TRISTAR RESOURCES

Tri-Star Resources Plc

Annual Report and Financial Statements

for the year ended 31 December 2012

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Contents

Company Information

Company registration number	04863813
Registered office	16 Great Queen Street London WC2B 5DG
Directors	**Adrian Collins** **Emin Eyi** **Michael Hirschfield** **Jonathan Quirk** **Brian Spratley** **Jocelyn Trusted**
Secretary	**Kitwell Consultants Limited**
Nominated adviser	**Strand Hanson Limited** 26 Mount Row London W1K 3SQ
Joint brokers	**SP Angel Corporate Finance LLP** Prince Frederick House 35-39 Maddox Street London W1S 2PP **Keith, Bayley, Rogers & Co. Limited** 2nd Floor Finsbury Tower 103-105 Bunhill Row London EC1Y 8LZ
Registrars	**Capita Registrars** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Bankers	**Lloyds TSB Bank Plc** PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS
Solicitors	**Fladgate LLP** 16 Great Queen Street London WC2B 5DG
Auditors	**Grant Thornton UK LLP** Statutory Auditors Chartered Accountants Colmore Plaza 20 Colmore Circus Birmingham B4 6AT

Highlights

for the year ended 31 December 2012

Tri-Star Resources Plc ("**Tri-Star**" or the "**Company**") (AIM:TSTR), the integrated antimony development company, is pleased to announce its final results for the year ended 31 December 2012.

During the year the Company made significant progress in further developing both its antimony deposit in Goynuk in Turkey and its antimony roaster facility in the Gulf (the "**Roaster Project**"). Since the year end, the Company also announced a number of additional strategic, financial and operational advancements.

Set out below are highlights for the year to 31 December 2012 and post the year end.

- Emin Eyi appointed as Managing Director in January 2012, bringing significant additional expertise and drive to the Company's development.
- GBM Mineral Engineering Consultants Limited ("**GBM**") published an independent preliminary engineering report and cost benefit analysis of the 20,000 tonne per annum Gulf Based Roaster Project, which concluded that the project was financially viable with a net present value of over US$240 million and an internal rate of return over 40% under GBM's base case assumptions.
- Subsequent to the year end, Ras Al-Khaimah Holding ("**RAK Holding**"), a 100% owned subsidiary of Union International Holding Group ("**Union**"), informed the Company that it had completed and obtained the preliminary land lease agreements, industrial zoning, essential permits for operating export & import licenses, preliminary environmental no objection certificate and secure gas allocation. Accordingly, in May 2013, the Company issued 300 million new ordinary shares to RAK Holding under the terms of the shareholders' agreement.
- In addition, RAK Holding has indicated its intention to exercise its option to increase its interest in the Roaster Project company, Tri-Star Union FZ LLC ("**Tri-Star LLC**"), to 49.99%, which is expected to occur during July 2013. The Environmental Impact Assessment for the Roaster Project has also been filed with the environmental authorities in Ras Al-Khaimah.
- In June 2012, the Company published a geological report on its Goynuk deposit prepared by Behre Dolbear. Based on a new geological model, this identified mineralisation, categorised as an exploration target, of 350,000 tonnes with a grade averaging between 1% and 3% antimony metal.
- During the year the Company received an environmental permit to commence small scale processing at Goynuk and, subject to concluding ongoing financing discussions, intends to commence small scale mining and processing of the former mine dumps in the first quarter of 2014.
- Since the year end, the Company has entered into a non-binding letter of intent ("**LOI**") for the acquisition of Portage Minerals Inc. ("**Portage**") for an all-share consideration of 1,086 million ordinary shares (valued at approximately £3.04 million based on the Company's current share price) ("**Acquisition**"), which will bring additional Canadian antimony and gold deposits into the Company. Due diligence on Portage is progressing well.
- The Company completed a placing during the year to raise gross proceeds of £1.26 million and a further placing completed on 10 May 2013 to raise gross proceeds of £0.5 million.
- The Company has today completed a private placing of £4.0 million secured convertible bonds due June 2018 ("**Convertible Bonds**") with Odey European, Inc. ("**Odey**"). The funds will be used to help provide finance for the Acquisition, a proportion of the Company's share of the Roaster Project and for other working capital purposes.

Chairman's Statement

for the year ended 31 December 2012

I am pleased to present this report outlining the achievements of the Company during 2012 and the further progress made since the year end towards achieving the Company's strategy to be an environmentally compliant, vertically integrated antimony producer.

Throughout 2012, the Company continued to progress the Roaster Project. The GBM report published in February 2012 has confirmed its technical and financial viability and the majority of the engineering design work has now been completed. Negotiations continue with a number of interested parties in relation to the funding of the Gulf Based Roaster Project and discussions have commenced with contractors in relation to the construction of the roaster. The target is to commence site preparation and construction of the facility during 2014 with the aim of commissioning the Roaster Project by 2016.

We welcome the continued support and commitment of RAK Holding, as evidenced by their notice to exercise an option to increase its holding in Tri-Star LLC from 10% to 49.99%, which is expected to occur during July 2013. In addition, under the Tri-Star LLC shareholders' agreement, the Company issued 300 million ordinary shares in the Company to RAK Holding in May 2013 in consideration for it having secured various operating licences and permits relating to the Roaster Project and the full Environmental and Social Impact Assessment has recently been submitted to the Ras Al-Khaimah Environmental Protection and Development Authority.

We have also taken an important step to secure feed-stock for the Roaster Project through the proposed acquisition of Portage, which is subject to, inter alia, completion of due diligence and formal documentation and the requisite shareholder approvals being obtained. Together with the Company's existing antimony deposit in Goynuk, Turkey, and its Canadian exploration permits, the Acquisition creates a strong nexus of production for the future to feed the Roaster Project with high quality antimony concentrates.

Having secured a small scale operating permit in the year, the Company has taken the decision to commence dump material treatment at its Goynuk mine in Turkey ahead of the roaster completion. Subject to financing, it is intended that operations will commence in the first quarter of 2014.

I am also pleased to confirm that the Company has secured additional funding through a private placing of Convertible Bonds with Odey. The Convertible Bonds will be drawn down in two tranches, with the first £1.33 million being drawn down immediately and the balance to be drawn down by 31 January 2014. Further details of the terms of the Convertible Bonds are set out in the Managing Director's Report. The Convertible Bonds issue provides the Company with significant additional financial stability and strength and the proceeds will be used to complete the Acquisition and meet other working capital requirements, and in conjunction with other funding sources, to finance the Company's share of the Roaster Project.

In the year to 31 December 2012, the Company recorded a loss before and after tax of £2,351,000 (year ended 31 December 2011 loss after tax £2,538,000).

Share based payments (non cash item) amounted to £846,000, compared with £572,000 in the previous year and the exploration expenditure and other administrative expenses were £1,487,000 in the period compared with £1,925,000 the previous year. The board of directors of the Company (the "**Board**") does not recommend that a dividend is paid at this time.

I would like to thank the management team and other employees for their efforts and successes over the last year. The Company has made very substantial progress, both in developing the Roaster Project and in its upstream development, and is now poised to take advantage of this by securing the roaster funding, completing the Portage acquisition and commencing small scale mining in Turkey. It promises to be a busy next 12 months.

Adrian Collins
Chairman

19 June 2013

Managing Director's Statement

for the year ended 31 December 2012

Our strategy is to become an environmentally compliant, vertically integrated antimony production company. I am pleased to report on the Company's achievements towards this strategy since my appointment as Managing Director in January 2012.

Turkey

In January 2012, the Company reported the results of drilling conducted at its Goynuk mine in Turkey over the prior winter months, with emphasis on extensions to the east and the known mine workings. These were reported in February and included some impressive intercepts, including hole GOY 11065 that encountered 7.1% antimony ("**Sb**") over 4.7 metres.

Metallurgical testwork was conducted by independent consultants on the Goynuk mineralisation and overall processing recoveries of 93% were reported, producing a concentrate grade of 61% Sb using both gravity and froth flotation.

In June 2012, the Independent Geological Report from Behre Dolbear was published. The report described a new geological model for the Goynuk deposit. This was a VMS Kuroko style deposition model. It identified mineralisation classified as an exploration target of 350,000 tonnes with grades from 1% Sb to 3% Sb. The model opened up areas of interest around the mine not previously tested as areas for future exploration activity.

The Company has also acquired freehold land of 0.8 hectares adjacent to its Goynuk mine and plans to construct a small scale processing facility to treat the existing surface dump material. The Company has a permit to treat 14,400 tonnes per annum of ore from dumps which contain approximately 75,000 tonnes of material grading on average 2.25% Sb. The Company is negotiating a pre export production loan facility from an industrial trader in order to fund the start up of this small scale production. Subject to funding, the plant is expected to be in operation by the end of the first quarter of 2014.

