

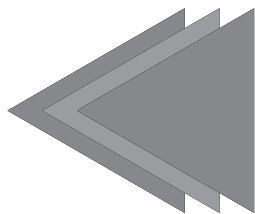


# Tri-Star Resources Plc

Annual Report and Financial Statements  
for the year ended 31 December 2015

# Annual Report and Financial Statements

for the year ended 31 December 2015



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## Company Information

Company registration number	04863813
Registered office	Suite 31, Second Floor 107 Cheapside London EC2V 6DN
Directors	<b>Mark Wellesley-Wood</b> <b>Guy Eastaugh</b> <b>Adrian Collins</b> <b>Emin Eyi</b> <b>Jonathan Quirk</b>
Secretary	<b>St James's Corporate Services Limited</b> Suite 31, Second Floor 107 Cheapside London EC2V 6DN
Nominated adviser and broker	<b>SP Angel Corporate Finance LLP</b> Prince Frederick House 35-39 Maddox Street London W1S 2PP
Registrars	<b>Capita Asset Services</b> The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Bankers	<b>Lloyds Bank Plc</b> PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS
Solicitors	<b>Fladgate LLP</b> 16 Great Queen Street London WC2B 5DG
Auditors	<b>Grant Thornton UK LLP</b> Colmore Plaza 20 Colmore Circus Birmingham B4 6AT

# Chairman's Statement

for the year ended 31 December 2015

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

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

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

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

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

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

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

**Mark Wellesley-Wood**

Chairman

8 March 2016

# Strategic Report

for the year ended 31 December 2015

## Introduction

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

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

## Result for the year

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

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

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

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

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

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

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

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

# Strategic Report

continued

## Antimony

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

The principal use of antimony is in flame retardants as antimony trioxide (ATO). ATO is most commonly used as a synergist to improve the performance of other flame retardants such as aluminium hydroxide, magnesium hydroxide and halogenated compounds. ATO is used in this way in many products including plastics, textiles, rubber, adhesives and plastic covers for aircrafts and automobiles. The largest applications for metallic antimony are as alloying material for lead and tin and for lead antimony plates in lead-acid batteries. Alloying lead and tin with antimony improves the properties of the alloys which are used in solders, bullets and plain bearings. The second most common use of antimony alloy is as a hardener for lead electrodes in lead acid batteries. This use is in decline as the antimony content of typical automotive battery alloys has declined by weight as calcium, aluminium and tin alloys are expected to replace it over time.

An emerging application is the use of antimony in microelectronics.

## Oman Antimony Roaster

### Background

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

### Oman joint venture

Strategic & Precious Metals Processing LLC, an Omani company, was formed in June 2014 to develop and build the OAR within the Port of Sohar Free Zone in the Sultanate of Oman. Tri-Star has a 40% equity interest in SPMP, with the other joint venture partners being; Oman Investment Fund (which also owns 40%) and DNR Industries Limited (which owns the remaining 20%).

### Development and financial close

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

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

- In February 2015, the Company announced the signing of a Facility Offer Letter between SPMP and Bank Nizwa, a bank based in Oman, to provide SPMP with a Sharia compliant facility of up to US\$40 million;
- Also in February 2015, Tri-Star announced the receipt by SPMP of the provisional environmental permit from the Ministry of Environmental and Climate Affairs;
- In April 2015, SPMP took delivery of an engineering report which discussed the viability of the overall antimony roasting process as developed by Tri-Star and provided a capital expenditure estimate of approximately US\$62 million for the construction of the facility;
- Also in April 2015, the Company announced the signing by SPMP of heads of agreement with Traxys Europe SA, selecting Traxys as SPMP's nominated trading partner. In this role, it is intended that Traxys will supply feedstock and provide offtake and related financing and other services to SPMP;

# Strategic Report

continued

- In June 2015, Tri-Star announced that it had reached agreement with SPMP for the sale of Tri-Star's intellectual property to SPMP for a sum of up to \$6.0 million, in three \$2.0 million tranches. The first two payments were subsequently received by Tri-Star on financial close;
- At the beginning of August 2015, Tri-Star completed the raising of £3.5 million by way of a private placement of convertible notes and new equity to fund its 40% equity share of SPMP;
- Later in August 2015, it was announced that SPMP had entered into definitive agreements with Bank Nizwa with regard to the \$40 million project finance debt for the project; and
- On 16 September 2015 Tri-Star announced that SPMP had achieved financial close and Tri-Star had fully funded its equity funding commitment of \$6.0 million. SPMP had now in place \$70 million of funding (\$15 million equity drawn-down on financial close; \$15 million of committed shareholder loans and \$40 million of committed non-recourse project debt).

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

## Refractory gold

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

## Canada

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

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

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

As a consequence of prevailing market conditions, the Directors have determined the need to take an impairment of the intangible exploration asset that arose on the acquisition of Portage Minerals Inc. in 2013. This has resulted in a write-down and realised loss recorded through profit and loss of £4,023,000 in the financial statements for the year ended 31 December 2015.

# Strategic Report

continued

## Turkey

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

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

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

## Funding

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

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

## Costs

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

	December 2015	January 2015	% change
<b>Board salaries:</b> monthly run rate	£26,500	£54,000	-51.0%

## Key Performance Indicators

Given the early stage of the Company's development and its current scale of operations, the Board does not consider the use of particular financial or operational KPIs.

## Safety, Health and Environmental Policies

Tri-Star is committed to meeting international best industrial practice in each jurisdiction in which it operates with respect to Human rights, Safety, Health and Environmental (SHE) policies. Management, employees and contractors are governed by and required to comply with Tri-Star's SHE policies as well as all applicable international, national federal, provincial and municipal legislations and regulations. It is the primary responsibility of the supervisors and other senior field staff of Tri-Star and its subsidiaries to oversee safe work practices and ensure that rules, regulations, policies and procedures are being followed.



# Strategic Report

continued

## Principal risks and uncertainties

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

## Financial risk management objectives and policies

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

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

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to fund the Group's operating activities. Management monitors the forecasts of the Group's cash flows and cash balances monthly and raises funds in discrete tranches to manage the activities through to revenue generation.

### Price risk

The Group is exposed to fluctuating commodity prices of antimony and the existence and quality of the antimony product within the licensed area. The Directors will continue to review the prices of antimony when significant mining is undertaken and will consider how this risk can be mitigated at that stage.

### Foreign exchange risk

The Group operates in a number of jurisdictions and carries out transactions in Sterling, Turkish Lira, Canadian dollars and US dollars. The Group puts in place hedging arrangements only when receipts and/or payments in a foreign currency are due and known with a high degree of certainty. Otherwise, no currency hedging takes place. Furthermore, it is the Group's policy not to engage in use of currency derivatives, derivative trading or to take part in currency speculation.

## Future prospects

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

### Guy Eastaugh

Chief Executive Officer

8 March 2016

# Report of the Directors

for the year ended 31 December 2015

The Directors present their annual report together with the audited financial statements of Tri-Star Resources Plc ("Tri-Star") and its subsidiaries (the "Group") for the year ended 31 December 2015.

## Principal activity

The principal activity of the Group is, in conjunction with its joint venture partners, the design and construction of an antimony processing facility in the Sultanate of Oman. The Group also owns antimony and mining resources in Turkey and Canada.

## Domicile and principal place of business

Tri-Star is domiciled in the United Kingdom. Its principal places of business are the UK, Turkey, Canada and the Sultanate of Oman.

## Directors

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

Mark Wellesley-Wood (appointed 25 March 2015)

Guy Eastaugh

Adrian Collins

Emin Eyi

Jonathan Quirk

Ken Hight (resigned 24 September 2015)

Michael Hirschfield (resigned 25 March 2015)

Brian Spratley (resigned 25 March 2015)

Jocelyn Trusted (resigned 25 March 2015)

## Director's shareholdings

Director	Number of ordinary shares of 0.005p each held at 31 December 2015	Percentage of issued ordinary share capital %
Mark Wellesley-Wood	7,000,000	0.08
Guy Eastaugh	12,369,690	0.15
Adrian Collins	28,245,800	0.33
Emin Eyi	1,575,000,000	18.62
Jonathan Quirk	13,500,000	0.16

Details of the directors' entitlement to share options are given in note 15.

## Matters covered in the Group's Strategic Report

The principal risks and uncertainties have been included in the Group's Strategic Report.

# Report of the Directors

continued

## Substantial shareholdings

Interests in excess of 3% of the issued share capital of the Company, which had been notified as at 8 March 2016 were as follows:

	Number of ordinary shares of 0.005p each	Percentage of issued ordinary share capital %
Emin Eyi	1,575,000,000	18.62
Cemile Eyi	800,000,000	9.46
Lynchwood Nominees Limited	655,268,388	7.74
Vehbi Eyi	500,000,000	5.91
The Bank of New York (Nominees) Limited	383,247,869	4.53
Platform Securities Nominees Limited	357,546,554	4.23
Barclayshare Nominees Limited	278,032,223	3.29

## Biographical details of Directors

### Mark Wellesley-Wood (Chairman)

Mark Wellesley-Wood joined the Board in March 2015 as Chairman. Mark is a mining engineer, with over 40 years' experience in both the mining industry and investment banking. Until recently Mark was a director of Investec Investment Banking and Securities in London. He has been closely involved in mining activities in Africa, having started his career on the Zambian copper-belt and is a former Executive Chairman and CEO of South African gold miner, DRD Gold Limited and former Chairman of ASA Resource plc (formerly Mwana Africa plc).

