TRI-STAR RESOURCES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2022

Company number: 04863813

TRI-STAR RESOURCES LIMITED

COMPANY INFORMATION

For the year ended 31 December 2022

Company registration number:	04863813
Registered office:	18 Upper Brook Street London W1K 7PU
Directors:	Crispin Odey
Secretary:	Lavinia Jessup
Registrars:	Link Asset Services 6th Floor 65 Gresham Street London EC2V 7NQ
Bankers:	Lloyds Bank Plc PO Box 72, Bailey Drive Gillingham Business Park Kent ME8 0LS

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For the year ended 31 December 2022

TRI-STAR RESOURCES LIMITED

DIRECTOR'S STATEMENT

For the year ended 31 December 2022

SPMP Operations

SPMP have started to take concentrate from Bolivia, and it is good margin business and could end up being 20% of the business.

Variable costs have been reduced by 18% and they are managing to effect an 85% yield on the antimony calcine. However, SPMP is expected to lose another $20m on an operating basis in 2023, and given that the debt is rolling up at 20% per annum and is already over $180m, the losses are rolling up at nearer $60m per year.

Joel is hopeful that the plant will operate at 40% capacity in the fourth quarter, which will be a result, and is hoping that for next year they might reach 70% operating capacity. Gold is being produced but only by converting one of the furnaces from antimony - more a proof of concept than a commercial success.

There is a new Chairman of the Omani Investment Authority, and he seems willing to continue to fund the loss making, but the overall debt level is increasing rapidly, meaning it will take longer for Tri-Star shareholders to see any return on their investment.

Odey, at present, are not attempting to call in their loan, but there is now only $100,000 of cash left in the company, which will only see the company through another few years.

Financial Summary

Administrative overheads of the Company, excluding exchange movements decreased from £26,000 in 2021 to £20,000 in 2022, as a result of continuing efforts to reducing our costs to a minimum. Exchange losses increased from £19,000 in 2021 to £210,000 reflecting the weakening of sterling against the US dollar, as the loan from Odey is denominated in USD. The negative movement in the investment in SPMP was £2,783,000 as a result of additional debt incurred by SPMP. The Company's current year total comprehensive loss was £3,099,000 (2021: 116,000). A dividend payment is not being recommended at this time.

Outlook and Summary

I would like to thank our partners, the management team and our shareholders for their dedication, commitment and efforts during the year.

Crispin Odey

Crispin Odey
Director
28 September 2023

Introduction

The Company's principal activities are in the SPMP Project, an antimony and gold production facility. The SPMP Project is based in Sohar, Sultanate of Oman, and is being developed by SPMP, an Omani Company in which TSTR has a 16.3% equity interest.

SPMP Project

Background

The SPMP Project is a commercial facility producing high grade antimony ingots, powdered antimony trioxides ("ATO"), gypsum and gold ore bars. Feedstock is sourced internationally and treated by an environmentally friendly roasting process.

- **Scale**: The Project is the largest antimony roaster outside of China and the world's first clean plant, designed to EU environmental standards. It is designed to have the capacity to produce more than 50,000 oz. of gold per annum and 20,000 tonnes in combined antimony metal and ATO products which represents 12%-15% of average annual world antimony production and will thus establish Oman as a major global producer of antimony.
- **Earnings**: The Project is forecast to generate significant revenues, divided approximately 60:40 between antimony and gold but dependent on blend of ores sourced.
- **Technology**: The Project applies a proprietary antimony and gold roasting technology that is flexible and sophisticated enough to be able to process many types of grade and impurities. There is potential for adaptation for treatment of other metal ores.
- **Logistics**: The Project will supply value added antimony products to customers across the globe. The location of the Project in the Gulf region provides an excellent centralised logistics route, and access to relatively inexpensive energy and modern infrastructure.
- **Demand for product**: Antimony is a rare metal with a range of industrial applications. Amongst other things it is used as an additive to flame retardant compounds, utilised in printed circuit boards, computers and other electronic products. Antimony has consistently ranked highly in European and US risk lists for supply of chemical elements or element groups required to maintain the current economy and lifestyle.
- **Refractory gold** is gold 'ore', where the metal is trapped in sulphide lattice structures that conventional processes are unable to extract. The clean antimony roasting technology developed by Tri-Star and sold to SPMP in 2015 has unlocked the potential of these gold resources, estimated to be 30% – 50% of remaining gold in the ground globally.
- **Board:** SPMP has an experienced and internationally focused Board of Directors who have helped manage the project from inception through to near completion.