Gulf Based Roaster Project in UAE

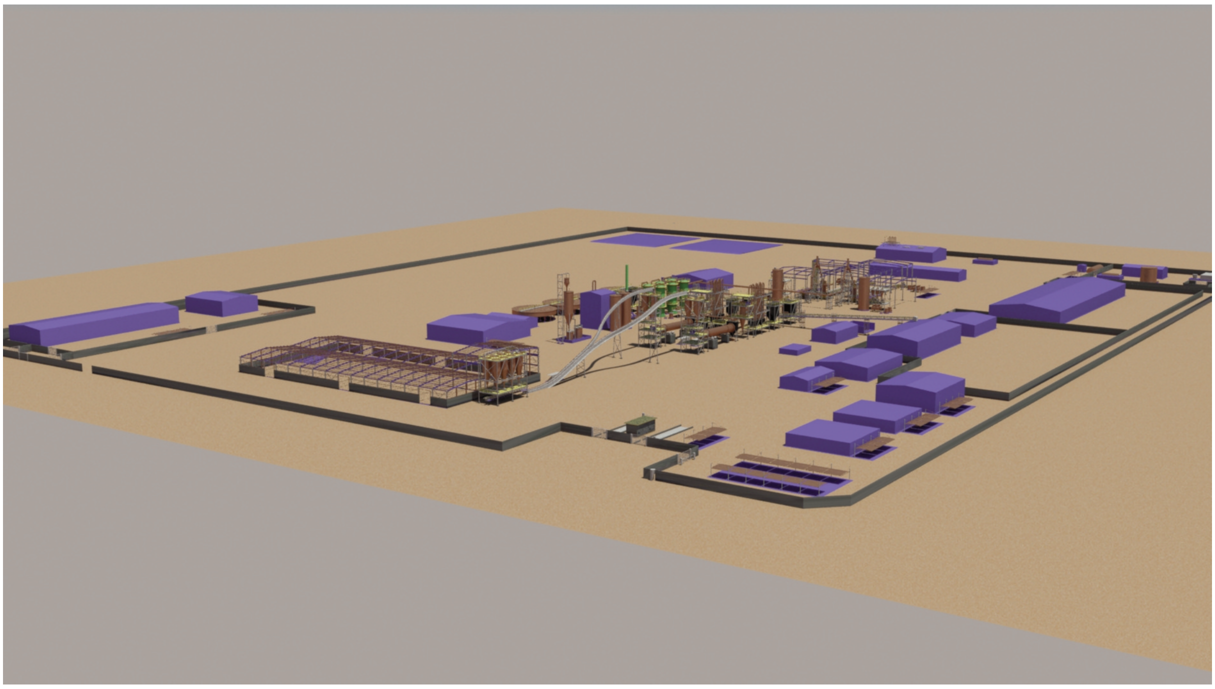
In February 2012 the Company received the GBM independent preliminary Engineering Report and Cost Benefit Analysis on the proposed 20,000 tonne per annum name plate capacity antimony Gulf Based Roaster Project. The report estimated a capital cost of US$60 million for the facility and, under the base case assumptions, indicated an internal rate of return of 41%, a net present value of US$241.5 million and full year earnings before interest, depreciation and tax of US$59.6 million. Since then, the technical team has been advancing the engineering and design of the project in order to bring it to the stage of engaging with qualified engineering, procurement and construction contractors to build and commission the plant.

In May 2013, the Company completed and submitted the Roaster Project's Environmental and Social Impact Assessment to the Environmental Protection and Development Authority in Ras Al-Khaimah in the UAE. The Company prepared the report based on the base line data collected from the site in the Al Ghail Industrial park.

Managing Director's Statement

continued

A 3D rendered image for the project site is shown below:



A 3D rendered image of the plant is shown below:

Managing Director's Statement

continued

Subsequent to the year end, RAK Holding, the Company's partner on the Roaster Project, informed the Company that it had completed and obtained the preliminary land lease agreements, industrial zoning, essential permits for operating export & import licenses, preliminary environmental no objection certificate and secure gas allocation. Accordingly, in May 2013, the Company issued 300 million new ordinary shares to RAK Holding under the terms of the shareholders' agreement in consideration for these services.

RAK Holding also notified the Company that it wished to exercise its option to increase its holding in the capital of the Roaster Project company, Tri-Star LLC, from 10% to 49.99%. In addition, RAK Holding has the right to appoint a representative to the Tri-Star Board.

The Company has held progressive discussions with potential investors in the Gulf to secure funding for the Roaster Project. These discussions are on-going.

Proposed Acquisition of Portage

In May 2013, the Company announced that it had entered into a LOI for the Acquisition of Portage, which is to be effected through the issue of 1,086 million ordinary shares upon completion of the Acquisition. At the current share price for the Company, this implies an acquisition consideration of approximately £3.04 million. The Acquisition is, inter alia, conditional upon the completion of due diligence, which is progressing well, and formal documentation and the requisite shareholder approvals being obtained.

Portage is a mineral exploration corporation which explores for antimony and gold in Eastern Canada. The common shares of Portage currently trade on the Canadian National Stock Exchange ("**CNSX**") under the trading symbol "RKX".

Portage owns the Bald Hill deposit, which is one of the largest undeveloped antimony projects in Canada. It is estimated to contain 30,000 to 40,000 tonnes of contained antimony. In addition, Portage has interests in two gold deposits, both of which are NI 43-101 compliant. The first of these, Golden Pike, which is 100% owned by Portage, has 66,300 ounces of gold at an average grade of 9.6 grams per tonne ("**g/t**") and the second, Golden Ridge, in which Portage has a 60% interest, has 520,200 ounces of gold at an average grade of 0.91 g/t. Both of these gold projects are viewed as non-core by the Company.

Pursuant to the LOI, the Company has agreed to pay an exclusivity fee of CDN$50,000 (£32,000) immediately and then from 1 June 2013, to make monthly exclusivity payments of CDN$25,000 (£16,000) to Portage. A further payment of CDN$85,000 (£54,000), which will be satisfied by the issue of 14 million ordinary shares to Portage, will be made upon completion of the Acquisition. Exclusivity has been extended to 31 July 2013 to allow the Company to complete the required due diligence and enter into a binding agreement. Should Portage complete an equivalent transaction to the Acquisition with another party, Portage has agreed to pay Tri-Star a break fee of CDN$500,000 (£318,000).

Upon completion, Tri-Star will assume the liabilities of Portage, which are currently expected to consist of short term liabilities of CDN$400,000 (£255,000) and long-term liabilities of CDN$660,000 (£420,000). Under the terms of the LOI, on completion of the Acquisition, the Company is required to make a cash contribution of US$300,000 (£192,000) to satisfy short term liabilities together with issuing a further 20 million ordinary shares to Portage to satisfy additional short term liabilities of CDN$100,000 (£64,000).

On Completion of the Acquisition, it is intended that Ken Hight, Chairman and CEO of Portage, will join the Board of the Company as an Executive Director.

Managing Director's Statement
continued

Funding
The Company has today completed a private placing of £4.0 million Convertible Bonds with Odey. The Convertible Bonds will be drawn down in two tranches, with the first £1.33 million being drawn down immediately and the balance to be drawn down by 31 January 2014. 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 which, subject to completion of the Acquisition, will also include the assets of Portage.

The Convertible Bonds will be issued and 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.

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:

(i) the latest equity funding round completed prior to the issue of the conversion notice; and

(ii) any equity funding round completed within 10 business days following the issue of the conversion notice.

The Company also completed two equity placings. In July 2012 it raised £1.26 million by way of the issue of 223,532,743 ordinary shares at a price of 0.565 pence and in May 2013 it raised a further £0.5 million through a placing of 166,666,670 ordinary shares at a price of 0.30 pence.

These fundings place the Company in a strong financial position and will assist it in completing the funding for the Roaster Project, closing the Portage Acquisition and providing general working capital.

Other
In July 2012, the Company signed a technical agreement with RDP Singapore with respect to certain antimony projects in Myanmar (Burma), initially providing technical expertise to RDP Singapore which is performing geological and metallurgical work for these antimony projects.

Myanmar has a very rich mineral record but is relatively under explored. The geology of the region has the potential to host world class metal deposits and there are over 30 known antimony occurrences recorded in the country. This technical collaboration and discussions with other antimony deposit owners around the world are on-going.

The Company has launched an antimony project portal, www.antimonyworld.com, which currently has recorded over 300 antimony occurrences and includes detailed property name, commodity type and location of over 125 antimony deposits worldwide.

Future prospects
Going forward, we expect the remainder of 2013 and 2014 to be a period of significant advancement for the Company in its ambitions of becoming an integrated producer of antimony.

Emin Eyi
Managing Director

19 June 2013

Report of the Directors

for the year ended 31 December 2012

The Directors present their annual report together with the audited consolidated financial statements of Tri-Star Resources Plc ("Tri-Star") and its subsidiaries (the "Group") for the year ended 31 December 2012.