Mr Wellesley-Wood also chairs the Remuneration Committee.

### Guy Eastaugh (Chief Executive Officer)

Guy Eastaugh joined the Board in June 2014 as Chief Financial Officer and was appointed Chief Executive Officer in September 2015. Guy began his career at PricewaterhouseCoopers in London, qualifying as a chartered accountant in 1987. He subsequently spent six years in investment banking before moving into industry. Guy has held senior positions at Enron Europe Limited, Hanson plc and GKN plc. In May 2007, Guy joined listed property fund manager Invista Real Estate as Chief Financial Officer. He remained part of the executive team that led the successful sale of the business to private equity in August 2012. Mr Eastaugh holds an MA in Natural Sciences from Cambridge University and is a member of the Association of Corporate Treasurers.

### Adrian Collins (Senior Independent Director)

Adrian Collins joined the Board in August 2010. Adrian has worked in the fund management business for over 35 years, a large part of which was at Gartmore Investment Management where he became Managing Director. He has held a number of senior positions in the fund management industry and is currently Chairman of Liontrust Asset Management plc. He is also on the boards of a number of listed investment trusts and other companies, both in the UK and overseas. Mr Collins is a previous Chairman of the Company, having served from August 2010 until March 2015.

### Emin Eyi (Deputy Chairman)

Emin Eyi joined the Board in January 2012 as Managing Director, becoming Deputy Chairman in September 2015 coincident with his appointed as Chief Executive Officer of Strategic & Precious Metals Processing LLC. Prior to joining the Company Emin was a partner of SP Angel Corporate Finance LLP. He has particular experience of the mining and natural resource industry having had some 20 years investment banking experience at a number of high profile firms including Cazenove & Co, Barings, HSBC and Goldman Sachs. Mr Eyi holds a Master's Degree in Mining Engineering from Imperial College in London and is a Fellow of the Geological Society.

# Report of the Directors

continued

## **Jonathan Quirk** (Non-executive Director)

Jonathan Quirk joined the Board in August 2010. Jonathan is a chartered accountant and has worked in the financial services sector since 1974 for, amongst others, Morgan Grenfell and Deutsche Bank in their capital markets divisions. Since 1997 he has been a founding director of Cairnsea Investments Ltd, a company which invests in quoted and unquoted smaller companies, particularly in the financial services sector.

Mr Quirk chairs the Audit Committee.

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under Company Law the Directors 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 Group and the Company for that period. In preparing these financial statements, the Directors are required to:

- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

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

The Directors are 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.

## Auditor and Annual General Meeting

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 489(4) of the Companies Act 2006. A resolution to reappoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

## Report of the Directors

continued

### Company Secretary

St James's Corporate Services Limited was appointed Company Secretary in place of Kitwell Consultants Limited with effect from 1 November 2015.

### Registered Office

The Company's registered office was changed to Suite 31, 2nd Floor, 107 Cheapside, London EC2V 6DN with effect from 10 December 2015.

ON BEHALF OF THE BOARD

**St James's Corporate Services Ltd**

8 March 2016

# Corporate Governance

for the year ended 31 December 2015

## Remuneration report

The Company supports the concept of an effective board leading and controlling the Company. The Board is responsible for approving company policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved for decision. Procedures are in place for operational management to supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Directors that served during the year are detailed on page 9 The Non-executive Chairman of the Board is Mark Wellesley-Wood.

The Remuneration Committee, chaired by Mark Wellesley-Wood, meets at least twice a year and has as its remit the determination and review of, amongst others, the remuneration of executives on the Board and any share incentive plans of the Company.

## Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

## Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit Committee, chaired by Jonathan Quirk, meets at least twice a year to consider the integrity of the financial statements of the Company, including its annual and interim accounts, the effectiveness of the Company's internal controls and risk management systems, auditor reports, and terms of appointment and remuneration for the auditors.

The Board has considered the need for an internal audit function but has decided the size and complexity of the Group does not justify it at present. However, it will keep this decision under annual review.

# Report on Remuneration

for the year ended 31 December 2015

## Policy on Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. The Company operates within a competitive environment and its performance depends on the individual contributions of the Directors and employees and it believes in rewarding vision and innovation.

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 Group's position and to reward them for enhancing shareholder value and return. It 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 Group's objectives.

Amounts shown as "Share option expense" represent a theoretical calculation of the accounting cost to the Company of the share options granted to the Directors. The amounts shown in the table below do not represent cash payments to the directors either made in the past or due in the future. Further details of share option awards are set out in Note 15 to the accompanying financial statements.

The remuneration of the Directors in 2015 was as follows:

### Remuneration Year to 31 December 2015

Director	Notes	Salary and fees £	Share option expense £	Bonus £	Benefits £	Total £	Employers NI (note 4) £
Mark Wellesley-Wood	1	37,032	66,100	–	–	103,132	3,949
Guy Eastaugh		175,000	144,851	68,333	–	388,184	32,445
Adrian Collins		30,000	46,270	–	–	76,270	–
Emin Eyi		135,000	–	60,000	66,098	261,098	–
Jonathan Quirk		20,000	39,660	–	–	59,660	1,641
Ken Hight	2	67,456	–	–	–	67,456	–
Michael Hirschfield	3	3,462	–	–	–	3,462	478
Brian Spratley	3	25,417	–	–	–	25,417	4,209
Jocelyn Trusted	3	3,462	–	–	–	3,462	478

### Notes

- 1 Appointed 25 March 2015
- 2 Resigned 24 September 2015
- 3 Resigned 25 March 2015
- 4 Disclosed for IFRS purposes and does not comprise remuneration

# Report on Remuneration

continued

The remuneration of the Directors in 2014 was as follows:

## Remuneration Year to 31 December 2014

Director	Notes	Salary and fees £	Share option expense £	Bonus £	Benefits £	Total £	Employers NI (note 2) £
Mark Wellesley-Wood		–	–	–	–	–	–
Guy Eastaugh	1	91,583	9,037	–	–	100,620	11,752
Adrian Collins		30,000	–	–	–	30,000	–
Emin Eyi		180,000	–	–	97,241	277,241	–
Jonathan Quirk		20,000	–	–	–	20,000	2,030
Ken Hight		98,935	6,248	–	–	105,183	–
Michael Hirschfield		15,000	–	–	–	15,000	1,110
Brian Spratley		130,000	–	–	–	130,000	18,274
Jocelyn Trusted		15,000	–	–	–	15,000	377

### Notes

- 1 Appointed 21 June 2014
- 2 Disclosed for IFRS purposes and does not comprise remuneration

Mr Hight has been paid in Canadian Dollars and his remuneration translated at the average exchange rate of CAD\$1.95 to £1.00.

During the year £20,000 (2014: £24,000) was paid to Kitwell Consultants Limited, a Company controlled by Mr Hirschfield, in respect of Company Secretarial services.

### Pensions

The Group does not make pension contributions on behalf of the Directors.

### Share options

During the year the Company operated an employee share plan and details of options granted are shown in note 15 to the financial statements. No Directors exercised share options during the year ended 31 December 2015.

### Bonuses

During the year, bonuses of £68,333 and £60,000 were awarded to Mr Eastaugh and Mr Eyi, respectively. No bonuses were awarded during the year ended 31 December 2014.

### Notice periods of the Directors

The Chairman's contract is terminable on three months' notice on either side. The contracts of Mr Eastaugh and Mr Eyi are both terminable on six months' notice on either side. On a change of control, should either Mr Eastaugh or the Company serve notice of termination within one year following the change of control Mr Eastaugh will be entitled to a payment on termination of 12 months' salary.

The other non-executive Directors' contracts are terminable on one month's notice on either side.



# Report of the Independent Auditor

## to the members of Tri-Star Resources Plc

We have audited the group financial statements of Tri-Star Resources Plc for the year ended 31 December 2015, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes. 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.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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.

## Respective responsibilities of the Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the Directors are responsible for the preparation of the group and company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Group and Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group's Strategic Report and Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

## Matters on which we are required to report by exception

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

- 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.

### David White

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditors, Chartered Accountants  
Birmingham

8 March 2016

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

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

The accompanying principal accounting policies and notes form an integral part of the financial statements.

# Consolidated Statement of Financial Position

as at 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Assets</b>			
<b>Non-current</b>			
Intangible assets	8	–	4,777
Investment in associates	9	2,252	45
Property, plant and equipment	10	62	68
		2,314	4,890
<b>Current</b>			
Cash and cash equivalents		1,308	1,496
Trade and other receivables	11	148	117
<b>Total current assets</b>		1,456	1,613
<b>Total assets</b>		3,770	6,503
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	12	373	324
Financial liability	13	1,100	626
<b>Total current liabilities</b>		1,473	950
<b>Loans repayable after one year</b>			
Loans	13	8,318	5,073
Deferred tax liability	14	176	796
<b>Total liabilities</b>		9,967	6,819
<b>Equity</b>			
Issued share capital	16	2,601	2,525
Share premium		14,515	13,179
Share based payment reserve		1,074	767
Other reserves		(6,914)	(6,412)
Retained earnings		(17,470)	(10,140)
		(6,194)	(81)
Non-controlling interest		(3)	(235)
<b>Total equity</b>		(6,197)	(316)
<b>Total equity and liabilities</b>		3,770	6,503

The consolidated financial statements were approved by the Board and authorised for issue on 8 March 2016.

**Guy Eastaugh**  
Director

The accompanying principal accounting policies and notes form an integral part of the financial statements.

