



TRI-STAR RESOURCES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2020

Company number: 04863813

TRI-STAR RESOURCES LIMITED

COMPANY INFORMATION

For the year ended 31 December 2020

Company registration number:	04863813
Registered office:	18 Upper Brook Street London W1K 7PU
Directors:	Crispin Odey (Non-executive Director) (appointed 17 March 2021) Claire Holdsworth (appointed 10 December 2020 and resigned 9 July 2021)
Secretary:	Lavinia Jessup
Registrars:	Link Asset Services 6th Floor 65 Gresham Street London EC2V 7NQ
Bankers:	Lloyds Bank Plc PO Box 72, Bailey Drive Gillingham Business Park Kent ME8 0LS
Solicitors:	Fladgate LLP 16 Great Queen Street London WC2B 5DG
Auditor:	Haysmacintyre LLP 10 Queen Street Place, London EC4R 1AG

TRI-STAR RESOURCES LIMITED

INDEX

For the year ended 31 December 2020

INDEX	PAGE
Director's Statement	1
Strategic Report	3
Report of the Director	7
Report on Remuneration	9
Report of the Independent Auditor	11
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statements of Cash Flows	18
Principal Accounting Policies	19
Notes to the Financial Statements	25

TRI-STAR RESOURCES LIMITED

DIRECTOR'S STATEMENT

For the year ended 31 December 2020

Introduction

The Board announced on 3 November 2020 that it had reached a settlement agreement with Investment Authority Company LLC ("IAC"), DNR Industries Limited ("DNR") and Strategic and Precious Metals Processing FZE LLC ("SPMP") (the "Settlement Agreement"), which provided greater certainty of funding for SPMP, redresses the imbalance of the amounts invested by the three shareholders and provided certainty over Tri-Star Resources Limited's ("TSTR"s or "Tri-Star"s) shareholding going forward with no further need for TSTR to finance SPMP.

It is the Board's view that this solution, whilst reducing the Company's equity stake, greatly increased the chances of the shareholders of TSTR achieving a liquidity event in the future. There was ultimately no alternative for TSTR with the possibility of SPMP going into liquidation, at which point the TSTR shareholders would receive nothing.

The Settlement Agreement

In broad terms, IAC and DNR agreed to provide sufficient further funding in order for the plant to reach completion, without further equity dilution to TSTR and that all sums invested to date are converted into equity and equity loans ("Equity Loans") proportionately. The Equity Loans are zero coupon, undated and repayable at the option of SPMP, subordinated but ranking above equity.

As a result of the Settlement Agreement, TSTR's investment in SPMP comprises equity of US\$2.6m (16.3% of total equity) and Equity Loans of US\$30.8 million (16.3% of the total Equity Loans). The balance is held by IAS and DNR. Each shareholder of SPMP owns an equal percentage of equity and equity loans such that their proportion of equity to Equity Loans is the same.

It is envisaged that future SPMP funding until plant completion will be sought first from third party sources; failing that, shareholders may fund SPMP with subordinated non-convertible debt with a coupon of 20% ("New Loans").

TSTR's interest may only be diluted if shareholders with 75% or more of the voting rights agree (which currently requires at least 2 shareholders): a) that capital is required to expand the project in a material way; b) to apply for a listing on a recognised stock exchange which results in the free float being at least 25% of the issued share capital; c) that an independent third party investor injects equity in the business on an arms-length basis; or d) in order to continue compliance with bank facility covenants, the banks require any of the New Loans to be converted to equity.

In the light of the change in shareholdings, TSTR no longer has a seat on the board of SPMP, nor any veto rights over previously reserved matters, which will now require the consent of shareholders holding 75% or more of the voting rights, i.e. at least two shareholders. As a result, SPMP is no longer classified as an associate.

The bank guarantee provided by TSTR, IAC and DNR in favour of Bank Nizwa and Alizz Islamic Bank remains in place, although all parties have agreed to seek to renegotiate the terms to ensure that it is released once the plant is commissioned. TSTR's exposure to the guarantee has been reduced to reflect its decreased shareholding of 16.3%. As a result of the Settlement Agreement, which provides for the ongoing funding of SPMP, it is the Board's view that the risk of the guarantee being called has been significantly reduced.

Total exposure to Bank Nizwa and Alizz Bank at 31 December 2020 stood at US\$57.3million.

On signing the settlement agreement SPMP paid \$500,000 of the outstanding \$2million owed in respect of the IP in cash, and the remaining US\$1.5million was added to the Equity Loan comprising part of the balance of US\$30.8 million.

TRI-STAR RESOURCES LIMITED

DIRECTOR'S STATEMENT

For the year ended 31 December 2020

Odey Loan

It was agreed that interest on the Odey loan to TSTR was reduced to 5% on completion of the Settlement Agreement.

Cancellation of admission to AIM

As a result of the Settlement Agreement, TSTR became a passive investor in SPMP. Accordingly, the Board was of the view that the costs involved in keeping TSTR admitted to AIM were not warranted. Accordingly, TSTR's admission to AIM was cancelled on 10 December 2020. A matched market facility was set up through Asset Match to enable transactions to take place.

As a result of the Settlement Agreement, TSTR received cash of US\$600,000, which included US\$100,000 in respect of expenses and fees due to TSTR. The three remaining board members resigned in December 2020, and Claire Holdsworth was appointed. Running costs going forward have been reduced to a minimum.

Financial Summary

Administrative overheads of the Company increased from £486,000 in 2019 to £495,000 in 2020, largely in respect of fees payable in negotiating the settlement agreement. The Company's current year total comprehensive profit of £1.0m (2019: loss £6.4m) reflects the fair value movement of our loan to SPMP of £0.4m, and the income receivable from the final payment in respect of the IP of £1.5m of which USD \$0.5m was received in cash. A dividend payment is not being recommended at this time.