Principal activity

The principal activities of the Group are the identification, development and mining of antimony resources in Turkey and Canada and the design and construction of the antimony roaster project in the Gulf.

Domicile and principal place of business

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

Business review

The results of the Group are shown on page 26. The Directors do not recommend the payment of a dividend.

A review of the performance of the Group and its future prospects is included in the Chairman's Statement and the Managing Director's Statement on pages 4 to 8.

As the Group has not undertaken any trade in the year it has no key financial performance indicators.

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 mining activities, its roaster project in the Gulf 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, and other financial liabilities. The main purpose of these financial instruments is to raise finance 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 and US dollars. 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.

Report of the Directors

continued

Directors

The membership of the Board is set out below.

Adrian Collins
Emin Eyi (appointed 4 January 2012)
Brian Spratley
Michael Hirschfield
Jonathan Quirk
Jocelyn Trusted
Mehmet Eyi (resigned 4 January 2012)

Substantial shareholdings

Interests in excess of 3% of the issued share capital of the Company, which had been notified as at 6 June 2013 were as follows:

	Number of ordinary shares of 0.005p each	**Percentage of capital %**
Emin Eyi	1,560,000,000	27.26
Cemile Eyi	800,000,000	13.98
TD Wealth Institutional Nominees	699,482,559	12.22
Vehbi Eyi	500,000,000	8.74
HSBC Global Custody Nominee (UK)	456,750,000	7.98
Ras Al-Khaimah Holding Limited*	353,000,000	6.17

Note: *Ras Al Khaimah Holding Limited ("RAK Holding") is a wholly owned subsidiary of Union International Holdings Group.

Payment to suppliers

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code dealing specifically with the payment of suppliers.

In view of the current low level of trading of the Group, the number of average days supplies for the year represented by trade payables at the year end has not been calculated at either 31 December 2012 or 31 December 2011. Similarly, the number of days of average supplies for the year represented by the Company's trade payables at either year end have not been calculated.

Report of the Directors

continued

Details of Directors

Adrian Collins (Non-executive Director)
Adrian Collins, aged 59, has worked in the fund management business for over 35 years, a large part of which was at Gartmore Investment Management where latterly, he was Managing Director. He has held a number of positions in the Fund Management industry over the years and is currently Chairman of Liontrust Asset Management and Bahamas Petroleum plc. He is also on the boards of City Natural Resources High Yield Trust plc, New City High Yield Fund and a number of other companies both in the UK and overseas.

Emin Eyi (Executive Director)
Emin Eyi, aged 46, was a partner of SP Angel Corporate Finance LLP, the London based advisory company, where he conducted investment and advisory work for clients. He has particular experience of the mining and resource industry and is familiar with those who provide financing and who are active in the investment market for mining and resource companies. Mr. Eyi has 20 years' of investment banking experience in the natural resource sector at a number of firms including Cazenove & Co, Barings, HSBC and Goldman Sachs. He is a graduate of Imperial College in London, with a Masters degree in Mining Engineering, and is a Fellow of the Geological Society.

Brian Spratley (Executive Director)
Brian Spratley, aged 63, is a mining engineer with over 40 years' experience in the mining industry. He has held various positions within international mining groups, including Anglo American, African Exploration, Techpro Mining & Metallurgy, SNC Lavalin, Lundin Group (1995-2003) (Tenke Fungurume, DRC; Storliden, Sweden), Crew Gold Corporation (2003-2008) (Nalunaq and Seqi Olivine, Greenland; Nugget Pond, Newfoundland; Lefa, Guinea), Grängesberg Iron Ore plc (2008), and Nusantara Energy, Indonesia. He has worked in many commodities globally, primarily in a project evaluation and development role, from exploration and studies through to engineering, construction and operations.

Michael Hirschfield (Non-executive Director)
Michael Hirschfield, aged 49, qualified as a Chartered Accountant with Peat Marwick in 1988. He has held senior management positions with a number of companies including group finance director of Utilitec plc and group finance executive of Lupus Capital plc. He is currently a director of Sirius Petroleum plc and CloudTag Inc., companies whose shares are traded on AIM as well as of a number of private companies including Kitwell Consultants Limited, which acts as company secretary to several listed companies including this Company.

Jonathan Quirk (Non-executive Director)
Jonathan Quirk, aged 61, is a Chartered Accountant. He has worked in the financial services sector since 1974 for, among others, Morgan Grenfell and Deutsche Bank in their capital markets divisions. Since 1997 he has been a founding director of Cairnsea Investments Ltd, which invests in quoted and unquoted smaller companies particularly in the financial services sector.

Jocelyn Trusted (Non-executive Director)
Jocelyn Trusted, aged 41, has spent 15 years in investment banking. He began his career as a solicitor with K&L Gates, before moving to the investment banking team at Dresdner Kleinwort Benson. He spent the majority of his career at UBS, where he was a Director, before moving to Kaupthing Bank in 2006 to assist in the establishment of the UK equities division. He has advised a number of FTSE clients including Next, Kingfisher, Carnival and Centrica, but has latterly spent more time focusing on smaller businesses, including a number of mining companies such as Marcona Mining, Peru. Previously he specialised in advising emerging market mining and oil companies and formerly worked in investment management for Matterhorn Investment Management LLP.

Report of the Directors

continued

Group Directors' responsibilities statement

The Directors are responsible for preparing the Group's Annual Report and the Group 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 elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under Company law the directors must not approve the group 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 for that period. In preparing these financial statements, the directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group 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 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 Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Annual General Meeting

The financial statements show that the Company's net assets are less than half its called up share capital. In these circumstances, the directors of the Company are obliged by section 656 of the Companies Act 2006 to convene a general meeting for the purposes of considering whether any, and if so, what steps should be taken to deal with the Company's current financial position. The Directors will consider this issue at the Company's forthcoming annual general meeting, details of which are set out in the notice accompanying this document.

Auditors

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 Annual General Meeting to be held on 23 July 2013 at 11.00 a.m.

ON BEHALF OF THE BOARD

Jonathan Quirk

19 June 2013

Corporate Governance

Directors

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 10. The Non-Executive Chairman of the Board is Adrian Collins.

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, was established on 27 August 2010. It 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 Remuneration Committee, chaired by Jocelyn Trusted, was also established on 27 August 2010. It 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. A separate report on remuneration is contained on page 15.

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.

Going concern and funding

The Group has not earned revenue during 2012 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 Company has today completed a private placing of £4.0 million Convertible Bonds with Odey. The Convertible Bonds will be drawn down in two tranches, with the first £1.33 million being drawn down immediately and the balance to be drawn down by 31 January 2014. 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 which, subject to completion of the Acquisition, will also include the assets of Portage.

Corporate Governance
continued

The Convertible Bonds will be issued and 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.

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:

(i) the latest equity funding round completed prior to the issue of the conversion notice; and

(ii) any equity funding round completed within 10 business days following the issue of the conversion notice.

The Company also completed two equity placings. In July 2012 it raised £1.26 million by way of the issue of 223,532,743 ordinary shares at a price of 0.565 pence and in May 2013 it raised a further £0.5 million through a placing of 166,666,670 ordinary shares at a price of 0.30 pence.

The Directors have prepared cash flow forecasts incorporating the Convertible Bond and share issues detailed above, for the period ending 30 June 2014. The forecasts identify unavoidable third party running costs of the Group as well as planned development expenditures and demonstrate that the Group has sufficient finance facilities 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.

Report on Remuneration

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.

Policy on Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the 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.

The amounts shown as "Share option expense" relate to a theoretical calculation of the non-cash cost to the Company of the share options granted to the directors, further details of which are provided in Note 10. These do not represent cash payments to the directors either made in the past or due in the future.

The remuneration of the Directors was as follows:

	M Hirschfield £	B Spratley £	J Quirk £	M Eyi £	A Collins £	J Trusted £	E Eyi £	Total £
Short-term employment benefits:								
Year to 31 December 2012								
Salary and fees	12,000	100,791	12,000	79,849	12,000	12,000	120,000	348,640
Share option expense	25,376	37,058	25,376	–	25,376	25,376	–	138,562
Employers NI	623	10,726	209	9,406	–	–	15,264	36,228
Total	37,999	148,576	37,585	89,255	37,376	37,376	135,264	523,429
Year to 31 December 2011								
Salary and fees	12,000	99,576	12,000	74,062	12,000	12,000	–	221,638
Share option expense	172,637	83,404	57,137	83,404	57,137	57,137	–	510,856
Employers NI	7,492	–	–	12,306	–	–	–	19,798
Total	192,129	182,980	69,137	169,772	69,137	69,137	–	752,292

Although M Eyi resigned as a director on 31 December 2011, he is still considered to be key management. His remuneration includes £4,202 paid by Uc Yildiz a subsidiary of the Company, for his director's fees of that company, translated from Turkish Lira at the average exchange rate of 2.85581.

In addition, during the year £24,000 (2011: £22,500) was paid to Kitwell Consultants Limited, a Company controlled by M Hirschfield, for Company Secretarial services. Further details of the share options granted to Directors are given in note 10 to the financial statements.

