Tri-Star Resources Plc

Annual Report and Financial Statements

for the year ended 31 December 2013

Forward Looking Information

This annual report may contain "forward-looking information", as defined under applicable Canadian securities laws. Forward-looking information typically contains statements that relate to future, not past, events and often contains words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. There can be no assurance that the forward-looking information contained in this report will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information.

All statements, other than statements of historical fact, included in this report including, without limitation, relating to the Roaster Project (as defined in this report), the Company's intentions with respect to a gold roasting facility and plans for its mineral properties, constitute forward-looking information. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability to deliver any of the outcomes referred to in the Report in respect of the Roaster Project, the ability to complete construction of the Roaster Project, the availability of financing for the cost of the Roaster Project on acceptable terms, or likewise any facility that might process refractory gold, and general economic and market conditions. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, risks associated with changes in laws applicable to the Roaster Project, the ability to raise finance on acceptable terms for any of the projects or facilities mentioned, the volatility of commodity and raw material prices, currency exchange rates and interest rates, global economic conditions and the additional risks identified in this report or other reports and filings with applicable securities regulators. Forward-looking information in this report is based on the Directors' beliefs, estimates and opinions on the date of this report and the Company does not undertake to update publicly or revise the forward-looking information contained in this report, except as required by applicable securities laws.

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

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Company Information

Company registration number	04863813
Registered office	16 Great Queen Street London WC2B 5DG
Directors	**Adrian Collins** **Emin Eyi** **Ken Hight** **Michael Hirschfield** **Jonathan Quirk** **Brian Spratley** **Jocelyn Trusted**
Secretary	**Kitwell Consultants Limited** Kitwell House The Warren Radlett WD7 7DU
Nominated adviser and joint broker	**SP Angel Corporate Finance LLP** Prince Frederick House 35-39 Maddox Street London W1S 2PP
Joint broker	**Keith, Bayley, Rogers & Co. Limited** 2nd Floor Finsbury Tower 103-105 Bunhill Row London EC1Y 8LZ
Registrars	**Capita Asset Services** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Bankers	**Lloyds Bank Plc** PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS
Solicitors	**Fladgate LLP** 16 Great Queen Street London WC2B 5DG
Auditors	**Grant Thornton UK LLP** Statutory Auditors Chartered Accountants Colmore Plaza 20 Colmore Circus Birmingham B4 6AT

Highlights

for the year ended 31 December 2013

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 2013.

Set out below are the highlights for the year to 31 December 2013:

- Memorandum of Understanding signed in October 2013 with Oman Investment Fund and Castell Investments to establish a joint venture and estimated timeline for the Gulf based antimony processing plant (the "Roaster Project")
- Equity placing in May 2013 to raise gross proceeds of £0.5 million
- Placing of £4.0 million secured convertible bonds with Odey European Inc. ("Odey") in June 2013
- £3.5 million all share acquisition of Portage Minerals Inc. in October 2013
- Significant progress made on engineering, environmental and other due diligence with respect to the Roaster Project
- Receipt of third party report on feasibility of Tri-Star technology to apply to refractory gold processing

Subsequent events:

- Bald Hill antimony deposit extension and identification of significant additional surface antimony along the New Brunswick licenses

Chairman's Statement

for the year ended 31 December 2013

I am pleased to present this report outlining the achievements of the Company during 2013 and the further progress made since the year end towards achieving the Company's strategy to be an environmentally compliant, vertically integrated antimony producer. Antimony remains one of the most important and critical metals for the world electronics and plastics industry.

Throughout 2013, the Company continued to progress the Roaster Project. Reports published in 2012 confirmed its technical and financial viability and the majority of the engineering design work has now been completed. Negotiations continue with our joint venture partners and a number of interested banking parties in relation to the Roaster Project and discussions have commenced with contractors in relation to the construction of the Roaster itself. The Company has worked, with its joint venture partners, to progress the legal, engineering and environmental due diligence work streams associated with the Roaster Project. I am delighted to say the technical due diligence has now been completed and other work is now well advanced, and the parties are now moving forward towards the establishment of the joint venture entity and to completion of documentation. Whilst significant tasks remain ahead, such as obtaining banking finance and receiving all necessary permits and licenses (including environmental licenses), the Company and its partners have demonstrated considerable commitment and desire to see the Roaster Project come to fruition.

Tri-Star has duly executed and lodged, on behalf of the joint venture, a formal application in respect of the prospective site for the Roaster with the appropriate authorities in Sohar, Oman. This application forms an important part of the process relating to the joint venture company establishing its base in the Sohar Free Trade Zone.

The Environmental Impact Assessment for the Roaster Project has also been completed and submitted. The target remains to commence site preparation and construction of the facility during 2014 with the aim of commissioning the Roaster Project during 2016. During the year, Emin Eyi, Managing Director of Tri-Star has relocated to the Gulf to better control and progress the Roaster Project.

We have also taken an important step to secure feed-stock for the Roaster Project through the acquisition of Portage Minerals Inc. and its Bald Hill antimony deposit in New Brunswick, Canada. Together with the Company's existing antimony deposit in Göynük, Turkey, and its Canadian exploration permits, the addition of Bald Hill creates a strong nexus of production for the future to feed the Roaster Project with high quality antimony concentrates. The Company has also witnessed an increase in enquiries from third party producers of antimony ores and concentrates from around the World.

I am also pleased to confirm that during the year the Company secured additional funding through a private placing of Convertible Bonds with Odey. Further details of the terms of the Convertible Bonds are set out in the Strategic Report and in the accompanying financial statements. The Convertible Bonds issue provides the Company with additional financial stability and the proceeds will be used to meet 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 2013, the Group recorded a loss before and after tax of £2,747,000 (31 December 2012: £2,351,000) emphasising its increasing investment into its clean roasting technology.

Share based payments (a non-cash item) amounted to £413,000, compared with £846,000 in the previous year and exploration expenditure and other administrative expenses were £2,272,000 in the period compared with £1,487,000 the previous year. The Directors do not recommend the payment of a dividend at this time.

I would like to thank our partners, the management team and our employees for their dedication and effort during an intensive and eventful year for Tri-Star. 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, fully integrating the assets of Portage and undertaking further development in Turkey. The Board is looking forward to the coming year with confidence.

In October 2013 following the acquisition of Portage, we were delighted to welcome Ken Hight to the Board. There have been no other changes in the composition of the Board.

Adrian Collins
Chairman

27 February 2014

Strategic Report

for the year ended 31 December 2013

Introduction

Our strategy is to be the leading integrated antimony metal and value added product manufacturer, utilising modern and environmentally compliant roasting technology, located in the Sultanate of Oman, with raw material supplied from our upstream resource projects as well as from third party sources of antimonal concentrates. I am pleased to report on the Company's progress towards achieving this strategy during 2013 and future plans to realise our clearly defined objectives.

Antimony

The name antimony is derived from the Greek word for 'never found alone'. The principal use is as an oxide synergist in the flame retardant chemical additive sector. China has dominated world supply for the past 110 years.

Antimony (Sb) is a silvery-white, shining, soft and brittle metal. It is a semiconductor and has thermal conductivity lower than most metals. Due to its poor mechanical properties, pure antimony is only used in very small quantities; larger amounts are used for alloys and in antimony compounds. Antimony's abundance in the earth's crust is 0.2 parts per million, making the element about as scarce as some of the heavier Rare Earth Elements and a little above silver. Antimony is a member of the Group V elements in the Periodic Table, accompanied by tin and tellurium. Antimony has atomic number 51 and an atomic weight of 122. The metal is brittle and has a low melting point of 630°C and boils at 1380°C.

There are over 40 common minerals of antimony but the most important is the sulphide mineral stibnite (Sb_2S_3) which has a Sb content of 72%. The element also occurs as an oxide, valentinite (Sb_2O_3) and as antimonides and sulpho-antimonides of metals like lead, copper, zinc, silver and gold. Stibnite has been and to date remains the main source for metallic antimony to be commercially mined.

The principal use of antimony is in flame retardants as antimony trioxide (Sb_2O_3) ("ATO"), which accounts for approximately 70% of primary antimony consumption. In this use, antimony trioxide is most commonly used as a synergist to improve the performance of other flame retardants such as aluminium hydroxide, magnesium hydroxide and halogenated compounds. This enhanced performance minimises the amount of flame retardant required. Antimony trioxide is used in this way in many products including plastics, textiles, rubber, adhesives and plastic covers for aircrafts and automobiles. Around 90% of flame retardant production is utilised in electronics and plastics, in particular for printed circuit boards in the server and computer industry, while the remaining 10% ends up in coated fabrics and furniture upholstery and bedding.

The second most common use of antimony alloy is as a hardener for lead electrodes in lead acid batteries. This use is in decline as the antimony content of typical automotive battery alloys has declined by weight as calcium, aluminium and tin alloys are expected to replace it over time. However, demand from this segment has risen in recent years due to automotive production in countries such as Brazil, India and China.

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

Strategic Report
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Oman based Roaster Project

Background

In 2011, the Company began seeking partners in the Gulf Cooperation Council ("GCC") region to investigate the siting and construction of a 20,000 tonne per annum capacity antimony concentrate roasting facility designed to meet EU environmental and regional based standards, producing antimony ingot, ATO and related products.