Oman joint venture

SPMP was formed in June 2014 to develop and build the Project. Initially Tri-Star had a 40% equity interest in SPMP, with the other joint venture partners being The Oman Investment Fund ("OIF") (40% equity holder) and DNR Industries Limited, part of Dutco Group in Dubai (20% equity holder). Tri-Star's investment in SPMP has been reduced to 16.3% and Tri-Star no longer has significant influence over the operations.

Result for the year

Other administration costs decreased by 6 in 2022 to £20,000 from £26,000 in 2021. This reflects the Company's policy to operate on a minimal costs basis.

	2022	2021
Summary Profit and Loss Account	£'000	£'000
Foreign exchange losses	(210)	(19)
Other administrative expenses	(20)	(26)
(Loss)/profit from operations	(230)	(45)
Movement in the fair value of financial asset	(2,783)	-
Finance expense net	(105)	(89)
(Loss)/profit before taxation	(3,118)	(134)

In accordance with IFRS 9, the fair value of the equity loan from TSTR to SPMP (the "SPMP Equity Loan") has been derived treating the loan as equity with a discount rate of 20%. The potential value of SPMP has been assessed using cashflow forecasts prepared by SPMP. There was a movement of (£2,783,000) in the fair value assessed between 2022 and 2021 (2021 £Nil).

Financial position
At 31 December 2021 the Company had £108,000 (2021: £127,000) in cash, total assets of £14,150,000 (2021: £16,953,000), and total liabilities of £2,229,000 (2021: £1,934,000).

Key Performance Indicators ("KPIs")
At this stage in the Company's development, the key performance indicator is the profit or loss after tax, given the nature of the Company's assets and the current development of its operations. This will be reviewed when appropriate. Fluctuations in the value of the investment in SPMP and loan to SPMP will be the major factor impacting the profit or loss going forwards.

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 Director and management of Tri-Star and its subsidiaries to oversee safe work practices and ensure that rules, regulations, policies and procedures are being followed. As the Company has no operations the risks are believed to be limited and no incidents of non-compliance recorded.

Anti-Corruption and Bribery policies

The Company has in place stringent anti-corruption and bribery policies and reporting procedures. The Company mitigates any risks by ensuring tight controls are in place for all expenditure. There have been no incidents reported.

Social matters

As the Company has no operation it has no impact on social matters.

Principal risks and uncertainties

The Board continually reviews the risks facing the Company. The Company is not yet revenue generating. The principal risks and uncertainties facing the Company involve delays to the commissioning and ramp up of the SPMP Project which may, in turn, lead to delays in repaying the TSTR equity loan. Delays can be caused by construction issues, design failures or technological problems. At the same time, as a processing plant, SPMP requires construction issues, design failures or technological problems. At the same time, as a processing plant, SPMP requires successful partnerships with suppliers of metal ores and with Offtake providers or distributors to buy the plant's output. The availability of such partners and the terms of engagement may impact plant operations and profitability. The SPMP Project has had recent setbacks and the timing and progress is not under the direct control of Tri-Star. In terms of other more significant but lower probability risks, there is the matter of political risk within Oman, and internationally. Additionally, as the Company is a minority shareholder, with no seat on the SPMP Board, the Company is reliant upon the accuracy and completeness of the information provided to it by SPMP. As a minority shareholder the Company can have no direct impact on the risks faced by SPMP, but seeks to mitigate the risks to TSTR by obtaining regular updates from SPMP, so any impact on TSTR can be considered and mitigating action taken if appropriate.

Financial risk management objectives and policies

The Company's principal financial instruments comprise of cash, loan notes and other financial liabilities. The Company has various other financial instruments such as loans and trade payables, which arise directly from its operations.

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

Going concern

The Director has prepared cash flow forecasts for the period ending December 2024. The cash flow forecasts indicate that the Company has sufficient cash to meet its liabilities as they fall due for at least 12 months from the date of signing the financial statements. The Director has considered the possible effects of the continued impact of the Covid-19 pandemic but does not expect any significant impact.

