RNS Number : 0741Z
Tri-Star Resources PLC
10 March 2017

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

10 March 2017

TRI-STAR RESOURCES PLC

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

Tri-Star Resources plc ("Tri-Star" or the "Company") the independent metal processing and technology company, is pleased to announce its financial results for the year ended 31 December 2016.

Financial highlights:

- Loss from operations reduced by 88% to £832,000 (2015: £7,192,000)
- Administrative expenses down 57%
- Directors remuneration cut by over 60%
- Cash as at 29 February 2017 of £350,000

Operational highlights:

- In January 2017 Tri-Star completed the sale of its non-core gold interests in Canada
- In February 2016 Strategic & Precious Metals Processing LLC ("SPMP"), Tri-Star's joint venture company in Oman signed up a major global engineering consultancy as its EPCM contractor
- In April 2016, SPMP formally approved the incorporation of a gold plant as part of the overall design of the Oman Antimony Roaster ("OAR")
- In August 2016, SPMP began the OAR procurement process in earnest with the order of three furnaces
- Construction of the OAR has now commenced on site in Sohar, Oman, in the first part of 2017

Guy Eastaugh, Chief Executive Officer, said:

"We are very pleased to present these results to shareholders demonstrating the financial impact of some tough but necessary decisions taken towards the end of

2015 and into 2016 concerning the scale of the business that our resources could reasonably support. On the operational side, significant progress has been achieved at the Company's joint venture in Oman where, in conjunction with our partners, the construction of the Oman Antimony Roaster is now physically taking place. Many challenges remain but our enthusiasm for the OAR remains undimmed and the Board looks forward to further significant accomplishments in 2017."

CHAIRMAN'S STATEMENT

I am pleased to report another year of steady progress for the Company. In conjunction with its joint venture partners, Tri-Star has continued the development of the Oman Antimony Roaster Project ("OAR") from a successful financial close in September 2015 through to actual construction works, which commenced on site in Sohar, Oman, in 2017.

Tri-Star owns 40% of the equity in the Oman joint venture company, Strategic & Precious Metals Processing LLC ("SPMP"). During 2016 SPMP brought on board an experienced engineering, procurement, construction and management partner to assist in completing the detailed design work and commenced actual procurement of the key items of equipment required. As at the date of this report, SPMP has contracted to acquire approximately two-thirds, by value, of an updated estimated $80 million capital budget for the OAR. Hot commissioning of the OAR is slated to commence before the end of 2017, with first antimony being produced in Q1 2018. Meanwhile the outlook for antimony processing looks strong as Chinese smelters face closure by environmental inspectors due to those facilities' high pollution emissions.

As the first environmentally compliant antimony smelter to be built in the West for over 50 years, the OAR plant has relied heavily on R&D and technology. In addition to the approx. $6.0 million TSTR spent on developing the core technology, SPMP has spent a further $1.3 million to date in enhancing the process and improving its operational deliverability. It is that technology which underpins SPMP's competitive position and as such further testing will be continuing throughout the first half of 2017. We have been fortunate in having engaged with technology partners from an early stage and we are confident that all parties are working to a fault-free and successful start-up.

An increase in the capital cost estimate to $80 million has arisen as a result of the decision by SPMP to change the plant flowsheet in order to increase throughput, improve operating flexibility and also to add on a gold recovery circuit. Throughput has increased by 39% and the introduction of a gold recovery circuit, which accounts for approximately $10 million of cost increase, has added an important co-product, raising SPMP forecast revenues by 45%. The plant's competitive position as the lowest cost source of antimony has therefore been further enhanced. The joint venture remains on track to delivering the OAR into commercial production in 2018, and it continues to represent an attractive project for all stakeholders in the business.

In 2015, shareholders will recall we took some very difficult decisions around the scale of business that our limited resources could support and we are now able to see the beneficial financial impacts of that rationalisation clearly in these results. We reduced our footprint to comprise solely the strategically important antimony prospect in the Bald Hill region of New Brunswick, Canada. The associated gold assets had long been considered non-core and in January 2016 a significant proportion of these gold assets, comprising the Golden Pike properties were sold. Operations at the Company's sole antimony mine in Göynük, Turkey have been significantly scaled back in light of prevailing market conditions.

As regards the overall result for the year, I am extremely pleased to report that the Group recorded a very greatly reduced loss from operations of £832,000 (2015:

£7,192,000) coupled with a reduced total comprehensive loss of £3,373,000 (2015: £7,630,000). 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 what turned out to be another good year for Tri-Star. The Board is looking forward to the coming year with confidence.

