2015, despite the heavily increased activity level and costs associated both with the raising of funds by TriStar and the Company assisting SPMP in achieving its financial close, Tri-Star was successful in containing operating expenditure well within previously observed levels. Exploration and administration costs, which are very largely cash in nature, fell by 21% in 2015 to £1,789,000.

	2015	**2014**
Expanded Profit and Loss Account	**£'000**	**£'000**
Share based payments	(337)	(21)
Exploration and administrative costs	(1,789)	(2,255)
Financial advisory costs payable on financial close	(863)	-
Loss from operations	**(2,989)**	**(2,276)**
Gain on sale of Intellectual Property	1,555	-
Share of loss in associates	(382)	(221)
Loss before impairment and finance expense	**(1,816)**	**(2,497)**
Impairments and amortisation	(4,203)	(6)
Net finance (expense)/income	(1,710)	106
Taxation	601	-
Loss after taxation	**(7,128)**	**(2,397)**

One-off success fees of £863,000 were paid, in cash, by Tri-Star to third party financial advisors assisting Tri-Star in connection with SPMP achieving its financial close in September 2015.

Tri-Star realised a £1,555,000 gain from the September 2015 sale of its intellectual property rights in the OAR to joint venture company, SPMP. $4.0 million of cash was received by Tri-Star on financial close of the OAR. A further $2.0 million is payable by SPMP to Tri-Star contingent on certain future events concerning the successful commissioning of the OAR.

Share of loss in associates represents Tri-Star's share of SPMP's post tax result for the year. SPMP has been loss making to date during what are the early stages of its development.

The impairment of £4,203,000 taken in 2015 is related to the intangible exploration asset that arose on the acquisition of Portage Minerals Inc. in 2013. In light of current market conditions, the Directors have decided to impair this asset in full. This is discussed further in this report and also in the notes to the financial statements.

Net finance expense of £1,710,000 in 2015 (2014: net income £106,000) represents the net impact on profit and loss of the revaluation of the Convertible Notes at the financial year end. This item is non-cash in nature. Further detail on this is set out in the accompanying notes to the financial statements.

Of the net tax credit of £601,000, £76,000 comprises actual cash tax receivable in the year rebated to the Company under the UK tax regime in respect of qualifying research and development expenditure.

Antimony

Antimony (Sb) is a silvery-white, shining, soft and brittle metal. It is a semiconductor and has thermal conductivity lower than most metals. Due to its poor mechanical properties, pure antimony is only used in very small quantities; larger amounts are used for alloys and in antimony compounds. Antimony is a member of the Group 15 "pnictogen" elements, also known as the nitrogen family, in the Periodic Table. Antimony has atomic number 51 and an atomic weight of 122. The metal is brittle and has a low melting point of 630^{o}C and boils at 1380^{o}C.

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 automobiles. The largest applications for metallic antimony 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.

Oman Antimony Roaster

Background

In 2011, the Company began seeking partners in the Gulf region to investigate the siting and construction of a 20,000 tonne per annum antimony production facility to be engineered to meet EU environmental and regional based standards. The facility is being designed to produce antimony ingot, ATO and related products. This exercise led ultimately to the formation of a local consortium to develop the Oman Antimony Roaster in late 2013.

Oman joint venture

Strategic & Precious Metals Processing LLC, an Omani company, was formed in June 2014 to develop and build the OAR within the Port of Sohar Free Zone in the Sultanate of Oman. Tri-Star has a 40%

equity interest in SPMP, with the other joint venture partners being; Oman Investment Fund (which also owns 40%) and DNR Industries Limited (which owns the remaining 20%).

Development and financial close

During 2014 and the first half of 2015, the Company worked closely with its joint venture partners to progress the legal, engineering and environmental due diligence work streams associated with the project. The process moved on to the finalisation of the banking documentation in August 2015 and ultimately financial closure in September 2015.

