TRI-STAR RESOURCES PLC

Management's Discussion and Analysis of Financial Condition and Results of Operations

for the year ended 31 December 2014

30 April 2015

Tri-Star Resources plc – Management's Discussion and Analysis

Management's Discussion and Analysis ("MD&A") is current to 30 April 2015 and is management's assessment of the operations and financial results together with future prospects of Tri-Star Resources plc ("Tri-Star" or the "Company"). This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended 31 December 2012, 2013 and 2014, prepared in accordance with International Financial Reporting Standards. The financial statements are presented in UK Pounds Sterling unless otherwise stated. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to the Company's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING AND CONTROLS

The audited Consolidated Financial Statements of the Company for the year ended 31 December 2014, and the comparative information for 2013, have been prepared by management of the Company ("Management") in accordance with International Financial Reporting Standards ("IFRS") and have been approved by the Company's Board of Directors (the "Board"). The integrity and objectivity of the unaudited Consolidated Financial Statements are the responsibility of Management. In addition, Management is responsible for ensuring that the information contained in this MD&A is consistent, where appropriate, with the information contained in the audited Consolidated Interim Financial Statements.

In support of this responsibility, Management maintains a system of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Company's assets are appropriately accounted for and adequately safeguarded. When alternative accounting methods exist, Management has chosen those methods it deems most appropriate in the circumstances. The audited Consolidated Interim Financial Statements may contain certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis to ensure that the audited Consolidated Interim Financial Statements are presented fairly in all material respects. The Board is responsible for ensuring that Management fulfils its responsibilities for financial reporting and internal controls. The Board carries out this responsibility principally through its audit committee. The audit committee is appointed by the Board and its members are not involved in the Company's daily operations. The audit committee meets periodically with Management and the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the Company's objectives and strategy, future financial or operating performance of the Company and its projects, exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining exploration and development, environmental risks, title disputes or claims and limitations of insurance coverage. All statements, other than statements of historical fact, constitute forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information is necessarily based on a number of estimates and assumptions that, while considered reasonable by the Company, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such assumptions and factors relate to, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; availability and cost of credit; fluctuations in interest rates; fluctuations in exchange rates; changes in planned parameters as plans continue to be refined; fluctuations in the market and forward prices of antimony or certain other commodities; possible variations of ore grade or recovery rates; failure of equipment; accidents and other risks of the mining exploration industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in the Report of Directors contained in the Company's 2014 Annual Report and the risk factors identified in the management information circular of Portage Minerals Inc. ("Portage") dated August 9, 2013.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Unless stated otherwise, forward-looking information contained herein is stated as of the date of this MD&A. Other than as required by applicable securities law, the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.

There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking information contained in this MD&A is qualified by these cautionary statements. Accordingly, readers should not place undue reliance on forward-looking information.

Any financial outlook or future-oriented financial information in this MD&A, as defined by applicable Canadian securities laws, has been approved by the Board as of the date of this MD&A. Such financial outlook or future oriented financial information is provided for the purpose of providing information about the Company's current expectations and plans relating to the future. Readers are cautioned that such outlook or information should not be used for purposes other than for which it is disclosed in this MD&A.

INTRODUCTION

The following discussion is Management's assessment and analysis of the results and financial condition of the Company and should be read in conjunction with the Company's 2014 and 2013 Annual Reports which can be accessed on the Company's website at www.tri-starresources.com.

COMPANY OVERVIEW AND STRATEGY

Tri-Star Resources plc is an independent mining and mineral processing company, which is quoted on the AIM market of the London Stock Exchange plc (Ticker: TSTR:LN), engaged in the exploration, mining and downstream value added processing for a minor metal - antimony (Sb).

Tri-Star is proceeding to design and construct the Oman Antimony Roaster Project (the "Roaster Project"), an antimony roaster with a capacity of 20,000 tonnes per annum of metal and a value-added downstream antimony trioxide (ATO) manufacturing facility in Oman, processing its own and third party concentrates.

The Roaster Project is being carried out by Strategic & Precious Metals Processing LLC ("SPMP"), an Omani company in which Tri-Star has a 40% interest.

The Company also has antimony exploration licenses in Turkey and in Canada (New Brunswick) and a mining permit in Turkey.

