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

TRI-STAR RESOURCES PLC

(“TSTR, Tri-Star” or the “Company”)

Interim Results for the six month period ended 30 June 2020

Tri-Star (AIM: TSTR), the mining and minerals processing company, is pleased to announce its unaudited results for the six months ended 30 June 2020.

The Company does not have anything further to update shareholders on given the recent settlement agreement and annual results announcement.

****ENDS****

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TRI-STAR RESOURCES PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	**Unaudited Period ended 30 June 2020 £'000**	Unaudited Period ended 30 June 2019 £'000	Audited Year ended 31 December 2019 £'000
Share based payment charge		**(18)**	(211)	(224)
Administrative expenses		**(425)**	(325)	(486)
Total administrative expenses and loss from operations		**(443)**	(536)	(710)
Movement in the fair value of financial asset		**2,100**	1,657	(5,404)
Finance income		**-**	1	1
Finance cost		**(268)**	(85)	(313)
Profit/(loss) before taxation		**1,389**	1,037	(6,426)
Taxation	*4*	**-**	-	18
Profit/(loss) after taxation, and loss attributable to the equity holders of the Company		**1,389**	1,037	(6,408)
Other comprehensive (expenditure)/income				
Items that will be reclassified subsequently to profit and loss				
Other comprehensive (expenditure)/income for the period, net of tax		**-**	-	-
Total comprehensive profit/(loss) for the year, attributable to owners of the company		**1,389**	1,037	(6,408)
Loss per share				
Basic profit/(loss) per share (pence)		**1.46**	1.10	(6.79)
Diluted profit/(loss) per share (pence)	*5*	**1.42**	1.07	(6.60)

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

		Unaudited	Unaudited	Audited
		30 June 2020	30 June 2019	31 December 2019
Assets	**Notes**	**£'000**	£'000	£'000
Non-current				
Investment in associates	*6*	**3,893**	3,893	3,893
Loan to associate	*7*	**13,500**	18,462	11,400
		17,393	22,355	15,293
Current				
Cash and cash equivalents		**58**	160	284
Trade and other receivables		**107**	110	85
Total current assets		**165**	270	369
Total assets		**17,558**	22,625	15,662
Liabilities				
Current				
Trade and other payables		**210**	102	92
Short term loans	*7*	**1,767**	1,223	1,396
Total current liabilities		**1,977**	1,325	1,488
Liabilities due after one year				
Deferred tax liability		**93**	111	93
Total liabilities		**2,070**	1,436	1,581
Equity				
Issued share capital		**6,941**	6,884	6,936
Share premium		**45,117**	44,819	45,104
Share based payment reserve		**1,811**	1,867	1,811
Retained earnings		**(38,381)**	(32,381)	(39,770)
Total equity		**15,488**	21,189	14,081
Total equity and liabilities		**17,558**	**22,625**	**15,662**

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Unaudited Period ended 30 June 2020	Unaudited Period ended 30 June 2019	Audited Year ended 31 December 2019
	£'000	£'000	£'000
Cash flows from operating activities			
Profit/(loss) after tax	**1,389**	1,037	(6,408)
Finance income	**-**	(1)	(1)
Finance cost	**268**	85	313
Fees paid by shares	**18**	3	28
Movement in the fair value of financial asset	**(2,100)**	(1,657)	5,404
Equity settled share-based payments	-	196	196
Increase in trade and other receivables	**(22)**	(5)	20
Increase/(decrease) in trade and other payables	**118**	12	(18)
Net cash outflow from operating activities	**(329)**	(330)	(466)
Cash flows from investing activities			
Loans made to associate	**-**	(76)	(76)
Proceeds from sale of subsidiary	**-**	247	247
Finance income	**-**	1	1
Net cash (outflow)/inflow from investing activities	**-**	172	172
Cash flows from financing activities			
Proceeds from issue of share capital	**-**	-	316
Share issue costs	**-**	-	(4)
Net cash inflow from financing activities	**-**	-	312
Net increase/(decrease) in cash and cash equivalents	**(329)**	(158)	18
Cash and cash equivalents at beginning of period	**284**	312	312
Exchange differences on cash and cash equivalents	**103**	6	(46)
Cash and cash equivalents at end of period	**58**	160	284