In 2015, the Company made a number of announcements relating to progress made by SPMP, most notably:

- In February 2015, the signing of a Facility Offer Letter between SPMP and Bank Nizwa, a bank based in Oman, to provide SPMP with a Sharia compliant facility of up to US$40 million;

- Also in February 2015, the receipt by SPMP of the provisional environmental permit from the Ministry of Environmental and Climate Affairs;

- In April 2015, SPMP took delivery of an engineering report which discussed the viability of the overall antimony roasting process as developed by Tri-Star and provided a capital expenditure estimate of approximately US$62 million for the construction of the facility;

- Also in April 2015, the signing by SPMP of heads of agreement with Traxys Europe SA, selecting Traxys as SPMP's nominated trading partner. In this role, it is intended that Traxys will supply feedstock and provide offtake and related financing and other services to SPMP;

- In June 2015, Tri-Star announced that it had reached agreement with SPMP for the sale of Tri-Star's intellectual property to SPMP for a sum of up to $6.0 million, in three $2.0 million tranches. The first two payments were subsequently received by Tri-Star on financial close;

- At the beginning of August 2015, Tri-Star completed the raising of £3.5 million by way of a private placement of convertible notes and new equity to fund its 40% equity share of SPMP;

- Later in August 2015, it was announced that SPMP had entered into definitive agreements with Bank Nizwa with regard to the $40 million project finance debt for the project; and

- On 16 September 2015 Tri-Star announced that SPMP had achieved financial close and Tri-Star had fully funded its equity funding commitment of $6.0 million. SPMP had now in place $70 million of funding ($15 million equity drawn-down on financial close; $15 million of committed shareholder loans and $40 million of committed non-recourse project debt).

Since financial close, SPMP has been working vigorously to put in place the various contractual arrangements required in order to commence construction of the project. WorleyParsons was appointed lead EPCM contractor in February 2016. SPMP's immediate goal now is commencement of ground-breaking in the first half of 2016 and then to work towards full commissioning of the OAR by end 2017, with commercial production in 2018. Support of, and active engagement with, SPMP by Tri-Star by virtue of Tri-Star's 40% interest in SPMP remains Tri-Star's number one priority.

Refractory Gold

Refractory gold is in the ground gold 'ore' trapped in sulphide lattice structures that conventional processes are unable to unlock. The clean roasting antimony technology developed by Tri-Star and sold to SPMP in 2015 has opened the treatment again of these world gold resources, estimated to be 30% – 50% of remaining gold in the ground. The second phase of SPMP's proposed antimony plant in Oman envisages a refractory gold roaster that solves this problem efficiently and at low cost to provide potentially a very valuable alternative processing route for the world's gold resources trapped in this manner.

<u>Canada</u>

In 2013, the Company completed the acquisition of Portage Minerals, a Canadian exploration company. As a consequence of the transaction, Tri-Star now owns Portage's Bald Hill deposit, which is one of the largest undeveloped antimony projects in Canada. As outlined in the NI 43-101 technical report for the Bald Hill property, drilling indicated a potential quantity and grade in the 725,000 to 1,000,000 tonne range grading 4.11% to 5.32% contained antimony. The Bald Hill deposit presents a synergistic opportunity for Tri-Star given the potential to develop the deposit and for Bald Hill to become a potential future supplier of feedstock for the Roaster Project.

In addition, Tri-Star has an interest in a gold deposit, Golden Ridge, in which Tri-Star has a 60% interest. Golden Ridge has an inferred mineral resources of 17,780,000 tonnes at 0.91 g/t gold for 520,200 ounces of gold. The interest in Golden Ridge is viewed as non-core by the Company.

In 2015, in response to worsening economic conditions for junior miners in the region, the Company took the difficult but necessary decision to downsize its operations in Canada, selling (in January 2016) a portion of historically held gold assets (the Golden Pike discovery) and ceasing further exploration at Bald Hill, for the time being. The consideration for the sale of Golden Pike, which completed in January 2016, comprised 350,000 shares in Globex Mining Enterprises Inc. and a potential future royalty payment accruing to Tri-Star dependent on production.