Although the Company has not formally received confirmation from OEI and OMI of an extension to their loan beyond 30 September 2023, the Director is expecting that a further extension will be made, as in previous years, and has excluded the payment from the cash flow forecasts to December 2024. See Note 10 for further details.

Accordingly, given the past history of support received from OEI and OMI through the extension of the repayment date, the Director believes 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 Director is confident that this will not be called upon, there is no certainty of this. 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 to continue as a going concern.

Approval by and signature on behalf of the board

Crispin Odey
Director
28 September 2023

The Director presents his annual report together with the unaudited financial statements of Tri-Star Resources Limited ("Tri-Star") for the year ended 31 December 2022. The Company has taken advantage of the exemption under S402-405 of the Companies Act 2006, to not prepare Group financial statements as the subsidiary companies are considered to be immaterial.

Principal activity
The principal activity of the Company is, in conjunction with its fellow investors in SPMP, the design, construction and operation of an antimony and gold processing facility in the Sultanate of Oman owned by Strategic & Precious Metals Processing LLC ("SPMP").

Domicile and principal place of business
Tri-Star is domiciled in the United Kingdom. Its principal place of business is the UK.

Directors
The current membership of the Board and those Directors who served during the year is set out below.
Crispin Odey

Matters covered in the Company's Strategic Report

The principal risks and uncertainties, future developments and going concern have been included in the Company's Strategic Report.

Subsequent events

There are no subsequent events to report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Director is responsible for preparing the Report of the Director, Strategic Report and financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under this law the Director has to prepare the Company financial statements in accordance with in accordance with UK adopted International Accounting Standards (IAS). Under Company Law the Director 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 Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 Director is 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.

TRI-STAR RESOURCES LIMITED

REPORT OF THE DIRECTOR

For the year ended 31 December 2022

The Director is 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.

The Director confirms that:

- so far as he is aware, there is no relevant information of which the Company's accountant is unaware; and
- the Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant information and to establish that the accountants are aware of that information.

Approval by and signature on behalf of the board

Lavinia Jessup
Secretary
28 September 2023

Policy on Directors' remuneration

The policy of the Board is to minimise costs, and therefore the sole director is not currently drawing a salary, and no remuneration was paid in 2022.

The remuneration of the Directors in 2021 was as follows:

Director	Salary and fees	Loss of office	Share based payments	Total	Employers NI
Claire Holdsworth	6,000	-	-	-	-
Crispin Odey	-	-	-	-	-
Total	6,000	-	-	6,000	

Pensions

During the two years, the Company made no pension contributions.

Share options

No Directors exercised any share options during the years ended 31 December 2022 or 31 December 2021, and no Directors currently hold any share options.

Notice periods of the Director

The sole Director has no required notice period.

TRI-STAR RESOURCES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Other income		**-**	-
Administrative expenses		**(230)**	(45)
Total administrative expenses		**(230)**	(45)
(Loss)/profit from operations		**(230)**	(45)
Movement in fair value of financial asset	7	**(2,783)**	-
Finance cost	2	**(105)**	(89)
Loss/profit before taxation	3	**(3,118)**	(134)
Taxation	4	**19**	18
(Loss)/profit after taxation, and loss attributable to the equity holders of the Company		**(3,099)**	(116)
Other comprehensive expenditure			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive (loss)/profit for the year, attributable to owners of the Company		**(3,099)**	(116)
Earnings per share			
Basic earnings per share (pence)	5	**(3.22)**	(0.12)
Diluted earnings per share (pence)		**n/a**	n/a

The accompanying principal accounting policies and notes on pages 12 to 28 form an integral part of the financial statements.