Pensions

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

Benefits in kind and share options

None of the Directors received any benefits in kind during the two years ended 31 December 2012. During the year the Company operated an employee share plan and details of options granted are shown in note 10 to the financial statements. No Directors exercised their share options during the two years ended 31 December 2012.

Bonuses

There is a discretionary bonus scheme in place for the Executive Directors based on the performance of the Group. No amounts are payable for bonuses in respect of the two years ended 31 December 2012.

Notice periods

The contracts of the Directors are terminable on 12 months' 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 2012, which comprise the principal accounting policies, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement 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 (IFRS) 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 12, the Directors are responsible for the preparation of the group 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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2012 and of its 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 Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Report of the Independent Auditor

to the members of Tri-Star Resources Plc continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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.

Other matters

We have reported separately on the parent Company financial statements of Tri-Star Resources Plc for the year ended 31 December 2012.

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

19 June 2013

Principal Accounting Policies

Basis of preparation

The group financial statements have been prepared under the historical cost convention 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. Separate financial statements of Tri-Star Resources Plc ("**Tri-Star**" or the "**Company**") have been prepared on pages 43 to 54, under the historical cost convention and in accordance with applicable accounting standards under UK GAAP.

The annual 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 year ended 31 December 2011.

Going concern

The Group has not earned revenue during 2012 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 Company has today completed a private placing of £4.0 million Convertible Bonds with Odey. The Convertible Bonds will be drawn down in two tranches, with the first £1.33 million being drawn down immediately and the balance to be drawn down by 31 January 2014. 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 which, subject to completion of the Acquisition, will also include the assets of Portage.

The Convertible Bonds will be issued and 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.

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:

(i) the latest equity funding round completed prior to the issue of the conversion notice; and

(ii) any equity funding round completed within 10 days of the conversion notice.

The Company also completed two equity placings. In July 2012 it raised £1.26 million by way of the issue of 223,532,743 ordinary shares at a price of 0.565 pence and in May 2013 it raised a further £0.5 million through a placing of 166,666,670 ordinary shares at a price of 0.30 pence.

The Directors have prepared cash flow forecasts incorporating the Convertible Bond and share issue detailed above, for the period ending 30 June 2014. The forecasts identify unavoidable third party running costs of the Group as well as planned development expenditures and demonstrate that the Group has sufficient finance facilities 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.

Principal Accounting Policies
continued

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 over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

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.

On 27 August 2010, Tri-Star (formerly Canisp Plc) agreed to pay cash of £300,000 to acquire 99% of the issued share capital of Üç Yildiz Antimon Madencilik İthalat Ve İhracat Sanayi ve Ticaret Anonim Şirketi (Üç Yildiz). After the acquisition, the former shareholders of Üç Yildiz owned 77.6% of the Company. An initial £150,000 of cash was paid and the remaining £150,000 was deferred. The initial £150,000 was funded by the issue of shares to the former shareholders of Üç Yildiz. The transaction has therefore been treated for accounting purposes as a share for share exchange and as a reverse acquisition. The remaining £150,000 was treated as a financial liability in the financial statements and recognised in reserves as a distribution to the former shareholders. The deferred amount was paid in full during April 2011.

The initial payment of £150,000 was dependent on the issue of shares to the former Üç Yildiz shareholders and was a circular transaction as the cash didn't leave the Group.

This transaction falls outside the scope of IFRS 3 ("Business Combinations"), because it does not represent a business combination as the legal parent is a listed shell and therefore is not considered to be a business, but the Group has adopted certain of the requirements of IFRS 3 in accounting for the reverse acquisition. The accounting policy adopted has been set out below.

The consolidated financial statements are presented as a continuation of the financial statements of the private operating entity (Üç Yildiz). The consideration transferred has been measured at fair value and has been calculated as the deemed cost of the combination based on the number of shares that Üç Yildiz would have to issue to achieve the same ratio of ownership interest that exists in the combined group. The assets and liabilities of Tri-Star have been recognised at fair value at the acquisition date. The surplus of the consideration transferred over the fair value of the net identifiable assets of Tri-Star arising on the acquisition has been recognised in the statement of comprehensive income as a cost of listing and no goodwill has, therefore, been recognised. The consideration transferred was not calculated based on the share price of the listed shell at the date of the acquisition as trading in the shares of the listed shell was suspended at that time. All other transaction costs have been treated as post transaction costs in the statement of comprehensive income.

The share capital and share premium represent the equity structure of the legal parent including the equity instruments issued by the legal parent to effect the transaction. This has been effected by the creation of another reserve to reflect the reverse acquisition.

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 period, 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 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.

Intangible assets – 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 over the life of the licence, being six years to 2015, and 29 months to October 2013.

Property, plant and equipment

Measurement basis

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 as follows:

Motor vehicles	5 years
Equipment	3 years
Land	20 years

Principal Accounting Policies

continued

Impairment testing of intangible assets and property, plant and equipment

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

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

Financial assets

The 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.

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.

Principal Accounting Policies

continued

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.

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 period results as disclosed in the statement of comprehensive income.

Share based payments

All share based payment arrangements are recognised in the financial statements. 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).

Options or warrants granted for services received from external consultants are measured at their fair values at the date the option or warrant is granted. These are indirectly determined by reference to the fair value of the instruments awarded.

All share based remuneration is ultimately recognised as an expense 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 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.

Principal Accounting Policies

continued

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.

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 and United Arab Emirates dirhams. 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.

Sales of antimony in USD are translated into sterling at the rate of exchange ruling at the date of the transaction.

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 other reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity.

Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases.

Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Exploration of mineral resources

All costs associated with mineral exploration prior to 31 December 2012 have been expensed through 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

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 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 2012 of £846,000 (2011: £572,000) is determined by using a Black-Scholes valuation model, using the assumptions detailed in note 10. The key assumptions in the model involving a critical estimate are the share price volatility of 67% 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 12 and 36 months after they have vested.

Services received from external consultants are measured at their fair values. The Directors consider this to be comparable to the fair value of the share warrants awarded, therefore these warrants have been measured in the same way as the employee options noted above, with a charge of £Nil (2011: £29,000) recognised in the financial statements for the year ended 31 December 2012.

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 2012.

VAT in Turkey

Under Turkish law, VAT on purchases is not refunded, instead it can be offset against the VAT arising and due on sales made. As the timing and extent of the recoverability of VAT on future sales is not yet known, the Directors have provided against the full VAT balance in the financial statements of £106,132. At 31 December 2011 the balance of £98,890 was not provided against.

Treatment of warrants issued

The warrants issued to shareholders in conjunction with the share placing on 29 March 2011 were outside the scope of IFRS 2 as they were issued to shareholders in their capacity as shareholders. The warrants have therefore been accounted for under IAS 32. The warrants meet the definition of equity under IAS 32 as they are for a fixed number of ordinary shares for a fixed price. There is no alternative settlement for the warrants and as such they are equity only instruments. The warrants were issued, along with the share placing for consideration of £nil. The directors consider the fair value of the warrants to not be materially different to the proceeds received and not material to the financial statements.

Principal Accounting Policies

continued

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 early adopted 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 (effective date 1 January 2015).
- IFRS 10 Consolidated Financial Statements (effective date 1 January 2014).
- IFRS 11 Joint Arrangements (effective date 1 January 2014).
- IFRS 12 Disclosure of Interests in Other Entities (effective date 1 January 2014).
- IFRS 13 Fair Value Measurement (effective date 1 January 2013).
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective date 1 January 2013).
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2014).