Outlook and Summary

TSTR intends to operate on a minimal cost basis until such time as SPMP is in a position to repay its loans and commence paying dividends.

I would like to thank our partners, the management team and our shareholders for their dedication, commitment and efforts during the year.

Crispin Odey
Director
13 October 2021

TRI-STAR RESOURCES LIMITED

STRATEGIC REPORT

For the year ended 31 December 2020

Introduction

The Company's principal activities are in the SPMP Project, an antimony and gold production facility. The SPMP Project is based in Sohar, Sultanate of Oman, and is being developed by SPMP, an Omani Company in which TSTR has a 16.3% equity interest.

SPMP Project

Background

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

The Project remains an attractive prospect for Tri-Star:

- **Scale:** The Project is the largest antimony roaster outside of China and the world's first clean plant, designed to EU environmental standards. It is designed to have the capacity to produce more than 50,000 oz. of gold per annum and 20,000 tonnes in combined antimony metal and ATO products which represents 12%-15% of average annual world antimony production and will thus establish Oman as a major global producer of antimony.
- **Earnings:** The Project is forecast to generate significant revenues, divided approximately 60:40 between antimony and gold but dependent on blend of ores sourced.
- **Technology:** The Project applies a proprietary antimony and gold roasting technology that is flexible and sophisticated enough to be able to process many types of grade and impurities. There is potential for adaptation for treatment of other metal ores.
- **Logistics:** The Project will supply value added antimony products to customers across the globe. The location of the Project in the Gulf region provides an excellent centralised logistics route, and access to relatively inexpensive energy and modern infrastructure.
- **Demand for product:** Antimony is a rare metal with a range of industrial applications. Amongst other things it is used as an additive to flame retardant compounds, utilised in printed circuit boards, computers and other electronic products. Antimony has consistently ranked highly in European and US risk lists for supply of chemical elements or element groups required to maintain the current economy and lifestyle.
- **Refractory gold** is gold 'ore', where the metal is trapped in sulphide lattice structures that conventional processes are unable to extract. The clean antimony roasting technology developed by Tri-Star and sold to SPMP in 2015 has unlocked the potential of these gold resources, estimated to be 30% – 50% of remaining gold in the ground globally.
- **Board:** SPMP has an experienced and internationally focused Board of Directors who have helped manage the project from inception through to near completion.

Oman joint venture

SPMP was formed in June 2014 to develop and build the Project. Initially Tri-Star had a 40% equity interest in SPMP, with the other joint venture partners being The Oman Investment Fund ("OIF") (40% equity holder) and DNR Industries Limited, part of Dutco Group in Dubai (20% equity holder).

TRI-STAR RESOURCES LIMITED

STRATEGIC REPORT

For the year ended 31 December 2020

An emerging application is the use of antimony in microelectronics.

Other Tri-Star projects

Canada

The Company owns 100% of Tri-Star Antimony Canada. Through this Canadian subsidiary, the Company owns a license to explore the land of a large undeveloped antimony project in Canada ("Bald Hill deposit"). Tri-Star disposed of this licence in February 2021, and subsequently disposed of Rockport Mining Corporation, a subsidiary of Tri-Star Antimony Canada, in July 2021. Proceeds received for in respect of these Canadian assets totalled CAD \$33,000.

Result for the year

Administration costs increased by 2% in 2020 to £495,000 from £486,000 in 2019. This reflects the costs of negotiating and implementing the settlement agreement and de-listing.

	2020 £'000	2019 £'000
Summary Profit and Loss Account		
Income	1,536	-
Share based payments	(9)	(224)
Administrative expenses	(495)	(486)
Profit/(loss) from operations	1,032	(710)
Movement in the fair value of financial asset	373	(5,404)
Finance expense net	(429)	(313)
Profit/(loss) before taxation	976	(6,426)

In accordance with IFRS 9, the fair value of the equity loan from TSTR to SPMP (the "SPMP Equity Loan") has been derived treating the loan as equity with a discount rate of 20%. The potential value of SPMP has been assessed using cashflow forecasts prepared by SPMP. Tri-Star's investment in SPMP has been reduced to 16.3% and Tri-Star no longer has significant influence over the operations.

Financial position

At 31 December 2020 the Company had £124,000 (2019: £284,000) in cash, total assets of £16,967,000 (2019: £15,662,000), and total liabilities of £1,873,000 (2019: £1,581,000). As at 5 October 2021, the Company had £147,000 in cash.

Key Performance Indicators ("KPIs")

At this stage in the Company's development, the key performance indicator is the profit or loss after tax, given the nature of the Company's assets and the current development of its operations. This will be reviewed when appropriate. Fluctuations in the value of the investment in SPMP and loan to SPMP will be the major factor impacting the profit or loss going forwards.

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 Director and management of Tri-Star and its subsidiaries to oversee safe work practices and ensure that rules, regulations, policies and procedures are being followed. As the Company has no operations the risks are believed to be limited and no incidents of non-compliance recorded.

TRI-STAR RESOURCES LIMITED

STRATEGIC REPORT

For the year ended 31 December 2020

Anti-Corruption and Bribery policies

The Company has in place stringent anti-corruption and bribery policies and reporting procedures. The Company mitigates any risks by ensuring tight controls are in place for all expenditure. There have been no incidents reported.

Social matters

As the Company has no operation it has no impact on social matters.