As part of Tri-Star's work in respect of this proposed project, an independent consultancy firm based in London was commissioned to deliver a preliminary Engineering Report and Cost Benefit Analysis ("the Report") for the proposed facility. The Report, received in February 2012, confirmed the technical feasibility of the proposed plant and estimated the total capital expenditure requirement for the proposed plant to be approximately US$60 million.

It is envisaged that the facility will have capability to produce both antimony ingots and powdered ATO at high purity for sale to end users. The feedstock is designed around antimony sulphide concentrates supplied from either Tri-Star owned deposits or from purchases of third-party concentrates from various international sources.

When constructed, the proposed facility would be one of the first sizeable Western World antimony roasters designed to be fully compliant with modern environmental legislation, high recoveries and relatively low energy input costs.

Proposed joint venture

A significant milestone was reached in the fourth quarter of 2013 when the Company executed and announced, on 9 October 2013, the signing of a non-binding Memorandum of Understanding with joint venture partners, Oman Investment Fund and Castell Investments Limited, to establish a joint venture company to develop and build the roaster within the Port of Sohar Free Zone in the Sultanate of Oman.

Further to that announcement, the Company has worked with its joint venture partners to progress the legal, engineering and environmental due diligence work streams associated with the Roaster Project. The process, now well advanced, has moved to the finalisation of the formation of the joint venture entity and the completion of the associated documentation for the project investment and management. Important tasks remain such as securing banking finance and obtaining the necessary permits and licenses for the project commencement. One of these work streams, the Environmental Impact Assessment has been completed and filed with the relevant authorities.

In December 2013, Tri-Star executed and lodged, on behalf of the joint venture, a formal application in respect of the prospective site for the Roaster Project with the appropriate authorities in Sohar, Oman. This application forms an important part of the process relating to the joint venture company establishing its base in Sohar Free Trade Zone.

Acquisition of Portage

In May 2013, the Company announced that it had entered into a Letter of Intent for the Acquisition of Portage Minerals Inc. ("Portage"), a mineral exploration company which explored for antimony and gold in Eastern Canada. Tri-Star further announced on 7 October 2013 that the acquisition had been duly completed by way of an amalgamation with Tri-Star Antimony Canada Inc. to form a new company "Tri-Star Antimony Canada Inc." that is wholly owned by Tri-Star. The consideration of £3.5 million was satisfied by the issue of 1,085,999,844 new ordinary shares of 0.005p each ("Tri-Star Shares") in exchange for the issued and outstanding common shares of Portage.

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

Strategic Report

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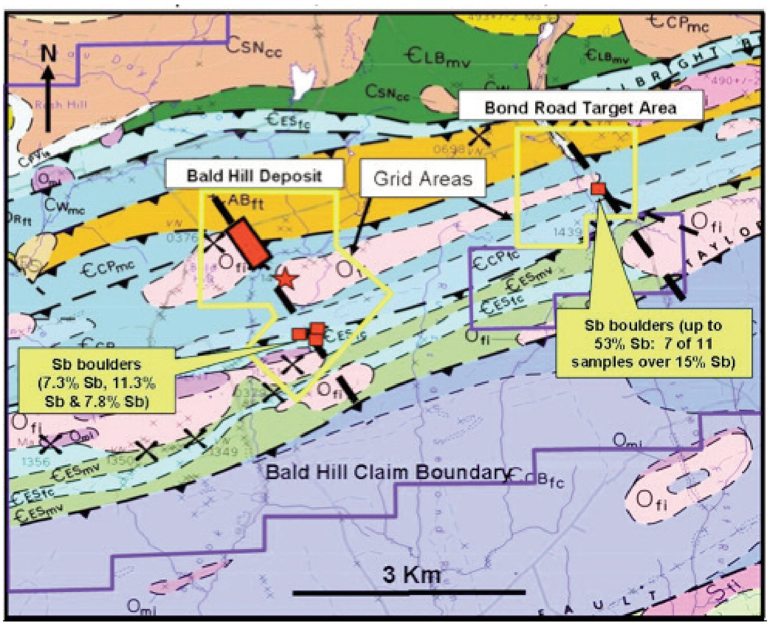
In addition, Tri-Star Antimony Canada has interests in two gold deposits, formerly held by Portage, both of which have NI 43-101 compliant resource estimates. The first of these, Golden Pike, which is 100% owned by Tri-Star Antimony Canada, has an inferred mineral resource of 214,800 tonnes grading 9.6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

On completion of the acquisition, Ken Hight, Chairman and CEO of Portage, joined the Board of the Company as an Executive Director.

In February 2014, the Company announced the findings of field work conducted during November and December 2013. The highlights are given below:

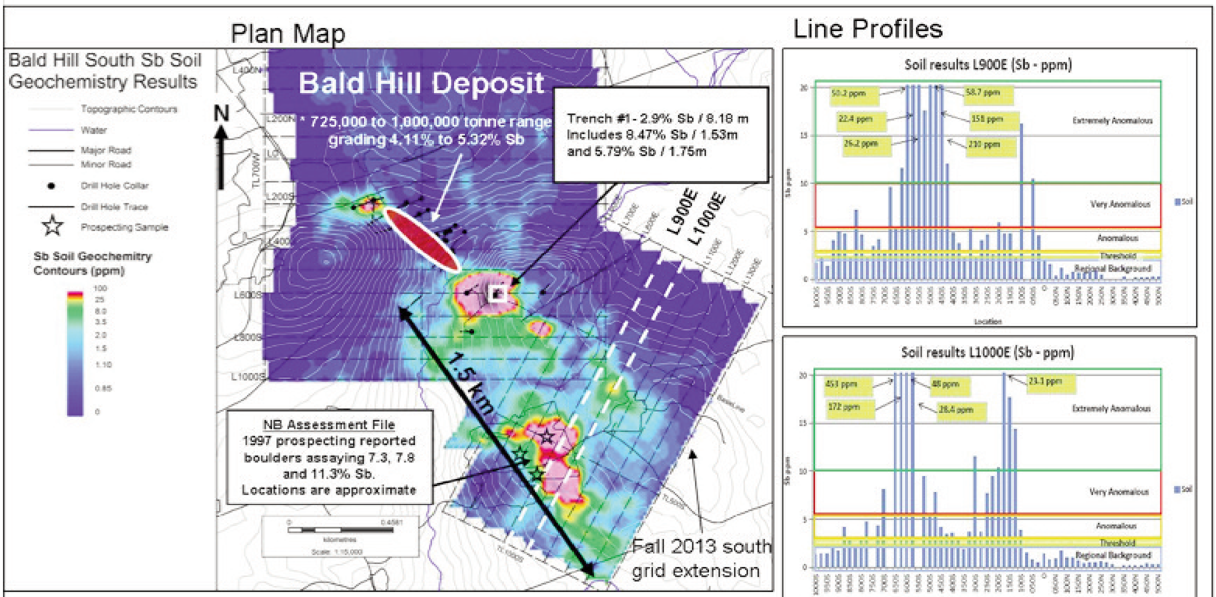
- Soil geochemical surveys conducted around the Bald Hill Deposit and South Extension in November and December 2013 demonstrate a potential further 1.5km southeast extension to the Bald Hill deposit (Figure 2).
    - Multiple "high priority" targets have been identified along the southeast extension.
    - Historical prospecting work in 1997 located antimony bearing boulders which were reported to assay up to 11.3% antimony ("Sb"), from this general area.
- Soil geochemical surveys conducted in November and December 2013 on the Bond Road target provide evidence of another significant mineralized trend (Figure 3).
    - Soil surveys have outlined a well defined, 600m long Sb anomaly with soil values ranging to 119 ppm Sb.
    - Prospecting results in 2010 returned antimony values, from angular boulders, assaying up to 53% Sb. Of the 11 anomalous sample collected, 7 returned assay results greater than 15% Sb.