As a consequence of prevailing market conditions, the Directors have determined the need to take an impairment of the intangible exploration asset that arose on the acquisition of Portage Minerals Inc. in 2013. This has resulted in a write-down and realised loss recorded through profit and loss of £4,023,000 in this year's accounts.

<u>Turkey</u>

Tri-Star's Göynük Project is a historical artisanal mine in a known antimony belt in the Murat Dagi mountains of western Turkey. The mine is about 250 kilometres east of the port of Izmir on the west coast and 50 kilometres north of Usak.

The property comprises a mined area of 25 hectares within an exploration area of 783 hectares. A further exploration area of 685 hectares (Göynük East) was added in June 2011 contiguous to the east of the original area bringing the total exploration area holding to approximately 1,470 hectares. The Company announced the grant of a licence extension to the original 783 hectare area in January 2016.

Given prevailing poor market conditions, the Company is reviewing its strategic options for the mine.

Funding

In August 2015, the Company completed a private placing of £3.5 million, comprising £2.0 million of Convertible Notes with Odey European Inc. and £1.5 million of new equity. Further detail on the revised terms of the Convertible Notes, which includes those previously issued in June 2013 and August 2014, is set out in the notes to the accompanying financial statements.

During the year, the Company also raised $4.0 million from the sale of its intellectual property to joint venture company, SPMP. This sale, which assisted in raising the required funds to finance Tri-Star's $6.0 million equity investment in SPMP resulted in a gain in 2015 to profit and loss of £1,550,000. A further $2.0 million of consideration remains due to Tri-Star by SPMP contingent on future events. As at 29 February 2016, the Company had £1.0 million in cash.

Costs

The Company pays close attention to its costs, looking to minimise these wherever possible. One of the largest cash cost items is employee and Board costs. The run-rate of Board costs has reduced significantly over the year and now stands at less than half the run-rate accruing in January 2015.

	Dec 2015	Jan 2015	% change
Board salaries: monthly run rate	£26,500	£54,000	-51.0%

Key Performance Indicators

Given the early stage of the Company's development and its current scale of 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.

Principal risks and uncertainties

The Board continually reviews the risks facing the Group. The Group is not yet revenue generating. The principal risks and uncertainties facing the Group involve the ability to raise funding in order to finance the continued development of the OAR, mining activities and any other opportunities identified by the Board, as well as the uncertainties relating to the amount and quality of metals available in its mines, the obtaining of necessary operating permits and licences, the costs of extraction and production and the exposure to fluctuating commodity prices.

Financial risk management objectives and policies

The Group's principal financial instruments comprise of cash, convertible notes and other financial liabilities. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial instruments such as loans and also trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group'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 Group's operating activities. Management monitors the forecasts of the Group's cash flows and cash balances monthly and raises funds in discrete tranches to manage the activities through to revenue generation.

Price risk

The Group is exposed to fluctuating commodity prices of antimony and the existence and quality of the antimony product within the licensed area. 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 Group operates in a number of jurisdictions and carries out transactions in Sterling, Turkish Lira, Canadian dollars and US dollars. The Group 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.

Future prospects

We expect the remainder of the year to be challenging given worldwide strong economic headwinds for the mining sector as a whole, but Tri-Star will remain focussed on its being also a period of significant advancement for the Company as SPMP takes the OAR forward into the construction phase.