# Company Statement of Financial Position

as at 31 December 2015

	Note	2015 £'000	2014 (restated) £'000	2013 (restated) £'000
<b>Assets</b>				
<b>Non-current</b>				
Investments	9	3,893	4,189	5,017
Property, plant and equipment	10	41	53	70
		3,934	4,242	5,087
<b>Current</b>				
Cash and cash equivalents		1,285	1,434	2,037
Trade and other receivables	11	100	3,800	2,677
<b>Total current assets</b>		1,385	5,234	4,714
<b>Total assets</b>		5,319	9,476	9,801
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables	12	99	170	188
Financial liability	13	1,100	626	1,234
<b>Total current liabilities</b>		1,199	796	1,422
<b>Loans repayable after one year</b>				
Loans	13	8,318	5,073	2,568
Deferred tax liability	14	176	176	–
<b>Total liabilities</b>		9,693	6,045	3,990
<b>Equity</b>				
Issued share capital	16	2,601	2,525	2,520
Share premium		14,515	13,179	13,162
Share based payment reserve		1,074	767	1,072
Retained earnings		(22,564)	(13,040)	(10,943)
<b>Total equity</b>		(4,374)	3,431	5,811
<b>Total equity and liabilities</b>		5,319	9,476	9,801

The Company financial statements were approved by the Board and authorised for issue on 8 March 2016.

**Guy Eastaugh**  
Director

The accompanying principal accounting policies and notes form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

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

The accompanying principal accounting policies and notes form an integral part of the financial statements.

## Company Statement of Changes in Equity

for the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Share based payment reserves £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2014 (restated)</b>	2,520	13,162	1,072	(10,943)	5,811
Share based payments	–	–	21	–	21
Issue of share capital	5	17	–	–	22
Transfer on exercise of warrants	–	–	(326)	326	–
<b>Transactions with owners</b>	5	17	(305)	326	43
Loss for the year	–	–	–	(2,423)	(2,423)
<b>Total comprehensive loss for the period</b>	–	–	–	(2,423)	(2,423)
<b>Balance at 31 December 2014 (restated)</b>	2,525	13,179	767	(13,040)	3,431
Share based payments	–	–	337	–	337
Issue of share capital	76	1,449	–	–	1,525
Share placing costs	–	(113)	–	–	(113)
Transfer on lapse of warrants	–	–	(30)	30	–
<b>Transactions with owners</b>	76	1,336	307	30	1,749
Loss for the period	–	–	–	(9,554)	(9,554)
<b>Total comprehensive loss for the period</b>	–	–	–	(9,554)	(9,554)
<b>Balance at 31 December 2015</b>	2,601	14,515	1,074	(22,564)	(4,374)

The accompanying principle accounting policies and notes form an integral part of the financial statements.

# Consolidated and Company Statements of Cash Flows

for the year ended 31 December 2015

		Group		Company	
	Note	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Cash flow from operating activities</b>					
<b>Continuing operations</b>					
Loss after taxation		(7,128)	(2,397)	(9,554)	(2,423)
Amortisation and impairment of intangibles	8	4,203	6	3,923	1,943
Depreciation	10	20	24	15	18
Finance income		(3)	(4)	(3)	(115)
Finance cost		1,503	838	1,698	838
Loss from associates		382	221	–	–
Fees paid by shares		25	17	25	17
Share based payments		337	21	337	21
Movement on fair value of derivatives		210	(940)	210	(940)
(Increase)/decrease in trade and other receivables		(30)	(32)	3,699	(1,122)
(Decrease)/increase in trade and other payables		(483)	(96)	(65)	156
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(964)</b>	<b>(2,342)</b>	<b>285</b>	<b>(1,607)</b>
<b>Cash flows from investing activities</b>					
Finance income		3	4	3	115
Cash invested in associates		(2,589)	(266)	(3,627)	(1,115)
Purchase of property, plant and equipment	10	(15)	(10)	(3)	(1)
Proceeds of sale of property, plant and equipment		–	11	–	–
<b>Net cash outflow from investing activities</b>		<b>(2,601)</b>	<b>(261)</b>	<b>(3,627)</b>	<b>(1,001)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of share capital		1,500	5	1,500	5
Share issue costs		(113)	–	(113)	–
Finance costs		–	–	(194)	–
New loans	13	2,000	2,000	2,000	2,000
<b>Net cash inflow from financing activities</b>		<b>3,387</b>	<b>2,005</b>	<b>3,193</b>	<b>2,005</b>
<b>Net change in cash and cash equivalents</b>		<b>(178)</b>	<b>(598)</b>	<b>(149)</b>	<b>(603)</b>
Cash and cash equivalents at beginning of period		1,496	2,101	1,434	2,037
Exchange differences on cash and cash equivalents		(10)	(7)	–	–
<b>Cash and cash equivalents at end of period</b>		<b>1,308</b>	<b>1,496</b>	<b>1,285</b>	<b>1,434</b>

The accompanying principal accounting policies and notes form an integral part of the financial statements.

## Principal Accounting Policies

### Basis of preparation

The group and company financial statements have been prepared under the historical cost convention except for the derivative financial instrument which is at fair value and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The Company's ordinary shares are quoted on AIM, a market operated by the London Stock Exchange. The Company applies the Companies Act 2006 when preparing its annual financial statements.

The Group financial statements for the Company and its subsidiaries (together "**the Group**") have been prepared under IFRS and the principal accounting policies adopted remain unchanged from those adopted by the Group in preparing its financial statements for the prior year. This is the first year in which the Company financial statements have also been prepared under IFRS. Refer to note 21 for an explanation of the transition.

### Going concern

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

The Directors have prepared cash flow forecasts for the period ending 30 June 2017. The forecasts identify unavoidable third party running costs of the Group and demonstrate that the Group will have sufficient cash resources available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the accounts have been prepared on a going concern basis.

### Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the statement of financial position date. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group has power over the investee, has the right to variable returns from the investee and has the power to affect its returns. The Group obtains and exercises control through voting rights and control is reassessed if there are indications that the status of any of the three elements have changed.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group's investment in associated undertakings is accounted for using the equity method. The consolidated income statement includes the Group's share of the associated profits and losses while the Group's share of net assets of associates is shown in the consolidated statement of financial position.

### Investments

Investments in subsidiary undertakings in the Company accounts are recorded at cost less provision for impairment as described in the impairment policy below.



# Principal Accounting Policies

continued

## 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 consolidated 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. This also applies to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group 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 testing of intangible assets and property, plant and equipment

Once fair values in respect of business combinations have been finalised, for the purposes of assessing 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.

# Principal Accounting Policies

continued

## Intangible assets

### (A) Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives.

Intangible assets are recognised on business combinations if they are separately identifiable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

### (B) Licences

Licences are recognised as an intangible asset at historical cost and are carried at cost less accumulated amortisation and accumulated impairment losses. The licences have a finite life and no residual value and are amortised on a straight line basis over the life of the licence, being six years to 2015.

### (C) Goodwill

Goodwill is recognised as the excess between (A) and (B), where (A) is the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and in the case of a business combination achieved in stages, the fair value on the acquisition date of the previously held interest in the acquiree and (B) the net value, at the acquisition date, of the identifiable assets acquired, the liabilities and contingent liabilities assumed, measured at fair value. If the resultant amount is negative, as in the case of a bargain purchase, the difference is recognised as income directly in the statement of comprehensive income. Consideration transferred is recognised at fair value.

Goodwill relating to the acquisition of subsidiaries is included in intangible assets, while goodwill relating to associates is included in investment in associates.

Goodwill is carried at initial value less accumulated impairment losses. Goodwill is allocated to Cash Generating Units for the purposes of impairment testing, these CGUs being the units which are expected to benefit from the business combination that generated the goodwill.

### (D) Intangible exploration assets

Intangible exploration assets are disclosed in the accounts where there is a viable future economic benefit to the Group which would result from the exploitation of the mine. As a result the asset is held on an indefinite life basis with an impairment review not being required unless there are any indications that the carrying amount exceeds the recoverable amount.

## Exploration of mineral resources

All costs associated with mineral exploration prior to 31 December 2015 (except those acquired as part of a business combination) have been expensed in profit and loss in the statement of comprehensive income due to the uncertainty of the future revenues and speculative nature of the exploration costs. The Directors will continue to assess exploration of mineral resources on a project-by-project basis and will capitalise costs once the feasibility of the project is established.

# Principal Accounting Policies

continued

## Property, plant and equipment

### Measurement bases

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred. When assets are sold, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the statement of comprehensive income.

### Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, which is revised annually, over its useful economic life on a straight line basis as follows:

Motor vehicles	5 years
Equipment	3 years

## Financial assets

The Group's financial assets comprise other receivables.

All financial assets are initially recognised at fair value, plus transaction costs.

Interest and other cash flows resulting from holding financial assets are recognised in the statement of comprehensive income using the effective interest method, regardless of how the related carrying amount of financial assets is measured, except instruments that are designated at fair value through profit and loss on initial recognition.

Trade and other receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

## 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 Group'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 and equity yet to be issued.

Translation reserves are amounts in respect of translation of overseas subsidiaries.

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

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

# Principal Accounting Policies

continued

## Share based payments

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 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 ultimately are 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 Group's financial liabilities include other financial liabilities and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities 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 with the exception of derivatives.

## Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# Principal Accounting Policies

continued

## Financial derivative liabilities

Pursuant to the terms of the Convertible Notes, when investors exercise their conversion rights the Company has an obligation to deliver ordinary shares to those investors (see note 13 for further information).

