Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No. 596/2014 until the release of this announcement

TRI-STAR RESOURCES PLC

Interim Results for the six month period ended 30 June 2018

Tri-Star (AIM: TSTR), the mining and minerals processing company, is pleased to announce unaudited results for the six months ended 30 June 2018.

During the period, Tri-Star's principal activities continued to be its investment in an antimony and gold production facility in the Sultanate of Oman (the "SPMP Project" or the "Project") which is being developed by Strategic & Precious Metals Processing LLC ("SPMP"), an Omani company in which Tri-Star has a 40% equity interest.

Financial Highlights

- On-going cash administrative expenses down 30% to £285k (H1 2017: £410k);
- Annualised salaries have fallen 45% in cash terms since H2 2017 as the Company moved to a share-based compensation structure to preserve cash resources and align management more closely with shareholders; major reduction in costs on non-core exploration assets as primary focus remains on flagship investment in Oman;
- A total of £3.6m of the short-term secured loan note has been repaid this year, leaving a balance of £1.0m as of 31 August 2018;
- Net assets increased 130% to £5.8m (30 June 2017: £2.5m);
- Loans to SPMP have increased by 60% in the period to £7.1m, which currently accrue interest at 15% per annum;
- Successful completion of a £13.0m fund raising through the placement of new ordinary shares, announced on 25 June 2018 and completed after the period end; of the funds raised, £10.6m (US$14m) is being injected into Strategic & Precious Metals Processing LLC ("SPMP") in the form of equity and mezzanine debt.

SPMP Highlights

- First class safety record with over 2.48m injury free man hours have been achieved to date on site;
- Steven Din joined SPMP as CEO on 1 August and is carrying out a full operational review using some of the most experienced experts in the field to aid in the hot commissioning and troubleshooting;
- The new schedule indicates first antimony metal by the end of October and first gold shortly thereafter;
- Valuable relationships and contracts with international feedstock and other raw material suppliers have been secured;
- To date, SPMP has secured a total of US$13.8m in letter of credit facilities from Bank Nizwa S.A.O.G and Alizz Islamic Bank S.A.O.G for the purchase of feedstock;

- Amer Al Jabri has joined SPMP as CFO, bringing a significant amount of experience in securing trade financing and working capital facilities having previously helped set up a commodity trader specialising in trading Crude Oil, Petrochemicals & Chemicals;
- Total SPMP funding is currently US$161m, of which external funding comprises US$66m senior bank debt and US$13m letter of credit facilities, representing 49% of total funding. SPMP is currently negotiating additional working capital facilities to cover the plant ramp up phase.

Karen O'Mahony, Acting Chief Executive Officer of Tri-Star, commented:

"This financial report comes at an exciting time in the history of the Company with our flagship Oman project almost ready to produce first metal. Whilst the SPMP management has been working hard on site in Sohar, we have been focusing on streamlining Tri-Star and its other subsidiaries to ensure that as much value as possible from the underlying asset is realised for the Company's shareholders. These results reflect our focus on cash cost reduction at the corporate level, allowing shareholders funds to be applied to getting this project into production."

"Tri-Star's management has also been actively involved at SPMP board level to support the SPMP management team with sourcing feedstock and arranging financing facilities."

"Steven Din joined SPMP on the 1 August 2018 and has hit the ground running by making key interventions. He has brought in very experienced external consultants to help with the completion of the gold calcine and the commissioning process. He and the team also have managed to secure several new and interesting feedstock deals."

Business Review

In the first half of the year, the main focus of management and Board was to focus on cash cost reduction at the head office and subsidiary levels while still maintaining the Company's funding commitment to SPMP.

The Board is pleased to announce that it has successfully reduced on-going cash administrative expense by 30% in H1 2018 to £285k (H1 2017: £410k). A key factor in the reduction of administrative expense was the reduction of the Board from six to four members and the restructuring of executive remuneration. The Board is satisfied that the new structure provides a balanced, well-functioning Board that meets the needs of the Company.

Further savings were realised through contract re-negotiations and replacement of some service providers. At the Turkish subsidiary level, costs were decreased through the sale of non-essential assets and cost rationalisation.

The Company's balance sheet was significantly improved with Net Assets increasing by 130% to £5.8m (30 June 2017: £2.5m).

In H1 2018, Company debt (25% secured loan notes issued to funds under the management of Odey Asset Management LLP – "Odey Secured Loan Notes") was reduced from £4.3m to £2.7m (as at 30 June 2018). Subsequently, a further £2.0m was repaid leaving a balance of approximately £1.0m as of 31 August 2018.