Guy Eastaugh
Chief Executive Officer

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Years to 31 December

	Notes	**2015**	2014
		£'000	£'000
Share based payments		**(337)**	(21)
Amortisation and impairment of intangible assets		**(4,203)**	(6)
Exploration expenditure and other administrative expenses		**(2,652)**	(2,255)
Total administrative expenses and loss from operations		**(7,192)**	(2,282)
Profit on sale of intangible asset	*2*	**1,555**	-
Share of loss in associated companies		**(382)**	(221)
Finance income	*3*	**3**	944
Finance cost	*3*	**(1,713)**	(838)
Loss before taxation		**(7,729)**	**(2,397)**
Taxation	*4*	**601**	-
Loss after taxation, and loss attributable to the equity holders of the Company		**(7,128)**	(2,397)
Loss after taxation attributable to			
Non-controlling interest		**232**	(62)
Equity holders of the parent		**(7,360)**	(2,335)
Other comprehensive (expenditure)/income			
Items that will be reclassified subsequently to profit and loss			
Exchange loss on translating foreign operations		**(502)**	(104)
Other comprehensive (expenditure)/income for the period, net of tax		**(502)**	(104)
Total comprehensive loss for the year, attributable to owners of the company		**(7,630)**	(2,501)
Total comprehensive loss attributable to			
Non-controlling interest		**232**	(62)
Equity holders of the parent		**(7,862)**	(2,439)
Loss per share			
Basic and diluted loss per share (pence)	*5*	**(0.09)**	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December

		2015	2014
ASSETS	**Notes**	**£'000**	£'000
Non-current			
Intangible assets	*6*	**-**	4,777
Investment in associates		**2,252**	45
Property, plant and equipment		**62**	68
		2,314	4,890
Current			
Cash and cash equivalents		**1,308**	1,496
Trade and other receivables		**148**	117
Total current assets		**1,456**	1,613
Total assets		**3,770**	6,503
LIABILITIES			
Current			
Trade and other payables		**373**	324
Financial liability	*7*	**1,100**	626
Total current liabilities		**1,473**	950
Loans repayable after one year			
Loans	*7*	**8,318**	5,073
Deferred tax liability		**176**	796
Total liabilities		**9,967**	6,819
EQUITY			
Issued share capital		**2,601**	2,525
Share premium		**14,515**	13,179
Share based payment reserve		**1,074**	767
Other reserves		**(6,914)**	(6,412)
Retained earnings		**(17,470)**	(10,140)
		(6,194)	(81)
Non-controlling interest		**(3)**	(235)
Total equity		**(6,197)**	(316)
Total equity and liabilities		**3,770**	6,503

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Share based payment reserves	Trans-lation reserve	Retained earnings	Total attributable to owners of parent	Non-control-ling interest	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 January 2014	2,520	13,162	(6,156)	1,072	(152)	(8,131)	2,315	(173)	2,142
Share based payments	-	-	-	21	-	-	21	-	21
Issue of share capital	5	17	-	-	-	-	22	-	22
Transfer on exercise of warrants	-	-	-	(326)	-	326	-	-	-
Transactions with owners	5	17	-	- 305	-	326	43	-	43
Exchange difference on translating foreign operations	-	-	-	-	(104)	-	(104)	-	(104)
Loss for the year	-	-	-	-	-	(2,335)	(2,335)	(62)	(2,397)
Total comprehensive loss for the period	-	-	-	-	(104)	(2,335)	(2,439)	(62)	(2,501)
Balance at 31 December 2014	2,525	13,179	(6,156)	767	(256)	(10,140)	(81)	(235)	(316)
Share based payments	-	-	-	337	-	-	337	-	337
Issue of share capital	76	1,449	-	-	-	-	1,525	-	1,525
Transfer on lapse of warrants	-	-	-	(30)	-	30	-	-	-
Share placing costs	-	(113)	-	-	-	-	(113)	-	(113)
Transactions with owners	76	1,336	-	307	-	30	1,749	-	1,749
Exchange difference on translating foreign operations	-	-	-	-	(502)	-	(502)	-	(502)
Loss for the period	-	-	-	-	-	(7,360)	(7,360)	232	(7,128)
Total comprehensive loss for the period	-	-	-	-	(502)	(7,360)	(7,862)	232	(7,630)
Balance at 31 December 2015	2,601	14,515	(6,156)	1,074	(758)	(17,470)	(6,194)	(3)	(6,197)