In accordance with IAS 32 and 39, whilst Tri-Star had a contractual right to deliver a variable number of shares, the conversion option qualifies as an embedded derivative. Thus, the Convertible Notes are treated as a hybrid instrument which includes a component of debt and an embedded derivative for the conversion option held by the noteholder.

The Company initially measured the embedded derivative at fair value and classifies it under the derivative financial instruments liability heading. At the end of each financial accounting reporting period, the embedded derivative is re-measured and changes in fair value are recognised in profit and loss in the statement of comprehensive income.

The debt component is initially recorded as the difference between the proceeds received for the Convertible Notes and the fair value of the aforementioned embedded derivative. Subsequently, the debt component is measured at amortised cost until it is settled upon conversion or maturity. Debt issuance costs are recognised as a deduction in the value of the debt in the Consolidated Statement of Financial Position and included as part of its amortised cost.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

## 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 Sterling which is the functional currency of the parent company. The group carries out transactions in United States dollars, Turkish Lira, Canadian dollars, United Arab Emirates Dirhams and Omani Rials. The directors are keeping under review the functional currency of the Company.

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.

The results and financial position of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity within translation reserve.

# Principal Accounting Policies

continued

## 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 Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following 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:

### Share based payment transaction

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The charge for the year ended 31 December 2015 of £337,000 (2014: £21,000) is determined by using a Black-Scholes valuation model, using the assumptions detailed in note 15. The key assumptions in the model involving a critical estimate are the share price volatility of between 58% and 117% and the life of the options. The former has been determined by calculating the historical volatility of the Tri-Star share price. The Board have assumed the options will be exercised between 1 and 36 months after they have vested.

### Other intangible exploration asset valuation and goodwill

Tri-Star carried on its balance sheet goodwill and an exploration asset arising from the acquisition of Portage Minerals Inc. during 2013. The goodwill and exploration asset are required to be reviewed for impairment if the Directors judge that there are any indications that the carrying amount exceeds the recoverable amount. During the year the Directors considered that the carrying amount should be impaired in full. Further details on the carrying value of this asset are set out in note 8 to the financial statements.

### Treatment of exploration and evaluation costs

IFRS 6 "Exploration for and Evaluation of Mineral Resources" requires an entity to consistently apply a policy to account for expenditure on exploration and evaluation of a mineral resource. The Directors have chosen to expense the exploration and evaluation costs to date on the basis that the future development of the mine remains uncertain as at 31 December 2015. The Directors will continue to assess this and when feasibility is determined will look to capitalise further costs in line with accounting standards.

### Convertible loan accounting

The Group has measured the carrying value of the liability component of the Convertible Notes as the initial amount loaned plus costs, less the fair value of the derivative liability on issue plus interest, calculated using the amortised interest rate. This is based on the judgement that the terms of the instrument fails the fixed for fixed test on the basis that the number of shares in to what the liability converts is variable over time.

The fair value of the derivative liability embedded in the Convertible Notes was calculated using the Black-Scholes option valuation model. The movement in fair value since issue is recorded in profit and loss in the statement of comprehensive income.

The following assumptions were used in calculating the fair value:

- The model assumes that the Notes will be exercised on 31 December 2016. The share price volatility is 117% which was based on historic volatility;
- An exercise price of 0.20p being the fixed exercise price and a share price of 0.085p being the market share price at that time;
- The effects of potential dilution were not factored in.

In valuing the derivative component of the Convertible Notes, the Directors have assumed a conversion price of 0.20p which represents the fixed conversion price of the Convertible Notes.

Other critical assumptions underlying the valuation of the derivative (or "option") component of the Convertible Notes are: the period to conversion; volatility; the risk free rate and the impact of dilution.

## Principal Accounting Policies

continued

The Directors believe that the Convertible Notes are likely to be subject to conversion during the life of the Notes and that it is unlikely that the Convertible Notes will run to term. Conversion is not in the control of the Company but it is the Directors expectation that the Convertible Notes are likely to be the subject of conversion in the near term and so for the basis of the option valuation, a conversion date of 31 December 2016 has been assumed.

Volatility of the Company's ordinary shares has been calculated by reference to the actual observed volatility of the Company's ordinary shares for the twelve months to 31 December 2015. The risk free rate is currently 0.5% (UK Bank of England lending rate).

As regards the impact of dilution, as Tri-Star is a publicly traded company the impact of dilution on option valuation has not been factored into the valuation model as the valuation has been based on Tri-Star's share price immediately after the Convertible Notes were issued. The Directors believe that the post announcement share price would have incorporated the potential dilution effect of the Convertible Notes on Tri-Star's share capital as a whole and therefore the dilution impact has not been considered again when the option was valued.

### Contingent asset

Under the agreement to sell the Roaster IP to SPMP, there is a balance of US\$2 million due to be paid to Tri-Star. This payment is contingent upon the successful completion of a pilot plant. Accordingly, the Directors have determined not to accrue this deferred income.

### Adoption of new or amended IFRS

The Directors anticipate that the adoption of new standards which are in issue but not yet effective and have not been adopted early by the Group will be relevant to the group but will not result in significant changes to the Group's accounting policies. These are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (IASB effective date 1 July 2014) (Endorsed)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016) (Endorsed)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016) (Endorsed)
- Annual Improvements to IFRSs 2010-2012 Cycle (IASB effective date generally 1 July 2014) (Endorsed)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016) (Endorsed)
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016) (Endorsed)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016) (Endorsed)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (effective 1 January 2016)
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2016) (Endorsed)
- Disclosure Initiative: Amendments to IAS 7 Statement of Cash Flows (effective 1 January 2017)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)
- Amendments to IAS 12: Recognition of Deferred Tax assets for Unrealised Losses (effective 1 January 2017)

# Notes to the Financial Statements

for the year ended 31 December 2015

## 1 Segmental reporting

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and an assessment of performance and about which discrete financial information is available.

The Board considers that the Company comprises only one operating segment, that of mining and development.

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

## 2 Profit on sale of intangible asset

On 16 September 2015, when the Company's associate SPMP achieved financial close, the IP for the OAR was sold to SPMP for US\$4 million. A further US\$2 million will become due to Tri-Star on successful completion of a pilot plant. This further US\$2 million has not been recognised in the accounts. The Group has recognised profits of US\$2.4 million (GBP £1,555,000) being 60% of the proceeds received as the Group has a 40% interest in SPMP. The costs of developing the IP had previously been recognised in the profit and loss of the Group. The full US\$4 million (GBP £2,592,000) has been recognised by the Company.

## 3 Finance income and costs

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Finance costs</b>				
Interest payable on historic loans	(6)	–	(6)	–
Movement in derivative	210	–	210	–
Intercompany interest	–	–	189	–
Interest payable on convertible loan	1,509	838	1,509	838
	1,713	838	1,902	838
<b>Finance income</b>				
Bank interest	3	4	3	4
Intercompany interest	–	–	–	111
Interest payable on convertible loan	–	940	–	940
	3	944	3	1,055

Further details regarding the movement in fair value of derivatives and interest payable on the convertible loan are set out in note 13.



# Notes to the Financial Statements

continued

## 4 Loss before taxation

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was £9,554,000 (year ended 31 December 2014 restated: £2,423,000).

The loss before taxation is attributable to the principal activities of the Group.

The loss before taxation is stated after charging:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Staff costs	744	813	1,459	208
Share-based payment charge	337	21	337	21
Depreciation of owned property, plant and equipment	20	24	15	18
Amortisation and impairment of intangible assets	4,203	6	3,923	1,943
Operating lease rentals	36	61	189	26
Fees payable to the Company's auditor for the audit of the financial statements	32	36	32	36
Fees payable to the Company's auditor and its associates for other services: Other services relating to taxation compliance and advice	14	7	14	7
All other services	–	–	–	–

## 5 Taxation

Unrelieved tax losses of approximately £14.92 million (2014: £8.27 million) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 December 2015 is £3,269,000 (2014: £1,923,000) which has not been provided on the grounds that it is uncertain when taxable profits will be generated by the Group to utilise those losses.

The tax charge for the year comprises:

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

# Notes to the Financial Statements

continued

## 5 Taxation continued

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

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

## 6 Loss per share

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

	<b>Group</b>	
	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Loss attributable to owners of the Company after tax	(7,128)	(2,397)
	<b>2015</b> <b>Number</b>	<b>2014</b> <b>Number</b>
Weighted average number of ordinary shares for calculating basic loss per share	7,554,686,570	6,876,723,387
	<b>2015</b> <b>Pence</b>	<b>2014</b> <b>Pence</b>
Basic and diluted loss per share	(0.09)	(0.03)

Dilutive earnings per share is the same as basic loss per share in each year because the potential shares arising under the share option scheme and share warrants are anti-dilutive. The weighted average number of ordinary shares excludes deferred shares which have no voting rights and no entitlement to a dividend.

# Notes to the Financial Statements

continued

## 7 Employee benefit expense

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Wages and salaries	671	762	1,386	185
Social security	73	51	73	23
Share based payment charge	337	23	337	23
<b>Total emoluments</b>	<b>1,081</b>	<b>836</b>	<b>1,796</b>	<b>231</b>

Average monthly number of employees:

	2015 Number	2014 Number	2015 Number	2014 Number
Directors	6	8	6	8
Other	11	9	2	2
	17	17	8	10

The Directors are the key management personnel of the Group. Details of Directors' remuneration are included in the report on remuneration on pages 14 and 15. The Company only 2015 figures include £731,000 of wages and salaries and £65,000 of social security relating to previous years. These had been recharged to Tri-Star Union LLC in previous years and were recharged back to Tri-Star Resources Plc in the current year.