Figure 1
Regional Geology and Grid Locations
Bald Hill Deposit Area, New Brunswick, Canada



Strategic Report
continued

Figure 2
Bald Hill Deposit, New Brunswick, Canada

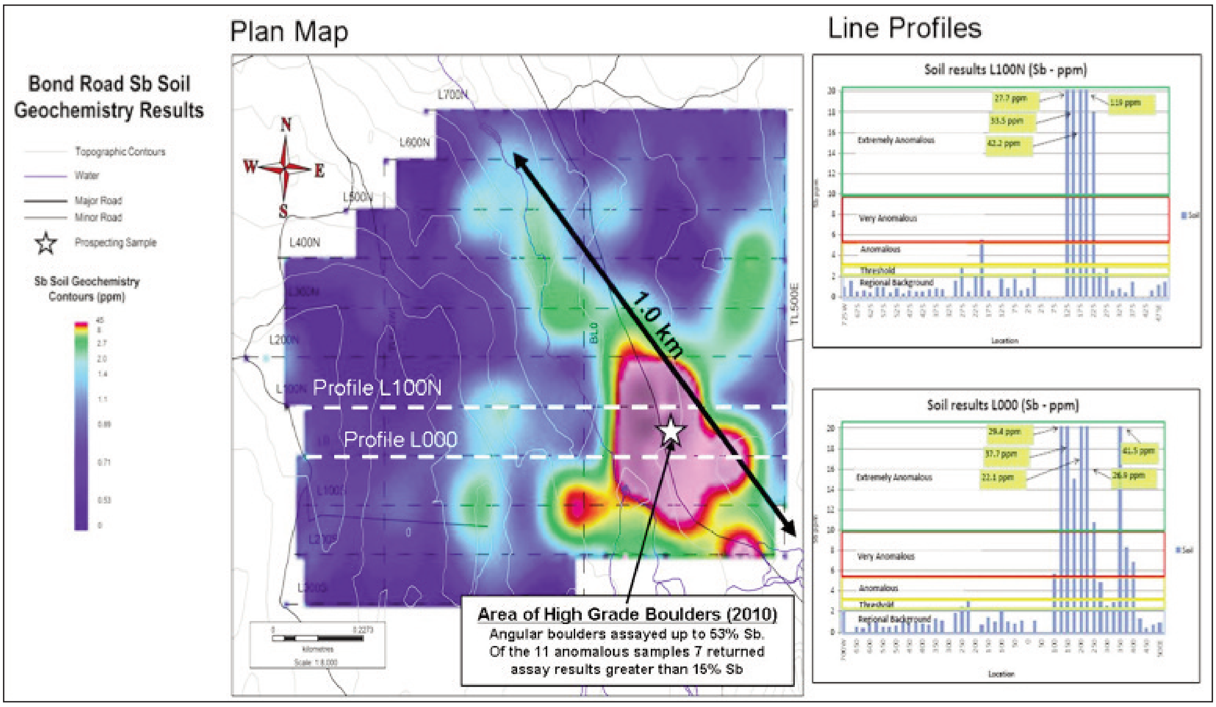


★ POTENTIAL QUANTITY AND GRADE RANGES(1) – BALD HILL PROJECT (MAY 2010)

Zone	Metric Tonnes	Grade (%Sb)
Main Zone	700,000 to 900,000	4.33% to 5.40%
Parallel Zone	25,000 to 100,000	2.13% to 3.19%
Total	725,000 to 1,000,000	4.11% to 5.32%

Notes
(1) The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Figure 3
Bond Road, New Brunswick, Canada



Strategic Report

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Tri-Star Antimony Canada also has rights to assess an antimony anomaly discovered in till geochemical mapping by the New Brunswick Department of Natural Resources. In 2012, a field program covering a total of 64 sites demonstrated that the samples taken were consistently anomalous for antimony. Tri-Star Antimony Canada has rights over another anomalous till sample identified in early 2012 during a survey of an area known as Greenhill.

Turkey

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

The property comprises a mining licence of 25 hectares and is within an exploration area of 780 hectares. A further exploration area was awarded in June 2011 contiguous to the East of the original area (Göynük East) of 6,850 hectares bringing the total exploration area holding to approximately 1,480 hectares. The historical mine workings are at approximately 1,200 metres to 1,310 metres elevation. The area is predominantly forestry land supervised by the Turkish Department of Forestry.

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

In 2010 and 2011, the Company conducted a geological review, mapping and geophysical study of the deposit. In June 2012, the Company was granted an environmental permit for a small scale processing facility at the Göynük mine site with a processing capacity limit of 14,400 tonnes per annum. The Company has acquired freehold land within the license area in order to plan a layout of the small scale processing facility.

The Company had intended to start small scale processing of the mine dumps at Göynük however following evaluation of funding options for the facility during 2013 has since decided to use this material as test feedstock for the proposed Roaster Project.

Additional information on the Göynük Project is contained in the technical report entitled "Technical Report on the Goynuk Mine and Vicinity, Gediz Municipality, Kutahya Province, Turkey" dated July 31, 2013, with an effective date of June 19, 2012, prepared by Allan P. Juhas, Ph.D., CPG available at www.tri-starresources.com/investors.

Refractory Gold

Refractory gold, or gold trapped in sulphide minerals, is a market that represents over 30% of the world's remaining gold resources in the ground. In 2013, the Company commissioned a third party preliminary technical and economic report (the "Report") to provide an independent evaluation on the potential feasibility of applying the antimony roasting technology developed by the Company to treat refractory gold concentrate.

The Report, which was received in December 2013, outlined that a gold roasting facility would be technically viable and could generate high economic returns and reaffirms the potential value that exists in the roasting technology and knowhow that the Company has developed for its antimony Roaster Project. The Company has engaged with parties who have expressed interest in the gold roasting technology and intends to explore further how it may best be able to monetise the value in this intellectual property.

Strategic Report

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Funding

In June 2013, the Company completed a private placing of £4.0 million Convertible Bonds with Odey. The Convertible Bonds carry a non-cash coupon of 15% per annum which compounds half yearly and are secured by way of a guarantee and debenture granted by Tri-Star Antimony Canada, Inc., the Company's wholly owned subsidiary which holds all of the Company's Canadian assets. The Convertible Bonds are redeemable at 100% of their principal amount plus accrued interest and, unless previously redeemed, converted or cancelled, will mature on the fifth anniversary of the issue of the Convertible Bonds in June 2018. Further detail on the terms of the Convertible Bonds is set out in note 11 of the accompanying financial statements.

The Company also completed an equity placing during the year. In May 2013, it raised £0.5 million through a placing of 166,666,670 ordinary shares at a price of 0.30 pence.

This funding places the Company in a sound financial position and will assist in completing the project financing for the Roaster Project and providing general working capital.

Key Performance Indicators

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

Safety, Health and Environmental Policies

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

Quarterly Reporting

On completion of the Portage acquisition, Tri-Star became a reporting issuer in each of Ontario, Alberta and British Columbia in Canada and subject to the continuous disclosure requirements of the relevant Canadian regulations in those jurisdictions, which include quarterly reporting.

As at 1 January 2014, Canadian holders of Tri-Star shares exceeded 10% of Tri-Star's total ordinary share capital (on a fully diluted basis) and consequently Tri-Star will continue to be subject to the Canadian continuous disclosure requirements applicable to Canadian reporting issuers for 2014.

Canadian Securities – Qualified Person

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

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 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.

Strategic Report

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Financial risk management objectives and policies

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

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

Liquidity risk

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

Price risk

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

Foreign exchange risk

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

Going concern and funding

The Group has not earned revenue during 2013 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.

During the year, the Company completed a private placing of £4.0 million Convertible Bonds with Odey. The Convertible Bonds carry a non-cash coupon of 15% per annum which compounds half yearly and are secured by way of a guarantee and debenture granted by Tri-Star Antimony Canada, Inc., the Company's wholly owned subsidiary which holds all of the Company's Canadian assets.

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

The Company also completed an equity placing in May 2013 when it raised £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 for the period ending 31 March 2015. The forecasts identify unavoidable third party running costs of the Group and demonstrate that the Group has sufficient cash resources available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Further development of the Group's exploration and investment activities, including any direct investment in the Roaster Project, will continue as and when finance is available. Accordingly, the accounts have been prepared on a going concern basis.

Strategic Report

continued

Future prospects

Going forward, we expect the remainder of the year to be a period of significant advancement for the Company in its ambitions of becoming an integrated producer of antimony and in taking forward the very important technical development for refractory gold processing to the next stage. Antimony prices have begun 2014 well with prices around the US$10,000 per tonne level. We are monitoring the possible impact of Chinese restocking and the possible introduction of traded antimony contracts in the relatively newly formed Fanya Metal Exchange in China for minor metals.

Emin Eyi
Managing Director
On behalf of the board

27 February 2014

Report of the Directors

for the year ended 31 December 2013

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 2013.

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 Sultanate of Oman.

Domicile and principal place of business

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

Directors

The membership of the Board is set out below.

Adrian Collins
Emin Eyi
Ken Hight (appointed 4 October 2013)
Brian Spratley
Michael Hirschfield
Jonathan Quirk
Jocelyn Trusted

Substantial shareholdings

Interests in excess of 3% of the issued share capital of the Company, which had been notified as at 30 January 2014 were as follows:

	Number of ordinary shares of 0.005p each	**Percentage of capital %**
Emin Eyi	1,560,000,000	22.79
Platform Securities Nominees	1,026,500,131	15.00
Cemile Eyi	800,000,000	11.69
Vehbi Eyi	500,000,000	7.30
Mackie Research Capital Corp	226,492,411	3.31

Biographical details of Directors

Adrian Collins (Chairman, Non-executive Director)

Adrian Collins, aged 60, 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.

Report of the Directors
continued

Emin Eyi (Managing Director)
Emin Eyi, aged 47, has been involved in antimony for many years and the Göynük project was acquired by him and his family in 2008. He became Managing Director of Tri-Star in January 2012. Prior to that he 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.

Ken Hight (Executive Director)
Ken Hight, aged 65, is a capital market specialist with over 40 years experience in global markets. He has held various positions with major financial institutions in the USA, Canada, Australia and Asia, working for TD Bank and TD Securities, Investment Technology Group, E*Trade and Liquidnet. His responsibilities have included global management of institutional equities and derivatives investment banking and resources finance. Mr Hight has also been a director of several mineral exploration companies listed on the Canadian markets.