The Company's strategy is to be the leading integrated antimony metal and value added product manufacturer, utilising its modern and environmentally compliant roasting technology, located in Oman, with raw material supplied from its upstream resource projects as well as from third party sources of antimonal concentrates.

Antimony is an important minor metal with a wide range of industrial uses most notably as an additive in its trioxide form in flame retardant compounds particularly for printed circuit boards, computers and other electronic products. China has dominated antimony production for the last century and accounts for approximately 90% of the world supplies for the past decade according to reports by the US Geological Survey.

Tri-Star has a highly experienced management team with capabilities in exploration geology, mining, mineral processing, minor metal marketing and sales and finance.

In Western Turkey, the Company is advancing its mining and exploration antimony project. In addition, the Company is actively exploring for antimony at its Canadian permits.

The Company seeks to work to the highest environmental and social development standards in all of its activities, and have an internationally acceptable provenance on its products.

COMPANY HISTORY

Tri-Star (then Canisp plc) was re-admitted to trading on AIM in August 2010 by way of an acquisition of the Turkish company Üç Yildiz Antimon Madencilik İthalat Ve İhracat Sanayi ve Ticaret Anonim Şirketi ("Üç Yildiz") and the Company was re-named Tri-Star Resources plc. The principal activity of Üç Yildiz at that time was the holding of licences and permits in respect of the mining and exploration of mineral rights at the Göynük mine, located in the Gediz district of Turkey.

The Turkish company, Üç Yildiz was originally incorporated in Turkey in August 2007 and was majority owned by Mehmet Vehbi Eyi, a veteran commodity trader with over 40 years experience in trading minor metals, including antimony. Tri-Star owns 99% of Üç Yildiz, a company that owns all the licenses and permits at the Göynük site. The remaining 1% shareholding is owned by the members of the board of directors of Üç Yildiz resident in Turkey.

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.

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2014

Set out below are the highlights for the year to 31 December 2014:

- Shareholders’ Agreement signed in April 2014 with respect to the Oman joint venture company, Strategic & Precious Metals Processing LLC (“SPMP”)
- Formation and commercial registration of SPMP in Oman in June 2014
- Exploration update issued in July 2014 in respect of Bald Hill antimony deposit in New Brunswick, Canada
- In November 2014, notification of a fifth high grade antimony prospective trend with a four kilometre radius of Bald Hill

Subsequent significant events in 2015:

- SPMP signed facility offer letter with Bank Nizwa in February 2015
- Also in February 2015, SPMP obtained Provisional Environmental Permit
- Appointment of Mark Wellesley-Wood as Chairman in March 2015
- SPMP confirmed receipt of a third party engineering report in respect of the Roaster Project
- In April 2015, SPMP signed heads of agreement with Traxys Europe SA, appointing Traxys as SPMP’s nominated trading partner

Oman based Roaster Project

Background

In 2011, the Company began seeking partners in the Gulf Cooperation Council ("GCC") region to investigate the siting and construction of a antimony concentrate roasting facility designed to meet EU environmental and regional based standards, producing antimony ingot, ATO and related products.

The facility will have the capability to treat up to 40,000 tonnes per annum of antimony concentrates and direct shipping ores to produce up to 20,000 tonnes per annum of both antimony ingots and powdered ATO at high purity for sale to end users. The feedstock is designed around antimony sulphide concentrates supplied from either Tri-Star owned deposits or from purchases of third-party concentrates and ores from various international sources. When constructed, the proposed facility will be one of the first sizeable Western World antimony roasters designed to be fully compliant with modern environmental legislation, high recoveries and relatively low energy input costs.

Oman joint venture

The Company executed and announced, on 14 April 2014, the signing of a shareholders' agreement establishing a joint venture company, Strategic & Precious Metals Processing LLC ("SPMP"), to develop and build the roaster within the Port of Sohar Free Zone in the Sultanate of Oman. The joint venture company itself was formed on 25 June 2014 and is treated in the accounts as an associate. The Company has a 40% equity interest in SPMP and the other joint venture partners are Oman Investment Fund (which owns 40%) and Castell Investments Limited (which owns the remaining 20%).

Further to that announcement, the Company has worked with its joint venture partners to progress the legal, engineering and environmental due diligence work streams associated with the Roaster Project. The process, now well advanced, has moved to the finalisation of the associated documentation for the project investment and management. Whilst important tasks remain such as securing the banking finance and obtaining the necessary permits and licenses for the project commencement, an important milestone was reached in February 2015 when the Ministry of Environmental and Climate Affairs in Oman granted SPMP the required Provisional Environmental Permit.