There are other standards in issue but not yet effective, which are not likely to be relevant to the group which have therefore not been listed.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Share based payments		(846)	(572)
Amortisation of intangible assets		(19)	(44)
Exploration expenditure and other administrative expenses		(1,487)	(1,925)
Total administrative expenses and loss from operations		(2,352)	(2,541)
Finance income		1	4
Finance cost		–	(1)
Loss before and after taxation, and loss attributable to the equity holders of the Company	2	(2,351)	(2,538)
Other comprehensive income			
Exchange differences on translating foreign operations		(6)	113
Other comprehensive (loss)/income for the period, net of tax		(6)	113
Total comprehensive loss for the year, attributable to owners of the company		(2,357)	(2,425)
Loss per share			
Basic and diluted loss per share (pence)		(0.05)	(0.05)

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 2012

	Share capital £'000	Share premium £'000	Other reserves £'000	Share based payment reserves £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2011	2,415	5,299	(6,156)	241	(10)	(1,655)	134
Share based payments	–	–	–	572	–	–	572
Issue of share capital	14	2,694	–	–	–	–	2,708
Share placing costs	–	(80)	–	–	–	–	(80)
Transactions with owners	14	2,614	–	572	–	–	3,200
Exchange difference on translating foreign operations	–	–	–	–	113	–	113
Loss for the year	–	–	–	–	–	(2,538)	(2,538)
Total comprehensive loss for the period	–	–	–	–	113	(2,538)	(2,425)
Balance at 31 December 2011	2,429	7,913	(6,156)	813	103	(4,193)	909
Share based payments	–	–	–	846	–	–	–
Issue of share capital	12	1,252	–	–	–	–	1,264
Share placing costs	–	(47)	–	–	–	–	(47)
Transactions with owners	12	1,205	–	846	–	–	1,217
Exchange difference on translating foreign operations	–	–	–	–	(6)	–	(6)
Loss for the period	–	–	–	–	–	(2,351)	(2,351)
Total comprehensive loss for the period	–	–	–	–	(6)	(2,351)	(2,357)
Balance at 31 December 2012	2,441	9,118	(6,156)	1,659	97	(6,544)	615

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

Consolidated Statement of Financial Position

as at 31 December 2012

	Note	31 December 2012 £'000	31 December 2011 £'000
Assets			
Non-current assets			
Intangible assets	6	23	41
Property, plant and equipment	7	42	59
		65	100
Current assets			
Cash and cash equivalents		601	812
Trade and other receivables	8	120	146
Total current assets		721	958
Total assets		786	1,058
Liabilities			
Current liabilities			
Trade and other payables	9	171	149
Total liabilities		171	149
Equity			
Issued share capital	11	2,441	2,429
Share premium		9,118	7,913
Share based payment reserve		1,659	813
Other reserves		(6,059)	(6,053)
Retained earnings		(6,544)	(4,193)
Equity attributable to equity holders of the Company		615	909
Total equity and liabilities		786	1,058

The consolidated financial statements were approved by the Board on 19 June 2013.

Jonathan Quirk
Director

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2012

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Cash flows from operating activities		
Continuing operations		
Loss after taxation	(2,351)	(2,538)
Amortisation of intangibles	19	44
Depreciation	23	19
Finance income	(1)	(4)
Finance cost	–	1
Share based payments	846	572
Decrease/(increase) in trade and other receivables	26	(87)
Increase/(decrease) in trade and other payables	22	(69)
Net cash outflow from operating activities	(1,416)	(2,062)
Cash flows from investing activities		
Finance income	1	4
Purchase of intangibles	–	(56)
Sale of property, plant and equipment	–	1
Purchase of property, plant and equipment	(3)	(28)
Net cash outflow from investing activities	(2)	(79)
Cash flows from financing activities		
Proceeds from issue of share capital	1,264	2,708
Share issue costs	(47)	(80)
Finance cost	–	(1)
Amounts paid to former shareholders	–	(150)
Repayment of loans	–	(15)
Net cash inflow from financing activities	1,217	2,462
Net change in cash and cash equivalents	(201)	321
Cash and cash equivalents at beginning of period	812	363
Exchange differences on cash and cash equivalents	(10)	128
Cash and cash equivalents at end of period	601	812

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

Notes to the Financial Statements

for the year ended 31 December 2012

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 assessment of performance and about which discrete financial information is available.

The chief operating decision maker has defined that the Group's only 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, £14,000 (2011: £21,000) arise in the UK, and £51,000 (2011: £79,000) arise in the rest of the world.

2 Loss before taxation

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

The loss before taxation is stated after charging:

	2012 £'000	**2011 £'000**
Staff costs	544	324
Share-based payment charge	846	572
Depreciation of owned property, plant and equipment	23	19
Amortisation of intangible assets	19	44
Operating lease rentals	120	21
Foreign exchange translation differences	2	127
Fees payable to the Company's auditor for the audit of the financial statements	38	30
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance and advice	2	3
All other services	3	6

Notes to the Financial Statements

continued

3 Taxation

Unrelieved tax losses of approximately £3.38 million (2011: £2.05 million) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 December 2012 is £838,000 (2011: £513,000) 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 assessed for the period differs from the standard rate of corporation tax in the UK as follows:

	2012 £'000	**2011 £'000**
Loss before taxation	(2,351)	(2,538)
Loss multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(576)	(673)
Effect of:		
Expenses not deductible for tax purposes	1	177
Capital allowances in excess of depreciation	–	(5)
Overseas loss not recognised	250	394
Unrelieved tax losses	325	107
Total tax charge for year	–	–

4 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.

	2012 £'000	**2011 £'000**
(Loss) attributable to owners of the Company after tax	(2,351)	(2,538)

	2012 Number	**2011 Number**
Weighted average number of ordinary shares for calculating basic loss per share	5,133,509,488	4,962,123,165

	2012 Pence	**2011 Pence**
Basic and diluted loss per share	(0.05)	(0.05)

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 decrease the basic loss per share, thus being 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

5 Employee benefit expense

	2012 £'000	2011 £'000
Wages and salaries	489	293
Social security	55	31
Share based payment charge	203	572
Emoluments	747	896

Average monthly number of employees:

	2012 Number	2011 Number
Directors	6	6
Other	8	7
	14	13

The Directors are the key management personnel of the Group. Details of Directors' remuneration are included in the report on remuneration on page 15.

6 Intangible assets

	Mining licence £'000
Cost	
At 1 January 2011	50
Additions	56
Exchange Difference	(4)
At 31 December 2011	102
Additions	–
Exchange Difference	1
At 31 December 2012	103
Amortisation and impairment	
At 1 January 2011	17
Amortisation charge in the year	44
At 31 December 2011	61
Amortisation charge in the year	19
At 31 December 2012	80
Net book value	
At 31 December 2012	23
At 31 December 2011	41
At 1 January 2011	33

Notes to the Financial Statements

continued

7 Property, plant and equipment

	Land £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2011	–	74	8	82
Additions	–	–	29	29
Disposals	–	(3)	–	(3)
Exchange difference	–	(13)	(2)	(15)
At 31 December 2011	–	58	35	93
Additions	3	–	–	3
Exchange difference	–	1	2	3
Cost at 31 December 2012	3	59	37	99
Depreciation				
At 1 January 2011	–	18	2	20
Eliminated on disposal	–	(1)	–	(1)
Exchange difference	–	(2)	(2)	(4)
Charge for the year	–	10	9	19
At 31 December 2011	–	25	9	34
Exchange difference	–	–	–	–
Charge for the year	–	12	11	23
At 31 December 2012	–	37	20	57
Net book value				
At 31 December 2012	3	22	17	42
At 31 December 2011	–	33	26	59
At 1 January 2011	–	56	6	62

8 Trade and other receivables

	31 December 2012 £'000	31 December 2011 £'000
Current		
Other receivables	46	136
Prepayments and accrued income	74	10
Trade and other receivables	120	146

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.

Included within other receivables is £Nil (2011: £98,890) of recoverable VAT in Turkey. Under Turkish law, VAT on purchases is not refunded, instead it can offset the VAT arising and due on sales made. As the timing and recoverability of the VAT balance is not yet certain, the Directors have provided against the full balance in the financial statements at 31 December 2012.

Notes to the Financial Statements

continued

9 Trade and other payables

	31 December 2012 £'000	31 December 2011 £'000
Trade payables	50	91
Social security and other taxes	29	8
Other payables	10	5
Accruals and deferred income	82	45
	171	149

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.

10 Share based payments

In respect of employees

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 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. 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:

	31 December 2012		31 December 2011	
	Number	WAEP £	Number	WAEP £
Outstanding at the beginning of the year	444,000,000	0.01704	90,000,000	0.00005
Issued during the year	–	–	354,000,000	0.02136
Outstanding at the end of the year	444,000,000	0.01704	444,000,000	0.01704

The share options outstanding at the end of the period have a weighted average remaining contractual life of 9.22 years (2011: 9.65) 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 £	31 December 2012 Number	31 December 2011 Number
27 February 2011	27 August 2010	0.00005	0.0039	90,000,000	90,000,000
10 May 2011	10 May 2011	0.01	0.002517	34,000,000	34,000,000
10 May 2011	10 May 2011	0.02	0.001645	34,000,000	34,000,000
10 May 2011	10 May 2011	0.03	0.001625	50,000,000	50,000,000
10 May 2012	10 May 2011	0.01	0.002517	34,000,000	34,000,000
10 May 2012	10 May 2011	0.02	0.001645	34,000,000	34,000,000
10 May 2012	10 May 2011	0.03	0.001625	50,000,000	50,000,000
10 May 2013	10 May 2011	0.01	0.003539	34,000,000	34,000,000
10 May 2013	10 May 2011	0.02	0.001645	34,000,000	34,000,000
10 May 2013	10 May 2011	0.03	0.001625	50,000,000	50,000,000

Notes to the Financial Statements

continued

10 Share based payments continued

At 31 December 2012 of the 444,000,000 options outstanding, 326,000,000 were exercisable (2011: 208,000,000).

The weighted average exercise price of the options at the year end is £0.01.