Principal risks and uncertainties

The Board continually reviews the risks facing the Company. The Company is not yet revenue generating. The principal risks and uncertainties facing the Company involve delays to the commissioning and ramp up of the SPMP Project which may, in turn, lead to delays in repaying the TSTR equity loan. Delays can be caused by construction issues, design failures or technological problems. At the same time, as a processing plant, SPMP requires successful partnerships with suppliers of metal ores and with Offtake providers or distributors to buy the plant's output. The availability of such partners and the terms of engagement may impact plant operations and profitability. The SPMP Project has had recent setbacks and the timing and progress is not under the direct control of Tri-Star. In terms of other more significant but lower probability risks, there is the matter of political risk within Oman, and internationally. Additionally, as the Company is a minority shareholder, with no seat on the SPMP Board, the Company is reliant upon the accuracy and completeness of the information provided to it by SPMP. As a minority shareholder the Company can have no direct impact on the risks faced by SPMP, but seeks to mitigate the risks to TSTR by obtaining regular updates from SPMP, so any impact on TSTR can be considered and mitigating action taken if appropriate.

Financial risk management objectives and policies

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

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

Going concern

The Director has prepared cash flow forecasts for the period ending December 2022. The cash flow forecasts indicate that the Company has sufficient cash to meet its liabilities as they fall due for at least 12 months from the date of signing the financial statements. The Director has considered the possible effects of the continued impact of the Covid-19 pandemic but does not expect any significant impact.

OEI and OMI have agreed to extend the repayment of their loan to 30 September 2022 or earlier at the Company's discretion. The Director is expecting that a further extension will be made if required and has excluded the payment from the cash flow forecasts to December 2022. See Note 10 for further details.

Accordingly, given the past history of support received from OEI and OMI through the extension of the repayment date, the Director believes that it is appropriate to prepare the financial statements on a going concern basis.

However, there is an outstanding guarantee from the Company in favour of local banks in respect of a loan to SPMP, and although the Director is confident that this will not be called upon, there is no certainty of this. If the guarantee is called upon, it could render the Company unable to pay its debts as they fall due and the existence of

TRI-STAR RESOURCES LIMITED

STRATEGIC REPORT

For the year ended 31 December 2020

this guarantee therefore presents a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

Approval by and signature on behalf of the board

Crispin Odey

Director

13 October 2021

TRI-STAR RESOURCES LIMITED

REPORT OF THE DIRECTOR

For the year ended 31 December 2020

The Director presents his annual report together with the audited financial statements of Tri-Star Resources Limited (“Tri-Star”) for the year ended 31 December 2020. The Company has taken advantage of the exemption under S402-405 of the Companies Act 2006, to not prepare Group financial statements as the subsidiary companies are considered to be immaterial.

Principal activity

The principal activity of the Company is, in conjunction with its fellow investors in SPMP, the design, construction and operation of an antimony and gold processing facility in the Sultanate of Oman owned by Strategic & Precious Metals Processing LLC (“SPMP”).

Domicile and principal place of business

Tri-Star is domiciled in the United Kingdom. Its principal place of business is the UK.

Directors

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

Claire Holdsworth (appointed 10 December 2020, resigned 9 July 2021)

Crispin Odey (appointed 17 March 2021)

David Facey (resigned 22 December 2020)

Adrian Collins (resigned 4 December 2020)

David Fletcher (resigned 22 December 2020)

Matters covered in the Company’s Strategic Report

The principal risks and uncertainties, future developments and going concern have been included in the Company’s Strategic Report.

Subsequent events

Board changes

On 17 March 2021 Crispin Odey was appointed as a Director of the Company. On 9 July 2021 Claire Holdsworth resigned as a Director of the Company.

Exercise and lapse of options

On 21 June 2021 833,333 options were exercised and 833,333 new ordinary shares of 5p each were issued at the exercise price of 5p raising £41,667. There are now 96,110,197 ordinary shares in issue. Since the year end 854,000 options have lapsed, leaving a total of 1,011,670 exercisable.

STATEMENT OF DIRECTOR’S RESPONSIBILITIES

The Director is responsible for preparing the Report of the Director, Strategic Report and financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under this law the Director has to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under Company Law the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Director is required to:

TRI-STAR RESOURCES LIMITED

REPORT OF THE DIRECTOR

For the year ended 31 December 2020

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

The Director confirms that:

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

Approval by and signature on behalf of the board

Lavinia Jessup
Secretary
13 October 2021

TRI-STAR RESOURCES LIMITED

DIRECTORS REMUNERATION REPORT

For the year ended 31 December 2020

Policy on Directors' remuneration

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

The remuneration of the Directors in 2020 was as follows:

Director	Notes	Salary and fees	Loss of office	Share based payments	Total	Employers NI
Claire Holdsworth	6	742	-	-	742	-
David Facey	5	87,083	24,000	-	111,083	10,805
Adrian Collins	4	40,000	-	-	40,000	-
David Fletcher	5	22,917	2,083	-	25,000	1,950
Total		150,742	26,083	-	176,825	

The remuneration of the Directors in 2019 was as follows:

Director	Notes	Salary and fees	Loss of office	Share based payments	Total	Employers NI
Mark Wellesley-Wood	3	88,164	-	55,527	143,691	13,935
Guy Eastaugh	2	30,513	100,000	-	130,513	16,286
Adrian Collins		30,000	-	-	30,000	-
David Fletcher		25,000	-	166,582	191,582	2,287
Scott Morrison	1	6,250	-	-	6,250	-
Karen O'Mahony	4	78,782	-	336,016	414,798	9,709
Total		258,709	100,000	558,125	916,834	

TRI-STAR RESOURCES LIMITED

DIRECTORS REMUNERATION REPORT

For the year ended 31 December 2020

Notes

1	Resigned 30 April 2019
2	Appointed 30 April 2019
3	Resigned 12 April 2019
4	Resigned 4 December 2020
5	Resigned 22 December 2020
6	Appointed 10 December 2020

Pensions

During the year, the Company made a total pension contribution of £472 (2019: £Nil) to Mr Fletcher and £1,206 (2019: £877) to Mr Facey. No other pension contributions were made on behalf of the other Directors.