Brian Spratley (Technical Director)
Brian Spratley, aged 64, 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 50, 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 Gable Holdings Inc. 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 62, 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 42, 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 advised a number of FTSE clients including Next, Kingfisher, Carnival and Centrica, before spending time focusing on emerging market mining and oil companies. Jos now works in investment management for Pensato Capital.

Report of the Directors

continued

Group Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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.

Auditors and Annual General Meeting

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 489(4) of the Companies Act 2006. A resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting to be held on 15 May 2014 at 3.00 pm.

ON BEHALF OF THE BOARD

Jonathan Quirk

27 February 2014

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 13. 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, 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, 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 pages 17 and 18.

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

Report on Remuneration

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 13. 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 £	K Hight £	A Collins £	J Trusted £	E Eyi £	Total of Directors £	M Eyi £	Total of Key Management £
Short-term employment benefits:										
Year to 31 December 2013										
Salary and fees	13,000	112,626	14,667	25,593	18,000	13,000	150,000	346,886	80,708	427,594
Relocation allowance	–		–	–	–	–	90,000	90,000	–	90,000
Benefits	–	–	–	–	–	–	64,226	64,226	–	64,226
Share option expense	5,365	7,838	5,365	6,248	5,365	5,365	–	35,546	7,838	43,384
Employers NI	732	14,480	962	–	–	138	4,140	20,452	9,787	30,239
Total	19,097	134,944	20,994	31,841	23,365	18,503	308,366	557,110	98,333	655,443
Year to 31 December 2012										
Salary and fees	12,000	100,791	12,000	–	12,000	12,000	120,000	268,791	79,849	348,640
Share option expense	25,376	37,058	25,376	–	25,376	25,376	–	138,562	–	138,562
Employers NI	623	10,726	209	–	–	–	15,264	26,822	9,406	36,228
Total	37,999	148,575	37,585	–	37,376	37,376	135,264	434,174	89,255	523,430

During the year, E Eyi relocated to the Gulf.

Although M Eyi resigned as a director on 31 December 2011, he is still considered to be key management. His remuneration includes £4,021 paid by Üç Yildiz for his director's fees of that company, translated from Turkish Lira at the average exchange rate of 2.98469.

K Hight is paid by Rockport Minerals Inc. and his remuneration has been translated from Canadian Dollars at the average exchange rate of 1.69965.

In addition, during the year £24,000 (2012: £24,000) 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 13 to the financial statements.

Report on Remuneration

continued

Pensions

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

Benefits in kind and share options

Emin Eyi received £64,226 benefits in kind during the year ended 31 December 2013 in connection with his relocation to the Gulf. No directors received any benefits in kind during the year ended 31 December 2012. During the year the Company operated an employee share plan and details of options granted are shown in note 13 to the financial statements. No Directors exercised their share options during the two years ended 31 December 2013.

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 2013.

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 2013, 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 15, 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 Financial Reporting Council'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 2013 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 Strategic Report and 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 2013.

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

27 February 2014

Principal Accounting Policies

Basis of preparation

The group financial statements have been prepared under the historical cost convention except for the financial instrument which is at fair value and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The Company's ordinary shares are quoted on AIM, a market operated by the London Stock Exchange. The Company applies the Companies Act 2006 when preparing its annual financial statements. Separate financial statements of Tri-Star Resources Plc ("**Tri-Star**" or the "**Company**") have been prepared on pages 49 to 62, 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 prior year ended 31 December 2012.

Going concern

The Group has not earned revenue during 2013 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 public placings of its shares and convertible loans. The Group is reliant on the continuing support from its existing and future shareholders.

As at 31 December 2013, the Group held cash balances of £2.1 million.

The Directors have prepared cash flow forecasts for the period ending 31 March 2015. The forecasts identify unavoidable third party running costs of the Group and demonstrate that the Group has sufficient cash resources available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Further development of the Group's exploration and investment activities, including any direct investment in the Roaster Project, will continue as and when finance is available. Accordingly, the accounts have been prepared on a going concern basis.

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.

Business combinations

On 4 October 2013 Tri-Star acquired 100% of the shares in Portage Minerals Inc., which was then amalgamated with Tri-Star Antimony Canada Inc. (TSAC). The consideration of £3.5million was satisfied by the issuance of 1,086 million new Tri-Star ordinary shares. Details of the provisional assets and liabilities acquired are set out in note 21. All transaction costs have been reflected in profit and loss in the statement of comprehensive income.

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.

Impairment testing of intangible assets and property, plant and equipment

Once fair values in respect of business combinations have been finalised, for the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

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

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

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

Principal Accounting Policies
continued

Intangible assets

(A) **Externally acquired intangible assets**

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

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

(B) **Licences**

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

(C) **Goodwill**

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

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

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

Exploration of mineral resources

All costs associated with mineral exploration prior to 31 December 2013 have been expensed in profit and loss in the statement of comprehensive income due to the uncertainty of the future revenues and speculative nature of the exploration costs. The Directors will continue to assess exploration of mineral resources on a project-by-project basis and will capitalise costs once the feasibility of the project is established.

Principal Accounting Policies

continued

Property, plant and equipment

Measurement 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 on a straight line basis as follows:

Motor vehicles	5 years
Equipment	3 years

Financial assets

The Group's financial assets comprise other receivables.

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

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

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

Cash and cash equivalents

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

Equity

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

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

Other reserves comprise the amounts arising on the reverse acquisition.

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.

Principal Accounting Policies

continued

Share based payments

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

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

All share based remuneration is ultimately recognised as an expense in profit and loss in the statement of comprehensive income with a corresponding credit to the share based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

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

Fees settled in shares

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

Financial liabilities

The Group's financial liabilities include other financial liabilities and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the statement of comprehensive income.

Financial derivative liabilities

Pursuant to the terms of the Convertible Bond, when investors exercise their conversion rights the Company has an obligation to deliver ordinary shares to those investors (see note 11 for further information).

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

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

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

Principal Accounting Policies
continued

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

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

Sales of antimony in US dollars 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 translation reserve.

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.

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 2013 of £56,000 (2012: £203,000) is determined by using a Black-Scholes valuation model, using the assumptions detailed in note 13. The key assumptions in the model involving a critical estimate are the share price volatility of between 58% and 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 6 and 36 months after they have vested.

Services received from external consultants are measured at their fair values, with a charge of £357,000 (2012: £643,000) recognised in the financial statements for the year ended 31 December 2013.

Principal Accounting Policies

continued

Other intangible exploration asset valuation

Owing to the proximity of the acquisition of Portage to the year end, the directors have not yet finalised their review of the fair value of the separable net assets acquired, although expect to finalise this review within the first year of the acquisition date. The acquisition of Portage allowed the Group access to the accumulated benefit of exploration costs incurred by Portage over a 7 year period. The findings of this exploratory work, together with the additional spend needed to fully understand the potential strategic value of the asset, will be important in enabling the Group to realise the full potential of the Roaster project.

The provisional fair value of the intangible 'exploratory asset' acquired has been assessed at £4,296,000. The fair value of this asset, together with the other assets and liabilities acquired, will be assessed over the coming months. This assessment may derive a different value to the provisional value currently reported on the Group Statement of Financial Position.

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 2013. The Directors will continue to asses this and when feasibility is determined will look to capitalise further costs in line with accounting standards.

Convertible loan accounting

The Group has measured the carrying value of the liability component of the Convertible Bonds as the initial amount loaned plus costs, less the fair value of the derivative liability on issue plus interest, calculated using the amortised interest rate.

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

The following assumptions were used in calculating the fair value:

- The model assumes that the bonds will be exercised on 31 December 2014.
- The share price volatility is 58% which was based on historic volatility.
- An exercise price of 0.27p being the exercise price which would have applied on 31 December 2013 and a share price of 0.30p being the market share price at that time.
- The effects of potential dilution were not factored.

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

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

The Directors believe that the Convertible Bond is likely to be subject to conversion during the life of the Bond and that it is unlikely that the Convertible Bond will run to term. Conversion is not in the control of the Company but it is the Directors expectation that the Convertible Bond is likely to be the subject of conversion in the near term and so for the basis of the option valuation, a conversion date of 31 December 2014 has been assumed.

Principal Accounting Policies

continued

Volatility of the Company's ordinary shares has been calculated by reference to the actual observed volatility of the Company's ordinary shares for the twelve months to 31 December 2013. The risk free rate is currently 0.5% (UK Bank of England lending rate).

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

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. On the acquisition of Portage Minerals Inc, outstanding warrants in Portage Minerals Inc. became exercisable for Tri-Star shares at a rate of 7.159849 Tri-Star shares per Portage Minerals Inc. share. Due to the short remaining lives of these warrants and the exercise prices, 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.

Goodwill valuation

Goodwill arising on the acquisition of Portage Minerals Inc. was calculated as being the difference between the purchase cost and the provisional value of the net assets acquired. Goodwill was reviewed for impairment at 31 December 2013.

In accordance with International Financial Reporting Standards the directors have assessed the carrying value of the goodwill with reference to the fair value less costs to sell. Given the proximity of the transaction to the year end the directors consider that the goodwill is not impaired.As a consequence, detailed value in use calculations have not been performed since accounting standards require the carrying value of goodwill to be reviewed for impairment against the higher of fair value less costs to sell or value in use.