The share options issued on 27 August 2011 can be exercised up to 9.5 years after the date first exercisable. They are first exercisable once the commercial viability of the Turkish mine is established and additional funds are raised to enable further exploration and development of the mine. This was expected to be within 6 months of grant date.

The share options issued on 10 May 2012 all expire 10 years after the grant date. It has been assumed that 1p options will be exercised 12 months after the grant date, or on the date exercisable if this is later, 2p options will be exercised 24 months after the grant date and 3p options will be exercised 36 months 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:

	2012	2011
Risk free rate	–	0.50%
Share price volatility	–	67%
Expected life	–	12-36 months
Share price at date of grant	–	£0.0098

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 £203,000 (2011: £572,000) 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.

In respect of services from external consultants

On 3 August 2009, a warrant was issued for 15,000,000 ordinary shares. The warrant may be exercised, in whole or in part or parts, at any time and from the date of completion of the reverse acquisition until the fifth anniversary of the date of completion of the reverse acquisition as detailed in the accounting policies in basis of consolidation.

In December 2010, 10,000,000 ordinary shares were issued following the exercise of 10,000,000 warrants, leaving 5,000,000 warrants exercisable at 31 December 2012, and 31 December 2011. The weighted average share price at date of exercise of the warrants was 0.78 pence. The weighted average exercise price is 0.2 pence (2011: 0.2 pence) and the warrants have a weighted average remaining contractual life of 2.66 years (2011: 3.66 years).

Each warrant is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Company. The rights conferred by the warrants are transferable in whole or in part subject to and in accordance with the transfer provisions set out in the Articles. The holders of warrants have no voting rights, pre-emptive rights or other rights attaching to Ordinary Shares. All warrants issued vest in full.

The fair value of the services received is considered to be comparable to the fair value of the warrants issued. These have been valued using the Black-Scholes valuation model.

Expected volatility was determined by calculating the historical volatility of the Company's share price using historical share prices. The warrants were expected to vest immediately.

The Group recognised total expenses of £Nil (2011: £Nil) relating to these equity-settled share-based payment transactions during the year.

Notes to the Financial Statements

continued

10 Share based payments continued

In respect of services paid by shares

Under the terms of the shareholders' agreement, RAK Holding is entitled to 300 million new ordinary shares for services provided. The issue of these shares is subject to RAK Holding completing and obtaining the preliminary land lease agreements, industrial zoning, essential permits for operating export & import licenses, preliminary environmental no objection certificate and secure gas allocation. The fair value of these services was considered by the Directors at the date the shareholder agreement was reached (April 2012), with reference to the market value of the services provided, which was assessed at £1 million.

At the time of the agreement the Directors estimated that these conditions were likely to be met in May 2013 and the vesting period was calculated as being fourteen months from April 2012 to May 2013. A share based payment charge of £643,000 (2011: £Nil) has been recognised relating to this fee paid in shares during the year. Subsequent to the year end, the conditions were satisfied and 300 million ordinary shares were issued to RAK Holding in May 2013.

The following options are held by Directors:

Director	At the beginning of the year Number	Granted during the year Number	At the end of the year Number	Exercise price Pence
M Hirschfield	90,000,000	–	90,000,000	0.005
	12,750,000	–	12,750,000	1
	12,750,000	–	12,750,000	2
	18,750,000	–	18,750,000	3
	134,250,000	–	134,250,000	
B Spratley	18,750,000	–	18,750,000	1
	18,750,000	–	18,750,000	2
	27,000,000	–	27,000,000	3
	64,500,000	–	64,500,000	
J Quirk	12,750,000	–	12,750,000	1
	12,750,000	–	12,750,000	2
	18,750,000	–	18,750,000	3
	44,250,000	–	44,250,000	
A Collins	12,750,000	–	12,750,000	1
	12,750,000	–	12,750,000	2
	18,750,000	–	18,750,000	3
	44,250,000	–	44,250,000	
J Trusted	12,750,000	–	12,750,000	1
	12,750,000	–	12,750,000	2
	18,750,000	–	18,750,000	3
	44,250,000	–	44,250,000	
Total	331,500,000	–	331,500,000	

Notes to the Financial Statements

continued

11 Share capital

	31 December 2012 £'000	31 December 2011 £'000
Allotted, issued and fully paid		
1,363,925,475 deferred shares of 0.1p (2011: 1,363,925,475)	1,364	1,364
856,547,275 deferred shares of 0.095p (2011: 856,547,275)	814	814
5,256,880,018 ordinary shares of 0.005p (2011: 5,033,347,275)	263	251
	2,441	2,429

Following the issue of the 223,532,743 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 17 July 2012 there were 5,256,880,018 Ordinary Shares in issue (each of which are voting shares) as at 31 December 2012.

Each Ordinary Share issued on 29 March 2011 had a three-year half warrant attached to it which is exercisable at 2 pence, and a three year half warrant attached to it which is exercisable at 3 pence. The warrants will not be admitted to trading on AIM.

The deferred shares have no voting rights and are not eligible for dividends.

12 Contingent liabilities

There were no contingent liabilities 31 December 2012 or 31 December 2011.

13 Capital commitments

There were no capital commitments at 31 December 2012 or 31 December 2011.

14 Financial risk management policies and objectives

The Group uses financial instruments comprising cash and cash equivalents and various other short-term instruments such as trade receivables and trade payables which arise from its operations. The main purpose of these financial instruments is to fund the Group's business strategy and the short-term working capital requirements of the business.

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:

	31 December 2012			31 December 2011		
	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
Other receivables	46	74	120	47	99	146
Cash and cash equivalents	601	–	601	812	–	812
Total	647	74	721	859	99	958

Notes to the Financial Statements
continued

14 Financial risk management policies and objectives continued

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:

	31 December 2012 Other financial liabilities at amortised cost £'000	31 December 2012 Liabilities not within the scope of IAS 39 £'000	31 December 2012 Total £'000	31 December 2011 Other financial liabilities at amortised cost £'000	31 December 2011 Liabilities not within the scope of IAS 39 £'000	31 December 2011 Total £'000
Trade payables	50	–	50	91	–	91
Social Security and other taxes	–	29	29	–	8	8
Other payables	10	–	10	5	–	5
Accruals and deferred income	82	–	82	45	–	45
Total	142	29	171	141	8	149

Credit risk

The Group's principal financial assets are cash balances and other receivables. The Group's credit risk is primarily due to its trade 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'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:

	31 December 2012 £'000	31 December 2011 £'000
Trade and other receivables	120	146
Cash and cash equivalents	601	812
Total	721	958

None of the amounts included in trade and other receivables are past due or impaired (2011: nil).

Liquidity risk

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

Maturity of financial liabilities

The Group's financial liability analysis is as follows:

	Expiry date	31 December 2012 £'000	31 December 2011 £'000
Trade and other payables	Less than one year	60	96
Accruals and deferred income	Less than one year	82	45
Total		142	141

Market risk

The Directors consider that the main market risk is fluctuations in the price of antimony and will consider the possible impact of this risk once the business starts to commercially exploit and make sales of antimony.

Notes to the Financial Statements

continued

14 Financial risk management policies and objectives continued

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 no 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.

15 Related party transactions

During the year ended 31 December 2012, the Company paid £24,702 (2011: £22,703) for Company secretarial services and expenses to Kitwell Consultants Limited, a Company controlled by M Hirschfield.

During the year, the Company charged £478,714 (2011: £1,152,235) to Üç Yildiz (a subsidiary undertaking) for services provided and invoices paid on their behalf. During the year ended 31 December 2011 Tri-Star converted £342,857 of the intercompany loan balance into shares in Üç Yildiz at par. At 31 December 2012, Tri-Star was owed £1,467,486 (2011: £988,772) from Üç Yildiz.

During the year, the Company charged £389,638 (2011: £137,325) to Tri-Star LLC for services provided and invoices paid on their behalf. At 31 December 2012, Tri-Star was owed £526,963 (2011: £137,325) from Tri-Star LLC. Tri-Star LLC is a 90% owned subsidiary undertaking.

During the year the Group paid £30,000 (2011: £22,500) for accountancy services to Sirius Petroleum Plc, a company of which M Hirschfield is a director.

During the year the Company met certain of the Directors expenses. At the 31 December 2012 the balance due to B Spratley was £4,924 (2011: £5,781), balance due to M V Eyi: £Nil (2011: £1,372), balance due to E Eyi £217 (2011: £Nil).

During the year the Company paid £3,789 in respect of placing commissions (2011: £40,665) and £12,000 (2011: £35,500) for consultancy services to SP Angel. Emin Eyi, was a partner in SP Angel until 30 September 2011.

During the year, Brian Spratley purchased 3,500,000 ordinary shares at 0.565p each and RAK Holdings purchased 53,000,000 ordinary shares at 0.565p each.

During the year, the Company entered into an agreement with RAK Holding in respect of services to be provided. RAK Holding is a minority shareholder in Tri-Star Union FZ LLC. Further details are given in note 10.

