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

(“Tri-Star” or the “Company”)

Interim Results for the six month period ended 30 June 2019

Tri-Star (AIM: TSTR), the mining and minerals processing company, is pleased to announce its unaudited results for the six months ended 30 June 2019.

Highlights:

- SPMP antimony and gold production facility in the Sultanate of Oman Plant commissioned
- First antimony metal produced at 99.11% which is approaching commercial grades of 99.65%
- First gold doré ingots produced
- Ramp up expected to be completed by Q3 2020
- Targeting in excess of 50,000 oz of gold and 20,000 tonnes in combined antimony metal and antimony trioxide (“ATO”) per annum
- Supply and offtake agreement discussions ongoing with international entities and companies
- SPMP financing progressing
- Tri-Star financials improving:
  - Profit before tax of £422k (H1 2018: loss before tax of £1,159k)
  - On-going administrative expenses down 51% to £328k (H1 2018: £668k)
  - Net assets increased 270% to £17.8m (30 June 2018: £4.9m) reflecting the increase in the SPMP loan

Adrian Collins, Chairman commented;

“I am pleased with the progress that SPMP has made during the first half of the year reaching two milestones: the production of antimony metal, albeit just below commercial grade, and gold doré at commercial grade although in limited quantities to date. Following the expected completion of the SPMP funding I expect SPMP to move through a gradual ramp up to be completed during Q3 next year. I am confident that Steven Din and his team have the experience and the drive to achieve this.”

Chairman’s Statement:

During the period, Tri-Star’s principal activity 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.

The SPMP Project is the largest antimony roaster outside of China and the world’s first ‘Clean Plant’, designed to EU environmental standards. It has a targeted capacity to produce in excess of 50,000 oz. of gold and 20,000 tonnes in combined antimony metal and antimony trioxide (“ATO”) per annum. All joint venture partners in the

SPMP Project, being us, The Oman Investment Fund ("OIF") (40% equity holder) and DNR Industries Limited, part of Dutco Group in Dubai (20% equity holder), remain supportive and committed to achieving commercial production.

The SPMP team has made good progress in the first half of 2019 with the operational problems inherited by the new leadership being largely resolved. Remedial works were undertaken to resolve technical issues, which included modifications to the Calcine Furnace and the installation of a new gas handling system. The Calcine Furnace has been operational since 9 May 2019, leading to the first on-specification gold doré being produced during August 2019.

Material handling at the roaster has been highlighted as a plant feed bottleneck. In the short term, this has been overcome by utilising a rented crushing circuit while a permanent solution is being designed and installed.

The antimony Reduction Furnace has been operating satisfactorily on low power input since 3 July 2019 after hearth and rectifier modifications. Mechanical design problems, relating to the downstream Rotary Converter and the associated ingot casting machine, are receiving priority attention as these are restricting the production ramp up in this section. As announced on 19 August 2019, antimony metal quality was 99.11% and SPMP is confident in achieving the 99.65% commercial grade shortly.

Following the team's intensive experience with plant rectification over recent months, the degree of certainty for the remaining period of ramp up is greatly improved.

With regards to supply and offtake, SPMP has teams dedicated to achieving agreements. These discussions are going well and are expected to be realised as ramp up proceeds.

As a result of the delays and the need to resolve processing issues, SPMP requires further funding, in addition to the current banking facilities, which are almost fully drawn. Hannam & Partners was appointed in June 2019 to assist SPMP in raising debt investment and their work is ongoing. A number of interested parties have been identified and due diligence is currently ongoing. The primary aim of the fund raising is to ensure that SPMP will be fully funded through to being cash flow positive. The quantum, timing and terms of the potential debt are still under discussion, and in parallel with Hannam & Partners SPMP are pursuing alternative financing options.

The conversion of the mezzanine debt, owned by Tri-Star, which was initially announced on 20 March 2019, has been agreed but not yet formally approved by the SPMP shareholders. It is expected to be finalised prior to, or at the same time as, the completion of the current funding round. The amount owing to Tri-Star of $22,800,000 plus accrued interest at 1 January 2019 of $2,014,322, will be converted to a non-interest bearing equity loan**,** along with proportional conversions by our co-shareholders. The remaining mezzanine debt owned by Tri-Star of $2,000,000 plus accrued interest will remain payable on the original terms.

Group Costs

The Board of Tri-Star has continued to concentrate on aligning its costs with current levels of activity and, following a number of initiatives, it believes that its cost base is now running at an optimal level. Following the management changes in April 2019, the Group is now operating with a greatly reduced team comprising its three directors and two consultants, all of whom are operating on a part time basis. As a result, administrative costs in H1 2019 were half that of the same period in 2018 and stood at £328,000 compared with £668,000 in H1 2018. In H2 2019 admin costs should fall further as H1 2019 benefitted from three months only of the reduced cost base.