Mark Wellesley-Wood
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Our goal is to become a leading antimony metal processing and technology company. The Company's principal asset is its 40% share in Strategic & Precious Metals Processing LLC FZC which is developing a 26,000 tonne per annum antimony and 50,000 oz. per annum gold production facility in Sohar, Sultanate of Oman, the "OAR". Tri-Star also owns upstream antimony assets in Canada and Turkey.

I am pleased to report on the Company's progress towards achieving its aims during 2016 and set out the clear priorities for Tri-Star's financial and other resources for the future.

Result for the year

The results for 2016 reflect the impact of the considerable rationalisation of the business that took place in the latter part of 2015 and into the first part of 2016. Tri-Star was successful in substantially reducing administrative overheads in 2016, as compared with previous years, and accomplished this without recourse to further stakeholder funding during the year. Administration costs, which are very largely cash in nature, fell by 57% in 2016 to £763,000 after stripping out the one-off advisory costs associated with financial close in 2015. Share based payments fell by over 80% to £66,000.

Expanded Profit and Loss Account	**2016 £'000**	**2015 £'000**
Share based payments	(66)	(337)
Exploration and administrative costs	(763)	(1,789)
Impairments and amortisation	(3)	(4,203)
Financial advisory costs payable on financial close	-	(863)
Loss from operations	**(832)**	**(7,192)**
Gain on sale of Intellectual Property	-	1,555
Share of loss in associates	(769)	(382)
Loss before finance expense	**(1,601)**	**(6,019)**
Net finance (expense)	(1,978)	(1,710)
Taxation	179	601
Loss after taxation	**(3,400)**	**(7,128)**

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

Net finance expense of £1,978,000 in 2016 (2015: £1,710,000) represents the net impact on profit and loss of the revaluation of the Convertible Notes at the financial year end. This item is non-cash in nature. Further detail on this is set out in the accompanying notes to the financial statements.

The net tax credit of £179,000, comprises £151,000 actual cash tax receivable in the year rebated to the Company under the UK tax regime in respect of qualifying research and development expenditure, and £28,000 of deferred tax offset against losses in the year.

With respect to the statement of financial position the Group had cash of £447,000 as at 31 December 2016 and continues to hold its equity method investment in SPMP, which was reduced to £1,483,000 as at the end of the year in order to record Tri-Star's share of that company's losses. Tri-Star had loans outstanding of £10,429,000 which increased from £8,318,000 in the prior year.

Antimony

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

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

An emerging application is the use of antimony in microelectronics.

Oman Antimony Roaster

Background
In 2011, the Company began seeking partners in the Gulf region to investigate the siting and construction of an antimony production facility to be engineered to meet EU environmental and regional based standards. The facility currently under construction is being designed to produce antimony ingot, ATO and related products, including gold.

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

Development and financial close

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

In 2016, the Company made a number of announcements relating to progress made by SPMP, most notably:

- In February 2016, SPMP secured the appointment of a leading global engineering consultancy as its engineering, procurement, construction and management ("EPCM") contractor;
- In March 2016, SPMP's annual environmental permit from the Ministry of Environmental and Climate Affairs was renewed for a further year;
- In April 2016, the Board of SPMP formally approved the incorporation of a gold plant as part of the overall OAR. The gold plant has an outline design capacity of 50,000ozs Au per annum;
- In August 2016, SPMP began its procurement process in earnest with the order of three furnaces

Since financial year end, SPMP has announced, in February 2017, that it has successfully renewed its preliminary environmental permit for the third consecutive year. SPMP has now commenced groundworks and actual construction of the project. The joint venture's goal being to work towards commencement of hot commissioning of the OAR by the end 2017, with commercial production starting in 2018.

Refractory Gold

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

Canada

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

In 2016, the Company completed the rationalisation of its operations in Canada, selling (in January 2016) a portion of historically held gold assets (the Golden Pike discovery) and ceasing further exploration at Bald Hill, for the time being. The consideration for the sale of Golden Pike, which completed in January 2016, comprised 350,000 shares in Globex Mining Enterprises Inc. and a potential future royalty payment accruing to Tri-Star dependent on production. The Golden Ridge joint venture has been discontinued.

Turkey

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

The property comprises a permitted mining area of 47 hectares within an exploration area of 783 hectares. A further exploration area of 696 hectares (Göynük East) which was added in June 2011 contiguous to the east of the original area is in the process of being released. The

Company announced the grant of a licence extension to the original 783 hectare area in January 2016.