CONSOLIDATED STATEMENT OF CASH FLOWS
Years to 31 December

	Note	**2015**	2014
		£'000	£'000
Cash flow from operating activities			
Continuing operations			
Loss after taxation		**(7,128)**	(2,397)
Amortisation and impairment of intangibles	*6*	**4,203**	6
Depreciation		**20**	24
Finance income		**(3)**	(4)
Finance cost		**1,503**	838
Loss from associates		**382**	221
Fees paid by shares		**25**	17
Share based payments		**337**	21
Movement on fair value of derivatives		**210**	(940)
(Increase)/decrease in trade and other receivables		**(30)**	(32)
(Decrease)/increase in trade and other payables		**(483)**	(96)
Net cash (outflow)/inflow from operating activities		**(964)**	(2,342)
Cash flows from investing activities			
Finance income		**3**	4
Cash invested in associates		**(2,589)**	(266)
Purchase of property, plant and equipment		**(15)**	(10)
Proceeds of sale of property, plant and equipment		**-**	11
Net cash outflow from investing activities		**(2,601)**	(261)
Cash flows from financing activities			
Proceeds from issue of share capital		**1,500**	5
Share issue costs		**(113)**	-
Finance costs		**-**	-
New loans	*7*	**2,000**	2,000
Net cash inflow from financing activities		**3,387**	2,005
Net change in cash and cash equivalents		**(178)**	(598)
Cash and cash equivalents at beginning of period		**1,496**	2,101
Exchange differences on cash and cash equivalents		**(10)**	(7)
Cash and cash equivalents at end of period		**1,308**	1,496

BASIS OF PREPARATION

The financial statements for Tri-Star and its subsidiaries (the “Group”) 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 financial statements have been prepared under IFRS and the principal accounting policies adopted remain unchanged from those adopted by the Group in preparing its financial statements for the prior year.

GOING CONCERN

The Group has not earned revenue during 2015 and it is still in the development phase of its business. Therefore, the operations of the Group are currently being financed from funds which the Company has raised from private and public placings of its shares, convertible bonds and other sources.

The Directors have prepared cash flow forecasts for the period ending 30 June 2017. The forecasts identify unavoidable third party running costs of the Group and demonstrate that the Group will have sufficient cash resources available to allow it 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.

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 affects 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.

NOTES TO THE FINANCIAL STATEMENTS

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 Company comprises only one operating segment, that of mining and development.

In respect of the non-current assets, £41,000 (2014: £53,000) arise in the UK, and £2,273,000 (2014: £4,837,000) arise in the rest of the world.

2 PROFIT ON SALE OF INTANGIBLE ASSET

On 16 September 2015, when the Company's associate SPMP achieved financial close, the IP for the OAR was sold to SPMP for US$4 million. A further US$2 million will become due to Tri-Star on successful completion of a pilot plant. This further US$2 million has not been recognised in the accounts. The Group has recognised profits of US$2.4 million (GBP £1,555,000) being 60% of the proceeds received as the Group has a 40% interest in SPMP. The costs of developing the IP had previously been recognised in the profit and loss of the Group.

3 FINANCE INCOME AND COSTS

	2015	2014
	£'000	£'000
Finance costs		
Interest payable on historic loans	**(6)**	-
Movement in derivative	**210**	-
Interest payable on convertible loan	**1,509**	838
	1,713	838

	2015	2014
	£'000	£'000
Finance income		
Bank interest	**3**	4
Interest payable on convertible loan	**-**	940
	3	944

Further details regarding the movement in fair value of derivatives and interest payable on the convertible loan are set out in note 7.

4 TAXATION

Unrelieved tax losses of approximately £14.92 million (2014: £8.27 million) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 December 2015 is

£3,269,000 (2014: £1,923,000) which 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 tax charge for the year comprises:

	2015	2014
	£'000	£'000
Research and development taxation relief	76	-
Deferred taxation in respect of transition to IFRS	(176)	
Deferred taxation in respect on intangible asset	701	-
	601	-

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

	2015	2014
	£'000	£'000
Loss before taxation	**(7,729)**	(2,397)
Loss multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	**(1,662)**	(515)
Effect of:		
Expenses not deductible for tax purposes	**(2)**	-
Overseas profit/(loss) not recognised	**293**	(169)
R&D tax rebate	**76**	-
Impairment of goodwill	**140**	-
Interest disallowed	**409**	-
Unrelieved tax losses	**1,346**	684
Total tax charge for year	**601**	-

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 ordinary shares in issue during the period.