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Share capital	Share premium account	Share-based payment reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 December 2018 (audited)	**6,884**	**44,816**	**1,671**	**(33,418)**	**19,953**
Issue of share capital	-	3	-	-	3
Share based payments	-	-	196	-	196
Transactions with owners	-	3	196	-	199
Loss for the period	-	-	-	1,037	1,037
Total comprehensive loss for the period	-	-	-	1,037	1,037
Balance at 30 June 2019 (unaudited)	**6,884**	**44,819**	**1,867**	**(32,381)**	**21,189**
Issue of share capital	52	289	-	-	341
Share issue costs	-	(4)	-	-	(4)
Transfer on lapse of warrants	-	-	(56)	56	-
Transactions with owners	52	285	(56)	56	337
Loss for the period	-	-	-	(7,445)	(7,445)
Total comprehensive loss for the period	-	-	-	(7,445)	(7,445)
Balance at 31 December 2019 (audited)	**6,936**	**45,104**	**1,811**	**(39,770)**	**14,081**
Issue of share capital	5	13	-	-	18
Transactions with owners	5	13	-	-	18
Loss for the period	-	-	-	1,389	1,389
Total comprehensive loss for the period	-	-	-	1,389	1,389
Balance at 30 June 2020 (unaudited)	**6,941**	**45,117**	**1,811**	**(38,381)**	**15,488**

NOTES TO THE INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL INFORMATION

The financial information set out in this interim report for the Company does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Company's statutory financial statements for the year ended 31 December 2019 have been completed and filed at Companies House. The auditor's report on the annual financial statements was unqualified and did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006. The Company has taken advantage of the exemption under S402-405 of the Companies Act, to not prepare Group accounts as the subsidiary companies are considered to be immaterial. The comparative accounts for 31 December 2019 and 30 June 2019 also relate to the Company only.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The annual financial statements for the year ended 31 December 2020 will be prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) and the principal accounting policies adopted remain unchanged from those adopted in preparing its financial statements for the year ended 31 December 2019.

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

GOING CONCERN

The Directors have prepared cash flow forecasts for the period ending December 2021. Subsequent to the signing of the agreement with the shareholders of SPMP as discussed in the Chairman's statement the Company is due to receive USD $600,000, and the holders of the secured loan notes have agreed to extend the term of the notes to 31 December 2021. With the significant reduction in costs as a result of delisting (and taking the company private), the cash flow forecasts indicate that the Company will require approximately £350,000 to meet its liabilities as they fall due in the period. The Directors' have considered the possible effects of Covid-19 but do not expect any significant impact from this.

Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

However, there is an outstanding guarantee from the Company in favour of local banks in respect of a loan to SPMP, and although the Directors are confident that this will not be called upon, there is no certainty of this. Whilst Tri-Star's potential liability has been reduced as a result of signing the recent agreement, if the guarantee is called upon, it could render the Company unable to pay its debts as they fall due and the existence of this guarantee therefore presents a material uncertainty which may cast significant doubt on the Company's ability as a going concern.

3. SEGMENTAL REPORTING

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

In respect of the non-current assets as at 30 June 2020 of £17,393,000, £15,293,000 arise in the UK (30 June 2019: £22,355,000, 31 December 2019: £15,293,000), and £Nil arise in the rest of the world (30 June 2019: £Nil, 31 December 2019: £Nil).

4. TAXATION

As at 31 December 2019 Tri-Star Resources plc had unrelieved tax losses of approximately £11.9m. The Directors expect these losses to be available to offset against future taxable trading profits.

The Group has not recognised a deferred tax asset at 30 June 2020 (30 June and 31 December 2019: £nil) in respect of these losses on the grounds that it is uncertain when taxable profits will be generated by the Group to utilise any such losses.

