

TRI-STAR RESOURCES PLC

(“Tri-Star” or the “Company”)

Results for the three month period ended 31 March 2014

Tri-Star (AIM: TSTR), the integrated antimony development company, is pleased to announce results for the three months ended 31 March 2014.

Result for the Period

In the three months to 31 March 2014, the Company recorded an operating loss of £641,000 (2013: £522,000) and a total comprehensive loss of £242,000 (2013: £590,000).

Business Review for the Period

Significant developments in 2014 have been as follows.

1. *Oman Based Roaster Project*

Post the end of the quarter, on 14 April 2014, the Company announced that it had entered into a shareholders agreement with its joint venture partners Oman Investment Fund and Castell Investments Ltd in respect of Strategic & Precious Metals Processing LLC (“SPMP”), a joint venture company which is intended will construct and operate a 20,000 tonne per annum nameplate capacity antimony metal and tri-oxide manufacturing roasting facility in the Sultanate of Oman (the “Roaster Project”).

SPMP is to be incorporated in the Sohar Free Trade Zone (“Sohar FTZ”) in Oman. The Sohar FTZ is being developed into a major regional and international hub for the downstream processing of metals and minerals. It is served with excellent logistical nodes, including its close proximity to the Port of Sohar, and low energy costs. SPMP is expected to enter into a land lease over a 22 hectare plot in Sohar FTZ in due course.

The Roaster Project remains subject to a number of conditions including securing banking finance and obtaining the necessary permits to operate the Roaster including environmental approvals.

2. *Canada*

On 7 February 2014, the Company announced an update on the exploration program carried out in late 2013 on the Bald Hill antimony property, which was acquired by Tri-Star as part of the acquisition of Portage Minerals Inc. (“Portage”) which completed in Q4 2013.

The additional exploration on the Bald Hill property was completed to meet annual work requirements to maintain the property in good standing. The Bald Hill deposit, one of the largest undeveloped antimony projects in Canada, is located within the Annidale Belt, approximately 40 kilometres northwest of Sussex, New Brunswick.

As detailed in that announcement, previous exploration surveys had defined a 1km long extension to the mineralized zone which remained open in all directions. Soil geochemical surveys in late 2013 demonstrated a potential further 1.5km southeast extension to the Bald Hill deposit. The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a mineral

resource and it is uncertain whether further exploration will result in the target being delineated as a mineral resource.

3. Turkey

Tri-Star's Turkey business unit comprises the evaluation and redevelopment of a historical artisanal mine in a known antimony belt in Göynük in the Murat Dagi mountains of western Turkey.

On 3 April 2014 the Company announced that part of the eastern part of the exploration area at Göynük had been upgraded to a mining licence. Further permitting will be required however in order for a mining and operations permit to be issued and for future mining operations to take place.

Outlook

The Company expects 2014 to be a period of significant advancement for the Company in its ambitions of becoming an integrated producer of antimony.

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TRI-STAR RESOURCES PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3 MONTHS ENDED 31 MARCH 2014

	<i>Notes</i>	Unaudited 3 months ended 31 March 2014 £'000	Unaudited 3 months ended 31 March 2013 £'000
Share based payments		(12)	(246)
Amortisation of intangible assets		(1)	(5)
Exploration expenditure and other administrative expenses		(628)	(271)
Total administrative expenses and loss from operations		(641)	(522)
Finance income		736	-
Finance cost		(163)	-
Loss before and after taxation, and loss attributable to the equity holders of the Company		(68)	(522)
Loss before and after taxation attributable to			
Non-controlling interest		(23)	-
Equity holders of the parent		(45)	(522)
Other comprehensive income			
Exchange differences on translating foreign operations		(174)	(68)
Other comprehensive (loss)/income for the period, net of tax		(174)	(68)
Total comprehensive loss for the year, attributable to owners of the company		(242)	(590)
Total comprehensive loss attributable to			
Non-controlling interest		(23)	-
Equity holders of the parent		(219)	(590)
Loss per share			
Basic and diluted loss per share (pence)	5	(0.00)	(0.01)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3 MONTHS ENDED 31 MARCH 2014