	2015	2014
	£'000	£'000
Loss attributable to owners of the Company after tax	**(7,128)**	(2,397)

	2015	2014
	Number	Number
Weighted average number of ordinary shares for calculating basic loss per share	**7,554,686,570**	**6,876,723,387**

	2015	2014
	Pence	Pence
Basic and diluted loss per share	**(0.09)**	(0.03)

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.

6 INTANGIBLE ASSETS

	Other Intangible Exploration Asset	**Mining & Mineral Licences**	**Goodwill**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 January 2014	4,076	102	815	4,993
Exchange Difference	(95)	-	(19)	(114)
At 31 December 2014	3,981	102	796	4,879
Exchange Difference	(479)	-	(95)	(574)
At 31 December 2015	3,502	102	701	4,305
Amortisation and impairment				
At 1 January 2014	-	96	-	96
Amortisation charge in the year	-	6	-	6
At 31 December 2014	-	102	-	102
Impairment charge in the year	3,502	-	701	4,203
At 31 December 2015	3,502	102	701	4,305
Net book value				
At 31 December 2015	**-**	**-**	**-**	**-**
At 31 December 2014	3,981	-	796	4,777
At 1 January 2014	4,076	6	815	4,897

The exploration asset relates to the acquisition of Portage Minerals Inc. in 2013. The exploration asset is required to be reviewed for impairment only if there are any indications that the carrying amount exceeds the recoverable amount. Following an impairment review, the Directors have concluded that the asset should be fully impaired at 31 December 2015.

Goodwill on acquisition relates to goodwill arising on the acquisition of Portage Minerals Inc. Goodwill is not amortised but is reviewed for impairment on an annual basis or more frequently if there are any indications that goodwill may be impaired. The Directors consider that the goodwill should be fully impaired as at 31 December 2015 in light of the decision to fully impair the related exploration asset.

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

7 CONVERTIBLE SECURED LOAN NOTES

The Company has issued three tranches of convertible secured loan notes ("Notes") to Odey European Inc.("OEI"). The Notes carry a non-cash coupon of 15% per annum which compounds half yearly and are secured by way of a guarantee and debenture granted by Tri-Star Antimony Canada Inc. The Notes are redeemable at 100% of their principal amount plus accrued interest by way of the issue of new Tri-Star ordinary shares on 19 June 2018 (unless otherwise previously so converted).

On 19 June 2013, Tri-Star made the initial issuance of £4.0 million of Notes to OEI. These Notes were drawn down in two tranches of £1.33 million on 20 June 2013 and of £2.67 million on 27 September 2013.

On 27 August 2014, Tri-Star issued additional £2.0 million of Notes to OEI under the same terms as in 2013. On 11 August 2015, Tri-Star issued a further £2.0 million of Notes, again, under the same terms.

The Notes were initially, on issue, convertible at 100% of their principal amount plus accrued interest at the holder's option into ordinary shares at a conversion price which is fixed at the time of conversion at a 10% discount to the lower of:
- the latest equity funding round completed prior to the issue of the conversion notice; and
- any equity funding round completed within 10 days of the conversion notice.

On 16 September 2015, the terms of the Notes were amended. The conversion price was fixed at £0.0020 (0.2 pence) for the remainder of the term of the Notes (until June 2018). On maturity in June 2018, if a conversion notice has not been served previously, the Loan Notes will convert into new Tri-Star ordinary shares at £0.0020 (0.2 pence) removing the pre-existing option for OEI to otherwise have the loan notes redeemed in cash in full.