Financial position

As at 28 February 2017, the Company had £350,000 in cash.

Costs

The Company pays close attention to its costs, looking to minimise these wherever possible. One of the largest cash cost items is employee and Board costs. The Company has made considerable progress in this area and in 2016 Directors remuneration has been reduced by 61.5% over 2015 levels.

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.

Principal risks and uncertainties

The Board continually reviews the risks facing the Group. The Group is not yet revenue generating. The principal risks and uncertainties facing the Group involve the ability to raise funding in order to finance the continued development of the OAR. Although the OAR is proceeding on schedule, the timing and progress is not under the direct control of the group.

The Group is currently relying upon the receipt of the balance of the $2 million due from SPMP to continue as a going concern, as detailed in the going concern note. Should it look likely that this will not be received, the Company will need to seek additional financing.

Financial risk management objectives and policies

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

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

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

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

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

Future prospects

We expect the remainder of the year to be challenging, but Tri-Star will remain focussed on active management of its 40% interest in SPMP as the OAR moves forward into the commissioning phase.

Guy Eastaugh
Chief Executive Officer

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Tri-Star Resources plc
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016	*Notes*	**2016 £'000**	2015 £'000
Share based payments		**(66)**	(337)
Amortisation and impairment of intangible assets		**(3)**	(4,203)
Exploration expenditure and other administrative expenses		**(763)**	(2,652)
Total administrative expenses and loss from operations		**(832)**	(7,192)
Profit on sale of intangible asset		**-**	1,555
Share of loss in associated companies		**(769)**	(382)
Finance income	*2*	**133**	3
Finance cost	*2*	**(2,111)**	(1,713)

Loss before taxation		**(3,579)**	(7,729)
Taxation	*3*	**179**	601
Loss after taxation, and loss attributable to the equity holders of the Company		**(3,400)**	(7,128)
Loss after taxation attributable to			
Non-controlling interest		**-**	232
Equity holders of the parent		**(3,400)**	(7,360)
Other comprehensive income/(expenditure)			
Items that will be reclassified subsequently to profit and loss			
Increase in value of available for sale asset		**47**	-
Exchange loss on translating foreign operations		**(20)**	(502)
Other comprehensive income for the period, net of tax		**27**	(502)
Total comprehensive loss for the year, attributable to owners of the company		**(3,373)**	(7,630)
Total comprehensive loss attributable to			
Non-controlling interest		**-**	232
Equity holders of the parent		**(3,373)**	(7,862)
Loss per share			
Basic and diluted loss per share (pence)	*4*	**(0.04)**	(0.09)

Tri-Star Resources plc
Consolidated Statement of Financial Position

At 31 December	**Notes**	**£'000**	£'000
ASSETS			
Non-current			
Intangible assets		**17**	-
Investment in associates		**1,483**	2,252
Property, plant and equipment		**43**	62
		1,543	2,314
Current			
Cash and cash equivalents		**447**	1,308
Available for resale asset		**89**	-
Trade and other receivables		**37**	148
Total current assets		**573**	1,456

Total assets		**2,116**	3,770
LIABILITIES			
Current			
Trade and other payables		**74**	373
Financial liability	*5*	**969**	1,100
Total current liabilities		**1,043**	1,473
Loans repayable after one year			
Loans	*5*	**10,429**	8,318
Deferred tax liability		**148**	176
Total liabilities		**11,620**	9,967
EQUITY			
Issued share capital		**2,601**	2,601
Share premium		**14,525**	14,515
Share based payment reserve		**1,130**	1,074
Other reserves		**(6,887)**	(6,914)
Retained earnings		**(20,870)**	(17,470)
		(9,501)	(6,194)
Non-controlling interest		**(3)**	(3)
Total equity		**(9,504)**	(6,197)
Total equity and liabilities		**2,116**	3,770