Share options

No Directors exercised any share options during the years ended 31 December 2020 or 31 December 2019, and no Directors currently hold any share options.

Notice periods of the Director

The sole Director has no required notice period.

Opinion

We have audited the financial statements of Tri-Star Resources Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of the company's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the Going Concern accounting policy note in the 'Principal Accounting Policies' on page 19 in the financial statements, which indicates that there is still an outstanding bank guarantee from the company in favour of local banks in respect of Strategic & Precious Metals Processing LLC ("SPMP"), the company's investment. As disclosed in the Going Concern accounting policy note this guarantee therefore presents a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 7 and 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the company and its activities, control environment and business performance;
- the results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the potential for management override of controls. We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Company law as well as tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing these to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning the risk of actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Tom Stock (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place
London

13 October 2021

TRI-STAR RESOURCES LIMITED**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2020

	<i>Notes</i>	2020	2019
		£'000	£'000
Other income		1,536	-
Share based payments		(9)	(224)
Administrative expenses		(495)	(486)
Total administrative expenses		(504)	(710)
Profit/(loss) from operations		1,032	(710)
Movement in fair value of financial asset	7	373	(5,404)
Finance income	2	-	1
Finance cost	2	(429)	(313)
Profit/(loss) before taxation	3	976	(6,426)
Taxation	4	19	18
Profit/(loss) after taxation, and loss attributable to the equity holders of the Company		995	(6,408)
Other comprehensive expenditure			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive profit/(loss) for the year, attributable to owners of the Company		995	(6,408)
Earnings per share			
Basic earnings per share (pence)	5	1.04	(6.79)
Diluted earnings per share (pence)		1.02	n/a

The accompanying principal accounting policies and notes on pages 19 to 36 form an integral part of the financial statements.

TRI-STAR RESOURCES LIMITED

STATEMENT OF FINANCIAL POSITION

At 31 December 2020

		2020	2019
ASSETS	Notes	£'000	£'000
Non-current			
Investment in associates	7	-	3,893
Loan to associate held at fair value through profit and loss		-	11,400
Financial Assets	7	16,824	-
		<u>16,824</u>	<u>15,293</u>
Current			
Cash and cash equivalents		124	284
Trade and other receivables	8	19	85
Total current assets		143	369
		<u>143</u>	<u>369</u>
Total assets		16,967	15,662
		<u>16,967</u>	<u>15,662</u>
LIABILITIES			
Current			
Trade and other payables	9	49	92
Short term loans	10	1,750	1,396
Total current liabilities		1,799	1,488
		<u>1,799</u>	<u>1,488</u>
Non-current liabilities			
Deferred tax liability	11	74	93
Total liabilities		1,873	1,581
		<u>1,873</u>	<u>1,581</u>
EQUITY			
Issued share capital	13	6,942	6,936
Share premium		45,116	45,104
Share based payment reserve		1,689	1,811
Retained earnings		(38,653)	(39,770)
		<u>15,094</u>	<u>14,081</u>
Total equity		15,094	14,081
		<u>15,094</u>	<u>14,081</u>
Total equity and liabilities		16,967	15,662
		<u>16,967</u>	<u>15,662</u>

The financial statements were approved by the Board and authorised for issue on 13 October 2021.

Crispin Odey
Director
13 October 2021

Company number: 04863813

The accompanying principal accounting policies and notes on pages 19 to 36 form an integral part of the financial statements.

TRI-STAR RESOURCES LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital	Share premium	Share based payment reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2019	6,884	44,816	1,671	(33,418)	19,953
Issue of share capital	52	292	-	-	344
Share issue costs	-	(4)	-	-	(4)
Transfer on lapse of warrants	-	-	(56)	56	-
Share based payments	-	-	196	-	196
Transactions with owners	52	288	140	56	536
Loss for the period	-	-	-	(6,408)	(6,408)
Total comprehensive loss for the period	-	-	-	(6,408)	(6,408)
Balance at 31 December 2019	6,936	45,104	1,811	(39,770)	14,081
Issue of share capital	6	12	-	-	18
Transfer on lapse of options	-	-	(122)	122	-
Transactions with owners	6	12	(122)	122	18
Profit for the period	-	-	-	995	995
Total comprehensive profit for the period	-	-	-	995	995
Balance at 31 December 2020	6,942	45,116	1,689	(38,653)	15,094

The accompanying principal accounting policies and notes on pages 19 to 36 form an integral part of the financial statements.

TRI-STAR RESOURCES LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020	2019
	£'000	£'000
Cash flow from operating activities		
Continuing operations		
Profit/(loss) before taxation	976	(6,426)
Finance income	-	(1)
Finance cost	429	313
Movement on fair value of financial asset	(373)	5,404
Fees paid by shares	9	28
Write off investment	6	-
Share based payments	-	196
Non-cash loan	(1,158)	-
Decrease in trade and other receivables	66	20
(Decrease)/increase in trade and other payables	(43)	1
Net exchange differences	(72)	(46)
Net cash outflow from operating activities	<u>(160)</u>	<u>(511)</u>
Cash flows from investing activities		
Finance income	-	1
Loans made to associate	-	(77)
Net receipts on sale of subsidiary	-	247
Net cash outflow from investing activities	<u>-</u>	<u>171</u>
Cash flows from financing activities		
Proceeds from issue of share capital	-	316
Share issue costs	-	(4)
Net cash inflow from financing activities	<u>-</u>	<u>312</u>
Net change in cash and cash equivalents	(160)	(28)
Cash and cash equivalents at beginning of period	<u>284</u>	<u>312</u>
Cash and cash equivalents at end of period	<u><u>124</u></u>	<u><u>284</u></u>

The accompanying principal accounting policies and notes on pages 19 to 36 form an integral part of the financial statements.