## 8 Intangible assets

Group	Other intangible exploration asset £'000	Mining and mineral licences £'000	Goodwill £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	4,076	102	815	4,993
Exchange Difference	(95)	–	(19)	(114)
At 31 December 2014	3,981	102	796	4,879
Exchange Difference	(479)	–	(95)	(574)
At 31 December 2015	3,502	102	701	4,305
<b>Amortisation and impairment</b>				
At 1 January 2014	–	96	–	96
Amortisation charge in the year	–	6	–	6
At 31 December 2014	–	102	–	102
Impairment charge in the year	3,502	–	701	4,203
At 31 December 2015	3,502	102	701	4,305
<b>Net book value</b>				
<b>At 31 December 2015</b>	–	–	–	–
At 31 December 2014	3,981	–	796	4,777
At 1 January 2014	4,076	6	815	4,897

# Notes to the Financial Statements

continued

## 8 Intangible assets continued

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

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

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

## 9 Investments

### Company

	Investment in group undertakings £'000	Investment in associate £'000	Total £'000
<b>Cost</b>			
At 1 January 2014	5,017	–	5,017
Additions	849	266	1,115
At 31 December 2014	5,866	266	6,132
Additions	–	3,627	3,627
At 31 December 2015	5,866	3,893	9,759
<b>Amortisation and impairment</b>			
At 1 January 2014	–	–	–
Impairment in the year	(1,943)	–	(1,943)
At 31 December 2014	(1,943)	–	(1,943)
Impairment in the year	(3,923)	–	(3,923)
At 31 December 2015	(5,866)	–	(5,866)
<b>Net book value</b>			
<b>At 31 December 2015</b>	–	3,893	3,893
At 31 December 2014	3,923	266	4,189
At 1 January 2014	5,017	–	5,017

During the year ended 31 December 2014 the Company increased its investment in Uc Yildiz by £849k which has later been provided for in full (£1,943,000).

During the year ended 31 December 2014 Tri-Star made an investment in Strategic & Precious Metals Processing LLC, an Oman based company, in which it has a 40% interest. In the current year Tri-Star has increased this investment by £3,627,000.

During the year Tri-Star has provided for its investment in Tri-Star Antimony Canada Inc. in full (£3,923,000).

# Notes to the Financial Statements

continued

## 9 Investments continued

At 31 December 2015, the Company held the following interests in subsidiary undertakings and associates:

Subsidiary	Proportion of ordinary share capital held	Nature of business	Country of incorporation
Tri-Star Trading Limited	100%	Dormant	England and Wales
Üç Yıldız Antimon Madencilik İthalat Ve İhracat Sanayi ve Ticaret Anonim Şirketi	99%	Mining	Turkey
Tri-Star Antimony Canada Inc	100%	Mining	Canada
Tri-Star Union FZ-LLC	90%	Mining services	UAE
Strategic & Precious Metals Processing LLC	40%	Mining services	Oman
Rockport Mining Corporation*	100%	Mining	Canada
Golden Ridge Joint Venture*	60%	Mining	Canada

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

Strategic and Precious Metals Processing LLC ("SPMP") was incorporated in Oman in 2014. Tri-Star has a 40% interest in the company and has accounted for it as an associate undertaking. SPMP made a loss of £954,000 in 2015 (2014: 554,000) of which Tri-Star's share in the Group accounts was £382,000 (2014: £221,000). Tri-Star invested £3,627,000 (2014: £266,000) in SPMP during the year and had a net investment of £2,252,000 on consolidation as at 31 December 2015 (2014: £45,000).

The movement in the investment in the associated undertaking was:

	Group £'000	Company £'000
At 1 January 2015	45	266
Share of loss for year	(382)	–
Revenue on sale of IP eliminated on consolidation	(1,038)	–
Investment during the year	3,627	3,627
At 31 December 2015	2,252	3,893

Summarised financial information in respect of the Group's only material associate, Strategic & Precious Metal Processing LLC (FZC) is set out below.

	2015 £'000	2014 £'000
Administrative expenses	(953)	(554)
<b>Operating loss</b>	(953)	(554)
Finance costs	(1)	–
Loss for the period	(954)	(554)
Other comprehensive income	(62)	(26)
<b>Loss and total comprehensive loss for the period</b>	(1,016)	(580)
	<b>2015 £'000</b>	<b>2014 £'000</b>
Non-current assets	3,117	–
Current assets	5,819	306
<b>Total assets</b>	8,936	306
<b>Current and total liabilities</b>	364	253

# Notes to the Financial Statements

continued

## 10 Property, plant and equipment

Group	Land £'000	Vehicles £'000	Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	2	116	43	161
Additions	–	9	1	10
Disposals	–	(12)	–	(12)
Exchange difference	–	(1)	(1)	(2)
At 31 December 2014	2	112	43	157
Additions	–	–	15	15
Exchange difference	–	(8)	(2)	(10)
Cost at 31 December 2015	2	104	56	162
<b>Depreciation</b>				
At 1 January 2014	–	43	31	74
Exchange difference	–	(1)	(1)	(2)
Eliminated on disposals	–	(7)	–	(7)
Charge for the year	–	17	7	24
At 31 December 2014	–	52	37	89
Exchange difference	–	(7)	(2)	(9)
Charge for the year	–	17	3	20
At 31 December 2015	–	62	38	100
<b>Net book value</b>				
<b>At 31 December 2015</b>	2	42	18	62
At 31 December 2014	2	60	6	68
At 1 January 2014	3	73	12	87

Exchange differences have arisen on assets which are held by foreign subsidiaries. These are translated from the functional currency of the subsidiary into Sterling at the prevailing exchange rate at each period end.

# Notes to the Financial Statements

continued

## 10 Property, plant and equipment continued

Company	Motor vehicles £'000	Computer equipment £'000	Office equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	67	24	4	95
Additions	–	1	–	1
At 31 December 2014	67	25	4	96
Additions	–	3	–	3
Cost at 31 December 2015	67	28	4	99
<b>Depreciation</b>				
At 1 January 2014	2	21	2	25
Charge for the year	13	3	2	18
At 31 December 2014	15	24	4	43
Charge for the year	14	1	–	15
At 31 December 2015	29	25	4	58
<b>Net book value</b>				
<b>At 31 December 2015</b>	38	3	–	41
At 31 December 2014	52	1	–	53
At 1 January 2014	65	3	2	70

## 11 Trade and other receivables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Current</b>				
Amounts owed by Group undertakings	–	–	–	3,769
Other receivables	130	57	87	11
Prepayments and accrued income	18	60	13	20
Trade and other receivables	148	117	100	3,800

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

All other receivables have been reviewed for indicators of impairment, none are overdue.

# Notes to the Financial Statements

continued

## 12 Trade and other payables

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade payables	14	102	10	88
Social security and other taxes	41	21	40	19
Other payables	136	138	–	9
Accruals and deferred income	182	63	49	54
	373	324	99	170

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statement of financial position to be a reasonable approximation of their fair value.

## 13 Convertible secured loan notes (Group and Company)

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

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

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

The Notes were initially, on issue, convertible at 100% of their principal amount plus accrued interest at the holder's option into ordinary shares at a conversion price which is fixed at the time of conversion at a 10% discount to the lower of:

- the latest equity funding round completed prior to the issue of the conversion notice; and
- any equity funding round completed within 10 days of the conversion notice.

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

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

The Directors consider that the use of the Black-Scholes model is the most appropriate method of valuing the derivative component of the Notes.

The following assumptions were used in calculating the fair value:

- The model assumes that the Notes will be exercised on 31 December 2016;
- The share price volatility is 117% which was based on historic volatility;
- An exercise price of 0.20p and a share price of 0.085p being the market share price at that time;
- The effects of potential dilution were not factored in.



# Notes to the Financial Statements

continued

## 13 Convertible secured loan notes (Group and Company) continued

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

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

Notes issued in 2014	On Issue £'000	Profit and loss movement £'000	At 31 December 2014 £'000	Profit and loss movement £'000	At 31 December 2015 £'000
Carrying value of host debt instrument	(1,667)	(117)	(1,784)	(378)	(2,162)
Fair value of derivative	(333)	144	(189)	(74)	(263)
<b>Total</b>	<b>(2,000)</b>	<b>27</b>	<b>(1,973)</b>	<b>(452)</b>	<b>(2,425)</b>

Notes issued in 2015	On Issue £'000	Profit and loss movement £'000	At 31 December 2015 £'000
Carrying value of host debt instrument	(1,736)	(140)	(1,876)
Fair value of derivative	(264)	35	(229)
<b>Total</b>	<b>(2,000)</b>	<b>(105)</b>	<b>(2,105)</b>

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

	2015	2014
"Spot Tri-Star" price, in £	0.00085	0.0012
"Strike" conversion price, in £	0.0020	0.0027
Maturity	31 December 2016	31 December 2015
Volatility	117%	102%
Number of shares	7,271,680,497	2,984,370,116

On issue the host debt instrument of the 2013 loan note was recorded at £2,343,000 being the difference between the fair value of the derivative and the proceeds. Thereafter in line with accounting standards the host debt instrument is carried at amortised cost with an effective interest rate of 27.24%. On issue the host debt instrument of the 2014 loan note was recorded at £1,666,713 being the difference between the fair value of the derivative and the proceeds. Thereafter in line with accounting standards the host debt instrument is carried at amortised cost with an effective interest rate of 20.18%. On issue the host debt instrument of the 2015 loan note was recorded at £1,736,376 being the difference between the fair value of the derivative and the proceeds. Thereafter in line with accounting standards the host debt instrument is carried at amortised cost with an effective interest rate of 20.35%.