Notes to the Financial Statements

continued

16 Subsidiary undertakings

	Holdings
Üç Yildiz Antimon Madencilik İthalat Ve İhracat Sanayi ve Ticaret Anonim Şirketi	99%
Tri-Star Trading Limited	100%
Tri-Star Antimony Canada, Inc.	100%
Tri-Star Union FZ-LLC	90%

Tri-Star Antimony Canada Inc was incorporated in Canada on 12 April 2011.

Tri-star Union FZ-LLC was incorporated in the United Arab Emirates on 19 October 2011.

Üç Yildiz Antimon Madencilik İthalat Ve İhracat Sanayi ve Ticaret Anonim Şirketi was incorporated in Turkey.

The loss associated to the non-controlling interest has not been disclosed as it is immaterial to the group loss.

On incorporation of Tri-Star Union FZ-LLC ("Tri-Star LLC"), Tri-Star issued an option to RAK Holding over 39.99% of the share capital in Tri-Star LLC for nil consideration. This option could be exercised by RAK Holding once certain criteria had been met. On the basis that there was significant uncertainty surrounding both the future viability of Tri-Star LLC and the exercise of the option, the Directors, believe that they have control over Tri-Star LLC at the date the option was issued and at 31 December 2012. Furthermore, given the immaterial size and value of Tri-Star LLC at both the date the option was granted and 31 December 2012, the Directors hold the view that the option has negligible value. Critically, any value attaching to the option is dependent upon, inter alia, the securing of funding to build the roaster plant (as discussed in the Managing Director's statement) and at the date the option was issued and 31 December 2012 this was uncertain.

17 Operating lease commitments

Total commitments under non-cancellable operating leases are as follows:

	Land and Buildings	
	2012 £000	2011 £000
Operating leases which expire:		
Within one year	40	63
Greater than one year, less than five years	8	30

The Group leases an office and a production building. The office building is under a non-cancellable lease term of three years, the production building has a non-cancellable term of three months.

Notes to the Financial Statements

continued

18 Post balance sheet events

Exercise of option

Pursuant to the terms of the shareholders' agreement, RAK Holding, notified the Company of its intention to exercise its option to increase its holding in the capital of Tri-Star LLC from 10% to 49.99%, which is expected to occur during July 2013.

Issue of fee shares

RAK Holdings received 300 million Ordinary Shares at 0.335 pence each on 2 May 2013 for satisfactory completion of work performed in accordance with the shareholders' agreement.

Share placing

On 10 May 2013 the Company raised gross proceeds of £500,000 through a placing of 166,666,670 million new Ordinary Shares ("**Placing Shares**") with institutional and other investors, through SP Angel Corporate Finance LLP ("SP Angel"), at a price of 0.30 pence per Ordinary Share ("**Placing**").

Portage Acquisition

In May 2013, the Company announced that it had entered into a LOI for the Acquisition of Portage, which is to be effected through the issue of 1,086 million ordinary shares upon completion of the Acquisition. At the current share price for the Company, this implies an acquisition consideration of approximately £3.04 million. The Acquisition is, inter alia, conditional upon the completion of due diligence, which is progressing well, and formal documentation and the requisite shareholder approvals being obtained.

Portage is a mineral exploration corporation which explores for antimony and gold in Eastern Canada. The common shares of Portage currently trade on the Canadian National Stock Exchange ("**CNSX**") under the trading symbol "RKX".

Portage owns the Bald Hill deposit, which is one of the largest undeveloped antimony projects in Canada. It is estimated to contain 30,000 to 40,000 tonnes of contained antimony. In addition, Portage has interests in two gold deposits, both of which are NI 43-101 compliant. The first of these, Golden Pike, which is 100% owned by Portage, has 66,300 ounces of gold at an average grade of 9.6 grams per tonne ("**g/t**") and the second, Golden Ridge, in which Portage has a 60% interest, has 520,200 ounces of gold at an average grade of 0.91 g/t. Both of these gold projects are viewed as non-core by the Company.

Pursuant to the LOI, the Company has agreed to pay an exclusivity fee of CDN$50,000 (£32,000) immediately and then from 1 June 2013, to make monthly exclusivity payments of CDN$25,000 (£16,000) to Portage. A further payment of CDN$85,000 (£54,000), which will be satisfied by the issue of 14 million ordinary shares to Portage, will be made upon completion of the Acquisition. Exclusivity has been extended to 31 July 2013 to allow the Company to complete the required due diligence and enter into a binding agreement. Should Portage complete an equivalent transaction to the Acquisition with another party, Portage has agreed to pay Tri-Star a break fee of CDN$500,000 (£318,000).

Upon completion, Tri-Star will assume the liabilities of Portage, which are currently expected to consist of short term liabilities of CDN$400,000 (£255,000) and long-term liabilities of CDN$660,000 (£420,000). Under the terms of the LOI, on completion of the Acquisition, the Company is required to make a cash contribution of US$300,000 (£192,000) to satisfy short term liabilities together with issuing further 20 million ordinary shares to Portage to satisfy additional short term liabilities of CDN$100,000 (£64,000).

On Completion of the Acquisition, it is intended that Ken Hight, Chairman and CEO of Portage, will join the Board of the Company as an Executive Director.

Notes to the Financial Statements

continued

18 Post balance sheet events continued

Convertible Bonds

The Company has today completed a private placing of £4.0 million Convertible Bonds with Odey. The Convertible Bonds will be drawn down in two tranches, with the first £1.33 million being drawn down immediately and the balance to be drawn down by 31 January 2014. 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 which, subject to completion of the Acquisition, will also include the assets of Portage.

The Convertible Bonds will be issued and 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.

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:

(i) the latest equity funding round completed prior to the issue of the conversion notice; and

(ii) any equity funding round completed within 10 days of the conversion notice.

Tri-Star Resources Plc

Company Statutory Financial Statements

(PREPARED UNDER UK GAAP)

for the year ended 31 December 2012

Statement of Directors' Responsibilities

for the year ended 31 December 2012

Company Directors' responsibilities statement

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

Company law requires the directors to prepare Company financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Company will continue in business.

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

The Directors confirm that in so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor are unaware; and
- the Directors have taken all steps that they ought to have taken 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.

Report of the Independent Auditor

to the members of Tri-Star Resources Plc

We have audited the parent Company financial statements of Tri-Star Resources Plc for the year ended 31 December 2012 which comprise the principal accounting policies, the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 44, the Directors are responsible for the preparation of the 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 parent Company 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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements.

Report of the Independent Auditor

to the members of Tri-Star Resources Plc continued

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:

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

Other matter

We have reported separately on the group financial statements of Tri-Star Resources Plc for the year ended 31 December 2012.

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

19 June 2013

Principal Accounting Policies

for the year ended 31 December 2012

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The principal accounting policies of the Company are set out below and remain unchanged from the previous period.

Going concern and funding

The Company has today completed a private placing of £4.0 million Convertible Bonds with Odey. The Convertible Bonds will be drawn down in two tranches, with the first £1.33 million being drawn down immediately and the balance to be drawn down by 31 January 2014. 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 which, subject to completion of the Acquisition, will also include the assets of Portage.

The Convertible Bonds will be issued and 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.

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:

(i) the latest equity funding round completed prior to the issue of the conversion notice; and

(ii) any equity funding round completed within 10 days of the conversion notice.

The Company also completed two equity placings. In July 2012 it raised £1.26 million by way of the issue of 223,532,743 ordinary shares at a price of 0.565 pence and in May 2013 it raised a further £0.5 million through a placing of 166,666,670 ordinary shares at a price of 0.30 pence.

The Directors have prepared cash flow forecasts incorporating the convertible bond and share issue detailed above, for the period ending 30 June 2014. The forecasts identify unavoidable third party running costs of the Group as well as planned development expenditures and demonstrate that the Group has sufficient finance facilities 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.

Investments

Investments in subsidiary undertakings are recorded at cost less provision for impairment.

Tangible fixed assets

Measurement basis

Tangible fixed assets 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 tangible fixed assets 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 profit and loss account during the year 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 profit and loss account.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets, less its estimated residual value, which is revised annually, over its useful economic life as follows:

Computer equipment	3 years
Office equipment	3 years

Principal Accounting Policies

continued

Impairment

Impairment reviews are undertaken when there are potential indicators of impairment and provisions against the carrying value made as appropriate.

Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the statement of financial position date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the statement of financial position date.

Related parties

The Company has taken advantage of the exemption in FRS8 "Related Party Transactions" that transactions with wholly-owned subsidiaries are not disclosed.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Principal Accounting Policies

continued

Share based payments

All share based payment arrangements are recognised in the financial statements. The Company operates equity settled share based remuneration plans for remuneration of its employees.

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).

Options or warrants granted for services received from external consultants are measured at their fair values at the date the option or warrant is granted. These are indirectly determined by reference to the fair value of the instruments awarded.

All share based remuneration is ultimately recognised as an expense in the profit and loss account 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 premium.