TRI-STAR RESOURCES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2020

The financial statements have been prepared under the historical cost convention except for the loan to SPMP which is at fair value and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), and in accordance with the Companies Act 2006.

The Company's ordinary shares were quoted on AIM until 10 December 2020, a market operated by the London Stock Exchange. The Company applies the Companies Act 2006 when preparing its annual financial statements. The Company has taken advantage of the exemption under S402-405 of the Companies Act, to not prepare Group accounts as the subsidiary companies are considered to be immaterial. The comparative accounts for 31 December 2019 also relate to the Company only.

The Company financial statements have been prepared under IFRS and in accordance with the Companies Act 2006.

GOING CONCERN

The Director has prepared cash flow forecasts for the period ending December 2022. The cash flow forecasts indicate that the Company has sufficient cash to meet its liabilities as they fall due for the 12 months from the date of approval of the financial statements. The Director has considered the possible effects of the continuing Covid-19 pandemic but do not expect any significant impact from this.

OEI and OMI have agreed to extend the repayment of their loan to 30 September 2022 or earlier at the Company's discretion. The Director is expecting that a further extension will be made if required and has excluded the payment from the cash flow forecasts to December 2022. See Note 10 for further details.

Accordingly, given the past history of support received from OEI and OMI through the extension of the repayment date, the Director believes that it is appropriate to prepare the financial statements on a going concern basis.

However, there is an outstanding guarantee from the Company in favour of local banks in respect of a loan to SPMP, and although the Director is confident that this will not be called upon, there is no certainty of this. If the guarantee is called upon, it could render the Company unable to pay its debts as they fall due and the existence of this guarantee therefore presents a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

OTHER INCOME

Other income represents the total value, excluding VAT, of income receivable from the sale of intellectual property rights to SPMP. Income is recognised as the services are provided. IFRS 15 'Revenue from Contracts with Customers' has been adopted.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied

INVESTMENTS

Investments in subsidiary associated undertakings, and other investments in the financial statements are recorded at cost less provision for impairment as described in the impairment policy below.

TRI-STAR RESOURCES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2020

TAXATION

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

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. However, in accordance with IAS12 no deferred tax is recognised on the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

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

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

IMPAIRMENT

Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

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

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

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

FINANCIAL ASSETS

The Company's financial assets comprise cash, loans held at fair value through profit or loss and trade and other receivables.

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

TRI-STAR RESOURCES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2020

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- loans and receivables at amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements would apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loan to SPMP is measured at FVTPL.

Impairment of financial assets

The Company considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

TRI-STAR RESOURCES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2020

FINANCIAL INVESTMENTS

Financial investments are non-derivative financial assets comprising the Company's strategic financial investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. These assets are classified as financial assets at fair value through profit or loss. They are carried at fair value with changes in fair value recognised through the income statement. Where there is a significant or prolonged decline in the fair value of a financial investment (which constitutes objective evidence of impairment), the full amount of the impairment is recognised in the income statement.

Due to the nature of these assets being unlisted investments or held for the longer term, the investment period is likely to be greater than 12 months and therefore these financial assets are shown as non-current assets in the statement of financial position. For measurement purposes, financial investments are designated at fair value through the income statement. Gains and losses on the realisation of financial investments are recognised in the income statement for the period. The difference between the market value of financial instruments and book value to the Company is shown as a gain or loss in the income statement for the period.

CASH AND CASH EQUIVALENTS

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

EQUITY

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

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

Other reserves comprise the amounts arising on the reverse acquisition.

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

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

SHARE-BASED PAYMENTS

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

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

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

All share-based remuneration is ultimately recognised as an expense in profit and loss in the statement of comprehensive income with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting

TRI-STAR RESOURCES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2020

conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated.

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

FEES SETTLED IN SHARES

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

FINANCIAL LIABILITIES

The Company's financial liabilities comprise trade and other payables and loans payable.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the statement of comprehensive income using the effective interest method.

Trade and other payables are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the statement of comprehensive income.

Loans payable are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the statement of comprehensive income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. There are currently no financial liabilities held at "fair value through profit or loss".

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

EMPLOYEE COMPENSATION

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

FOREIGN CURRENCIES

These financial statements are presented in UK Pounds Sterling which is the functional currency of the Company. The Company also carries out transactions in United States Dollars.

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

TRI-STAR RESOURCES LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2020

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The critical accounting estimates are discussed below:

Loan to SPMP

In accordance with IFRS 9, the fair value of the equity loan from TSTR to SPMP (the "SPMP Equity Loan") has been derived by treating the loan as equity with a discount rate of 20%. The potential value of SPMP has been assessed using cashflow forecasts prepared by SPMP. Tri-Star's investment in SPMP has been reduced to 16.3% and Tri-Star no longer has significant influence over the operations. The major assumptions used are the discount rate, EBITDA and growth rate. Note 7 gives further details of the loan, and Note 15 details the sensitivity of the loan to the stated assumptions.

Investment in SPMP

The Investment in SPMP has been reclassified as a financial investment as Tri-Star's investment has been reduced to 16.3%. This now forms part of the total equity valuation described above.

Going concern

The going concern policy above details the Directors' assessment on going concern which includes significant judgements.

Adoption of new or amended IFRS

The following new standards have been applied this year, but have had no impact on the Company's financial statements.

- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 SEGMENTAL REPORTING

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company'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 its investment in SPMP.

In respect of the non-current assets, £16,824,000 (2019: £15,293,000) arise in the UK, and £Nil (2019: £Nil) arise in the rest of the world.