In addition to the board changes announced in April 2019, Wally Channon was appointed an adviser to the board in July 2019. Wally is a highly experienced and qualified metallurgist and we are already seeing the benefits of his experience in assisting the SPMP team.

Sale of Turkish operations

The successful sale of the non-core asset Göynük mine in Turkey completed in early 2019, for a total cash consideration of USD $0.5m (of which USD$0.1m is due on first product sales from the mine). The sales agreement neutralised any of Tri-Star's liabilities associated with the mine whilst also allowing room for SPMP to negotiate an offtake agreement on any future production from the mine.

Outlook:

Progress has been made on all fronts since my last report and we remain upbeat about the future.

For the ramp up, SPMP is developing a works schedule together with its consulting engineers. The first major goal of this schedule is to achieve 50% of capacity for the production of antimony metal and gold. The SPMP team envisages that barring unforeseen circumstances and, subject to achieving the financing discussed above, this initial target will be reached during Q1 2020. Full capacity is planned for Q3 2020.

The market outlook for both gold and antimony remain positive, despite the currently depressed price of Antimony, and with the optimisation of the SPMP project continuing, progress on supply and offtake agreements and financing, we are confident that our investment will generate significant future value for shareholders.

I'd like to thank the SPMP team for their efforts and shareholders for their support and I look forward to the future with confidence particularly as SPMP hits its targets.

****ENDS****

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Notes to the Editor

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

Tri-Star also has antimony exploration licenses in Canada 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 2019

	Notes	**Unaudited Period ended 30 June 2019**	Unaudited Period ended 30 June 2018 (restated)	Audited Year ended 31 December 2018
		£'000	£'000	£'000
Share based payment charge		**(211)**	(558)	(580)
Administrative expenses		**(328)**	(668)	(787)
Total administrative expenses and loss from operations		**(539)**	(1,226)	(1,367)
Movement in the fair value of financial asset		**1,657**	427	293
Share of loss in associated companies		**(612)**	(56)	(306)
Finance income		**1**	2	43
Finance cost		**(85)**	(306)	(667)
Profit/(loss) before taxation		**422**	(1,159)	(2,004)
Taxation	4	**-**	29	48
Profit/(loss) after taxation, and profit/(loss) attributable to the equity holders of the Company from continuing operations		**422**	(1,130)	(1,956)
Loss from discontinued operations		**-**	(37)	(70)
Profit on disposal of discontinued operations		**227**	-	-
Profit/(loss) after taxation, and loss attributable to the equity holders of the Company		649	(1,167)	(2,026)
Other comprehensive (expenditure)/income				
Items that will be reclassified subsequently to profit and loss				
Exchange differences on translating foreign operations		**-**	(8)	(14)
Other comprehensive (expenditure)/income for the period, net of tax		**-**	**(8)**	**(14)**
Total comprehensive profit/(loss) for the year, attributable to owners of the company		**649**	(1,175)	(2,040)
Total comprehensive profit/(loss) attributable to				
Non-controlling interest		**-**	-	-
Equity holders of the parent		**649**	(1,175)	(2,040)
Loss per share				
Basic profit/(loss) per share (pence) (restated)	5	**0.69**	(1.92)	(2.64)
Diluted profit/(loss) per share (pence) (restated)	5	**0.67**	(1.89)	(2.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019

		Unaudited 30 June 2019	Unaudited 30 June 2018 (restated)	Audited 31 December 2018
Assets	*Notes*	**£'000**	£'000	£'000
Non-current				
Intangible assets		**-**	10	-
Investment in associates	*6*	**524**	1,386	1,136
Loan to associate	*7*	**18,462**	6,071	16,727
Property, plant and equipment		**-**	11	-
		18,986	7,478	17,863
Current				
Cash and cash equivalents		**160**	280	312
Asset classified as held for sale		**-**	-	23
Trade and other receivables		**108**	117	105
Total current assets		**268**	397	440
Total assets		**19,254**	7,875	18,303
Liabilities				
Current				
Trade and other payables		**105**	88	94
Liabilities classified as held for sale		**-**	-	2
Short term loans	*7*	**1,223**	2,730	1,129
Total current liabilities		**1,328**	2,818	1,225
Liabilities due after one year				
Deferred tax liability		**111**	130	111
Total liabilities		**1,439**	2,948	1,336
Equity				
Issued share capital		**6,884**	5,371	6,884
Share premium		**44,819**	33,432	44,816
Share based payment reserve		**1,867**	1,663	1,671
Other reserves		**(6,156)**	(6,156)	(6,156)
Translation reserve		**(811)**	(805)	(811)
Retained earnings		**(28,784)**	(28,574)	(29,433)
		17,819	4,931	16,971
Non-controlling interest		**(4)**	(4)	(4)
Total equity		**17,815**	4,927	16,967
Total equity and liabilities		**19,254**	7,875	18,303