TRI-STAR RESOURCES LIMITED

STATEMENT OF FINANCIAL POSITION

At 31 December 2022

ASSETS	Notes	2022 £'000	2021 £'000
Non-current			
Financial Assets	7	14,041	16,824
		14,041	16,824
Current			
Cash and cash equivalents		108	127
Trade and other receivables	8	1	2
Total current assets		109	129
Total assets		14,150	16,953
LIABILITIES			
Current			
Trade and other payables	9	10	19
Short term loans	10	2,182	1,859
Total current liabilities		2,192	1,878
Non-current liabilities			
Deferred tax liability	11	38	56
Total liabilities		2,230	1,934
EQUITY			
Issued share capital	13	6,983	6,983
Share premium		45,116	45,116
Share based payment reserve		279	476
Retained earnings		(40,458)	(37,556)
Total equity		11,920	15,019
Total equity and liabilities		14,150	16,953

- For the year ending 31/12/2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.
- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board and authorised for issue on 28 September 2023.

Crispin Odey

Crispin Odey

Director
28 September 2023

Company number: 04863813

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital	Share premium	Share based payment reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	6,942	45,116	1,689	(38,653)	15,094
Issue of share capital	41	-	-	-	41
Transfer on exercise of options	-	-	(336)	336	-
Transfer on lapse of options and warrants	-	-	(877)	877	-
Transactions with owners	41	-	(1,213)	1,213	41
Loss for the period	-	-	-	(116)	(116)
Total comprehensive loss for the period	-	-	-	(116)	(116)
Balance at 31 December 2021	6,983	45,116	476	(37,556)	15,019
Transfer on lapse of options	-	-	(197)	197	-
Transactions with owners	-	-	(197)	197	-
Loss for the period	-	-	-	(3,099)	(3,099)
Total comprehensive loss for the period	-	-	-	(3,099)	(3,099)
Balance at 31 December 2022	6,983	45,116	279	(40,458)	11,920

The accompanying principal accounting policies and notes on pages 12 to 28 form an integral part of the financial statements.

TRI-STAR RESOURCES LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022 £'000	2021 £'000
Cash flow from operating activities		
Continuing operations		
(Loss)/profit before taxation	**(3,118)**	(134)
Finance cost	**105**	89
Movement on fair value of financial asset	**2,783**	-
Decrease in trade and other receivables	**1**	17
Decrease in trade and other payables	**(9)**	(30)
Net exchange differences	**219**	20
Net cash outflow from operating activities	**(19)**	(38)
Cash flows from financing activities		
Proceeds from issue of share capital	**-**	41
Net cash inflow from financing activities	**-**	41
Net change in cash and cash equivalents	**(19)**	3
Cash and cash equivalents at beginning of period	**127**	124
Cash and cash equivalents at end of period	**108**	127

The accompanying principal accounting policies and notes on pages 12 to 28 form an integral part of the financial statements.

The financial statements have been prepared under the historical cost convention except for the loan to SPMP which is at fair value and in accordance with UK adopted International Accounting Standards (IAS) and in accordance with the Companies Act 2006.

The Company's ordinary shares were quoted on AIM until 10 December 2020, a market operated by the London Stock Exchange. The Company applies the Companies Act 2006 when preparing its annual financial statements. 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 2021 also relate to the Company only.

GOING CONCERN

The Director has prepared cash flow forecasts for the period ending December 2024. The cash flow forecasts indicate that the Company has sufficient cash to meet its liabilities as they fall due for at least 12 months from the date of signing the financial statements. The Director has considered the possible effects of the continued impact of the Covid-19 pandemic but does not expect any significant impact.

Although the Company has not formally received confirmation from OEI and OMI of an extension to their loan beyond 30 September 2023, the Director is expecting that a further extension will be made, as in previous years, and has excluded the payment from the cash flow forecasts to December 2024. See Note 10 for further details.

Accordingly, given the past history of support received from OEI and OMI through the extension of the repayment date, the Director believes 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 Director is confident that this will not be called upon, there is no certainty of this. 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 to continue as a going concern.

INVESTMENTS

Investments in subsidiary associated undertakings, and other investments in the financial statements are recorded at cost less provision for impairment as described in the impairment policy below.

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, 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 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 which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Company 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

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.

FINANCIAL ASSETS

The Company's financial assets comprise cash, loans held at fair value through profit or loss and trade and other receivables.

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
• loans and receivables at amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI.

The classification is determined by both:
• the entity's business model for managing the financial asset
• the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements would apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loan to SPMP is measured at FVTPL.