2 FINANCE INCOME AND COSTS

	2020	2019
	£'000	£'000
Finance income		
Bank interest	-	1
	-	1
	2020	2019
	£'000	£'000
Finance costs		
Interest and fees payable on short term loans	429	313
	429	313

Further details regarding interest payable on the loan are set out in Note 10.

3 PROFIT/(LOSS) BEFORE TAXATION

The profit/(loss) before taxation is attributable to the principal activities of the Company.

	2020	2019
	£'000	£'000
Staff costs	192	384
Share-based payment charge	9	224
Movement in the fair value of financial asset	(373)	(5,404)
Fees payable to the Company's auditor for the audit of the financial statements	23	45
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance	4	4

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4 TAXATION

Unrelieved tax losses of approximately £9.8 million (2019: £11.9 million) are available to offset against future taxable trading profits. The related deferred tax asset arising at 31 December 2020 is £1,862,000 (2019: £2,260,000) and has not been provided on the grounds that it is uncertain when taxable profits will be generated by the Company to utilise those losses.

The tax credit for the Company for the year comprises:

	2020	2019
	£'000	£'000
Deferred taxation in respect of transition to IFRS	<u>19</u>	<u>18</u>
	<u>19</u>	<u>18</u>

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

	2020	2019
	£'000	£'000
Profit/(loss) before taxation	<u>976</u>	<u>(6,426)</u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	185	(1,221)
Effect of:		
Expenses not deductible for tax purposes	-	44
Interest disallowed	82	60
Deferred losses	(13)	(13)
Tax offset against b/f losses/unrelieved tax losses	<u>(273)</u>	<u>1,113</u>
Total tax credit for year	<u><u>(19)</u></u>	<u><u>(18)</u></u>

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

5 EARNINGS PER SHARE

The calculation of the basic profit/(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.

	2020	2019
	£'000	£'000
Profit/(loss) attributable to owners of the Company after tax	<u>995</u>	<u>(6,408)</u>
	2020	2019
	Number	Number
Weighted average number of ordinary shares for calculating basic earnings per share	<u>95,239,064</u>	<u>94,318,114</u>
	2020	2019
	Pence	Pence
Basic earnings per share	<u>1.04</u>	<u>(6.79)</u>
Number of options/warrants exercisable	2,724,003	n/a
Diluted earnings per share	<u>1.02</u>	<u>n/a</u>

Diluted earnings per share is the same as basic earnings per share in 2019 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 EMPLOYEE BENEFIT EXPENSE

	2020	2019
	£'000	£'000
Wages and salaries	181	177
Social security	9	10
Pension contributions	2	1
Share based payment charge	-	196
Total Emoluments	<u>192</u>	<u>384</u>
Average monthly number of employees		
	2020	2019
	No.	No.
Directors	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

The Directors are the key management personnel of the Company. Details of Directors' remuneration are included in the report on remuneration on pages 9 to 10.

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

7 INVESTMENTS & FINANCIAL ASSETS

At 31 December 2020, the Company held the following interests in subsidiary undertakings:

Subsidiary	Proportion of ordinary share capital held	Nature of business	Country of incorporation	Registered address
Tri-Star Antimony Canada Inc.	100%	Mining	Canada	1 Germain Street, Suite 1700, Saint John, New Brunswick, E2L 4V1
Tri-Star Union FZ-LLC	90%	Mining services	UAE	PO Box 31291, Al-Jazeera Al-Hamra, Ras Al Khaimah
Rockport Mining Corporation*	100%	Mining	Canada	1 Germain Street, Suite 1700, Saint John, New Brunswick, E2L 4V1
Golden Ridge Joint Venture*	60%	Mining	Canada	1 Germain Street, Suite 1700, Saint John, New Brunswick, E2L 4V1

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

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

7 INVESTMENTS & FINANCIAL ASSETS (CONTINUED)

	Investment in group undertakings £'000	Investment in associates £'000	Financial investments £'000	Total £'000
Cost				
At 1 January 2019	5,875	3,893	-	9,768
Disposals	(1,952)	-	-	(1,952)
At 31 December 2019	3,923	3,893	-	7,816
Transfer of investment to loan	-	(2,192)	2,192	0
Reclassification as financial investment	-	(1,701)	1,701	0
Reclassification from loan to associate	-	-	11,400	11,400
Additions	-	-	1,158	1,158
Fair value gain on investments	-	-	373	373
At 31 December 2020	3,923	-	16,824	20,747
Amortisation and impairment				
At 1 January 2019	(5,628)	-	-	(5,628)
Eliminated on disposals	1,705	-	-	1,705
At 31 December 2019	(3,923)	-	-	(3,923)
Impairment	-	-	-	-
At 31 December 2020	(3,923)	-	-	(3,923)
Net book value				
At 31 December 2020	-	-	16,824	16,824
At 31 December 2019	-	3,893	-	3,893
At 1 January 2019	-	3,893	-	4,140

In 2020 £2,192,000 of the equity investment was transferred to the loan to SPMP, and the balance of £1,701,000 was reclassified as a financial investment on SPMP ceasing to be classified as an associate. The amount previously classified as a loan to associate has also been reclassified as a financial investment.

Having reviewed SPMP forecasts, the Director considered that no impairment of the value of the equity investment in SPMP was required. In accordance with IFRS 9, the fair value of the loan element of the investment in SPMP (the "SPMP Equity Loan") has been derived by treating the loan as equity with a discount rate of 20%. The potential value of SPMP has been assessed using cashflow forecasts prepared by SPMP. Tri-Star's investment in SPMP has been reduced to 16.3% and Tri-Star no longer has significant influence over the operations.