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	**Unaudited Period ended 30 June 2019**	Unaudited Period ended 30 June 2018 (restated)	Audited Year ended 31 December 2018
		£'000	£'000	£'000
Cash flows from operating activities				
Profit/(loss) after tax		649	(1,167)	(2,026)
Depreciation		**-**	7	12
Finance income		**(1)**	(2)	(43)
Finance cost		**85**	306	667
Loss from associates		**612**	56	306
Fees paid by shares		**3**	5	15
Profit on disposal of subsidiary		**(227)**	-	-
Movement in the fair value of financial asset		**(1,657)**	(427)	(293)
Equity settled share-based payments		**196**	558	565
Increase in trade and other receivables		**(3)**	(13)	(14)
Increase/(decrease) in trade and other payables		**13**	8	(1)
Net cash outflow from operating activities		**(330)**	(669)	(812)
Cash flows from investing activities				
Loans made to associate	*7*	**(77)**	(2,016)	(12,698)
Proceeds from sale of subsidiary		**247**	-	-
Finance income		**1**	2	43
Net cash inflow/(outflow) from investing activities		**171**	(2,014)	(12,655)
Cash flows from financing activities				
Proceeds from issue of share capital		**-**	4,420	17,420
Share issue costs		**-**	(129)	(242)
Finance costs		**-**	(161)	(491)
Repayment of loans	*7*	**-**	(1,805)	(3,560)
Net cash inflow from financing activities		**-**	2,325	13,127
Net increase/(decrease) in cash and cash equivalents		**(159)**	(358)	(340)
Cash and cash equivalents at beginning of period		**312**	485	485
Exchange differences on cash and cash equivalents		**7**	153	167
Cash and cash equivalents at end of period		**160**	280	312

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	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 2018 (audited) (restated)	**3,160**	**31,347**	**(6,156)**	**1,105**	**(797)**	**(27,407)**	**1,252**	**(4)**	**1,248**
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	-	-	-	-	-	(1,167)	(1,167)	-	(1,167)
Exchange difference on translation of foreign operations	-	-	-	-	(8)	-	(8)	-	(8)
Total comprehensive loss for the period	-	-	-	-	(8)	(1,167)	(1,175)	-	(1,175)
Balance at 30 June 2018 (unaudited) (restated)	**5,371**	**33,432**	**(6,156)**	**1,663**	**(805)**	**(28,574)**	**4,931**	**(4)**	**4,927**
Issue of share capital	1,513	11,497	-	-	-	-	13,010	-	13,010
Share issue costs	-	(113)	-	-	-	-	(113)	-	(113)
Share based payments	-	-	-	8	-	-	8	-	8
Transactions with owners	1,513	11,384	-	8	-	-	12,905	-	12,905
Loss for the period	-	-	-	-	-	(859)	(859)	-	(859)
Exchange difference on translation of foreign operations	-	-	-	-	(6)	-	(6)	-	(6)
Total comprehensive loss for the period	-	-	-	-	(6)	(859)	(865)	-	(865)
Balance at 31 December 2018 (audited)	**6,884**	**44,816**	**(6,156)**	**1,671**	**(811)**	**(29,433)**	**16,971**	**(4)**	**16,967**
Issue of share capital		3	-	-	-	-	3	-	3
Share based payments	-	-	-	196	-	-	196	-	196
Transactions with owners	-	3	-	196	-	-	199	-	199
Loss for the period	-	-	-	-	-	649	649	-	649
Total comprehensive loss for the period	-	-	-	-	-	649	649	-	649
Balance at 30 June 2019 (unaudited)	**6,884**	**44,819**	**(6,156)**	**1,867**	**(811)**	**(28,784)**	**17,819**	**(4)**	**17,815**

NOTES TO THE INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2018 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 2019 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 2018.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements. IFRS 16 - Leases has been applied. This had no impact on the parent company or companies' subsidiaries accounts, as there are no leases, but has impacted on the associate's financial statements. In the financial statements of the associate, SPMP, the impact of IFRS 16 at 31 December 2018, has been to recognise the land lease as a right-of-use asset of $10,843,000, with a lease liability of $10,843,000. At 30 June 2019 the liability was of $10,784,000 of which $9,963,000 is due after one year. The lease costs were previously capitalised as Property, Plant and equipment, so there was no impact on retained earnings at 31 December 2018 and therefore no transitional adjustments to the Group financial statements. The land in Sohar is leased for 25 years from 25 June 2014. Other equipment leases in SPMP were recognised as finance leases in 2018 and therefore not impacted by IFRS 16. IFRS 16 has been applied from 1 January 2019 and the modified retrospective transitional provision has been adopted. As a result of this the comparatives for 2018 have not been restated.