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

- Signing of a Facility Offer Letter ("FOL") with Bank Nizwa, a bank based in Oman, to provide SPMP with a Sharia compliant facility of up to US$40 million to be advanced in Omani Rial. The FOL is subject to the bank's detailed terms and conditions including the entering into of a definitive facility agreement.

- Delivery of an engineering report to SPMP 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; and

- The signing by SPMP of heads of agreement with Traxys Europe SA, selecting Traxys as SPMP's nominated trading partner. In this role, Traxys will supply feedstock and provide offtake and related financing and other services to SPMP.

The total funding for SPMP is expected to amount to US$70 million, comprising US$20 million equity to be provided by the joint venture partners; US$40 million to be provided a senior debt facility and a US$10 million mezzanine loan facility from one of the other joint venture partners.

The Company continues to vigorously pursue finalising all the relevant agreements required in order to achieve a financial close of the Roaster Project and this remains Tri-Star's number one priority during 2015.

Canada

In October 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, which is the target of further exploration, 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 Antimony Canada has interests in two gold deposits, formerly held by Portage, both of which have NI 43-101 compliant resource estimates. The first of these, Golden Pike, which is 100% owned by Tri-Star Antimony Canada, has an inferred mineral resource of 214,800 tonnes grading 9.6 grams per tonne ("g/t") for 66,300 ounces of contained gold and the second, Golden Ridge, in which Tri-Star Antimony Canada has a 60% interest, has an inferred mineral resources of 17,780,000 tonnes at 0.91 g/t gold for 520,200 ounces of gold. Both of these gold projects continue to be viewed as non-core by the Company.

In November 2014, the Company provided an update of the ongoing exploration programs on the Bald Hill property which indicated multiple northeast-southwest antimony trends developing in the Bald Hill area. Tri-Star's 100% owned land package in the Bald Hill area consists of 891 claim units totalling 200 km2 and 35 kilometres in length. The Company has only explored a small portion of this large property and numerous historic showings of antimony have been found throughout the land package. Recent results demonstrate the emerging major Sb potential of the Bald Hill antimony project.

The Bald Hill Deposit, South Discovery and Bond Road trend areas are further described in the Bald Hill NI 43-101 Technical Report dated 28 October 2014 available on the Company's website further to the announcement dated 31 October 2014.

Turkey

Tri-Star's Göynük Project is a historical artisanal mine in a known antimony belt in the Murat Dagi 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 Uşak.

The property comprises a mining licence of 25 hectares and is within an exploration area of 780 hectares. A further exploration area was awarded in June 2011 contiguous to the East of the original area (Göynük East) of 685 hectares bringing the total exploration area holding to approximately 1,480 hectares. The historical mine workings are at approximately 1,200 metres to 1,310 metres elevation. The area is predominantly forestry land supervised by the Turkish Department of Forestry.

The Company has a Category 4 exploitation concession covering non-ferrous metals including the normal suite of base metals, minor metals (including antimony) and precious metals. The Göynük deposit is undeveloped other than by small scale artisanal workings in the visible high grade mineralised zones. A dump of the former mine production is located on site.

Additional information on the Göynük Project is contained in the technical report entitled "Technical Report on the Göynük Mine and Vicinity, Gediz Municipality, Kutahya Province, Turkey" dated July 31, 2013, with an effective date of June 19, 2012, prepared by Allan P. Juhas, Ph.D., CPG is available on the Company's website.

Funding

In August 2014, the Company completed a private placing of £2.0 million Convertible Bonds with Odey European Inc. 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., the Company's wholly owned subsidiary which holds all of the Company's Canadian assets. The Convertible Bonds are redeemable at 100% of their principal amount plus accrued interest and, unless previously redeemed, converted or cancelled, will mature on the fifth anniversary of the issue of the Convertible Bonds in June 2018. Further detail on the terms of the Convertible Bonds, and those previously issued in June 2013, is set out below.

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.

Foreign Issuer Status

As a result of the acquisition of Portage Minerals Inc. in October 2013, Tri-Star became a reporting issuer in certain provinces of Canada. Since 1 January 2015, Tri-Star is a "designated foreign issuer" in Canada under National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers.