# Notes to the Financial Statements

continued

## 14 Deferred tax liability (Group)

The deferred tax liability which relates to an imputed tax on intangible assets in the Consolidated Financial Statements can be reconciled as follows:

	£'000
At 31 December 2014	796
Exchange movement	(95)
Release to profit and loss on impairment of intangible	(525)
At 31 December 2015	176

A deferred tax liability of £Nil (2014: £796,000) previously recognised by the Group as a consequence of an intangible exploration asset acquired as part of a business combination in 2013 has been de-recognised on the intangible exploration asset acquired as part of the business combination, in 2015 as the asset in question has been fully impaired in the year. The balance in respect of this liability therefore now stands at £nil (2014: £796,000). The £796,000 was revalued at £701,000 prior to de-recognition with the difference of £95,000 going to exchange reserves, as the value of both the asset and the deferred tax liability was held in Canadian dollars.

The Group and Company have recognised a deferred tax liability of £176,000 which has arisen on the transition of the Company to IFRS. This liability is payable over the next nine years on a straight line basis but may be offset against potential future trading losses in each year.

## 15 Share based payments (Group and Company)

The Group operates share option schemes for certain employees and consultants (including Directors). Options are exercisable at the option price agreed at the date of grant. The options are settled in equity once exercised. The expected life of the options issued in 2011 ranges from 12 months to 36 months based on management's expectation of when they will be exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. The expected life of the options issued in 2013 is 6 months, and they expire on 31 December 2017 if they remain unexercised. The expected life of the options issued in 2014 is 12 months and they expire after 10 years. The expected life of options issued in 2015 is 1 month and they expire after 10 years. Options are forfeited after 12 months if the employee leaves the Group. There are no performance related conditions for exercise. The options will vest in accordance with the agreed timetable ranging from the date of the grant to the second anniversary of the date of the grant. There are no other vesting conditions.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2015		2014	
	Number	WAEP £	Number	WAEP £
Outstanding at the beginning of the year	398,470,000	0.01916	471,800,000	0.01704
Issued during the year	245,000,000	0.0011	16,670,000	0.0019
Exercised during the year	–	–	(90,000,000)	0.00005
Outstanding at the end of the year	643,470,000	0.01243	398,470,000	0.01916

# Notes to the Financial Statements

continued

## 15 Share based payments (Group and Company) continued

The share options outstanding at the end of the period have a weighted average remaining contractual life of 6.96 years (2014: 6.26) and have the following exercise prices and fair values at the date of grant:

First exercise date (when vesting conditions are met)	Grant date	Exercise price £	Fair value £	2015 Number	2014 Number
10-May-11	10-May-11	0.01	0.002517	34,000,000	34,000,000
10-May-11	10-May-11	0.02	0.001645	34,000,000	34,000,000
10-May-11	10-May-11	0.03	0.001625	50,000,000	50,000,000
10-May-12	10-May-11	0.01	0.002517	34,000,000	34,000,000
10-May-12	10-May-11	0.02	0.001645	34,000,000	34,000,000
10-May-12	10-May-11	0.03	0.001625	50,000,000	50,000,000
10-May-13	10-May-11	0.01	0.003539	34,000,000	34,000,000
10-May-13	10-May-11	0.02	0.001645	34,000,000	34,000,000
10-May-13	10-May-11	0.03	0.001625	50,000,000	50,000,000
04-Oct-13	04-Oct-13	0.005	0.000899	27,800,000	27,800,000
02-Oct-14	02-Oct-14	0.0019	0.001301	16,670,000	16,670,000
22-Sep-15	22-Sep-15	0.0011	0.001322	245,000,000	–
Total				643,470,000	398,470,000

At 31 December 2015 all of the 643,470,000 options outstanding were exercisable (2014: 398,470,000).

The weighted average exercise price of the options at the year end is £0.012.

The share options issued on 2 October 2014 are exercisable immediately and expire on 28 August 2024. It has been assumed that these will be exercised 12 months after the grant date.

The share options issued on 22 September 2015 are exercisable immediately and expire on 21 September 2025. It has been assumed that these will be exercised within one month after the grant date.

The fair values of new options granted were calculated using the Black-Scholes valuation model. The inputs into the model were as follows:

	2015	2014
Risk free rate	0.5%	0.5%
Share price volatility	116.9%	85.5%
Expected life	1 month	12 month
Share price at date of grant	£0.0014	£0.0016

Expected volatility was determined by calculating the historical volatility of the Tri-Star share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of £337,000 (2014: £21,000) relating to equity-settled share-based payment transactions during the year. These recognised expenses are not, and never will be, a cash cost to the Group but are merely an accounting charge to the income statement reflecting the theoretical cost to the Group if options are exercised in the future where the receipts from exercise are lower than if the same number of shares had been issued at the then prevailing market value.

## Notes to the Financial Statements

continued

### 15 Share based payments (Group and Company) continued

The following options are held by Directors who served at the year end:

Director	At the beginning of the year Number	Granted during the year Number	Exercised during the year Number	At the end of the year Number	Exercise price Pence
M Wellesley-Wood	–	50,000,000	–	50,000,000	0.11
J Quirk	12,750,000	–	–	12,750,000	1
	12,750,000	–	–	12,750,000	2
	18,750,000	–	–	18,750,000	3
	–	30,000,000	–	30,000,000	0.11
	44,250,000	30,000,000	–	74,250,000	
A Collins	12,750,000	–	–	12,750,000	1
	12,750,000	–	–	12,750,000	2
	18,750,000	–	–	18,750,000	3
	–	35,000,000	–	35,000,000	0.11
	44,250,000	35,000,000	–	79,250,000	
G Eastaugh	16,670,000	–	–	16,670,000	0.19
	–	100,000,000	–	100,000,000	0.11
	16,670,000	100,000,000	–	116,670,000	
<b>Total</b>	<b>105,170,000</b>	<b>215,000,000</b>	<b>–</b>	<b>320,170,000</b>	

### 16 Share capital (Group and Company)

	2015 £'000	2014 £'000
<b>Allotted, issued and fully paid</b>		
1,363,925,475 deferred shares of 0.1p (2014: 1,363,925,475)	1,364	1,364
856,547,275 deferred shares of 0.095p (2014: 856,547,275)	814	814
8,460,552,843 Ordinary shares of 0.005p (2014: 6,942,287,328)	423	347
	2,601	2,525

Following the issue of the 8,957,348 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 7 May 2015, the issue of the 1,366,357 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 21 July 2015, the issue of 1,500,000,000 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 5 August 2015, the issue of 4,308,090 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 2 October 2015 and the issue of 3,633,720 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 14 October 2015, there were 8,460,552,843 Ordinary Shares in issue (each of which are voting shares) as at 31 December 2015.

# Notes to the Financial Statements

continued

## 17 Financial risk management policies and objectives

The Group operates in a number of jurisdictions and has carried out transactions in Sterling, Turkish Lira, Canadian dollars, US dollars, UAE Dirhams and Omani Rials. The Group does not have a policy to hedge FX arrangements but where the amounts and timing of related transactions is reasonably certain will continue to keep this under review. The Group operates foreign currency bank accounts to help mitigate the foreign currency risk.

### Financial assets by category

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

Group	2015			2014		
	Loans and receivables £'000	Non financial assets £'000	Statement of financial position total £'000	Loans and receivables £'000	Non financial assets £'000	Statement of financial position total £'000
Trade and other receivables	130	18	148	57	60	117
Cash and cash equivalents	1,308	–	1,308	1,496	–	1,496
<b>Total</b>	<b>1,438</b>	<b>18</b>	<b>1,456</b>	<b>1,553</b>	<b>60</b>	<b>1,613</b>

Company	2015			2014		
	Loans and receivables £'000	Non financial assets £'000	Statement of financial position total £'000	Loans and receivables £'000	Non financial assets £'000	Statement of financial position total £'000
Trade and other receivables	87	13	100	3,780	20	3,800
Cash and cash equivalents	1,285	–	1,285	1,434	–	1,434
<b>Total</b>	<b>1,372</b>	<b>13</b>	<b>1,385</b>	<b>5,214</b>	<b>20</b>	<b>5,234</b>

### Financial liabilities by category

The IAS 39 categories of financial liability included in the statement of financial position and the headings in which they are included are as follows:

Group	2015			2014			Total £'000
	Other financial liabilities at amortised cost £'000	Liabilities carried at fair value £'000	Liabilities not within the scope of IAS 39 £'000	Other financial liabilities at amortised cost £'000	Liabilities carried at fair value £'000	Liabilities not within the scope of IAS 39 £'000	
Trade payables	14	–	–	14	102	–	102
Social Security and other taxes	–	–	41	41	–	–	21
Other payables	136	–	–	136	138	–	138
Accruals and deferred income	182	–	–	182	63	–	63
Host debt instrument	8,318	–	–	8,318	5,073	–	5,073
Financial derivative liability	–	1,100	–	1,100	–	626	626
Deferred tax liability	–	–	176	176	–	–	796
<b>Total</b>	<b>8,650</b>	<b>1,100</b>	<b>217</b>	<b>9,967</b>	<b>5,376</b>	<b>626</b>	<b>6,819</b>

# Notes to the Financial Statements

continued

## 17 Financial risk management policies and objectives continued

Company	2015			2014			Total £'000
	Other financial liabilities at amortised cost £'000	Liabilities carried at fair value £'000	Liabilities not within the scope of IAS 39 £'000	Other financial liabilities at amortised cost £'000	Liabilities carried at fair value £'000	Liabilities not within the scope of IAS 39 £'000	
Trade payables	10	–	–	10	88	–	88
Social Security and other taxes	–	–	40	40	–	–	19
Other payables	–	–	–	–	9	–	9
Accruals and deferred income	49	–	–	49	54	–	54
Host debt instrument	8,318	–	–	8,318	5,073	–	5,073
Financial derivative liability	–	1,100	–	1,100	–	626	626
Deferred tax liability	–	–	176	176	–	–	176
<b>Total</b>	<b>8,377</b>	<b>1,100</b>	<b>216</b>	<b>9,693</b>	<b>5,224</b>	<b>626</b>	<b>6,045</b>

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).