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)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2014)
- IFRIC 21 Levies (effective 1 January 2014)
- Amendments to IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 36 and IAS 39 (effective 1 January 2014)
- Amendments to IAS 19 and the annual updates to various other standards (effective 1 July 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 2013

	Note	2013 £'000	2012 £'000
Share based payments		(413)	(846)
Amortisation of intangible assets		(16)	(19)
Exploration expenditure and other administrative expenses		(2,272)	(1,487)
Total administrative expenses and loss from operations		(2,701)	(2,352)
Finance income	2	174	1
Finance cost	2	(220)	–
Loss before and after taxation, and loss attributable to the equity holders of the Company	3	(2,747)	(2,351)
Loss before and after taxation attributable to			
Non-controlling interest		(173)	–
Equity holders of the parent		(2,574)	(2,351)
Other comprehensive (expenditure)/income			
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		(249)	(6)
Other comprehensive (expenditure)/income for the period, net of tax		(249)	(6)
Total comprehensive loss for the year, attributable to owners of the company		(2,996)	(2,357)
Total comprehensive loss attributable to			
Non-controlling interest		(173)	–
Equity holders of the parent		(2,823)	(2,357)
Loss per share			
Basic and diluted loss per share (pence)		(0.05)	(0.05)

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

	Share capital £'000	Share premium £'000	Other reserves £'000	Share based payment reserves £'000	Trans-lation reserve £'000	Retained earnings £'000	Total attributable to owners of parent £'000	Total controlling interest £'000	Total equity £'000
Balance at 1 January 2012	2,429	7,913	(6,156)	813	103	(4,193)	909	–	909
Share based payments	–	–	–	846	–	–	846	–	846
Issue of share capital	12	1,252	–	–	–	–	1,264	–	1,264
Share placing costs	–	(47)	–	–	–	–	(47)	–	(47)
Transactions with owners	12	1,205	–	846	–	–	2,063	–	2,063
Exchange difference on translating foreign operations	–	–	–	–	(6)	–	(6)	–	(6)
Loss for the year	–	–	–	–	–	(2,351)	(2,351)	–	(2,351)
Total comprehensive loss for the period	–	–	–	–	(6)	(2,351)	(2,357)	–	(2,357)
Balance at 31 December 2012	2,441	9,118	(6,156)	1,659	97	(6,544)	615	–	615
Share based payments	–	–	–	413	–	–	413	–	413
Issue of share capital	79	4,076	–	(1,000)	–	987	4,142	–	4,142
Share placing costs	–	(32)	–	–	–	–	(32)	–	(32)
Transactions with owners	79	4,044	–	(587)	–	987	4,523	–	4,523
Exchange difference on translating foreign operations	–	–	–	–	(249)	–	(249)	–	(249)
Loss for the period	–	–	–	–	–	(2,574)	(2,574)	(173)	(2,747)
Total comprehensive loss for the period	–	–	–	–	(249)	(2,574)	(2,823)	(173)	(2,996)
Balance at 31 December 2013	2,520	13,162	(6,156)	1,072	(152)	(8,131)	2,315	(173)	2,142

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

Consolidated Statement of Financial Position

as at 31 December 2013

	Note	31 December 2013 £'000	31 December 2012 £'000
Assets			
Non-current			
Intangible assets	7	4,897	23
Property, plant and equipment	8	87	42
		4,984	65
Current			
Cash and cash equivalents		2,101	601
Trade and other receivables	9	87	120
Total current assets		2,188	721
Total assets		7,172	786
Liabilities			
Current			
Trade and other payables	10	413	171
Financial liability	11	1,234	–
Total current liabilities		1,647	171
Loans repayable after one year			
Loans	11	2,568	–
Deferred tax liability	12	815	–
Total liabilities		5,030	171
Equity			
Issued share capital	14	2,520	2,441
Share premium		13,162	9,118
Share based payment reserve		1,072	1,659
Other reserves		(6,308)	(6,059)
Retained earnings		(8,131)	(6,544)
		2,315	615
Non-controlling interest		(173)	–
Total equity		2,142	615
Total equity and liabilities		7,172	786

The consolidated financial statements were approved by the Board and authorised for issue on 27 February 2014.

Jonathan Quirk
Director

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Cash flows from operating activities			
Continuing operations			
Loss after taxation		(2,747)	(2,351)
Amortisation of intangibles	7	16	19
Depreciation	8	26	23
Finance income		(3)	(1)
Finance cost		225	–
Fees paid by shares		110	–
Share based payments		413	846
Movement on fair value of derivatives		(171)	–
Decrease/(increase) in trade and other receivables		65	26
Increase/(decrease) in trade and other payables		(524)	22
Net cash outflow from operating activities		(2,590)	(1,416)
Cash flows from investing activities			
Finance income		3	1
Cash on acquisitions	21	7	–
Purchase of property, plant and equipment	8	(74)	(3)
Net cash outflow from investing activities		(64)	(2)
Cash flows from financing activities			
Proceeds from issue of share capital		500	1,264
Share issue costs		(32)	(47)
Finance cost		(252)	–
New loans	11	4,000	–
Net cash inflow from financing activities		4,216	1,217
Net change in cash and cash equivalents		1,562	(201)
Cash and cash equivalents at beginning of period		601	812
Exchange differences on cash and cash equivalents		(62)	(10)
Cash and cash equivalents at end of period		2,101	601

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

Notes to the Financial Statements

for the year ended 31 December 2013

1 Segmental reporting

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

The chief operating decision maker has defined that the Group's only operating segment during the period is mining. All of the corporate headquarter costs are allocated to the mining segment.

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

In respect of the non-current assets, £70,000 (2012: £14,000) arise in the UK, and £4,914,000 (2012: £51,000) arise in the rest of the world.

2 Finance income and costs

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Finance income		
Bank interest	3	1
Movement in fair value of derivative	171	–
	174	1

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Finance costs		
Bank interest	(5)	–
Interest payable on convertible loan	225	–
	220	–

Further details regarding the movement in fair value of derivatives and interest payable on the convertible loan are available in note 11.

3 Loss before taxation

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

The loss before taxation is stated after charging:

	2013 £'000	2012 £'000
Staff costs	716	544
Share-based payment charge	413	846
Depreciation of owned property, plant and equipment	26	23
Amortisation of intangible assets	16	19
Operating lease rentals	119	120
Foreign exchange translation differences	–	2
Fees payable to the Company's auditor for the audit of the financial statements	36	38
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance and advice	2	2
All other services	10	3

Notes to the Financial Statements

continued

4 Taxation

Unrelieved tax losses of approximately £5.09 million (2012: £3.38 million) remain available to offset against future taxable trading profits. The deferred tax asset at 31 December 2013 is £1,239,000 (2012: £838,000) which has not been recognised 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:

	2013 £'000	2012 £'000
Loss before taxation	(2,747)	(2,351)
Loss multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(639)	(576)
Effect of:		
Expenses not deductible for tax purposes	–	1
Overseas loss not recognised	(3)	250
Unrelieved tax losses	641	325
Total tax charge for year	–	–

5 Loss per share

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

	2013 £'000	2012 £'000
(Loss) attributable to owners of the Company after tax	(2,747)	(2,351)

	2013 Number	2012 Number
Weighted average number of ordinary shares for calculating basic loss per share	5,815,090,030	5,133,509,488

	2013 Pence	2012 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 are anti-dilutive. The weighted average number of ordinary shares excludes deferred shares which have no voting rights and no entitlement to a dividend.

Notes to the Financial Statements

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6 Employee benefit expense

	2013 £'000	2012 £'000
Wages and salaries	667	489
Social security	49	55
Share based payment charge	56	203
Total emoluments	772	747

Average monthly number of employees:

	2013 Number	2012 Number
Directors	6	6
Other	10	8
	16	14

The Directors are the key management personnel of the Group. Details of Directors' remuneration are included in the report on remuneration on pages 17 and 18.

7 Intangible assets

	Exploration asset £'000	Mining and mineral licences £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2012	–	102	–	102
Exchange Difference	–	1	–	1
At 31 December 2012	–	103	–	103
Arising on acquisition	4,296	–	815	5,111
Exchange Difference	(220)	(1)	–	(221)
At 31 December 2013	4,076	102	815	4,993
Amortisation and impairment				
At 1 January 2012	–	61	–	61
Amortisation charge in the year	–	19	–	19
At 31 December 2012	–	80	–	80
Amortisation charge in the year	–	16	–	16
At 31 December 2013	–	96	–	96
Net book value				
At 31 December 2013	4,076	6	815	4,897
At 31 December 2012	–	23	–	23
At 1 January 2012	–	41	–	41

The 'exploration asset' arising on acquisition relates to the acquisition of Portage Minerals Inc. during the year. The transaction was effected by the issuance of 1,086 million shares representing a fair value of consideration of £3.5 million. Further detail is given in note 21.

The exploration asset has not been amortised in the year due to the proximity of the transaction to the year end date. The exploration asset is not required to be reviewed for impairment unless there are any indications that the carrying amount exceeds the recoverable amount.

Notes to the Financial Statements

continued

7 Intangible assets continued

At 31 December 2013, given the proximity of the acquisition of Portage to the year end, the directors consider that there are no indications of impairment at this stage.