Tri-Star continues to give full financial support to achieving SPMP's strategic objectives. To this end, Tri-Star carried out an Open Offer which closed in January 2018 (details of which were discussed in Tri-Star's 2017 year end results) and subsequently executed a placement of ordinary shares in July 2018 ("Placing").

Through the Placing, the Company raised £13.0m (before expenses) by way of placing 30,232,558 new ordinary shares in the Company at a price of 43 pence each. The funds managed by Odey Asset Management LLP (the "Odey Funds") currently hold 67,805,797 ordinary shares in the Company, representing 72.06% of the enlarged issued share capital.

The proceeds raised will be used to further fund the SPMP Project (US$14.0m or £10.6m), and to repay a portion of the Odey Secured Loan Notes (US$2.6m or £2.0m) which were accruing interest at a rate of 25% per annum. Approximately £300,000 of the net proceeds have been retained for working capital purposes. Of the US$14.0m earmarked to fund the SPMP Project US$5.1m (£3.9m) has been advanced to date. This funding of SPMP was made in the form of further mezzanine loans advanced to SPMP rather than traditional equity. This decision was made for two reasons: 1) It represents a healthier financial position for the Company and 2) The principal on the mezzanine loans can be repaid by SPMP to Tri-Star with no tax implications.

In other news, David Fletcher, Tri-Star's Non-Executive Director (NED) was appointed to the board of SPMP LLC in June 2018 and he has proved to be an excellent addition.

As at 31 August 2018 Tri-Star held £7.3m in cash. This cash balance arises as only US$5.13m of the £14.0m raised in July 2018 had been invested in SPMP at the end of August 2018.

ENDS

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Notes to the Editor

Tri-Star's principal activities are in an antimony and gold production facility (the "SPMP Project" or the "Project").

The SPMP Project is based in Sohar, Sultanate of Oman, and is being developed by Strategic & Precious Metals Processing LLC ("SPMP"), an Omani company in which Tri-Star has a 40% equity interest.

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.

TRI-STAR RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	**Unaudited Period ended 30 June 2018 £'000**	Unaudited Period ended 30 June 2017 (restated) £'000	Audited Year ended 31 December 2017 £'000
Antimony sales		**6**	-	-
Share based payment charge		**(558)**	(130)	(135)
Exceptional expenses	*4*	**(100)**	-	(23)
Administrative expenses		**(285)**	(410)	(846)
Amortisation of intangibles		**(1)**	(1)	(2)
Total administrative expenses and loss from operations		**(938)**	(541)	(1,006)
Profit on sale of AFSA		**-**	55	55
Share of loss in associated companies		**(56)**	(17)	(41)
Finance income		**269**	-	31
Loss on extinguishment of debt		**-**	(3,637)	(3,637)
Finance cost		**(306)**	(1,228)	(1,364)
Loss before taxation		**(1,031)**	(5,368)	(5,962)
Taxation	*5*	**29**	62	80
Loss after taxation, and loss attributable to the equity holders of the Company		**(1,002)**	(5,306)	(5,882)
Loss before and after taxation attributable to				
Non-controlling interest		**-**	-	(1)
Equity holders of the parent		**(1,002)**	(5,306)	(5,881)
Other comprehensive (expenditure)/income Items that will be reclassified subsequently to profit and loss				
Exchange differences on translating foreign operations		**(8)**	(5)	(19)
Recycle to income statement on disposal of available for sale asset		**-**	(47)	(47)
Other comprehensive (expenditure)/income for the period, net of tax		**(8)**	(52)	(66)
Total comprehensive loss for the year, attributable to owners of the company		**(1,010)**	(5,358)	(5,948)
Total comprehensive loss attributable to				
Non-controlling interest		**-**	-	(1)
Equity holders of the parent		**(1,010)**	(5,358)	(5,947)
Loss per share				
Basic and diluted loss per share (pence) (restated)	*6*	**(1.64)**	(58.78)	(40.91)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