Tri-Star is subject to the regulatory requirements of the AIM Market of the London Stock Exchange. As a designated foreign issuer, Tri-Star will satisfy its continuous disclosure obligations under Canadian securities laws (including any requirements relating to financial statements, information circulars and proxies) by complying with the regulatory requirements of the AIM Market of the London Stock Exchange.

Canadian Securities - Qualified Person

Brian Spratley, BSc EurIng CEng MIMMM, Technical Director of Tri-Star is a Qualified Person in compliance with National Instrument 43-101, *Standards of Disclosure for Mineral Projects* and has reviewed and approved the scientific and technical information in this MD&A.

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 Group's Roaster Project, 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 bonds 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 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 exploration and 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, 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.

Future prospects

Going forward, the remainder of the year is expected to be a period of significant advancement for the Company in its ambitions of becoming an integrated producer of antimony and in taking forward the Roaster Project through to financial close and into the construction phase.

FINANCIAL REVIEW AND SUMMARY OF RESULTS

Revenue

Given the early stage and exploratory nature of the Company's operations and projects the Company is not yet revenue generating.

Loss for the year

In the year to 31 December 2014, the Company recorded a loss before and after tax of £2,397,000 (2013: loss before and after tax of £2,747,000).

	12 Months to 31 Dec 2014 £'000	12 Months to 31 Dec 2013 £'000	12 Months to 31 Dec 2012 £'000
Share based payments	**(21)**	(413)	(846)
Amortisation of intangible assets	**(6)**	(16)	(19)
Exploration expenditure and other administrative expenses	**(2,255)**	(2,272)	(1,487)
Total administrative expenses and loss from operations	**(2,282)**	(2,701)	(2,352)
Share of loss in associated companies	**(221)**	-	-
Finance income	**944**	174	1
Finance cost	**(838)**	(220)	-
Loss before and after taxation, and loss attributable to the equity holders of the Company	**(2,397)**	(2,747)	(2,351)
Loss before and after taxation attributable to			
Non-controlling interest	**(62)**	(173)	-
Equity holders of the parent	**(2,335)**	(2,574)	(2,351)
Other comprehensive (expenditure)/income			
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations	**(104)**	(249)	(6)
Other comprehensive (expenditure)/income for the period, net of tax	**(2,501)**	(2,996)	(2,357)
Total comprehensive loss for the year, attributable to owners of the company	**(2,501)**	(2,996)	(2,357)
Total comprehensive loss attributable to			
Non-controlling interest	**(62)**	(173)	
Equity holders of the parent	**(2,439)**	(2,823)	(2,357)
Loss per share			
Basic and diluted loss per share (pence)	**(0.03)**	(0.05)	(0.05)

Net assets and non-current financial liabilities

	31 Dec 2014	31 Dec 2013	31 Dec 2012
	£'000	£'000	£'000
Non-current assets	**4,890**	4,984	65
Current assets	**1,613**	2,188	721
Total assets	**6,503**	7,172	786
Current liabilities	**(950)**	(1,647)	(171)
Financial liabilities greater than one year	**(5,869)**	(3,383)	-
Net (liabilities)/assets	**(316)**	2,142	615

Exploration assets included in non-current assets

	31 December 2014	**31 December 2013**	**Variance**	**Variance**
	£	**£**	**£**	**%**
Exploration assets - Bald Hill	**3,980,471**	**4,076,372**	(95,901)	-2%
Goodwill - Bald Hill	**796,000**	**815,000**	(19,000)	-2%
Licences – Göynük	**-**	**5,653**	(5,653)	-100%
Total	**4,776,471**	**4,897,025**	(120,554)	-2%

Share based payments
The Company 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 period ended 31 December 2014 of £21,000 (2012: £413,000) is determined by using a Black-Scholes valuation model. The key assumptions in the model involving a critical estimate are the share price volatility of 85.5% for options issued in 2013 (58% for options issued in 2013) 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 6 and 36 months after they have vested..

Amortisation of Intangible Assets
There are two exploration licences and one mining permit held by Üç Yildiz, the first attracted amortisation of £6,000 in the year to 31 December 2014 and £7,000 in 2013. The second was acquired in June 2011 at a cost of £29,000 and was fully amortised prior to the year to 31 December 2014, and attracted amortisation of £9,000 in 2013.