The SPMP Equity Loan receivable represents the US \$6 million (£4.4 million) mezzanine loan which the Company advanced to SPMP as announced on 29 November 2017 and the further amounts of US \$16.7million (£12,700,000) advanced during 2018, the \$100,000 (£77,000) advanced during 2019, and the \$3.4million (£2,192,000) transferred from equity together with the \$1.5million (£1,158,000) of the remaining payment due for the Intellectual Property. On 1 November 2020 the terms of the loan were amended and it is now classified as an equity loan, and carried as a financial investment at fair value through profit or loss. The principal terms of the loan from 1 November 2020 are zero coupon, undated and repayable at the option of SPMP, subordinated but ranking above equity.

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

8 TRADE AND OTHER RECEIVABLES

	2020	2019
	£'000	£'000
Current		
Trade receivables	-	73
Amounts owed by subsidiaries	8	-
Other receivables	9	6
Prepayments and accrued income	2	6
Trade and other receivables	<u>19</u>	<u>85</u>

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

9 TRADE AND OTHER PAYABLES

	2020	2019
	£'000	£'000
Trade payables	22	14
Social security and other taxes	-	11
Accruals and deferred income	27	67
Trade and other payables	<u>49</u>	<u>92</u>

10 SECURED LOAN NOTES

Issue of secured loan notes to OEI and OMI

Current Loan Notes comprise short-dated secured Loan Notes issued to OEI and OMI,. 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 carried an annual interest rate of 25% until 1 November 2020, which was subsequently reduced to 5%, 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 until 31 December 2021 and subsequent to the year end have agreed to extend repayment to 30 September 2022 or earlier at the Company's discretion. During the year £Nil (31 December 2019 £Nil) of capital and interest was repaid.

11 DEFERRED TAX LIABILITY

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

	2020	2019
	£'000	£'000
At 1 January	93	111
Offset against brought forward losses	(19)	(18)
At 31 December	<u>74</u>	<u>93</u>

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

11 DEFERRED TAX LIABILITY (CONTINUED)

In 2015, the Company recognised a deferred tax liability of £176,000 which has arisen on the transition of the Company to IFRS. This liability was payable over the next nine years on a straight-line basis but may be offset against potential future trading losses in each year, therefore £19,000 (2019: £18,000) has been offset against brought forward losses, leaving a balance of £74,000.

12 SHARE OPTIONS AND WARRANTS

Share options

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

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

Grant date	First exercise date (when vesting conditions are met)	Expiry date	Exercise price	Fair value	2020	2019
			£	£	Number	Number
10-May-11	10-May-11	09-May-21	10.0	0.002517	34,000	34,000
10-May-11	10-May-11	09-May-21	20.0	0.001645	34,000	34,000
10-May-11	10-May-11	09-May-21	30.0	0.001625	50,000	50,000
10-May-11	10-May-12	09-May-21	10.0	0.002517	34,000	34,000
10-May-11	10-May-12	09-May-21	20.0	0.001645	34,000	34,000
10-May-11	10-May-12	09-May-21	30.0	0.001625	50,000	50,000
10-May-11	10-May-13	09-May-21	10.0	0.003539	34,000	34,000
10-May-11	10-May-13	09-May-21	20.0	0.001645	34,000	34,000
10-May-11	10-May-13	09-May-21	30.0	0.001625	50,000	50,000
02-Oct-14	02-Oct-14	01-Oct-24	1.90	0.001301	16,670	16,670
22-Sep-15	22-Sep-15	21-Sep-25	1.10	0.001322	195,000	245,000
25-Jun-18	25-Jun-18	25-Jun-21	0.30	0.333163	500,000	666,667
25-Jun-18	25-Jun-18	25-Jun-21	0.05	0.403219	833,333	833,333
12-Apr-19	12-Apr-19	12-Apr-22	0.395	0.245397	800,000	800,000
Total					2,699,003	2,915,670

At 31 December 2020, all of the 2,699,003 options outstanding were exercisable (2019: 2,915,670). The weighted average exercise price of the options at the year-end is £3.08. No options were issued in the year ending 31 December 2020.

Directors' share options

No share options are held by Directors who served at the year-end.

Warrants

On 7 November 2018 the Company announced the issue of 25,000 warrants at 40p. There are now 25,000 warrants outstanding with an average exercise price of £0.40 and a remaining contractual life of 0.88 years. These are all exercisable immediately. No warrants were issued in the year ending 31 December 2020.

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

13 SHARE CAPITAL

	2020	2019
	£'000	£'000
Allotted, issued and fully paid		
1,363,925,475 deferred shares of 0.1p (2019: 1,363,925,475)	1,364	1,364
856,547,275 deferred shares of 0.095p (2019: 856,547,275)	814	814
95,276,864 ordinary shares of 0.005p (2019: 95,173,618)	4,764	4,758
	6,942	6,936

Following the issue of the 103,246 Ordinary shares announced on 6 May 2020 in payment of fees of £18,000, there were 95,276,864 Ordinary Shares in issue.

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

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

14 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Short-term borrowings	Total
1 January 2020	1,396	1,396
Cash-flows:		
- Repayment in cash	-	-
Non-cash:		
- Accrued interest	429	429
- Foreign exchange movement	(75)	(75)
31 December 2020	1,750	1,750
	Short-term borrowings	Total
1 January 2019	1,129	1,129
Cash-flows:		
- Repayments	-	-
Non-cash:		
- Accrued interest	313	313
- Foreign exchange movement	(46)	(46)
31 December 2019	1,396	1,396

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

15 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company operates foreign currency bank accounts to help mitigate foreign currency risk.