	Share capital	Share premium	Other reserves	Share based payment reserves	Translation reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2013 (audited)	2,441	9,118	(6,156)	1,659	97	(6,544)	615	-	615
Share based payments	-	-	-	246	-	-	246	-	246
Transactions with owners	-	-	-	246	-	-	246	-	246
Exchange difference on translating foreign operations	-	-	-	-	(68)	-	(68)	-	(68)
Loss for the year	-	-	-	-	-	(522)	(522)	-	(522)
Total comprehensive loss for the period	-	-	-	-	(68)	(522)	(590)	-	(590)
Balance at 31 March 2013 (unaudited)	2,441	9,118	(6,156)	1,905	29	(7,066)	271	-	271
Share based payments	-	-	-	167	-	-	167	-	167
Issue of share capital	79	4,076	-	(1,000)	-	987	4,142	-	4,142
Share placing costs	-	(32)	-	-	-	-	(32)	-	(32)
Transactions with owners	79	4,044	-	(833)	-	987	4,277	-	4,277
Exchange difference on translating foreign operations	-	-	-	-	(181)	-	(181)	-	(181)
Loss for the year	-	-	-	-	-	(2,052)	(2,052)	(173)	(2,225)
Total comprehensive loss for the period	-	-	-	-	(181)	(2,052)	(2,233)	(173)	(2,406)
Balance at 31 December 2013 (audited)	2,520	13,162	(6,156)	1,072	(152)	(8,131)	2,315	(173)	2,142
Fees paid by shares	-	5	-	-	-	-	5	-	5
Share based payments	-	-	-	12	-	-	12	-	12
Transactions with owners	-	5	-	12	-	-	17	-	17
Exchange difference on translating foreign operations	-	-	-	-	(174)	-	(174)	-	(174)
Loss for the period	-	-	-	-	-	(45)	(45)	(23)	(68)
Total comprehensive loss for the period	-	-	-	-	(174)	(45)	(219)	(23)	(242)
Balance at 31 March 2014 (unaudited)	2,520	13,167	(6,156)	1,084	(326)	(8,176)	2,113	(196)	1,917

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 31 March 2014	Audited 31 December 2013
ASSETS	<i>Notes</i>	£'000	£'000
Non-current			
Intangible assets		4,690	4,897
Property, plant and equipment		84	87
		<u>4,774</u>	<u>4,984</u>
Current			
Cash and cash equivalents		1,467	2,101
Trade and other receivables		98	87
		<u>1,565</u>	<u>2,188</u>
Total current assets		<u>1,565</u>	<u>2,188</u>
Total assets		<u>6,339</u>	<u>7,172</u>
LIABILITIES			
Current			
Trade and other payables		411	413
Financial liability	6	499	1,234
		<u>910</u>	<u>1,647</u>
Total current liabilities		<u>910</u>	<u>1,647</u>
Loans repayable after one year			
Loans	6	2,731	2,568
Deferred tax liability		781	815
		<u>4,422</u>	<u>5,030</u>
Total liabilities		<u>4,422</u>	<u>5,030</u>
EQUITY			
Issued share capital		2,520	2,520
Share premium		13,167	13,162
Share based payment reserve		1,084	1,072
Other reserves		(6,482)	(6,308)
Retained earnings		(8,176)	(8,131)
		<u>2,113</u>	<u>2,315</u>
Equity attributable to equity holders of the Company		<u>2,113</u>	<u>2,315</u>
Non-controlling interest		(196)	(173)
Total equity		<u>1,917</u>	<u>2,142</u>
Total equity and liabilities		<u>6,339</u>	<u>7,172</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3 MONTHS ENDED 31 MARCH 2014

	Unaudited 3 months ended 31 March 2014 £'000	Unaudited 3 months ended 31 March 2013 £'000
Cash flow from operating activities		
Continuing operations		
Loss after taxation	(68)	(522)
Amortisation of intangibles	1	5
Depreciation	7	6
Finance income	(1)	-
Finance cost	163	-
Fees paid by shares	5	-
Share based payments	12	246
Movement on fair value of derivatives	(735)	-
Decrease/(increase) in trade and other receivables	(11)	26
Increase/(decrease) in trade and other payables	(1)	(26)
Net cash outflow from operating activities	(628)	(265)
Cash flows from investing activities		
Finance income	1	-
Purchase of intangibles	-	-
Sale of property, plant and equipment	11	-
Purchase of property, plant and equipment	(9)	(9)
Net cash inflow/(outflow) from investing activities	3	(9)
Net change in cash and cash equivalents	(625)	(274)
Cash and cash equivalents at beginning of period	2,101	601
Exchange differences on cash and cash equivalents	(9)	-
Cash and cash equivalents at end of period	1,467	327

NOTES TO THE INTERIM REPORT

FOR THE PERIOD ENDED 31 MARCH 2014

1. GENERAL INFORMATION

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2013 have been completed and will be filed at Companies House in due course. The auditor's report on the annual financial statements was unqualified and did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company's ordinary shares are quoted on the AIM market of the London Stock Exchange and the Company applies the Companies Act 2006 when preparing its annual financial statements.