As detailed further in note 21 the directors are still reviewing the fair value of the assets and liabilities acquired in the transaction and as such the fair value of the other intangible exploration asset is provisional and subject to review over the coming months.

Goodwill on acquisition relates to the goodwill arising on the acquisition of Portage Minerals Inc. during the year.

Goodwill is not amortised but is reviewed for impairment on an annual basis or more frequently if there are any indications that goodwill may be impaired. Goodwill arising on a business combination is allocated to the cash generating unit according to the level of which it is monitored. Goodwill is carried at cost less accumulated impairment losses. All of the goodwill relates to the Canadian operation and is in respect of the acquisition of Portage Minerals Inc, therefore all of the goodwill is allocated in full to this cash generating unit.

An asset is impaired if its carrying value exceeds its recoverable amount. At 31 December 2013 the Directors have carried out an impairment review of the goodwill arising on the acquisition of Portage Minerals Inc. by considering the carrying value of the goodwill compared to the fair value less costs to sell.

Given the proximity of the transaction to the year end the directors consider that the goodwill is not impaired. Consequently detailed value in use calculations have not been performed since accounting standards require the carrying value of goodwill to be reviewed for impairment against the higher of fair value less costs to sell or value in use.

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

8 Property, plant and equipment

	Land £'000	Vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2012	–	58	35	93
Additions	3	–	2	5
Exchange difference	–	1	–	1
At 31 December 2012	3	59	37	99
Additions	–	67	7	74
Exchange difference	(1)	(10)	(1)	(12)
Cost at 31 December 2013	2	116	43	161
Depreciation				
At 1 January 2012	–	25	9	34
Charge for the year	–	12	11	23
At 31 December 2012	–	37	20	57
Exchange difference	–	(8)	(1)	(9)
Charge for the year	–	14	12	26
At 31 December 2013	–	43	31	74
Net book value				
At 31 December 2013	2	73	12	87
At 31 December 2012	3	22	17	42
At 1 January 2012	–	33	26	59

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

Notes to the Financial Statements

continued

9 Trade and other receivables

	31 December 2013 £'000	31 December 2012 £'000
Current		
Other receivables	69	46
Prepayments and accrued income	18	74
Trade and other receivables	87	120

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 (2012: £Nil) 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 2013 and 31 December 2012.

10 Trade and other payables

	31 December 2013 £'000	31 December 2012 £'000
Trade payables	100	50
Social security and other taxes	11	29
Other payables	127	10
Accruals and deferred income	175	82
	413	171

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.

Notes to the Financial Statements

continued

11 Convertible secured loan notes

On 19 June 2013, Tri-Star issued Convertible Secured Loan Notes to Odey, for £4.0 million (the "Convertible Bonds"). The Convertible Bonds were drawn down in two tranches of £1.33 million on 20 June 2013 and of £2.67 million on 27 September 2013. The Convertible Bonds carry a non-cash coupon of 15% per annum which compounds half yearly and are secured by way of a guarantee and debenture granted by Tri-Star Antimony Canada Inc. They are redeemable at 100% of their principal amount plus accrued interest on 19 June 2018 (unless otherwise previously redeemed or converted).

The Convertible Bonds are convertible at 100% of their principal amount plus accrued interest at the holder's option into ordinary shares at a conversion price which is fixed at the time of conversion at a 10% discount to the lower of:

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

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

The carrying value of the host debt component of the Convertible Bonds at 31 December 2013 amounted to £2,568,000 (2012: £nil).

The conversion option (limited by the early repayment clause) is an embedded derivative treated as a liability at fair value through profit and loss. The fair value of the embedded derivative, calculated using the Black-Scholes option valuation model, was £1,234,000 (on issue: £1,405,000). The decrease in fair value since issue, amounting to £171,000, has been recorded in finance income in the Consolidated Income Statement for the year ended 31 December 2013 (2012: £nil).

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

	On Issue £'000	**At 31 December 2013 £'000**	**Profit and loss movement £'000**
Carrying value of host debt instrument	2,343	2,568	(225)
Fair value of derivative	1,405	1,234	171
	3,748	3,802	(54)

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

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

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

On issue the host debt instrument was recorded at £2,343,000 being the difference between the fair value of the derivative and the proceeds. Thereafter in line with accounting standards the host debt instrument is carried at amortised cost with an effective interest rate of 27.24%.

Notes to the Financial Statements

continued

12 Deferred tax liability

A deferred tax liability of £815,000 (2012: £Nil) has been recognised on the intangible exploration asset acquired as part of the business combination.

13 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 issued in 2011 ranges from 12 months to 36 months based on management's expectation of when they will be exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. The expected life of the options issued in 2013 is 6 months, and they expire on 31 December 2017 if they remain unexercised. 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 2013 Number	31 December 2013 WAEP £	31 December 2012 Number	31 December 2012 WAEP £
Outstanding at the beginning of the year	444,000,000	0.01704	444,000,000	0.01704
Issued during the year	27,800,000	0.005	–	–
Outstanding at the end of the year	471,800,000	0.01586	444,000,000	0.01704

The share options outstanding at the end of the period have a weighted average remaining contractual life of 7.03 years (2012: 9.22) 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 2013 Number	31 December 2012 Number
27-Feb-11	27-Aug-10	0.00005	0.0039	90,000,000	90,000,000
10-May-11	10-May-11	0.01	0.002517	34,000,000	34,000,000
10-May-11	10-May-11	0.02	0.001645	34,000,000	34,000,000
10-May-11	10-May-11	0.03	0.001625	50,000,000	50,000,000
10-May-12	10-May-11	0.01	0.002517	34,000,000	34,000,000
10-May-12	10-May-11	0.02	0.001645	34,000,000	34,000,000
10-May-12	10-May-11	0.03	0.001625	50,000,000	50,000,000
10-May-13	10-May-11	0.01	0.003539	34,000,000	34,000,000
10-May-13	10-May-11	0.02	0.001645	34,000,000	34,000,000
10-May-13	10-May-11	0.03	0.001625	50,000,000	50,000,000
04-Oct-13	04-Oct-13	0.005	0.000899	27,800,000	–
Total				471,800,000	444,000,000

Notes to the Financial Statements

continued

13 Share based payments continued

At 31 December 2013 all of the 471,800,000 options outstanding were exercisable (2012: 326,000,000).

The weighted average exercise price of the options at the year end is £0.016.

The share options issued on 27 August 2010 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 share options issued on 4 October 2013 are exercisable immediately and expire on 31 December 2017. It has been assumed that these will be exercised 6 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:

	2013	**2012**
Risk free rate	0.5%	–
Share price volatility	58.0%	–
Expected life	6 months	–
Share price at date of grant	£0.0029	–

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 £56,000 (2012: £203,000) 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, which was 27 August 2010.

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 2013, and 31 December 2012. 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 (2012: 0.2 pence) and the warrants have a weighted average remaining contractual life of 1.66 years (2012: 2.66 years).

Notes to the Financial Statements

continued

13 Share based payments continued

In respect of services paid in shares

Under the terms of the shareholders' agreement, RAK Holding was entitled to 300 million new ordinary shares for services provided. The issue of these shares was subject to RAK Holding completing and obtaining the preliminary land lease agreements, industrial zoning, essential permits for operating export & import licenses, a 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 £357,000 (2012: £643,000) has been recognised relating to this fee paid in shares during the year. In May 2013 the conditions were satisfied and 300 million ordinary shares were issued to RAK Holding.

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	
K Hight	–	13,900,000	13,900,000	0.5
Total	331,500,000	13,900,000	345,400,000	

Notes to the Financial Statements

continued

14 Share capital

	31 December 2013 £'000	31 December 2012 £'000
Allotted, issued and fully paid		
1,363,925,475 deferred shares of 0.1p (2012: 1,363,925,475)	1,364	1,364
856,547,275 deferred shares of 0.095p (2012: 856,547,275)	814	814
6,843,546,532 ordinary shares of 0.005p (2012: 5,256,880,018)	342	263
	2,520	2,441

Following the issue of the 466,670,000 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 2 May 2013 and the issue of 1,119,999,844 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 7 October 2013 there were 6,843,549,862 Ordinary Shares in issue (each of which are voting shares) as at 31 December 2013.

Of the 466,670,000 shares issued on 2 May 2013, 300,000,000 were issued to RAK Holdings Limited. These have been treated as a share based payment per the Shareholders Agreement. In March 2013 the Shareholders Agreement was modified to reflect that £1,000,000 would be paid for the services provided. On 2 May 2013 this liability for £1,000,000 was settled in shares.

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.

On 4 October 2013 on the acquisition of Portage Minerals Inc. outstanding warrants in Portage were converted into 57,968,838 warrants for Tri-Star ordinary shares. The following shows details of the warrants converted.

Original grant date	Expiry date	Exercise price CAD$	31 December 2013 Number
29-Aug-11	29-Aug-14	0.03352	36,333,528
29-Aug-11	29-Aug-14	0.032124	6,748,688
06-Sep-11	06-Sep-14	0.032124	5,622,601
12-Sep-11	12-Sep-14	0.032124	715,985
06-Oct-11	29-Aug-14	0.032124	3,767,470
18-Oct-11	29-Aug-14	0.032124	845,549
18-Oct-12	06-Sep-14	0.032124	1,423,378
08-Apr-13	29-Aug-14	0.032124	2,511,639
Total			57,968,838

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.