The financial statements for the period ended 30 June 2018 have been restated in respect of the application of IFRS 9 - Financial Instruments. The impact of adopting IFRS 9 has resulted in the loan to associate being measured at fair value through P&L. In accordance with IFRS 9, the fair value of the mezzanine loan from TSTR to SPMP (the "SPMP Mezzanine Loan") has been derived using a net present value calculation in which an effective discount rate of 20% has been applied. The discount rate, being the assumed market rate, has been derived by reference to Tri-Star's estimated cost of the funding required in order to provide the SPMP Mezzanine Loan. The Mezzanine Loan is assumed to be repaid on the due date. It is assumed that there will be no default on these loans and that the conversion discount has no value.

The adjustment recognised at 1 January 2018 resulted in a total comprehensive loss of £681,000, an increase in investment of associates of £21,000 and a decrease in the carrying value of the loan to associate of £702,000.

The adjustment recognised at 30 June 2018 resulted in a total comprehensive loss of £165,000, an increase in investment of associates of £198,000 and a decrease in the carrying value of the loan to associate of £1,044,000.

GOING CONCERN

The Group and Company are not yet revenue generating and are reliant upon funds raised from issuing loans and shares. A cash requirement for unavoidable running costs was identified based on cash flow forecasts for the period ending 30 September 2020, as prepared by the Directors. The Directors consider that there are a number of options to cover this deficit:

1) 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, due on successful commissioning of the plant.
2) Tri-Star raises further funds by way of an equity or debt placing or a further loan from the OAM Funds.
3) Tri-Star is due to receive the deferred payment of USD $100,000 from the sale of its Turkish subsidiary on sale of first product, which would reduce the amount required to be raised by a placing or loan.

The Directors are confident that the Group and Company will secure the funds required from one of the above sources, or from a combination of the above sources. Accordingly, the Directors believe that it is appropriate to prepare the financial statements 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.

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 2019 of £18,986,000, £Nil arise in the UK (30 June 2018: £5,000, 31 December 2018: £Nil), and £18,986,000 arise in the rest of the world (30 June 2018 restated: £7,473,000, 31 December 2018: £17,863,000).

4. TAXATION

As at 31 December 2018 Tri-Star Resources plc had unrelieved Schedule D Case 1 corporation tax losses of £5.35m. 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 2019 (30 June and 31 December 2018: £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. PROFIT/(LOSS) PER SHARE

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

	Unaudited	Unaudited	Audited

	period ended 30 June 2019	period ended 30 June 2018 (restated)	year ended 31 December 2018
	£'000	£'000	£'000
Profit/(loss) on ordinary activities after tax (£'000)	**649**	(1,167)	(2,026)
Weighted average number of shares for calculating basic loss per share	**94,122,723**	60,921,020	76,820,518
Basic profit/(loss) per share (pence)	**0.69**	(1.92)	(2.64)
Weighted average number of shares for calculating diluted loss per share	**96,682,764**	61,648,326	78,286,457
Diluted profit/(loss) per share (pence)	**0.67**	(1.89)	(2.59)

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

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 £1,531,000 in the period to 30 June 2019 (30 June 2018: £140,000, 31 December 2018: £765,000) of which Tri-Star's share in the Group accounts was £612,000 (30 June 2018: £56,000, 31 December 2018: £306,000). Tri-Star had a net investment of £524,000 on consolidation as at 30 June 2019 (30 June 2018 (restated): £1,386,000, 31 December 2018: £1,136,000).

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

7. 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, the further US$2.8m advanced as announced on 24 January 2018, and the $12m advanced between July 2018 and January 2019.

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 three 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.

On 20 March 2019, Tri-Star announced that it had been agreed that $52m of the mezzanine loan made to SPMP by its shareholders, plus accrued interest, will be converted into either an interest free loan or equity. This includes $20.8m of the principal loan made by Tri-Star to SPMP which, once completed, will leave $2m of the principal owed to Tri-Star as mezzanine loan. This conversion has yet to be completed.

Odey Loan Notes

Loan Notes payable comprise short-dated secured loan notes issued to Odey European Inc ("OEI") and OEI MAC Inc ("OMI"), two of the three OAM Funds that were equity shareholding funds as of 30 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 have now agreed to extend repayment to 30 June 2020 or earlier at the Company's discretion.

The US$6,000,000 Loan Notes were issued in November 2017. On 19 January 2018, US$2,681,000 of the principal and interest was repaid and a further US$2,639,000 was repaid on 10 July 2018. As at the period end, the outstanding balance of the Loan Notes was US$1,340,000 including accrued interest.

8. CONTINGENT ASSET

Under the agreement to sell the Roaster intellectual property to SPMP, 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 2019 (30 June and 31 December 2018: US$2m).