Impairment of financial assets

The Company considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

FINANCIAL INVESTMENTS

Financial investments are non-derivative financial assets comprising the Company's strategic financial investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. These assets are classified as financial assets at fair value through profit or loss. They are carried at fair value with changes in fair value recognised through the income statement. Where there is a significant or prolonged decline in the fair value of a financial investment (which constitutes objective evidence of impairment), the full amount of the impairment is recognised in the income statement.

Due to the nature of these assets being unlisted investments or held for the longer term, the investment period is likely to be greater than 12 months and therefore these financial assets are shown as non-current assets in the statement of financial position. For measurement purposes, financial investments are designated at fair value through the income statement. Gains and losses on the realisation of financial investments are recognised in the income statement for the period. The difference between the market value of financial instruments and book value to the Company is shown as a gain or loss in the income statement for the period.

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 Company'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.

Share based payment reserve comprises amounts arising on the share based employee remuneration and share based payments made to consultants in the settlement of services provided.

Retained earnings include all current and prior periods results as disclosed in the statement of comprehensive income.

SHARE-BASED PAYMENTS

The Company operates equity settled share based compensation in respect of certain third-party advisers.

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 are ultimately 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.

FINANCIAL LIABILITIES

The Company's financial liabilities comprise trade and other payables and loans payable.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the statement of comprehensive income using the effective interest method.

Trade and other payables 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.

Loans payable are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the statement of comprehensive income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. There are currently no financial liabilities held at "fair value through profit or loss".

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

EMPLOYEE COMPENSATION

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

FOREIGN CURRENCIES

These financial statements are presented in UK Pounds Sterling which is the functional currency of the Company. The Company also carries out transactions in United States Dollars.

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.

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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical accounting judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current and next accounting year are discussed below:

The critical accounting estimates are discussed below:

Loan to SPMP
In accordance with IFRS 9, the fair value of the equity loan from TSTR to SPMP (the "SPMP Equity Loan") has been derived by treating the loan as equity with a discount rate of 15%. The potential value of SPMP has been assessed using cashflow forecasts prepared by SPMP. Tri-Star's investment in SPMP is 16.3% and Tri-Star no longer has significant influence over the operations. The major assumptions used are the discount rate, EBITDA and growth rate. Note 7 gives further details of the loan, and Note 15 details the sensitivity of the loan to the stated assumptions.

Going concern
The going concern policy above details the Directors' assessment on going concern which includes significant judgements.

Adoption of new or amended IFRS

The company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2022:

- Amendments to IFRS 3: References to the Conceptual Framework
- Amendments to IAS 16: Proceeds before intended use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018-2020 Cycle - 1 January 2022

The adoption of the above has not had any material impact on the disclosures or amounts reported in the financial statements.

New standards, amendments and interpretations not yet adopted
There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group and Company.

1 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 Company'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 its investment in SPMP.

In respect of the non-current assets, £14,041,000 (2021: £16,824,000) arise in the UK, and £Nil (2021: £Nil) arise in the rest of the world.

2 FINANCE COSTS

	2022	2021
	£'000	£'000
Finance costs		
Interest and fees payable on short term loans	105	89
	105	89

Further details regarding interest payable on the loan are set out in Note 10.

3 PROFIT/(LOSS) BEFORE TAXATION

The profit/(loss) before taxation is attributable to the principal activities of the Company.

	2022	2021
	£'000	£'000
Staff costs	12	18
Movement in the fair value of financial asset	2,783	0
Exchange differences	210	19
Other administrative costs	8	8
	3,013	45

4 TAXATION

Unrelieved tax losses of approximately £10.4 million (2021: £9.8 million) are available to offset against future taxable trading profits. The related deferred tax asset arising at 31 December 2022 is £2,600,000 (2021: £2,450,000) and has not been provided on the grounds that it is uncertain when taxable profits will be generated by the Company to utilise those losses. The 2021 budget increases the corporation tax rate to 25% from 1 April 2023. Deferred tax assets and liabilities at 31 December 2022 have been calculated based on the rate of 25% substantively enacted at the balance sheet date.