These warrants fall outside the scope of IFRS2 as they have been issued to shareholders in their capacity as shareholders and have therefore not been treated as share based payments.

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

Notes to the Financial Statements

continued

15 Contingent liabilities

There were no contingent liabilities 31 December 2013 or 31 December 2012.

16 Capital commitments

There were no capital commitments at 31 December 2013 or 31 December 2012.

17 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 2013			31 December 2012		
	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	69	18	87	46	74	120
Cash and cash equivalents	2,101	–	2,101	601	–	601
Total	2,170	18	2,188	647	74	721

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 2013				31 December 2012			
	Other financial liabilities at amortised cost £'000	Liabilities carried at fair value £'000	Liabilities not within the scope of IAS 39 £'000	Total £'000	Other financial liabilities at amortised cost £'000	Liabilities carried at fair value £'000	Liabilities not within the scope of IAS 39 £'000	Total £'000
Trade payables	100	–	–	100	50	–	–	50
Social Security and other taxes	–	–	11	11	–	–	29	29
Other payables	127	–	–	127	10	–	–	10
Accruals and deferred income	175	–	–	175	82	–	–	82
Host debt instrument	2,568	–	–	2,568	–	–	–	–
Financial derivative liability	–	1,234	–	1,234	–	–	–	–
Deferred tax liability	–	–	815	815	–	–	–	–
Total	2,970	1,234	826	5,030	142	–	29	171

Notes to the Financial Statements

continued

17 Financial risk management policies and objectives continued

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In the year ended 31 December 2013 the derivative value element of the convertible loan has been classified as a Level 3 liability.

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

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

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

Additionally, at 31 December 2013, the fair value of the derivative liability embedded in the Convertible Bonds, calculated using the Black-Scholes model, was £1,234,000 (on issue: £1,405,000). The decrease in fair value since issue, amounting to £171,000, has been recorded in finance income in the Consolidated Income Statement for the year ended 31 December 2013 (2012: £nil).

See note 11 for further details on the valuation model used.

The valuation of the derivative is sensitive to movements in the key assumptions.

The following table illustrates the sensitivity of the fair value of the convertible loan to a reasonably possible change of 10.42% in the volatility rate. This shows that the effect on the income statement would have been £23,000.

	Using 68.42% Volatility			**Actual 58% Volatility**		
	On issue £'000	**At 31 December 2013 £'000**	**Profit and loss movement £'000**	**On issue £'000**	**At 31 December 2013 £'000**	**Profit and loss movement £'000**
Carrying value of host debt instrument	2,122	2,342	(220)	2,343	2,568	(225)
Fair value of derivative	1,626	1,429	197	1,405	1,234	171
	3,748	3,771	(23)	3,748	3,802	(54)

Notes to the Financial Statements

continued

17 Financial risk management policies and objectives continued

The valuation of the derivative is sensitive to movements in the key assumptions.

The following table illustrates the sensitivity of the fair value of the convertible loan to a reasonably possible change of assuming maturity to 31 December 2015. This shows that the effect on the income statement would have been a charge of £68,000 compared to the actual charge (based on assumed maturity of 31 December 2014) of £54,000.

	Assuming maturity on 31/12/2015			Actual assumed maturity on 31/12/2014		
	On issue £'000	**At 31 December 2013 £'000**	**Profit and loss movement £'000**	**On issue £'000**	**At 31 December 2013 £'000**	**Profit and loss movement £'000**
Carrying value of host debt instrument	1,661	1,868	(207)	2,343	2,568	(225)
Fair value of derivative	2,087	1,948	139	1,405	1,234	171
	3,748	3,816	(68)	3,748	3,802	(54)

Credit risk

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

The Group'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 2013 £'000	**31 December 2012 £'000**
Trade and other receivables	87	120
Cash and cash equivalents	2,101	601
Total	2,188	721

None of the amounts included in trade and other receivables are past due or impaired (2012: £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 2013 £'000**	**31 December 2012 £'000**
Trade and other payables	Less than one year	227	60
Accruals and deferred income	Less than one year	175	82
Convertible loan – host debt element	Greater than five years	2,568	–
Total		2,970	142

Notes to the Financial Statements

continued

17 Financial risk management policies and objectives continued

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.

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.

The net debt to equity ratio of the group at 31 December 2013 was 177% (31 December 2012: Nil). Management intend to keep this level below 200% by ensuring that future funds are raised through a combination of equity and debt financing.

18 Related party transactions

During the year ended 31 December 2013, the Company paid £24,085 (2012: £24,702) for Company Secretarial services and expenses to Kitwell Consultants Limited, a Company controlled by M Hirschfield.

During the year, the Company charged £201,960 (2012: £478,714) to Üç Yildiz (a subsidiary undertaking) for services provided and invoices paid on their behalf. At 31 December 2013 Tri-Star was owed £1,669,446 (2012: £1,467,486) from Üç Yildiz. This balance is fully provided for in Tri-Star Resources Plc company only accounts.

During the year, the Company charged £1,118,289 (2012: £389,638) to Tri-Star Union FZ-LLC for services provided and invoices paid on their behalf. At 31 December 2013, Tri-Star was owed £1,645,252 (2012: £526,963) from Tri-Star Union FZ-LLC. Tri-Star Union FZ-LLC is a 90% owned subsidiary undertaking.

At 31 December 2013, Tri-Star was owed £15,170 (2012: £Nil) in respect of the Golden Ridge Joint Venture. Golden Ridge Joint Venture is a joint venture in which the Group has a 60% interest.

During the year the Group paid £30,000 (2012: £30,000) for accountancy services to Sirius Petroleum Plc, a company of which M Hirschfield was a director until 30 September 2013.

During the year the Company met certain of the Directors expenses. At the 31 December 2013 the balance due to B Spratley was £Nil (2012: £4,924), balance due to E Eyi £4,096 (2012: £217).

At 31 December 2013 the following amounts were owed to Directors in respect of fees: A Collins £6,000, B Spratley £10,376, J Quirk £2,667, M Hirschfield £1,000, J Trusted £1,000 (31 December 2012: £Nil owed in directors fees).

Notes to the Financial Statements

continued

19 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%
Rockport Mining Corporation*	100%
Golden Ridge Joint Venture*	60%

Tri-Star Antimony Canada Inc. was incorporated under the laws of the province of New Brunswick on 12 April 2011, and subsequently continued under the laws of Canada. On 4 October 2013 Tri-Star Antimony Canada Inc. amalgamated with Portage Minerals Inc.

*Rockport Minerals Inc. and the interest in Golden Ridge are owned by Tri-Star Antimony Canada Inc.

Tri-Star Union FZ-LLC was incorporated in the United Arab Emirates on 19 October 2011. The non controlling interest has been disclosed in the Statement of Comprehensive Income.

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

The loss associated to the non-controlling interest in Üç Yildiz Antimon Madencilik İthalat Ve İhracat Sanayi ve Ticaret Anonim Şirketi 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 2013. Furthermore, given the immaterial size and value of Tri-Star LLC at both the date the option was granted and 31 December 2013, 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 Strategic Report) and at the date the option was issued and 31 December 2013 this was uncertain.

20 Operating lease commitments

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

	Land and Buildings	
	2013	**2012**
	£000	**£000**
Operating leases which expire:		
Within one year	47	40
Greater than one year, less than five years	–	8

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

21 Acquisitions

In May 2013, the Company announced that it had entered into a Letter of Intent for the Acquisition of Portage Minerals Inc. ("Portage"). Tri-Star further announced on 7 October 2013 that the acquisition had been duly completed. The consideration of £3.5million was satisfied by the issuance of 1,086 million new Tri-Star ordinary shares. Portage is a mineral exploration company which explores for antimony and gold in Eastern Canada.

The assets and liabilities of Portage Minerals Inc. acquired were as follows:

	Fair value £'000
Other investments	7
Debtors	29
Cash at bank	7
Trade creditors	(19)
Other creditors & loans	(791)
Exploration asset	4,296
Deferred tax liability	(815)
Net assets acquired	2,714
Satisfied by:	
Fair value of consideration settled in shares	3,529
Goodwill	815
Acquisition costs charged to Income Statement	363

Given the proximity to the year end of the transaction, the directors are still reviewing the assets and liabilities acquired in respect of the business combination and as such the fair values in the table above are provisional. The exploration asset recognised represents historic exploration and evaluation expenditure undertaken by Portage Minerals Inc prior to the acquisition by Tri-Star Resources plc and is stated at provisional fair value. The final fair value of this intangible is still under review and will be reported during 2014.

Should the acquisition have taken place at the beginning of the year, the loss before tax for the group would have been £3,310,000.

Since acquisition Portage contributed the following to the Group's cashflow:

	£'000
Cash outflow from operating activities	(721)
Cash inflow from financing activities	737
Movement in cash	16

22 Post balance sheet events

On 16 January 2014 the Company announced that as part of the fee arrangements with SP Angel Corporate Finance LLP, the Company issued a total of 1,568,193 new ordinary shares of 0.005p each ("New Shares") in the Company to SP Angel at a 10 day VWAP of 0.310 pence for a total fair value of approximately £4,560.