Administrative Expenses
The table below shows the detailed breakdown of administrative expenses for the years ended 31 December 2014 and 2013.

Administrative Expenses	12 Months to 31 December 2014 £	12 Months to 31 December 2013 £	Variance £	Variance %
UAE Rent	(72,777)	99,521	(172,298)	-173%
Roaster costs	456,555	565,491	(108,936)	-19%
Other exploration and evaluation costs (Göynük)	29,657	55,497	(25,840)	-47%
Other exploration and evaluation costs Bald Hill)	201,308	69,055	132,253	100%
Other exploration and evaluation costs (Stanley)	-	4,787	(4,787)	-100%
Directors' remuneration, salaries and employment costs	813,008	715,961	97,047	14%
Office, listing and other admin costs	825,156	477,998	347,158	73%
Acquisition costs	2,066	362,839	(360,773)	100%
Canadian extraordinary provision adjustment	-	(89,827)	89,827	-100%
Provision for VAT in Turkey	7,285	10,181	(2,896)	-28%
	2,262,258	2,271,503	(9,245)	0%

Material variations between 2014 and 2013 expenditure are detailed below.

UAE Rent
The lease for the land rented in the UAE since October 2011 has been relinquished. The results for 2014 reflect an overprovision in 2013.

Roaster costs
Roaster costs were £109,000 lower in 2014 compared with 2013, as the design of the Roaster neared completion.

Other exploration and evaluation costs (Göynük)
The Göynük site has been maintained during the year with no new exploration taking place, and the decrease in costs reflect this.

Other exploration and evaluation costs (Bald Hill)
Bald Hill was acquired with the Portage acquisition in October 2013 and the expenditure relates to a full year of maintaining claims.

Other exploration and evaluation costs (Stanley)
There was no material variation in the costs for Stanley.

Directors' remuneration, salaries and employment costs
The costs for 2014 reflect a full year on Canadian salaries compared to three months in 2013, and the appointment of G Eastaugh in June 2014.

Office, listing and other admin costs

The major variances in office, listing and other admin costs include increases in rent of £36,000, legal fees of £51,000, accountancy fees of £54,000, consultancy of £98,000 and sundry costs of £56,000. The rent has increased due to the full year of Canadian costs. Legal fees have increased due to the both the Canadian reporting requirements and former employee litigation. Accountancy charges reflect the cost of G Eastaugh prior to his joining the board.

Acquisition costs

Acquisition costs were £363,000 during 2013, relating to the acquisition of Portage.

Staffing

During the year to 31 December 2014 a total of 13 full time employees were employed by the Company (excluding non-executive directors). For the year to 31 December 2013 the total number was 12.

Cash flow and cash resources

Cash resources as at 31 December 2014 were £1,496,000 (31 December 2013: £2,101,000).

Summary of Quarterly Results

In £'000s	3 months ended 31 December 2014	3 months ended 30 September 2014	3 months ended 30 June 2014	3 months ended 31 March 2014	3 months ended 31 December 2013	3 months ended 30 September 2013	3 months ended 30 June 2013	3 months ended 31 March 2013
Loss from continuing operations attributable to the equity holders of the Company	(484)	(1,146)	(699)	(68)	(283)	(1,232)	(710)	(522)
Basic and diluted loss from continuing operations per share (pence)	(0.01)	(0.02)	(0.01)	(0.00)	(0.00)	(0.02)	(0.01)	(0.01)
Other Comprehensive income	(351)	14	407	(174)	(455)	180	94	(68)
Total comprehensive loss for the year, attributable to owners of the Company	(835)	(1,132)	(292)	(242)	(738)	(1,052)	(616)	(590)
Basic and diluted loss per share (pence)	(0.00)	(0.02)	(0.01)	(0.00)	(0.01)	(0.02)	(0.01)	(0.01)

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

The Company is not yet revenue producing and is reliant on funds raised from the placing of Ordinary Shares and other securities to finance its development requirements. Positive cash flows are expected to commence following funding, construction and successful commissioning of its various projects; however there is no guarantee that expenses will not exceed income particularly during the start-up phase. If this is the case, liquidity risk could be material, even with current cash resources.