Financial assets by category

The IFRS 9 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	2020				2019			
	Receivables held at amortised cost £'000	Assets held at fair value through P&L £'000	Non financial assets £'000	Statement of Financial position total £'000	Receivables held at amortised cost £'000	Assets held at fair value through P&L £'000	Non financial assets £'000	Statement of financial position total £'000
Trade and other receivables	17	-	2	19	79	-	6	85
Financial assets	-	16,824	-	16,824	-	11,400	-	11,400
Cash and cash equivalents	124	-	-	124	284	-	-	284
Total	141	16,824	2	16,967	363	11,400	6	11,769

Financial liabilities by category

The IFRS 9 categories of financial liability included in the statement of financial position and the headings in which they are included are as follows:

	2020				2019			
	Other financial liabilities at amortised cost £'000	Liabilities carried at fair value £'000	Liabilities not within the scope of IFRS 9 £'000	Total £'000	Other financial liabilities at amortised cost £'000	Liabilities carried at fair value £'000	Liabilities not within the scope of IFRS 9 £'000	Total £'000
Trade payables	22	-	-	22	14	-	-	14
Social Security and other taxes	-	-	-	-	-	-	11	11
Accruals and deferred income	27	-	-	27	67	-	-	67
Loans	1,750	-	-	1,750	1,396	-	-	1,396
Deferred tax liability	-	-	74	74	-	-	93	93
Total	1,799	-	74	1,873	1,477	-	104	1,581

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

15 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). In accordance with IFRS 9, the fair value of the equity loan from TSTR to SPMP has been derived by treating the loan as equity with a discount rate of 20%. The potential value of SPMP has been assessed using cashflow forecasts prepared by SPMP. Tri-Star's investment in SPMP has been reduced to 16.3% and Tri-Star no longer has significant influence over the operations. The major assumptions used are the discount rate and growth rate. Note 7 gives further details.

The analysis below is provided to illustrate the sensitivity of the fair value of the SPMP investment to an individual input while all other variables remain constant.

	Positive effect	Negative effect
	£'000	£'000
Change in discount rate by +/- 1%	(1,189)	1,277
Change in forecast EBITDA by +/- 10%	3,861	(3,718)
Change in growth rate by +/- 0.5%	223	(217)

Credit risk

The Company's principal financial assets are cash balances and other receivables. The Company considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the consolidated and Company statements of financial position date, as summarised below:

	2020	2019
	£'000	£'000
Trade and other receivables	<u>17</u>	<u>79</u>
Total	<u><u>17</u></u>	<u><u>79</u></u>

None of the amounts included in trade and other receivables are past due or considered to be impaired (2019: £nil).

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

15 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

Liquidity risk

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

Maturity of financial liabilities

The Company's financial liabilities are trade and other payables, accruals and deferred income and loans. All are due within one year.

Foreign exchange risk

The Company carries out transactions in UK Pounds Sterling and US Dollars. The Company does not have a policy to hedge arrangements but will continue to keep this under review. The Company operates foreign currency bank accounts to help mitigate the foreign currency risk.

Tri-Star has invested a total of \$27.7 million via an Equity Loan to SPMP. This loan was made from Tri-Star to SPMP in a foreign currency, and whilst this investment was partially offset through the issuance of secured loan notes to OEI and OMI, also in USD, this investment leaves the Company exposed to a foreign currency risk. The Board is considering whether arrangements should be made to mitigate this risk.

Capital risk management

The Company's objectives when managing capital are:

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

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

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

16 RELATED PARTY TRANSACTIONS

During the year, the Company made loans of \$1,500,000 as part of the amount relating to the Project IP which was due to the Company (2019: \$100,000) to SPMP. The contingent payment of \$2 million relating to the Project IP due to the Company was settled by SPMP through a cash payment of \$500,000 with the balance being added to the value of the Equity Loan. Expenses owed of \$100,000 from SPMP were paid in cash in the year. At 31 December 2020, Tri-Star was owed \$30,830,734 (2019: \$28,477,714) from SPMP in respect of outstanding loans together with accrued interest and outstanding recharges. Interest of £1,072,645 (2019: £3,073,381) was charged on the loan to SPMP.

TRI-STAR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

16 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year, the Company made loans of £1,797 (2019: £2,681) to Tri-Star Antimony Canada Inc. At 31 December 2020, Tri-Star Resources Ltd was owed £1,989,509 (2019: £1,987,712) by Tri-Star Antimony Canada Inc. Tri-Star Antimony Canada Inc. is a 100% owned subsidiary undertaking. Of this balance £1,981,158 has been provided for (2019: £1,987,712) in Tri-Star Resources Ltd.

OEI and OMI ("Odey funds") became major shareholders on 20 June 2017. On 29 November 2017, the Odey funds loaned the Company \$6,000,000 (£4,510,939). No capital or interest was repaid in 2020 (2019: £Nil) and interest of £429,093 (2019: £313,615) was charged during the year. At 31 December 2020, the total owed was £1,750,489 (2019: £1,396,571) including (£75,175) (2019: £46,331) in exchange movements.

17 CONTINGENT ASSETS

Under the agreement to sell the Project IP to SPMP, there was a balance of \$2 million due to be paid to Tri-Star by SPMP at 31 December 2019. As part of the settlement agreement \$0.5m was paid in cash to Tri-Star and the remaining \$1.5m was added to the equity loan balance in November 2020. The amount of \$2m comprises the Other Income in the year. There were therefore no contingent assets at 31 December 2020.

18 SUBSEQUENT EVENTS

Board changes

On 17 March 2021, Crispin Odey was appointed as a Director of the Company. On 9 July 2021 Claire Holdsworth resigned as a Director of the Company.

Exercise and lapse of options

On 21 June 2021, 833,333 options were exercised and 833,333 new ordinary shares of 5p each were issued at the exercise price of 5p raising £41,667. There are now 96,110,197 ordinary shares in issue.

Since the year end 854,000 options have lapsed, leaving a total of 1,011,670 exercisable.

19 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.