4 TAXATION (CONTINUED)

The tax credit for the Company for the year comprises:

	2022	2021
	£'000	£'000
Deferred taxation in respect of transition to IFRS	**19**	18
	19	18

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

	2022	2021
	£'000	£'000
Profit/(loss) before taxation	**(3,118)**	(134)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	**(592)**	(25)
Effect of:		
Interest disallowed	**20**	17
Deferred losses	**(13)**	(13)
Unrelieved tax losses	**567**	4
Total tax credit for year	**(19)**	(18)

5 EARNINGS PER SHARE

The calculation of the basic (loss)/profit 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.

	2022	2021
	£'000	£'000
(Loss)/profit attributable to owners of the Company after tax	(3,099)	(116)
	2022	2021
	Number	Number
Weighted average number of ordinary shares for calculating basic earnings per share	96,110,197	95,717,503
	2022	2021
	Pence	Pence
Basic earnings per share	(3.22)	(0.12)
Number of options/warrants exercisable	n/a	n/a
Diluted earnings per share	n/a	n/a

Diluted earnings per share is the same as basic earnings per share in both 2022 and 2021 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.

6 EMPLOYEE BENEFIT EXPENSE

	2022	2021
	£'000	£'000
Wages and salaries	12	18
Total Emoluments	12	18

Average monthly number of employees

	2022	2021
	No.	No.
Directors	1	1
Other	1	1
	2	2

The Directors are the key management personnel of the Company. Details of Directors' remuneration are included in the report on remuneration on page 7.

7 INVESTMENTS & FINANCIAL ASSETS

At 31 December 2022, the Company held the following interests in subsidiary undertakings:

Subsidiary	Proportion of ordinary share capital held	Nature of business	Country of incorporation	Registered address
Tri-Star Antimony Canada Inc.	100%	Mining	Canada	1 Germain Street, Suite 1700, Saint John, New Brunswick, E2L 4V1
Tri-Star Union FZ-LLC	90%	Mining services	UAE	PO Box 31291, Al-Jazeera Al-Hamra, Ras Al Khaimah
Golden Ridge Joint Venture*	60%	Mining	Canada	1 Germain Street, Suite 1700, Saint John, New Brunswick, E2L 4V1

* This interest is held by Tri-Star Antimony Canada Inc.

	Investment in group undertakings	Financial investments	Total
	£'000	£'000	£'000
Cost			
At 1 January 2021	3,923	16,824	20,747
Fair value gain on investments	-	-	-
At 31 December 2021	3,923	16,824	20,747
Fair value loss on investments	-	(2,783)	(2,783)
At 31 December 2022	3,923	14,041	17,964
Amortisation and impairment			
At 1 January 2021	(3,923)	-	(3,923)
Impairment	-	-	-
At 31 December 2021	(3,923)	-	(3,923)
Impairment	-	-	-
At 31 December 2022	(3,923)	-	(3,923)
Net book value			
At 31 December 2022	**-**	**14,041**	**14,041**
At 31 December 2021	-	16,824	16,824
At 1 January 2021	-	16,824	16,824

7 INVESTMENTS & FINANCIAL ASSETS (CONTINUED)

In 2020 £2,192,000 of the equity investment was transferred to the loan to SPMP, and the balance of £1,701,000 was reclassified as a financial investment on SPMP ceasing to be classified as an associate. The amount previously classified as a loan to associate has also been reclassified as a financial investment.

Having reviewed SPMP forecasts, the Director considered that no impairment of the value of the equity investment in SPMP was required. In accordance with IFRS 9, the fair value of the loan element of the investment in SPMP (the "SPMP Equity Loan") has been derived by treating the loan as equity with a discount rate of 20%. The potential value of SPMP has been assessed using cashflow forecasts prepared by SPMP. Tri-Star's investment in SPMP is 16.3% and Tri-Star no longer has significant influence over the operations. The movement in the fair value in 2022 reflects the increased borrowing by SPMP.

The SPMP Equity Loan receivable represents the US $6 million (£4.4 million) mezzanine loan which the Company advanced to SPMP as announced on 29 November 2017 and the further amounts of US $16.7million (£12,700,000) advanced during 2018, the $100,000 (£77,000) advanced during 2019, and the $3.4million (£2,192,000) transferred from equity together with the $1.5million (£1,158,000) of the remaining payment due for the Intellectual Property. On 1 November 2020 the terms of the loan were amended and it is now classified as an equity loan, and carried as a financial investment at fair value through profit or loss. The principal terms of the loan from 1 November 2020 are zero coupon, undated and repayable at the option of SPMP, subordinated but ranking above equity.