The annual financial statements for the year ended 31 December 2014 will be prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) and the principal accounting policies adopted remain unchanged from those adopted in preparing its financial statements for the year ended 31 December 2013.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

GOING CONCERN

The Directors have prepared cash flow forecasts for the period ending 30 June 2015. The forecasts identify unavoidable third party running costs of the Company and demonstrate that the Company has 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 interim financial statements. Further development of the Company's exploration and investment activities, including any direct investment in the Roaster Project, will continue as and when finance is available. Accordingly, the accounts have been prepared on a going concern basis.

3. SEGMENTAL REPORTING

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

The Group has not generated any revenues from external customers during the period.

In respect of the non-current assets, £64,000 (31 March 2013: £11,000 and 31 December 2013: £70,000) arise in the UK, and £4,710,000 (31 March 2013: £54,000 and 31 December 2013: £4,914,000) arise in the rest of the world.

4. TAXATION

Unrelieved tax losses of approximately £5.52 million (31 March 2013 £3.90 million, 31 December 2013: £5.09 million) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 March 2014 is £1,338,000 (31 March 2013: £923,000 31 December 2013: £1,239,000) 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.

5. LOSS PER SHARE

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

	Unaudited 3 months ended 31 March 2014 £'000	Unaudited 3 months ended 31 March 2013 £'000
Profit/(loss) attributable to owners of the Company after tax	<u>(68)</u>	<u>(522)</u>
	31 March 2014 Number	31 March 2013 Number
Weighted average number of ordinary shares for calculating basic loss per share	<u>5,258,064,875</u>	<u>5,256,880,018</u>
	31 March 2014 Pence	31 March 2013 Pence
Basic and diluted loss per share	<u>(0.00)</u>	<u>(0.01)</u>

Diluted earnings per share is the same as basic loss per share in each year because the potential shares arising under the share option scheme, share warrants and convertible bonds are anti-dilutive.

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

6. CONVERTIBLE SECURED LOAN NOTES

In 2013 Tri-Star issued Convertible Secured Loan Notes to Odey for £4.0 million (the "Convertible Bonds"). The Convertible Bonds were drawn down in two tranches of £1.33 million on 20 June 2013 and of £2.67 million on 27 September 2013. The Convertible Bonds 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. They are redeemable at 100% of their principal amount plus accrued interest on 19 June 2018 (unless otherwise previously redeemed or converted).

The Convertible Bonds are 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

As at 31 March 2014 and 31 December 2013, the conversion price stood at £0.0027 per Tri-Star ordinary share.

The carrying value of the host debt component of the Convertible Bonds at 31 March 2014 amounted to £2,731,000 (31 December 2013: £2,568,000, 31 March 2013: £Nil).

The conversion option (limited by the early repayment clause) is an embedded derivative treated as a liability at fair value through profit and loss. The fair value of the embedded derivative, calculated using the Black-Scholes option valuation model, was £499,000 (31 December 2013 £1,234,000, on issue: £1,405,000). The decrease in fair value in the period, amounting to £735,000, has been recorded in finance income in the Consolidated Income Statement for the period ended 31 March 2014 (31 December 2013 £171,000, 31 March 2013: £Nil).

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

Asset / (liability)	On Issue £'000	Profit and loss movement £'000	At 31 December 2013 £'000	Profit and loss movement £'000	At 31 March 2014 £'000
Carrying value of host debt instrument	(2,343)	(225)	(2,568)	(163)	(2,731)
Fair value of derivative	(1,405)	171	(1,234)	735	(499)
TOTAL	(3,748)	(54)	(3,802)	572	(3,230)

The movement in the carrying value of the host debt instrument relates to accrued interest. 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.

	31 March 2014	31 December 2013
"Spot Tri-Star" price, in £	0.0022	0.0028
"Strike" conversion price, in £	0.0027	0.0027
Maturity	31 December 2014	31 December 2014
Volatility	58%	58%
Number of shares	1,803,010,994	1,803,010,994

On issue the host debt instrument liability 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%.