The Company's cash balances are kept under constant review. The Company takes a very risk averse approach to management of cash resources and Management and the Board monitor events and associated risks on a continuous basis. Cash and cash equivalents were as follows:

	31 December 2014 (£000)	**31 December 2013 (£000)**
Cash and cash equivalents	1,496	2,101

The cash reduction for the year ended 31 December 2014 from operating activities was £2,342,000 with investing activities contributing a net outflow of £261,000, and financing activities contributing net cash proceeds of £2,005,000. The cash reduction for the year ended 31 December 2013 from operating activities was £2,590,000 with investing activities contributing a net outflow of £64,000 and financing activities contributing net proceeds of £4,216,000.

At 31 December 2013, the Company had £2,101,000 in cash and cash equivalents and its net current assets were £1,775,000 with total net assets of £1,894,000. At 31 December 2012, the Company had £601,000 in cash and cash equivalents, with net current assets of £550,000 and total net assets of £615,000.

Convertible Notes

The Company completed the private placing of £2.0 million secured Convertible Notes with Odey on 27 August 2014. This issue being in addition to the £4.0 million of secured Convertible Notes previously issued to Odey, in 2013. The Convertible 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 Company's wholly owned subsidiary which holds all of the Company's Canadian assets including the assets of Portage.

The Convertible Notes are redeemable at 100% of their principal amount plus accrued interest and, unless previously redeemed, converted or cancelled, will mature in June 2018.

The Convertible Notes are convertible at 100% of their principal amount plus accrued interest at the holder's option into Ordinary Shares of 0.005 pence each in the capital of the Company 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 business days following the issue of the conversion notice.

The Convertible Notes are not listed and are transferable.

Financial Instruments

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

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

Liquidity risk

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

Price risk

The Company is exposed to fluctuating commodity prices of antimony and the existence and quality of the antimony product within the licensed area. The Board 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 Company operates in a number of jurisdictions and carries out transactions in UK Pounds Sterling, Turkish Lira, Canadian dollars, US dollars, UAE Dirhams and Omani Rials. The Company does not have a policy of hedge arrangements but will continue to keep this under review. The Company operates foreign currency bank accounts to help mitigate the foreign currency risk.

OUTLOOK

Management continues to pursue the Company's strategy of being an environmentally-compliant, vertically integrated antimony production company. See 'Cautionary Note Regarding Forward Looking Information' for a description of the factors that may cause actual results to differ from forecast.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2014, the Company paid £24,000 (2013: £24,085) for Company Secretarial services and expenses to Kitwell Consultants Limited, a Company controlled by M Hirschfield.

During the year, the Company charged £225,219 (2013: £201,960) to Üç Yildiz (a subsidiary undertaking) for services provided and invoices paid on their behalf. The company increased its investment in Uc Yildiz by £848,911 during the year which was offset against amounts owed by Uc Yildiz. At 31 December 2014 Tri-Star was owed £1,045,754 (2013: £1,669,446) from Üç Yildiz. This balance is fully provided in Tri-Star.

During the year, the Company charged £704,015 (2013: £1,118,289) to Tri-Star Union FZ-LLC for services provided and invoices paid on their behalf. At 31 December 2014, Tri-Star was owed £2,349,267 (2013: £1,645,252) from Tri-Star Union FZ-LLC. Tri-Star Union FZ-LLC is a 90% owned subsidiary undertaking.

At 31 December 2014, Tri-Star was owed £14,813 (2013: £15,170) 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 £62,944 (2013: £Nil) to Strategic and Precious Metal Processing LLC ("SPMP") for invoices paid on their behalf. This amount was offset against Tri-Star's investment in SPMP. SPMP is an associate company in which the Group has a 40% interest.

During the year the Group paid £36,750 (2013: £30,000) for accountancy services to Sirius Petroleum Plc, a company of which M Hirschfield was a director until 30 September 2013.

During the year the Company met certain of the Directors expenses. At 31 December 2014 the balance due to B Spratley was £Nil (2013: £Nil), balance due to E Eyi £4,096 (2013: £4,096).

At 31 December 2014 £Nil was owed to Directors in respect of fees, (31 December 2013:A Collins £6,000, B Spratley £10,376, J Quirk £2,667, M Hirschfield £1,000, J Trusted £1,000).

All the above transactions having taken at an exchange amount equivalent to parity for the cash consideration.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 critical accounting judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are set out below:

Going Concern

The Group has not earned revenue during 2014 as it is still in the exploration and development phases of its business. Therefore, the operations of the Group are currently being financed from funds which the Company raises from private and public placings of its shares, convertible bonds and other finance sources.