8 TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Current		
Other receivables	1	2
Trade and other receivables	1	2

The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

9 TRADE AND OTHER PAYABLES

	2022 £'000	2021 £'000
Trade payables	5	14
Accruals and deferred income	5	5
	10	19

10 SECURED LOAN NOTES

Issue of secured loan notes to OEI and OMI

Current Loan Notes comprise short-dated secured Loan Notes issued to OEI and OMI. 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% until 1 November 2020, which was subsequently reduced to 5%, 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 agreed to extend repayment until 30 September 2022 and subsequent to the year end have agreed to extend repayment to 30 September 2023 or earlier at the Company's discretion. The Director has assumed that the loan will not be required to be repaid in the next 12 months. During the year £Nil (31 December 2021: £Nil) of capital and interest was repaid.

11 DEFERRED TAX LIABILITY

The deferred tax liability which relates to an imputed tax on intangible can be reconciled as follows:

	2022	2021
	£'000	£'000
At 1 January	**56**	74
Offset against brought forward losses	**(19)**	(18)
At 31 December	**37**	56

In 2015, the Company recognised a deferred tax liability of £176,000 which has arisen on the transition of the Company to IFRS. This liability was payable over the next nine years on a straight-line basis but may be offset against potential future trading losses in each year, therefore £19,000 (2021: £18,000) has been offset against brought forward losses, leaving a balance of £37,000.

12 SHARE OPTIONS

The Company operates share option schemes for certain employees and consultants (including Directors).

Details of the number of share options outstanding are as follows:

Grant date	First exercise date (when vesting conditions are met)	Expiry date	Exercise price	Fair value	**2022**	2021
			£	£	**Number**	Number
02-Oct-14	02-Oct-14	01-Oct-24	1.90	0.001301	**16,670**	16,670
22-Sep-15	22-Sep-15	21-Sep-25	1.10	0.001322	**195,000**	195,000
12-Apr-19	12-Apr-19	12-Apr-22	0.395	0.245397	**-**	800,000
Total					**211,670**	2,699,003

At 31 December 2022, all of the 211,670 options outstanding were exercisable (2021: 1,011,670). The weighted average exercise price of the options at the year-end is £1.16. No options were issued in the year ending 31 December 2022.

No share options are held by Directors who served at the year-end.

13 SHARE CAPITAL

	2022	2021
	£'000	£'000
Allotted, issued and fully paid		
1,363,925,475 deferred shares of 0.1p (2021: 1,363,925,475)	**1,364**	1,364
856,547,275 deferred shares of 0.095p (2021: 856,547,275)	**814**	814
96,110,197 ordinary shares of 0.005p (2021: 96,110,197)	**4,805**	4,805
	6,983	6,983

The ordinary shares are voting shares and carry the right for the holder to receive notice of, and attend meetings of the Company, the holder has the right to receive dividends..

The deferred shares do not carry the right for the holder to receive notice of, or attend meetings of the Company, the holder will have no right to receive dividends; the deferred shares are not redeemable; and the Directors are authorised to transfer all the deferred shares to any person they may determine for a total price of one penny.

14 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Short-term borrowings	Total
1 January 2022	**1,859**	**1,859**
Cash-flows:		
- Repayment in cash	-	-
Non-cash:		
- Accrued interest	105	105
- Foreign exchange movement	218	218
31 December 2022	**2,182**	**2,182**

	Short-term borrowings	Total
1 January 2021	**1,750**	**1,750**
Cash-flows:		
- Repayment in cash	-	-
Non-cash:		
- Accrued interest	89	89
- Foreign exchange movement	20	20
31 December 2021	**1,859**	**1,859**

15 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company operates foreign currency bank accounts to help mitigate foreign currency risk.