Following Admission of the New Shares on 22 January 2014, and as at the date of this report, the total number of shares in issue and total voting rights in the company is 6,845,114,725 Ordinary Shares of 0.005p each.

Tri-Star Resources Plc

Company Statutory Financial Statements
(PREPARED UNDER UK GAAP)

for the year ended 31 December 2013

Statement of Directors' Responsibilities

for the year ended 31 December 2013

Company Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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;
- 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 2013 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 Accounting 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 50, 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 Financial Reporting Council'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 2013;
- 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 Strategic Report and 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 2013.

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

27 February 2014

Principal Accounting Policies

for the year ended 31 December 2013

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 Group has not earned revenue during 2013 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 Group is reliant on the continuing support from its existing and future shareholders.

As at 31 December 2013, the Group held cash balances of £2.1 million.

The Directors have prepared cash flow forecasts for the period ending 28 February 2015. The forecasts identify unavoidable third party running costs of the Group and demonstrate that the Group has sufficient cash resources available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Further development of the Group's exploration and investment activities, including any direct investment in the Roaster Project, will continue as and when finance is available. Accordingly, the accounts have been prepared on a going concern basis.

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:

Motor vehicles	5 years
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.

Loans

Convertible loans are recognised as debt with the interest payable classified as a finance cost.

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.

TRISTAR RESOURCES

Balance Sheet

as at 31 December 2013

	Note	31 December 2013 £'000	31 December 2012 £'000
Fixed assets			
Investments	1	5,017	1,128
Tangible fixed assets	2	70	14
Current assets			
Cash at bank and in hand		2,037	601
Debtors due within one year	3	2,677	2,301
Total current assets		4,714	2,902
Creditors: Amounts falling due within one year	4	(188)	(169)
Net current assets		4,526	2,733
Total assets less current liabilities		9,613	3,875
Creditors: Amounts falling due after one year	5	(3,961)	–
Net assets		5,652	3,875
Equity			
Issued share capital	7	2,520	2,441
Share premium	9	13,162	9,118
Share based payment reserve	9	1,072	1,659
Profit and loss account	9	(11,102)	(9,343)
Equity shareholders' funds		5,652	3,875

The financial statements were approved by the Board on 27 February 2014.

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 2013

1 Fixed asset investments

	Investment in Group undertakings £'000
Cost	
At 31 December 2011	1,095
Additions	33
At 31 December 2012	1,128
Additions	3,892
Adjustments	(3)
At 31 December 2013	5,017
Net book value	
At 31 December 2013	5,017
At 31 December 2012	1,128
At 31 December 2011	1,095

On 4 October 2013 the Company acquired 100% of the share capital of Portage Minerals Inc. which was almagamated with Tri-Star Antimony Canada Inc. by issuing 1,085,999,884 ordinary shares.

The cost of acquisition was calculated as:

	£'000
Fair value of consideration settled in shares	3,529
Acquisition costs	363
Total cost of acquistion	3,892

At 31 December 2013, 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
Rockport Mining Corporation*	100%	Mining	Canada
Golden Ridge Joint Venture*	60%	Mining	Canada

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

Notes to the Financial Statements

continued

2 Tangible fixed assets

	Motor vehicles £'000	Computer equipment £'000	Office equipment £'000	Total £'000
Cost				
At 31 December 2011	–	24	2	26
Additions	–	–	2	2
At 31 December 2012	–	24	4	28
Additions	67	–	–	67
Cost at 31 December 2013	67	24	4	95
Depreciation				
At 31 December 2011	–	5	–	5
Charge for the year	–	8	1	9
At 31 December 2012	–	13	1	14
Charge for the year	2	8	1	11
At 31 December 2013	2	21	2	25
Net book value				
At 31 December 2013	65	3	2	70
At 31 December 2012	–	11	3	14
At 1 January 2012	–	19	2	21

3 Debtors

	31 December 2013 £'000	31 December 2012 £'000
Amounts owed by Group undertakings	2,640	2,259
Other debtors	26	32
Prepayments and accrued income	11	10
	2,677	2,301

Amounts owed by Group undertakings of £2,640,000 (31 December 2012: £2,259,000) are due within one year. The amount of £1,645,000 owed by Tri-Star Union LLC bears interest at 6%. The balance is non interest bearing.

Notes to the Financial Statements

continued

4 Creditors: amounts falling due within one year

	31 December 2013 £'000	31 December 2012 £'000
Trade creditors	95	49
Social security and other taxes	9	28
Other creditors	6	10
Accruals and deferred income	78	82
	188	169

5 Convertible secured loans

On 19 June 2013, Tri-Star issued Convertible Secured Loan Notes to, convertible into ordinary shares, to a qualified investor, Odey Financial, for the amount of £4.0 million (the "Convertible Bonds"). The Convertible Bonds were drawn down in two tranches of £1.33 million on 20 June 2013 and of £2.67 million on 27 September 2013. The Convertible Bonds carry a non-cash coupon of 15% per annum which compounds half yearly and are secured by way of a guarantee and debenture granted by Tri-Star Antimony Canada Inc. They are redeemable at 100% of their principal amount plus accrued interest on 19 June 2018 (unless otherwise previously redeemed or converted).

The Convertible Bonds are convertible at 100% of their principal amount plus accrued interest at the holder's option into ordinary shares at a conversion price which is fixed at the time of conversion at a 10% discount to the lower of:

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

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

At 31 December 2013 the value of the loan outstanding was £4,000,000, less the loan costs of £252,000, plus the accrued interest of £213,000.

6 Share based payments

Details of share based payments are disclosed on pages 39 to 41.

Notes to the Financial Statements
continued

7 Share capital

	31 December 2013 £'000	31 December 2012 £'000
Allotted, issued and fully paid		
1,363,925,475 deferred shares of 0.1p (2012: 1,363,925,475)	1,364	1,364
856,547,275 deferred shares of 0.095p (2012: 856,547,275)	814	814
6,843,546,532 ordinary shares of 0.005p (2012: 5,256,880,018)	342	263
	2,520	2,441

Following the issue of the 466,670,000 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 2 May 2013 and the issue of 1,119,999,844 ordinary shares of 0.005 pence each ("Ordinary Shares") announced on 7 October 2013 there were 6,843,546,532 Ordinary Shares in issue (each of which are voting shares) as at 31 December 2013.

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.

On 4 October 2013 on the acquisition of Portage Minerals Inc. outstanding warrants in Portage were converted into 57,968,838 warrants for Tri-Star ordinary shares. The following shows details of the warrants converted.

Original grant date	Expiry date	Exercise price CAD$	31 December 2013 Number
29-Aug-11	29-Aug-14	0.03352	36,333,528
29-Aug-11	29-Aug-14	0.032124	6,748,688
06-Sep-11	06-Sep-14	0.032124	5,622,601
12-Sep-11	12-Sep-14	0.032124	715,985
06-Oct-11	29-Aug-14	0.032124	3,767,470
18-Oct-11	29-Aug-14	0.032124	845,549
18-Oct-12	06-Sep-14	0.032124	1,423,378
08-Apr-13	29-Aug-14	0.032124	2,511,639
Total			57,968,838

8 Reconciliation of movement in equity shareholders' funds

	31 December 2013 £'000	31 December 2012 £'000
Loss for financial period	(2,746)	(1,310)
Share based payments	413	846
Issue of shares	4,142	1,264
Share issue costs	(32)	(47)
Net increase in shareholders' funds	1,777	753
Equity shareholders' funds brought forward	3,875	3,122
Equity shareholders' funds carried forward	5,652	3,875

Notes to the Financial Statements

continued

9 Reserves

	Share premium £'000	Profit and loss account £'000	Share based payment reserve £'000
At 1 January 2013	9,118	(9,343)	1,659
Share issue	4,076	987	–
Share issue costs	(32)	–	–
Share based payment	–	–	413
Transferred on issue of shares	–	–	(1,000)
Loss for the period	–	(2,746)	–
At 31 December 2013	13,162	(11,102)	1,072

10 Loss for the financial year

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was £2,746,000 (year ended 31 December 2012: £1,310,000).

The loss is stated after charging:

	31 December 2013 £'000	31 December 2012 £'000
Fees payable to the Company's auditor for the audit of the financial statements	36	38
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance and advice	2	2
All other services	10	2

11 Directors remuneration

Details of the Directors' remuneration is disclosed within the Report on Remuneration on pages 17 and 18.

12 Contingent liabilities

There were no contingent liabilities 31 December 2013 or 31 December 2012.

13 Capital commitments

There were no capital commitments at 31 December 2013 or at 31 December 2012.

14 Related party transactions

Details of related party transactions are disclosed on page 46. The company has taken advantage of the exemption available under FRS8 Related Party Disclosures with respect to transactions with wholly owned subsidiaries.

Notes to the Financial Statements
continued

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

	Land and Buildings 2013 £000	**Land and Buildings 2012 £000**
Operating leases which expire:		
Less than one year	5	–
Greater than one year, less than five years	–	18

16 Post balance sheet events
Details of post balance sheet events are disclosed on page 48.

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