Tri-Star Resources plc
Consolidated Statement of Changes in Equity

	Share capital	Share premium	Other reserves	Share based payment reserves	Trans-lation reserve	Retained earnings	Total attributable to owners of parent	Non-control-ling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2015	2,525	13,179	(6,156)	767	(256)	(10,140)	(81)	(235)	(316)
Share based payments	-	-	-	337	-	-	337	-	337
Issue of share capital	76	1,449	-	-	-	-	1,525	-	1,525
Share placing costs	-	(113)	-	-	-	-	(113)	-	(113)
Transfer on exercise of	-	-	-	(30)	-	30	-	-	-

warrants									
Transactions with owners	76	1,336	-	307	-	30	1,749	-	1,749
Exchange difference on translating foreign operations	-	-	-	-	(502)	-	(502)	-	(502)
Loss for the year	-	-	-	-	-	(7,360)	(7,360)	232	(7,128)
Total comprehensive loss for the period	-	-	-	-	(502)	(7,360)	(7,862)	232	(7,630)
Balance at 31 December 2015	2,601	14,515	(6,156)	1,074	(758)	(17,470)	(6,194)	(3)	(6,197)
Share based payments	-	-	-	56	-	-	56	-	56
Issue of share capital	-	10	-	-	-	-	10	-	10
Transactions with owners	-	10	-	56	-	-	66	-	66
Exchange difference on translating foreign operations	-	-	-	-	(20)	-	(20)	-	(20)
Increase in value of available for sale asset	-	-	47	-	-	-	47	-	47
Loss for the period	-	-	-	-	-	(3,400)	(3,400)	-	(3,400)
Total comprehensive loss for the period	-	-	47	-	(20)	(3,400)	(3,373)	-	(3,373)
Balance at 31 December 2016	2,601	14,525	(6,109)	1,130	(778)	(20,870)	(9,501)	(3)	(9,504)

Tri-Star Resources plc
Consolidated Statement of Cashflows
For the year ended 31 December

	2016	2015
	£'000	£'000
Cash flow from operating activities		
Continuing operations		
Loss after taxation	**(3,400)**	(7,128)
Amortisation and impairment of intangibles	**3**	4,203
Depreciation	**20**	20

Finance income	**(2)**	(3)
Finance cost	**2,111**	1,503
Loss from associates	**769**	382
Fees paid by shares	**10**	25
Share based payments	**56**	337
Movement on fair value of derivatives	**(131)**	210
Decrease/(increase) in trade and other receivables	**116**	(30)
(Decrease) in trade and other payables	**(448)**	(483)
Net cash (outflow) from operating activities	**(896)**	(964)
Cash flows from investing activities		
Finance income	**2**	3
Cash invested in associates	**-**	(2,589)
Investment in AFSA	**(41)**	-
Purchase of property, plant and equipment	**(1)**	(15)
Purchase of intangible assets	**(20)**	-
Net cash outflow from investing activities	**(60)**	(2,601)
Cash flows from financing activities		
Proceeds from issue of share capital	**-**	1,500
Share issue costs	**-**	(113)
New loans	**-**	2,000
Net cash inflow from financing activities	**-**	3,387
Net change in cash and cash equivalents	**(956)**	(178)
Cash and cash equivalents at beginning of period	**1,308**	1,496
Exchange differences on cash and cash equivalents	**95**	(10)
Cash and cash equivalents at end of period	**447**	1,308

BASIS OF PREPARATION

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

The Group financial statements for the Company and its subsidiaries (together "the Group") financial statements 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.

GOING CONCERN

The Directors have prepared cash flow forecasts for the period ending 31 March 2018. The forecasts assume that the balance of $2 million due from SPMP on completion of testing will be received, and identify unavoidable running costs of the Group. Although the directors are confident that the $2m will be paid, until the testing has been completed there remains uncertainty as to when or if this balance will be received. In the event that this receipt is not received or is delayed significantly, the Company would have to seek additional financing. This represents a material uncertainty which may cast significant doubt on the group's and the parent company's ability to continue as a going concern and, therefore, that the group and parent company may not be able to realise its assets or discharge its liabilities as they fall due. The forecasts demonstrate that the Group will have sufficient cash resources available, assuming the $2m is received, to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the accounts have been prepared on a going concern basis.

BASIS OF CONSOLIDATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1 SEGMENTAL REPORTING

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

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

In respect of the non-current assets, £27,000 (2015: £41,000) arise in the UK, and £1,516,000 (2015: £2,273,000) arise in the rest of the world.

2 FINANCE INCOME AND COSTS

	2016	2015
	£'000	£'000
Finance costs		
Interest payable on historic loans	**-**	(6)
Movement in derivative	**-**	

		210
Interest payable on convertible loan	**2,111**	1,509
	2,111	1,713

	2016	2015
	£'000	£'000
Finance income		
Bank interest	**2**	3
Movement in derivative	**131**	-
	133	3

Further details regarding the movement in fair value of derivatives and interest payable on the convertible loan are set out in note 5.