Financial assets by category

The categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	2022				2021			
	Receivables held at amortised cost	Assets held at fair value through P&L	Non financial assets	Statement of Financial position total	Receivables held at amortised cost	Assets held at fair value through P&L	Non financial assets	Statement of financial position total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other receivables	1	-	-	1	2	-	-	2
Financial assets	-	14,041	-	14,041	-	16,824	-	16,824
Cash and cash equivalents	108	-	-	108	127	-	-	127
Total	109	14,041	-	14,150	127	16,824	-	16,953

Financial liabilities by category

The categories of financial liability included in the statement of financial position and the headings in which they are included are as follows:

	2022				2021			
	Other financial liabilities at amortised cost	Liabilities carried at fair value	Liabilities not within the scope of IAS 39	Total	Other financial liabilities at amortised cost	Liabilities carried at fair value	Liabilities not within the scope of IAS 39	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade payables	5	-	-	5	14	-	-	14
Accruals and deferred income	5	-	-	5	5	-	-	5
Loans	2,182	-	-	2,182	1,859	-	-	1,859
Deferred tax liability	-	-	37	37	-	-	56	56
Total	2,192	-	37	2,229	1,878	-	56	1,934

15 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 accordance with IFRS 9, the fair value of the equity loan from TSTR to SPMP has been derived by treating the loan as equity with a discount rate of 20%. The potential value of SPMP has been assessed using cashflow forecasts prepared by SPMP. Tri-Star's investment in SPMP is 16.3% and Tri-Star no longer has significant influence over the operations. The major assumptions used are the discount rate and growth rate. Note 7 gives further details.

The analysis below is provided to illustrate the sensitivity of the fair value of the SPMP investment to an individual input while all other variables remain constant.

	Positive effect	**Negative effect**
	£'000	£'000
Change in discount rate by +/- 1%	(1,109)	1,196
Change in forecast EBITDA by +/- 10%	4,189	(3,923)
Change in growth rate by +/- 0.5%	105	(105)

Credit risk

The Company's principal financial assets are cash balances and other receivables. The Company considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the consolidated and Company statements of financial position date, as summarised below:

	2022	2021
	£'000	£'000
Trade and other receivables	1	2
Total	1	2

None of the amounts included in trade and other receivables are past due or considered to be impaired (2021: £nil).

15 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

Liquidity risk

The Company 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 Company's financial liabilities are trade and other payables, accruals and deferred income and loans. All are due within one year.

Foreign exchange risk

The Company carries out transactions in UK Pounds Sterling and US Dollars. The Company does not have a policy to hedge arrangements but will continue to keep this under review. The Company operates foreign currency bank accounts to help mitigate the foreign currency risk.

Tri-Star has invested a total of $27.7 million via an Equity Loan to SPMP. This loan was made from Tri-Star to SPMP in a foreign currency, and whilst this investment was partially offset through the issuance of secured loan notes to OEI and OMI, also in USD, this investment leaves the Company exposed to a foreign currency risk. The Director is considering whether arrangements should be made to mitigate this risk.

Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company'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 Company's stability and growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company 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 Company 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 Company 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.

16 RELATED PARTY TRANSACTIONS

During the year, the Company had no transactions with SPMP, in either year. At 31 December 2022, Tri-Star was owed $30,830,734 (2021: $30,830,734) from SPMP in respect of outstanding loans together with accrued interest. Interest of Nil (2021: £Nil) was charged on the loan to SPMP.

16 RELATED PARTY TRANSACTIONS (CONTINUED)

During the year, the Company received £Nil (2021: £18,489) in loan repayments to Tri-Star Antimony Canada Inc. At 31 December 2022, Tri-Star Resources Ltd was owed £1,971,020 (2021: £1,971,020) by Tri-Star Antimony Canada Inc. Tri-Star Antimony Canada Inc. is a 100% owned subsidiary undertaking. This has been provided for in full in Tri-Star Resources Ltd.

OEI and OMI ("Odey funds") became major shareholders on 20 June 2017. On 29 November 2017, the Odey funds loaned the Company $6,000,000 (£4,510,939). No capital or interest was repaid in 2022 (2021: £Nil) and interest of £104,728 (2021: £88,970) was charged during the year. At 31 December 2022, the total owed was £2,182,471 (2021: £1,858,847) including (£218,896) (2021: (£19,388) in exchange movements.

17 CONTINGENT ASSETS

There were therefore no contingent assets at 31 December 2022 or 31 December 2021.

18 SUBSEQUENT EVENTS

There are no subsequent events to report.

19 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.