		Unaudited **30 June 2018**	Unaudited 30 June 2017 (restated)	Audited 31 December 2017
Assets	**Notes**	**£'000**	£'000	£'000
Non-current				
Intangible assets		**10**	15	12
Investment in associates	*7*	**1,188**	1,466	1,421
Loan to associate	*8*	**7,115**	-	4,439
Property, plant and equipment		**11**	32	21
		8,324	1,513	5,893
Current				
Cash and cash equivalents		**280**	1,108	485
Trade and other receivables		**117**	104	106
Total current assets		**397**	1,212	591
Total assets		**8,721**	2,725	6,484
Liabilities				
Current				
Trade and other payables		**88**	63	77
Short term loans	*8*	**2,730**	-	4,348
Total current liabilities		**2,818**	63	4,425
Liabilities due after one year				
Deferred tax liability		**130**	148	130
Total liabilities		**2,948**	211	4,555
Equity				
Issued share capital		**5,371**	3,160	3,160
Share premium		**33,432**	31,342	31,347
Share based payment reserve		**1,663**	1,130	1,105
Other reserves		**(6,156)**	(6,156)	(6,156)
Translation reserve		**(805)**	(783)	(797)
Retained earnings		**(27,728)**	(26,176)	(26,726)
		5,777	2,517	1,933
Non-controlling interest		**(4)**	(3)	(4)
Total equity		**5,773**	2,514	1,929
Total equity and liabilities		**8,721**	2,725	6,484

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Unaudited Period ended 30 June 2018 £'000	Unaudited Period ended 30 June 2017 (restated) £'000	Audited Year ended 31 December 2017 £'000
Cash flows from operating activities			
Loss after tax	**(1,002)**	(5,306)	(5,882)
Amortisation of intangibles	**1**	1	2
Depreciation	**9**	10	20
Finance income	**(269)**	-	(31)
Finance cost	**306**	1,176	1,312
Loss from associates	**56**	17	41
Fees paid by shares	**5**	130	135
Loss on extinguishment of loans	**-**	3,637	3,637
Equity settled share-based payments	**558**	-	-
Movement on fair value of derivatives	**-**	52	52
Profit on disposal of AFSA	**-**	(55)	(55)
Increase in trade and other receivables	**(14)**	(67)	(10)
Increase/(decrease) in trade and other payables	**10**	(11)	(15)
Net cash outflow from operating activities	**(340)**	(416)	(794)
Cash flows from investing activities			
Loans made to associate	**(2,016)**	-	(4,511)
Proceeds from sale pf property, plant and equipment	**11**	-	-
Net receipts on sale of AFSA	**-**	96	96
Finance income	**2**	-	-
Net cash (outflow)/inflow from investing activities	**(2,003)**	96	(4,415)
Cash flows from financing activities			
Proceeds from issue of share capital	**4,420**	1,300	1,300
Share issue costs	**(129)**	(54)	(54)
Finance costs	**(161)**	(263)	(498)
Repayment of loans	**(1,805)**	-	-
New loans	**-**	-	4,511
Net cash inflow from financing activities	**2,325**	983	5,259
Net (decrease)/increase in cash and cash equivalents	**(18)**	663	50
Cash and cash equivalents at beginning of period	**485**	447	447
Exchange differences on cash and cash equivalents	**(187)**	(2)	(12)
Cash and cash equivalents at end of period	**280**	1,108	485

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	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 2017 (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	-	-	-	-	-	(5,306)	(5,306)	-	(5,306)
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)	(5,306)	(5,358)	-	(5,358)
Balance at 30 June 2017 (unaudited) (restated)	**3,160**	**31,342**	**(6,156)**	**1,130**	**(783)**	**(26,176)**	**2,517**	**(3)**	**2,514**
Issue of share capital	-	5	-	-	-	-	5	-	5
Transfer on lapse of options	-	-	-	(25)	-	25	-	-	-
Transactions with owners	-	5	-	- 25	-	25	5	-	5
Loss for the period	-	-	-	-	-	(575)	(575)	(1)	(576)
Exchange difference on translation of foreign operations	-	-	-	-	(14)	-	(14)	-	(14)
Total comprehensive loss for the period	-	-	-	-	(14)	(575)	(589)	(1)	(590)
Balance at 31 December 2017 (audited)	**3,160**	**31,347**	**(6,156)**	**1,105**	**(797)**	**(26,726)**	**1,933**	**(4)**	**1,929**
Issue of share capital	2,211	2,214	-	-	-	-	4,425	-	4,425
Share issue costs	-	(129)	-	-	-	-	(129)	-	(129)
Share based payments	-	-	-	558	-	-	558	-	558
Transactions with owners	2,211	2,085	-	558	-	-	4,854	-	4,854
Loss for the period	-	-	-	-	-	(1,002)	(1,002)	-	(1,002)
Exchange difference on translation of foreign operations	-	-	-	-	(8)	-	(8)	-	(8)
Total comprehensive loss for the period	-	-	-	-	(8)	(1,002)	(1,010)	-	(1,010)
Balance at 30 June 2018 (unaudited)	**5,371**	**33,432**	**(6,156)**	**1,663**	**(805)**	**(27,728)**	**5,777**	**(4)**	**5,773**

NOTES TO THE INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 2017 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.