3 TAXATION

Unrelieved tax losses of approximately £15.58 million (2015: £14.92 million) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 December 2016 is £3,932,000 (2015: £3,269,000) which has not been provided on the grounds that it is uncertain when taxable profits will be generated by the Group to utilise those losses.

The tax charge for the year comprises:

	2016	2015
	£'000	£'000
Research and development taxation relief	**151**	76
Deferred taxation in respect of transition to IFRS	**28**	(176)
Deferred taxation in respect of intangible asset	**-**	701
	179	601

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

	2016	2015
	£'000	£'000
Loss before taxation	**(3,579)**	(7,729)
Loss multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	**(716)**	(1,661)
Effect of:		
Expenses not deductible for tax purposes	**16**	(2)
Overseas loss not recognised	**172**	293
R&D tax rebate	**151**	76

Impairment of goodwill	**-**	140
Interest disallowed	**396**	409
Unrelieved tax losses	**160**	1,346
Total tax charge for year	**179**	**601**

4 LOSS PER SHARE

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

	2016	2015
	£'000	£'000
(Loss) attributable to owners of the Company after tax	**(3,400)**	(7,128)

	2016	2015
	Number	Number
Weighted average number of ordinary shares for calculating basic loss per share	**8,464,881,335**	7,554,686,570

	2016	2015
	Pence	Pence
Basic and diluted loss per share	**(0.04)**	(0.09)

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.

5 CONVERTIBLE SECURED LOAN NOTES

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

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

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

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

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

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

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

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

The following assumptions were used in calculating the fair value:

- The model assumes that the Notes will be exercised on 30 September 2017;
- The share price volatility is 87% which was based on historic volatility;
- An exercise price of 0.20p and a share price of 0.115p being the market share price at that time;
- The effects of potential dilution were not factored in.

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

Notes issued in 2013

Liability	At 31 December 2015 £'000	Profit and loss movement £'000	At 31 December 2016 £'000
Carrying value of host debt instrument	(4,280)	(1,248)	(5,528)
Fair value of derivative	(608)	72	(536)
TOTAL	**(4,888)**	**(1,176)**	**(6,064)**

Notes issued in 2014

Liability	At 31 December 2015 £'000	Profit and loss movement £'000	At 31 December 2016 £'000
Carrying value of host debt instrument	(2,162)	(460)	(2,622)
Fair value of derivative	(263)	32	(231)
TOTAL	**(2,425)**	**(428)**	**(2,853)**

Notes issued in 2015

Liability	At 31 December 2015 £'000	Profit and loss movement £'000	At 31 December 2016 £'000
Carrying value of host debt instrument	(1,876)	(403)	(2,279)
Fair value of derivative	(229)	27	(202)
TOTAL	**(2,105)**	**(376)**	**(2,481)**

All notes consolidated

Liability	At 31	Profit and	At 31

	December 2015 £'000	loss movement £'000	December 2016 £'000
Carrying value of host debt instrument	(8,318)	(2,111)	(10,429)
Fair value of derivative	(1,100)	131	(969)
TOTAL	**(9,418)**	**(1,980)**	**(11,398)**

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

	2016	2015
"Spot Tri-Star" price, in £	0.00115	0.00085
"Strike" conversion price, in £	0.0020	0.0020
Maturity	30 September 2017	31 December 2016
Volatility	87%	117%
Number of shares	6,549,780,004	5,882,066,881

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

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

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

As at 31 December 2016, the combined nominal value of the Notes in issue amounted to £11.8 million, inclusive of rolled-up, unpaid interest accrued to that date.

6 ANNUAL REPORT AND ACCOUNTS

The financial information set out in this announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The Consolidated Statement of Financial position at 31 December 2016, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and associated notes for the year then ended have been extracted from the Group's 2016 financial statements upon which the auditor's opinion is unqualified and does not include any statement under Section 498(2) or (3) of the Companies Act 2006. Whilst the auditor's opinion is unqualified, their report does contain an emphasis of matter paragraph relating to going concern, as set out in the going concern paragraph in this announcement.

The accounts for the year ended 31 December 2016 will be posted to shareholders shortly and laid before the Company at the Annual General Meeting, which will be held on 1 June 2017, at 12:00 noon, at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG. Following publication, a copy of the accounts will also be available on the Company's website (www.tri-starresources.com) in accordance with AIM Rule 26, and will be delivered to the Registrar of Companies in due course.

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