The Directors have prepared cash flow forecasts for the period ending 30 April 2016. The forecasts identify unavoidable third party running costs of the Group and demonstrate that subject to being able to raise additional funds from the issuance of new equity and/or asset sales, 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. The Directors are confident that despite this material uncertainty, such new funds will become available to the Group on economic terms given the advanced state of discussions concerning the Oman Antimony Roaster Project and so, accordingly, the accounts have been prepared on a going concern basis.

Share based payment transactions

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 2014 of £21,000 (2013: £56,000) is determined by using a Black-Scholes valuation model, using the assumptions detailed in note 13. The key assumptions in the model involving a critical estimate are the share price volatility of between 58% and 86% 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 6 and 36 months after they have vested.

Services received from external consultants are measured at their fair values, with a charge of £Nil (2013: £357,000) recognised in the financial statements for the year ended 31 December 2014.

Other intangible exploration asset valuation

Tri-Star carries on its balance sheet an exploration asset arising from the acquisition of Portage Minerals Inc. during 2013. The exploration asset was deemed to have been acquired at fair value and has not been amortised as actual exploitation or material development of the asset have yet to commence. The exploration asset is required to be reviewed for impairment if the Directors judge that there are any indications that the carrying amount exceeds the recoverable amount. Discounted cash flow analyses prepared by the Company with respect to the economic value of the exploration asset continue to demonstrate, to the Directors' satisfaction, that no impairment of the exploration asset is required.

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 2014. The Directors will continue to asses 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 Bonds 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.

The fair value of the derivative liability embedded in the Convertible Bonds 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 bonds will be exercised on 31 December 2015. The share price volatility is 102% which was based on historic volatility.

- An exercise price of 0.27p being the exercise price which would have applied on 31 December 2014 and a share price of 0.12p being the market share price at that time.

- The effects of potential dilution were not factored.

In valuing the derivative component of the Convertible Bonds, the Directors have assumed a conversion price of 0.27p which represents the current conversion price of the Convertible Bonds. The conversion price may be varied in the future as it is based on the most recent equity fund raising undertaken by the Company at the time of conversion. The Company raised £500,000 in May 2013 at a price of 0.30p, which when applying the 10% discount mandated by the Convertible Bond instrument, provides for a conversion price of 0.27p. The Directors believe that until a further fund raising is undertaken the current conversion price represents the most appropriate basis on which to base valuation of the Convertible Bonds.

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

The Directors believe that the Convertible Bond is likely to be subject to conversion during the life of the Bond and that it is unlikely that the Convertible Bond will run to term. Conversion is not in the control of the Company but it is the Directors expectation that the Convertible Bond is 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 2015 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 2014. 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 valuation model as the valuation has been based on Tri-Star's share price immediately after the Convertible Bond was issued. The Directors believe that the post announcement share price would have incorporated the potential dilution effect of the Convertible Bond on Tri-Star's share capital as a whole and therefore the dilution impact has not been considered again when the option was valued.

Goodwill valuation

Goodwill arising on the acquisition of Portage Minerals Inc. was calculated as being the difference between the purchase cost and the provisional value of the net assets acquired. Goodwill was reviewed for impairment at 31 December 2014.

In accordance with International Financial Reporting Standards the directors have assessed the carrying value of the goodwill with reference to the fair value less costs to sell. Given the intangible exploration asset held in Canada as a result of this acquisition remains at the same fair value as when acquired, the Directors do not consider this goodwill to be impaired.

SECURITIES OUTSTANDING

As at the date of this MD&A the following securities are outstanding:

Classification	**Shares issued or issuable**	**Weighted average exercise price (£)**
Ordinary Shares	6,942,287,328	-
Options	398,470,000	0.01916
Warrants[1]	5,000,000	0.02
Deferred Shares (A)	1,363,925,475	-
Deferred Shares (B)	856,547,275	-

The options and warrants are all in respect of Ordinary Shares carrying full voting rights, with each option and warrant exercisable for one Ordinary Share. The deferred shares have no voting rights and are not eligible for dividends.

Additional information relating to the Company is on the Company's website at www.tri-starresources.com and on SEDAR at www.sedar.com under the Company's profile.