The derivative value element of the convertible loan has been classified as a Level 3 liability.

In accordance with IAS 32 and 39, since Tri-Star has a contractual right to deliver a variable number of shares, the conversion option qualifies as an embedded derivative.

### Credit risk

The Group and Company's principal financial assets are cash balances and other receivables. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned.

The Group and Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the statement of financial position date, as summarised below:

Group	2015 £'000	2014 £'000
Trade and other receivables	130	57
Company	2015 £'000	2014 £'000
Trade and other receivables	87	3,780

None of the amounts included in trade and other receivables are past due or impaired (2014: £nil).

# Notes to the Financial Statements

continued

## 17 Financial risk management policies and objectives continued

### Liquidity risk

The Group and Company seek 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 Group's financial liability analysis is as follows:

	Expiry date	2015 £'000	2014 £'000
Trade and other payables	Less than one year	150	240
Accruals and deferred income	Less than one year	182	63
Convertible loan – host debt element	Less than five years	8,318	5,073
<b>Total</b>		<b>8,650</b>	<b>5,376</b>

The Company's financial liability analysis is as follows:

	Expiry date	2015 £'000	2014 £'000
Trade and other payables	Less than one year	10	97
Accruals and deferred income	Less than one year	49	54
Convertible loan – host debt element	Less than five years	8,318	5,073
<b>Total</b>		<b>8,377</b>	<b>5,224</b>

### Foreign exchange risk

The Group operates in a number of jurisdictions and carries out transactions in Sterling, Turkish Lira, Canadian dollars, US dollars, UAE Dirhams and Omani Rials. The Group does not have a policy to hedge arrangements but will continue to keep this under review. The Group operates foreign currency bank accounts to help mitigate the foreign currency risk.

### Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group'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 Group's stability and growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group 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 group has limited external loan financing and is funded predominantly through equity.

The Group 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 Group 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.

# Notes to the Financial Statements

continued

## 18 Related party transactions

During the year ended 31 December 2015, the Company paid £20,000 (2014: £24,000) for Company Secretarial services and expenses to Kitwell Consultants Limited, a Company controlled by M Hirschfield.

During the year, the Company charged £109,653 (2014: £225,219) to Üç Yıldız (a subsidiary undertaking) for services provided and invoices paid on their behalf. At 31 December 2015 Tri-Star was owed £1,155,407 (2014: £1,045,754) from Üç Yıldız. This balance is fully provided in Tri-Star.

During the year, the Company was charged £2,349,267 by Tri-Star Union FZ-LLC (2014: a charge of £704,015 to Tri-Star Union FZ-LLC) for services provided and invoices paid on their behalf. At 31 December 2015, Tri-Star was owed £Nil (2014: £2,349,267) from Tri-Star Union FZ-LLC. Tri-Star Union FZ-LLC is a 90% owned subsidiary undertaking.

At 31 December 2015, Tri-Star was owed £Nil (2014: £14,813) in respect of the Golden Ridge Joint Venture. Golden Ridge Joint Venture is a joint venture in which the Group has a 60% interest.

During the year, the Company charged £379,169 (2014: £62,944) to Strategic and Precious Metal Processing LLC for invoices paid on their behalf, and invested a further £3,267,178. This amount was offset against Tri-Star's investment in the company. Strategic and Precious Metal Processing LLC is an associate company in which the Group has a 40% interest. Additionally Tri-Star Resources Plc sold the Roaster IP to SPMP for £2,592,353 (\$4,000,000) of which 60% has been taken into profit and loss on consolidation £1,555,412. There is a deferred payment of \$2,000,000 due to the Company, on successful completion of a pilot plant. This further \$2 million has not been recognised in the accounts.

During the year, the Company charged £Nil (2014: £2,237) to Tri-Star Antimony Canada Inc. for invoices paid on their behalf. At 31 December 2015, Tri-Star was owed £1,742,004 (2014: £1,419,512) by Tri-Star Antimony Canada Inc. Tri-Star Antimony Canada Inc. is a 100% owned subsidiary undertaking. This balance is fully provided in Tri-Star.

During the year the Company met certain of the Directors expenses. At the 31 December 2015 the balance due to B Spratley was £Nil (2014: £4,608).

## 19 Contingent assets (Group and Company)

Under the agreement to sell the Roaster IP to SPMP, there is a balance of US\$2 million due to be paid to Tri-Star. This payment is contingent upon the successful completion of a pilot plant. The Directors have determined not to accrue this deferred income. Therefore there is a contingent asset of US\$2 million at 31 December 2015 (31 December 2014: £Nil).

## 20 Operating lease commitments (Group and Company)

	Land and Buildings	
	2015 £000	2014 £000
Operating leases which expire:		
Less than one year	–	3
Greater than one year, less than five years	–	–



# Notes to the Financial Statements

continued

## 21 Transition to IFRS (Company)

The Company has adopted IFRS for the year ended 31 December 2015 and has restated the comparative figures.

The following reconciliations and explanatory notes thereto describe the effects of the transition to IFRS from the transition date to IFRS (1 January 2014) to the year ended 31 December 2014. All explanations should be read in conjunction with the accounting policies of Tri-Star Resources Plc.

The reconciling items refer to the accounting of the Convertible Loan Notes. Previously under UK GAAP the convertible element was not required to be valued, and the liabilities were included as capital plus accrued interest. Note 13 provides the details of the accounting under IFRS.

### Reconciliations of Statement of Financial Position

The Statement of Financial Position at 31 December 2014 can be reconciled to the accounts reported under GAAP as follows:

	31 December 2014		
	Previous GAAP £000	Effects of transition IFRS £000	Restated £000
<b>Non-current assets</b>			
Intangible assets	4,189	–	4,189
Property, plant and equipment	53	–	53
	4,242	–	4,242
<b>Current assets</b>			
Cash and cash equivalents	1,434	–	1,434
Trade and other receivables	3,800	–	3,800
<b>Total assets</b>	9,476	–	9,476
<b>Current liabilities</b>			
Trade and other payables	(97)	–	(97)
Income tax	(19)	–	(19)
Accruals and deferred income	(54)	–	(54)
Financial liability	–	(626)	(626)
<b>Non-current liabilities</b>			
Loans	(6,790)	1,717	(5,073)
Deferred tax	–	(176)	(176)
<b>Total liabilities</b>	(6,960)	915	(6,045)
Share capital	2,525	–	2,525
Share premium	13,179	–	13,179
Share based payment reserve	767	–	767
Retained equity	(13,955)	915	(13,040)
<b>Total equity</b>	2,516	915	3,431
<b>Total equity and liabilities</b>	9,476	–	9,476

# Notes to the Financial Statements

continued

## 21 Transition to IFRS (Company) continued

Statement of Financial Position at 31 December 2013 can be reconciled to the accounts reported under GAAP as follows:

	Previous GAAP £000	31 December 2013 Effects of transition IFRS £000	Restated £000
<b>Non-current assets</b>			
Intangible assets	5,017	–	5,017
Property, plant and equipment	70	–	70
	5,087	–	5,087
<b>Current assets</b>			
Cash and cash equivalents	2,037	–	2,037
Trade and other receivables	2,677	–	2,677
<b>Total assets</b>	9,801	–	9,801
<b>Current liabilities</b>			
Trade and other payables	(101)	–	(101)
Income tax	(9)	–	(9)
Accruals and deferred income	(78)	–	(78)
Financial liability	–	(1,234)	(1,234)
<b>Non-current liabilities</b>			
Loans	(3,961)	1,393	(2,568)
<b>Total liabilities</b>	(4,149)	159	(3,990)
Share capital	2,520	–	2,520
Share premium	13,162	–	13,162
Share based payment reserve	1,072	–	1,072
Retained equity	(11,102)	159	(10,943)
<b>Total equity</b>	5,652	159	5,811
<b>Total equity and liabilities</b>	9,801	–	9,801

The reconciliations of equity reported under previous GAAP to its equity under IFRS as at 31 December 2013 and 31 December 2014 may be summarised as follows:

	31 December 2014 £000	31 December 2013 £000
<b>Previous GAAP equity shareholder's funds</b>	2,516	5,652
Convertible loan	1,091	159
Deferred tax	(176)	–
<b>Restated equity shareholder's funds</b>	3,431	5,811

# Notes to the Financial Statements

continued

## 21 Transition to IFRS (Company) continued

### Reconciliation of statement of comprehensive income

Comprehensive income for the reporting period ended 31 December 2014 can be reconciled to the accounts reported under previous GAAP as follows:

	Previous GAAP £000	IFRS £000	Restated £000
Revenue	–	–	–
Cost of sales	–	–	–
<b>Gross profit</b>	–	–	–
Administrative expenses	(2,465)	–	(2,465)
Finance income	115	940	1,055
Finance expense	(829)	(8)	(837)
<b>Loss before tax</b>	(3,179)	932	(2,247)
Tax	–	(176)	(176)
<b>Loss for the year</b>	(3,179)	756	(2,423)
<b>Other comprehensive income</b>	–	–	–
<b>Total comprehensive loss</b>	(3,179)	756	(2,423)

Comprehensive income for the reporting period ended 31 December 2013 can be reconciled to the accounts reported under previous GAAP as follows:

	Previous GAAP £000	IFRS £000	Restated £000
Revenue	–	–	–
Cost of sales	–	–	–
<b>Gross profit</b>	–	–	–
Administrative expenses	(2,599)	–	(2,599)
Finance income	66	171	237
Finance expense	(213)	(12)	(225)
<b>Loss before tax</b>	(2,746)	159	(2,587)
Tax	–	–	–
<b>Loss for the year</b>	(2,746)	159	(2,587)
<b>Other comprehensive income</b>	–	–	–
<b>Total comprehensive loss</b>	(2,746)	159	(2,587)

## Notice of Annual General Meeting

Notice is given that the annual general meeting of the members of the Company will be held at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG, England at noon (BST) on 12 May 2016 for the purpose of considering, in accordance with section 656 of the Companies Act 2006, whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company are less than half its called up share capital. In addition, the meeting will consider and, if thought fit, pass the following resolutions.

Resolutions 1 to 4 will be proposed as ordinary resolutions and resolution 5 will be proposed as a special resolution.

### Ordinary resolutions

1. To receive the accounts and reports for the financial year ended 31 December 2015.
2. To re-elect Adrian Collins, who is retiring by rotation, as a director.
3. To reappoint Grant Thornton UK LLP as auditors of the Company and to authorise the directors to determine their remuneration.
4. That the directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (**CA 2006**) to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:
  - (a) up to an aggregate nominal amount of £141,009.21; and
  - (b) up to a further aggregate nominal amount of £141,009.21 provided that:
    - (i) they are equity securities (within the meaning of section 560(1) of CA 2006); and
    - (ii) they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record date as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date and to other holders of equity securities entitled to participate therein, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter,

provided that this authority shall expire at the earlier of the conclusion of the annual general meeting of the Company in 2017 or 31 December 2017, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot relevant securities be and are hereby revoked.

# Notice of Annual General Meeting

continued

## Special resolution

5. That, under section 570 CA 2006, the directors of the Company are authorised, in addition to any previous authorities, which shall continue to apply, to allot equity securities, as defined in section 560 CA 2006, wholly for cash for the period commencing on the date of this resolution and expiring on the date of the Company's next annual general meeting, as if section 561 CA 2006 did not apply to such allotment, except that the directors of the Company may allot relevant securities following an offer or agreement made before the expiry of the authority and provided that the authority is limited to:
  - 5.1 the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where their holdings are proportionate, as nearly as possible, to the respective number of ordinary shares held, or deemed to be held, by them, but subject to any exclusions or arrangements the directors think necessary or expedient for the purpose of dealing with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory; and
  - 5.2 the allotment of equity securities, otherwise than in accordance with paragraph 5.1, up to a maximum nominal value of £42,302, representing 10% of the existing issued share capital.

By order of the board

### **St James's Corporate Services Limited**

Company Secretary

Registered Office:  
Suite 31, Second Floor  
107 Cheapside  
London EC2V 6DN

Date: 14 March 2016

# Notice of Annual General Meeting

continued

## Notes to the notice of Annual General Meeting

### Appointment of proxies

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you must appoint your own choice of proxy (not the chairman) and give your instructions directly to the relevant person.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you must complete a separate proxy form for each proxy and specify against the proxy's name the number of shares over which the proxy has rights. If you are in any doubt as to the procedure to be followed for the purpose of appointing more than one proxy you must contact Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England. If you fail to specify the number of shares to which each proxy relates, or specify a number of shares greater than that held by you on the record date, your proxy appointments will be invalid.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting.

### Appointment of proxy using the hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, it must be:
  - 5.1 completed and signed;
  - 5.2 sent or delivered to the Company's registrars at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England; and
  - 5.3 received by Capita Asset Services no later than noon on 10 May 2016.
6. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
7. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
8. The Company, pursuant to regulation 41 of The Uncertificated Securities Regulations 2001 (SI 2001/3755), specifies that only those ordinary shareholders registered in the register of members at 6.00 p.m. on 10 May 2016 or, in the event the meeting is adjourned, in the register of members at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of ordinary shares in the capital of the Company registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

# Notice of Annual General Meeting

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## **Appointment of proxies through CREST**

9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RAI0) by noon on 10 May 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as are necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (SI 2001/3755).

## **Appointment of proxy by joint members**

13. In the case of joint holders of shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder (being the first named holder in respect of the shares in the Company's register of members) will be accepted.

## **Changing proxy instructions**

14. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut off time for receipt of proxy appointments specified in those paragraphs also applies in relation to amended instructions. Any amended proxy appointment received after the specified cut off time will be disregarded.
15. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Asset Services. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

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## **Termination of proxy appointments**

16. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
17. The revocation notice must be received by the Company no later than noon on 10 May 2016.
18. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph 19 below, your proxy appointment will remain valid.
19. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

## **Corporate representatives**

20. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

## **Documents available for inspection**

21. The following documents will be available for inspection at the registered office of the Company on any weekday) (except Saturdays, Sundays and Bank Holidays) during normal business hours from the date of this notice until the date of the meeting and at the place of the meeting for 15 minutes prior to and until the conclusion of the meeting: statement of transactions of Directors (and of their family interests) in the share capital of the Company and any of its subsidiaries; copies of the Directors service agreements and letters of appointment with the Company; the register of Directors interests in the share capital of the Company (maintained under section 809 of the CA 2006); and the articles of association of the Company.

## **Total voting rights**

22. As at 6.00 p.m. on 11 March 2016 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 8,460,552,843 ordinary shares of 0.005p each, 1,363,925,475 deferred shares of 0.1p each and 856,547,275 B deferred shares of 0.095p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 11 March 2016 is 8,460,552,843.

## **Communication**

23. Except as provided above, members who have general queries about the meeting should contact the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England.



# Notice of Annual General Meeting

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## Explanatory notes to the notice of Annual General Meeting

### 1. Directors' report and accounts (Resolution 1)

This resolution will be proposed as an ordinary resolution. The directors of the Company (the "directors") are required by the Act to present to the meeting the directors' and auditors' reports and the audited accounts for the year ended 31 December 2015. The report of the directors and the audited accounts have been approved by the directors, and the report of the auditors has been approved by the auditors, and a copy of each of these documents may be found in the annual report and accounts of the Company.

The value of the Company's net assets is less than half of its called-up share capital. In such circumstances, the Directors are required under section 656 of the Act to convene a general meeting of the Company for the purpose of considering whether any, and if so what, steps should be taken to deal with the situation. Accordingly, this matter will be discussed at the annual general meeting.

### 2. Director re-election (Resolution 2)

This resolution will be proposed as an ordinary resolution. Article 20.1 of the Company's articles of association states that at each annual general meeting one-third of the directors (or, if their number is not a multiple of three, the number of directors nearest to but not greater than one-third) must retire from office at the annual general meeting in every year. Accordingly, Mr A C Collins is retiring and offers himself for re-election under this provision.

Biographical details of all of the directors are set out on pages 10 and 11 of the annual report and accounts of the Company.

### 3. Appointment and remuneration of auditors (Resolution 3)

This resolution will be proposed as an ordinary resolution. This resolution proposes the appointment of Grant Thornton UK LLP as the auditors of the Company and, in accordance with standard practice, gives authority to the directors to determine their remuneration.

### 4. Authority to allot shares (Resolution 4)

This resolution will be proposed as an ordinary resolution. Resolution 4 enables the directors to allot Relevant Securities (including new ordinary shares). The maximum nominal amount of securities which the Board will have authority to allot pursuant to this resolution is £314,191.93 This amount is in line with the ABI Guidelines which recommend that the directors' authority to allot share capital be limited to a sum equal to two-thirds of the issued ordinary share capital plus the amount required in order to satisfy outstanding share options on condition that £141,009.21 (representing one-third of the Company's issued ordinary share capital). can only be allotted pursuant to a rights issue. Resolution 4 will, if passed, renew the similar authority to allot given to the directors at last year's Annual General Meeting.

### 5. Disapplication of pre-emption rights (Resolution 5)

This resolution will be proposed as a special resolution. Resolution 5 is required to authorise the directors to allot securities for cash subject to statutory pre-emption rights in favour of shareholders and to disapply statutory pre-emption rights on the allotment of a limited number of equity securities (including new ordinary shares). In light of the ABI Guidelines described in relation to resolution 4 above, this authority will permit the directors to allot:

- (a) shares up to approximately two-thirds of the Company's issued ordinary share capital on an offer to existing shareholders on a pre-emptive basis. However, unless the shares are allotted pursuant to a rights issue (rather than an open offer), the directors may only allot shares up to approximately one-third of the Company's issued ordinary share capital; and
- (b) shares up to a maximum nominal amount of £42,302, such amount equating to 10 per cent. of the aggregate nominal value of the issued ordinary share capital of the Company at the date of this notice.

The authority sought under resolution 5 will expire at the earlier of the conclusion of the annual general meeting of the Company in 2017 or 31 December 2017.