Balance Sheet

as at 31 December 2012

	Note	31 December 2012 £'000	31 December 2011 £'000
Fixed assets			
Investments	1	1,128	1,095
Tangible fixed assets	2	14	21
		1,142	1,116
Current assets			
Cash at bank and in hand		601	796
Debtors due within one year	3	2,301	1,322
Total current assets		2,902	2,118
Creditors: Amounts falling due within one year	4	(169)	(112)
Net current assets		2,733	2,006
Total assets less current liabilities and net assets		3,875	3,122
Equity			
Issued share capital	6	2,441	2,429
Share premium	8	9,118	7,913
Share based payment reserve	8	1,659	813
Profit and loss account	8	(9,343)	(8,033)
Equity shareholders' funds		3,875	3,122

The financial statements were approved by the Board on 19 June 2013.

Jonathan Quirk
Director

Company number: 04863813

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

Notes to the Financial Statements

for the year ended 31 December 2012

1 Fixed asset investments

	Investment in Group undertakings £'000
Cost	
At 31 December 2010	752
Additions	343
At 31 December 2011	1,095
Additions	33
At 31 December 2012	1,128
Net book value	
At 31 December 2012	1,128
At 31 December 2011	1,095
At 31 December 2010	752

On 30 November 2011, the Company converted £342,857 of the intercompany balance into shares in Üç Yildiz Antimon Madencilik İthalat Ve İhracat Sanayi ve Ticaret Anonim Şirketi, (Üç Yildiz) at par value.

At 31 December 2012, the Company held the following interests in subsidiary undertakings:

Subsidiary	**Proportion of ordinary share capital held**	**Nature of business**	**Country of incorporation**
Tri-Star Trading Limited	100%	Dormant	England and Wales
Üç Yildiz 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

Notes to the Financial Statements

continued

2 Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 31 December 2010	–	–	–
Additions	24	2	26
At 31 December 2011	24	2	26
Additions	–	2	2
Cost at 31 December 2012	24	4	28
Depreciation			
At 31 December 2010	–	–	–
Charge for the year	5	–	5
At 31 December 2011	5	–	5
Charge for the year	8	1	9
At 31 December 2012	13	1	14
Net book value			
At 31 December 2012	11	3	14
At 31 December 2011	19	2	21
At 1 January 2011	–	–	–

3 Debtors

	31 December 2012 £'000	31 December 2011 £'000
Amounts owed by Group undertakings	2,259	1,286
Other debtors	32	25
Prepayments and accrued income	10	11
	2,301	1,322

Amounts owed by Group undertakings of £2,259,000 (31 December 2011: £1,286,000) are due within one year.

4 Creditors: amounts falling due within one year

	31 December 2012 £'000	31 December 2011 £'000
Trade creditors	49	56
Social security and other taxes	28	6
Other creditors	10	5
Accruals and deferred income	82	45
	169	112

Notes to the Financial Statements

continued

5 Share based payments

Details of share based payments are disclosed on pages 34 to 36.

6 Share capital

	31 December 2012 £'000	31 December 2011 £'000
Allotted, issued and fully paid		
1,363,925,475 deferred shares of 0.1p (2011: 1,363,925,475)	1,364	1,364
856,547,275 deferred shares of 0.095p (2011: 856,547,275)	814	814
5,256,880,018 ordinary shares of 0.005p (2011: 5,033,347,275)	263	251
	2,441	2,429

Following the issue of the 223,532,743 ordinary shares of 0.005 pence each in the capital of the Company ("Ordinary Shares") announced on 17 July 2012, there were 5,256,880,018 Ordinary Shares in issue (each of which are voting shares) as at 31 December 2012.

Each share issued on the 29 March 2012 had a three year half warrant attached to which is exercisable at 2 pence, and a three year half warrant attached to it which is exercisable at 3 pence. The warrants will not be admitted to trading on AIM.

The deferred shares have no voting rights and are not eligible for dividends.

7 Reconciliation of movement in equity shareholders' funds

	31 December 2012 £'000	31 December 2011 £'000
Loss for financial period	(1,310)	(1,045)
Share based payments	846	572
Issue of shares	1,217	2,628
Net increase in shareholders' funds	753	2,155
Equity shareholders' funds brought forward	3,122	967
Equity shareholders' funds carried forward	3,875	3,122

8 Reserves

	Share premium £'000	Profit and loss account £'000	Share based payment reserve £'000
At 1 January 2012	7,913	(8,033)	813
Share issue	1,205	–	–
Share based payment	–	–	846
Loss for the period	–	(1,310)	–
At 31 December 2012	9,118	(9,343)	1,659

Notes to the Financial Statements

continued

9 Loss for the financial period

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 period was £1,310,000 (year ended 31 December 2011: £1,044,000).

The loss is stated after charging:

	31 December 2012 £'000	31 December 2011 £'000
Fees payable to the Company's auditor for the audit of the financial statements	38	30
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance and advice	2	3
All other services	2	6

10 Directors remuneration

Details of the Directors' remuneration is disclosed within the Report on Remuneration on page 15.

11 Contingent liabilities

There were no contingent liabilities 31 December 2012 or 31 December 2011.

12 Capital commitments

There were no capital commitments at 31 December 2012 or at 31 December 2011.

13 Related party transactions

Details of related party transactions are disclosed on page 39. The company has taken advantage of the exemption available under FRS8 Related Party Disclosures with respect to transactions with wholly owned subsidiaries.

14 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings 2012 £000	2011 £000
Operating leases which expire:		
Greater than one year, less than five years	18	–

15 Post balance sheet events

Details of post balance sheet events are disclosed on pages 41 and 42.

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 at 11:00 a.m. on 23 July 2013 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 5 will be proposed as ordinary resolutions and resolution 6 will be proposed as a special resolution.

Ordinary Resolutions

1. To receive the accounts and reports for the financial year ended 31 December 2012.
2. To re-elect Brian Spratley, who is retiring by rotation, as a director.
3. To re-elect Mike Hirschfield, who is retiring by rotation, as a director.
4. To reappoint Grant Thornton UK LLP as auditors of the Company and to authorise the directors to fix their remuneration.
5. That, in accordance with section 551 Companies Act 2006 (**CA 2006**), the directors of the Company are generally and unconditionally authorised, and in substitution for any previous authority (except for that contained in resolution 1 passed at the general meeting of the Company held on 18 June 2013, which shall continue to apply), to allot Relevant Securities (as defined in this resolution) comprising equity securities (as defined in section 560 CA 2006) up to an aggregate nominal amount of £1,000,000 (one million pounds), such authority, unless previously revoked or varied by the Company in general meeting, to expire on 23 July 2014 or, if earlier, the date of the Company's next annual general meeting, except that the directors of the Company may allot relevant securities pursuant to an offer or agreement made before the expiry of the authority. In this notice, **Relevant Securities** means any shares in the capital of the Company and the grant of any right to subscribe for, or convert any security into, shares in the capital of the Company.

Special Resolution

6. That, under section 570 CA 2006, the directors of the Company are authorised, in substitution for any previous authority (except for that contained in resolution 2 passed at the general meeting of the Company held on 18 June 2013, 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:

   6.1 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;

   6.2 the allotment of equity securities of an aggregate nominal amount of up to £4,500 (four thousand five hundred pounds) in respect of share options granted to Michael Hirschfield;

   6.3 the allotment of equity securities of an aggregate nominal amount of up to £17,700 (seventeen thousand seven hundred pounds) in respect of share options granted to management;

Notice of Annual General Meeting
continued

6.4 the allotment of equity securities of an aggregate nominal amount of up to £250 (two hundred and fifty pounds) in respect of the balance of the Strand Hanson Securities Limited warrant described in the Admission Document issued on 3 August 2010;

6.5 the allotment of equity securities of an aggregate nominal amount of up to £13,540 (thirteen thousand five hundred and forty pounds) in respect of share warrants issued on 6 April 2011; and

6.6 the allotment of equity securities, otherwise than in accordance with paragraphs 6.1 to 6.5, up to a maximum nominal value of £28,617.73 (twenty eight thousand six hundred and seventeen pounds and seventy three pence), representing 10% of the existing issued share capital.

By order of the board

Kitwell Consultants Limited
Company Secretary

Registered Office:
16 Great Queen Street,
London WC2B 5DG

Date: 25 June 2013

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 Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU. 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 PXS, 34 Beckenham Road, Kent BR3 4TU; and

   5.3 received by Capita Registrars no later than 11.00 a.m. on 21 July 2013.
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 21 July 2013 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

continued

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 11.00 a.m. 21 July 2013. 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 Registrars as indicated in note 3 above. 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.

Notice of Annual General Meeting

continued

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 the Company's registrar as indicated in paragraph 3 above. 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 11.00 a.m. on 21 July 2013.
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 24 June 2013, the Company's issued share capital comprised 5,723,546,688 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 24 June 2013 is 5,723,546,688.

Communication

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

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