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 2018 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 2017.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements. IFRS 9 - Financial Instruments has been applied.

The financial statements for the period ended 30 June 2017 have been restated in respect of the share of losses in associated companies only. This is as a result of a change in accounting policy within SPMP in respect of capitalisation of costs, and has been applied to the June 2017 accounts to give a meaningful comparison. This restatement has resulted in a decrease in share of loss in associated companies of £353,000 and an increase in the investment in associates of £353,000.

GOING CONCERN

The Directors have prepared cash flow forecasts for the period ending 30 September 2019. The forecasts assume that the balance of US$2m 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 US$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 2018 of £8,324,000, £5,000 arise in the UK (30 June 2017: £20,000, 31 December 2017: £12,000), and £8,319,000 arise in the rest of the world (30 June 2017: £1,140,000, 31 December 2017: £5,881,000).

4. EXCEPTIONAL EXPENSES

Exceptional expenses relate to the restructuring of the Board of Tri-Star and the management team.

5. TAXATION

As at 31 December 2017 Tri-Star Resources plc had unrelieved Schedule D Case 1 corporation tax losses of £4.99m. The Directors expect these losses to be available to offset against future taxable trading profits.

The Group has not recognised a deferred tax asset at 30 June 2018 (30 June and 31 December 2017: £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.

6. (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 2018	Unaudited period ended 30 June 2017 (restated)	Audited year ended 31 December 2017 (restated)
	£'000	£'000	£'000
Loss on ordinary activities after tax (£'000)	**(1,002)**	(5,306)	(5,882)
Weighted average number of shares for calculating basic loss per share	**60,921,020**	9,026,640	14,378,619
Basic and diluted loss per share (pence)	**(1.64)**	(58.78)	(40.91)

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 and share warrants are not included.

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

On 13 June 2018, Tri-Star consolidated every 1,000 of its ordinary shares of 0.005 pence into one new ordinary share of 5 pence each. This resulted in 63,850,388,257 shares being consolidated into 63,850,258 new ordinary shares of 5 pence each. The loss per share for prior periods has been restated to show the comparative loss had the consolidation already taken place. The loss per share for the current period has been calculated as if the consolidation had taken place at the beginning of the period.

7. 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 £140,000 in the period to 30 June 2018 (30 June 2017 (restated): £43,000, 31 December 2017: £103,000) of which Tri-Star's share in the Group accounts was £56,000 (30 June 2017 (restated): £17,000, 31 December 2017: 41,000). Tri-Star had a net investment of £1,188,000 on consolidation as at 30 June 2018 (30 June 2017 (restated): £1,466,000, 31 December 2017: £1,421,000).

Additionally, Tri-Star has made loans to SPMP as detailed in Note 7.

8. LOAN NOTES

SPMP Mezzanine loan notes
Loans receivable represent the US$6m mezzanine loan which the Company advanced to SPMP as announced on 29 November 2017, and the further US$2.8m advanced as announced on 24 January 2018.

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.
- All repayments made by SPMP to each of its 3 shareholders will be pari passu in proportion to the respective total loan amounts outstanding.

There is an option to convert the loan into shares if it remains outstanding for 12 months after the due date.

Since the period end a further US$8m has been advanced by the Company to SPMP by way of mezzanine loans.

Odey Loan Notes
Loan Notes payable comprise short-dated secured loan notes issued to OEI and OMI, two of the three OAM Funds that were equity shareholding funds as of the 30th June 2018. 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 agreed to extend repayment to 30 June 2019 or earlier at the Company's discretion.

The US$6,000,000 Loan Notes were issued in November 2017 and as at 31 December 2017 had an outstanding balance of US$6,140,000 including accrued interest. On 19 January 2018, US$2,681,000 of the principal and interest was repaid. As at the period end, the outstanding balance of the Loan Notes was US$3,950,000.

Since the period end a further US$2,639,000 has been repaid on 10 July 2018 leaving an outstanding balance of £1,338,000.

9. CONTINGENT ASSET

Under the agreement to sell the Roaster intellectual property to Strategic & Precious Metals Processing LLC, there is a balance of US$2m 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 US$2m as at 30 June 2018 (30 June and 31 December 2017: US$2m).

10. EVENTS AFTER THE REPORTING DATE

On 22 June 2018 Tri-Star announced a proposed Conditional Placing of 30,232,558 new ordinary shares of 5p each raising £13m before expenses, which completed on 12 July 2018. The proceeds of this were used to invest a further US$14m in SPMP and to repay US$2,639,000 of the Odey loans. Approximately £300,000 of the net proceeds have been retained for working capital purposes.