The rate of interest accruing on the Notes remains unchanged (being a non-cash coupon of 15% per annum, calculated on a daily basis, and compounding half yearly). OEI has the option to serve a conversion notice at any time in the period to maturity of the Notes in June 2018. If the conversion of Notes results in OEI holding more than 29.9% of the Company's enlarged voting share capital, OEI has the option of either continuing to hold those notes the conversion of which would increase its holding of shares above 29.9% or to have those notes redeemed in cash.

The Directors consider that the use of the Black-Scholes model is the most appropriate method of valuing the derivative component of the Notes. The following assumptions were used in calculating the fair value:
- The model assumes that the Notes will be exercised on 31 December 2016;
- The share price volatility is 117% which was based on historic volatility;

- Exercise price of 0.20p and a share price of 0.085p being the market share price at that time;
- The effects of potential dilution were not factored.

The Notes are recorded in the Consolidated Statement of Financial Position as:

Notes issued in 2013

Asset/liability	On Issue	Profit and loss movement	At 31 December 2013	Profit and loss movement	At 31 December 2014	Profit and loss movement	At 31 December 2015
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Carrying value of host debt instrument	(2,343)	(225)	(2,568)	(721)	(3,289)	(991)	(4,280)
Fair value of derivative	(1,405)	171	(1,234)	797	(437)	(171)	(608)
TOTAL	**(3,748)**	**(54)**	**(3,802)**	**76**	**(3,726)**	**(1,162)**	**(4,888)**

Notes issued in 2014

Asset/liability	On Issue	Profit and loss movement	At 31 December 2014	Profit and loss movement	At 31 December 2015
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Carrying value of host debt instrument	(1,667)	(117)	(1,784)	(378)	(2,162)
Fair value of derivative	(333)	144	(189)	(74)	(263)
TOTAL	**(2,000)**	**27**	**(1,973)**	**(452)**	**(2,425)**

Notes issued in 2015

Asset/liability	On Issue	Profit and loss movement	At 31 December 2015
	£'000	**£'000**	**£'000**
Carrying value of host debt instrument	(1,736)	(140)	(1,876)
Fair value of derivative	(264)	35	(229)
TOTAL	**(2,000)**	**(105)**	**(2,105)**

The key data for the valuation model were the share price and number of shares, expected option maturity life, risk free interest rate and underlying volatility as set out in the table below.

	2015	2014
"Spot Tri-Star" price, in £	0.00125	0.0012
"Strike" conversion price, in £	0.0020	0.0027
Maturity	31 December 2016	31 December 2015
Volatility	117%	102%
Number of shares	7,271,680,497	2,984,370,116

On issue the host debt instrument of the 2013 loan note was recorded at £2,343,000 being the difference between the fair value of the derivative and the proceeds. Thereafter in line with accounting standards the host debt instrument is carried at amortised cost with an effective interest rate of 27.24%.

On issue the host debt instrument of the 2014 loan note was recorded at £1,666,713 being the difference between the fair value of the derivative and the proceeds. Thereafter in line with accounting standards the host debt instrument is carried at amortised cost with an effective interest rate of 20.18%.

On issue the host debt instrument of the 2015 loan note was recorded at £1,736,376 being the difference between the fair value of the derivative and the proceeds. Thereafter in line with accounting standards the host debt instrument is carried at amortised cost with an effective interest rate of 20.35%.

8 ANNUAL REPORT AND ACCOUNTS

The financial information set out in this announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The Consolidated Statement of Financial position at 31 December 2015, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and associated notes for the year then ended have been extracted from the Group's 2015 financial statements upon which the auditor's opinion is unqualified and does not include any statement under Section 498(2) or (3) of the Companies Act 2006.

The accounts for the year ended 31 December 2015 will be posted to shareholders shortly and laid before the Company at the Annual General Meeting, which will be held on 12 May 2016, at 12:00 noon, at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG. Following publication, a copy of the accounts will also be available on the Company's website (www.tri-starresources.com) in accordance with AIM Rule 26, and will be delivered to the Registrar of Companies in due course.