5. PROFIT/(LOSS) PER SHARE

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

	Unaudited period ended 30 June 2020 £'000	Unaudited period ended 30 June 2019 £'000	Audited year ended 31 December 2019 £'000
Profit/(loss) on ordinary activities after tax (£'000)	**1,389**	**1,037**	**(6,408)**
Weighted average number of shares for calculating basic loss per share	**95,200,848**	94,122,723	94,318,114
Basic profit/(loss) per share (pence)	**1.46**	1.10	(6.79)
Weighted average number of shares for calculating diluted loss per share	**98,141,518**	96,682,764	97,105,422
Diluted profit/(loss) per share (pence)	**1.42**	1.07	(6.60)

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

6. INVESTMENT IN ASSOCIATES

SPMP was incorporated in the Sultanate of Oman in 2014. Tri-Star had a 40% interest in the company at 30 June 2020, 30 June 2019 and 31 December 2019. Having reviewed SPMP forecasts, the Director's considered that no impairment of the value of the investment in SPMP was required.

Additionally, Tri-Star has issued loans to SPMP as detailed in Note 7.

7. LOAN NOTES

SPMP Mezzanine loan notes

Loans receivable represent the US$6m mezzanine loan which the Company advanced to SPMP as announced on 29 November 2017, the further US$2.8m advanced as announced on 24 January 2018, and the $12m advanced between July 2018 and January 2019.

The principal terms of the loan are as follows:

- An interest rate of 15% per annum compounded, payable in full on redemption of the loan;
- Ranks pari passu with the existing mezzanine loans already in place at SPMP;
- Loan term of five years with SPMP having the option to redeem (with accrued interest to date) from the third anniversary of drawdown.
- All repayments made by SPMP to each of its three shareholders will be pari passu in proportion to the respective total loan amounts outstanding.
- There is an option to convert the loan into shares if it remains outstanding for 12 months after the due date.

The loan has been measured at fair value. In accordance with IFRS 9, the fair value of the mezzanine loan from TSTR to SPMP (the "SPMP Mezzanine Loan") has been derived using a net present value calculation in which an effective discount rate of 23% has been applied. The Mezzanine Loan is assumed to be converted to equity in December 2023. The fair value at 31 December 2019 was £11,400,000, a fair value movement of £2,100,000 was recorded giving a fair value of £13,500,000 at 30 June 2020. The key judgements used in this assessment were the reliance on SPMP forecasts and market EBITDA multiples. Having confirmed that conversion at the earliest possible date, which is December 2023, was comfortably the most suitable route for the valuation, the key judgement was the effective discount rate of 23% which has been applied. The fair value is based on the Principal and rolled up interest of £21.7m as set out in the Mezzanine Loan Agreement dated 30 November 2017. The terms of the loan have been changed since the period end as described in the Chairman's statement.

Odey Loan Notes

Loan Notes payable comprise short-dated secured loan notes issued to Odey European Inc. ("OEI") and OEI MAC Inc. ("OMI"), two of the three OAM Funds that were equity shareholding funds as of 30 June 2020. The Loan Notes are secured on a debenture comprising a fixed and floating charge over all the assets of Tri-Star Resources plc.

The Loan Notes carried an annual interest rate of 25% and had an original repayment date of 30 June 2018 or equity placement whichever is earlier. As an equity placement took place in January 2018, the loans technically fell due, but OEI and OMI have now agreed to extend repayment to 31 December 2021 or earlier at the Company's discretion. On signing the settlement agreement on 1 November 2020, the interest payable was reduced to 5%.

The US$6,000,000 Loan Notes were issued in November 2017. On 19 January 2018, US$2,681,000 of the principal and interest was repaid and a further US$2,639,000 was repaid on 10 July 2018. As at the period end, the outstanding balance of the Loan Notes was US$2,180,000 including accrued interest.

8. CONTINGENT ASSET

Under the agreement to sell the Roaster intellectual property to SPMP, there is a balance of US$2m due to be paid to Tri-Star. This payment is contingent upon the successful commissioning of the plant in its pilot phase. The Directors have determined not to accrue this deferred income. Therefore, there is a contingent asset of US$2m as at 30 June 2020 (30 June and 31 December 2019: US$2m). As part of the Settlement Agreement $1.5m of this will form part of our investment in SPMP and $0.5m will be paid in cash.