

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom, or if not, from an appropriately authorised independent financial adviser.

**The resolutions proposed by the Requisitioning Shareholders to change your Board and terminate the acquisition of Crusader Resources Limited are not in the best interests of all shareholders.**

The Board believes that the proposed resolutions offer shareholders a regressive approach to value accretion, focusing solely on funding high risk early stage projects with no near-term production or cash flow. In the past, this approach has achieved a declining share price and working capital constraints.



*(Incorporated and registered in England and Wales with registered number 05601091)*

**Your Board unanimously recommends that you  
VOTE AGAINST ALL OF THE RESOLUTIONS**

The acquisition of Crusader Resources Limited will be a transformative deal for Stratex, offering a clear path to production and positive cashflows, from projects that are further up the development curve than the assets currently in Stratex's portfolio, which your Board believes will ultimately provide significant value to shareholders.

**YOUR VOTE IS IMPORTANT – PLEASE USE IT**



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If you have sold or otherwise transferred all of your ordinary shares of 1p each (“**Ordinary Shares**”) in the capital of Stratex International plc (“**Stratex**” or the “**Company**”) you should deliver this document together with the enclosed Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, this document and any accompanying documents should not be sent or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations. If you have sold or otherwise transferred only part of your certificated holding of Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

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## **STRATEX INTERNATIONAL PLC**

*(Incorporated and registered in England and Wales with registered number 05601091)*

### **NOTICE OF GENERAL MEETING**

in relation to Resolutions proposed by the Requisitioning Shareholders and unanimous recommendation of the Board to vote against the Resolutions

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**Your attention is drawn to the letter from the Chairman of Stratex on page 4 of this document which contains the unanimous recommendation of your Board that you vote against the Resolutions proposed by the Requisitioning Shareholders at the General Meeting and the reasons for such recommendation.**

Notice of a General Meeting of the Company to be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU on 1 November 2017 at 9.30 a.m. is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and in any event so as to be received by the Company’s registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR by no later than 9.30 a.m. on 30 October 2017 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting). Completion and return of the Form of Proxy will not prevent a shareholder from attending and voting in person at the General Meeting, should they so wish.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy for the General Meeting	9.30 a.m. on 30 October 2017
Voting Record Time for the General Meeting	9.30 a.m. on 30 October 2017
Time and date of the General Meeting	9.30 a.m. on 1 November 2017

*Note:* All references to time in this document (including the Notice of the General Meeting) and the accompanying Form of Proxy are to London time.

### SHAREHOLDER HELPLINE

If you require assistance please contact the Company's registrars, Share Registrars Limited, on 01252 821390 if calling within the United Kingdom or +44 1252 821390 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales from the date of this document to the date of the General Meeting. Please note that Share Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## REASONS TO VOTE AGAINST THE RESOLUTIONS

The Board of Stratex strongly encourages all shareholders to **VOTE AGAINST** ALL OF THE RESOLUTIONS for the following reasons:

- The Board consider that the proposed resolutions, put forward by two former directors, offer shareholders a regressive approach to value accretion, focusing solely on funding high risk early stage projects with no near-term production or cash flow prospects. In the past, this approach has achieved a declining Stratex share price and working capital constraints.
- The proposals put forward by the Requisitioning Shareholders, led by David Hall and Paul Foord, are an opportunistic move to obtain Stratex's net cash, and use it to develop high risk, greenfield, early-stage projects that the Board believes present substantially more sovereign, technical and financing risk than those exploration projects being acquired through the proposed acquisition of Crusader Resources Limited ("**Crusader**"). Your Board believes that the strategy put forward by the Requisitioning Shareholders will not add value for Stratex or its shareholders.
- The acquisition of Crusader (the "**Acquisition**") will be a transformative deal for Stratex, offering a clear path to production and cashflow from projects that are further up the development curve than anything else in the Stratex portfolio, or proposed by the Requisitioning Shareholders, which your Board believes will ultimately provide significant value to shareholders.
- The Acquisition is firmly in line with the Company's clearly stated strategy of acquiring high-quality, near or in-production mining projects in order to become a substantial gold explorer and producer. The Acquisition will differentiate Stratex from other junior mining companies quoted on AIM.
- The Acquisition adds three gold projects, including two that are deemed by the Board to be low risk with considerable reserves and resources, Borborema, Juruena and Novo Astro, to the Stratex portfolio. Borborema represents a development stage gold-project while the Juruena prospect is a highly attractive and high-grade exploration project providing significant upside. Novo Astro is an early stage project with very promising rock sample gold assays.
- The Company's analysis indicates that there is a clear valuation premium in the market when comparing exploration and development/production companies. The Board believe that the Acquisition should allow Stratex to be re-rated on a higher multiple, consistent with that of development/production companies.
- Stratex has an experienced management and exploration team with a proven record of delivering value in the small to mid-cap mining sector and of building and operating gold mines.
- Valuation metrics indicate that the Acquisition will generate significant value for shareholders. The Board believes that the Crusader portfolio will deliver significant upside and that the premium being paid for Crusader is significantly less than the inherent value in the assets.

## HOW TO VOTE

**Your Board unanimously recommends that you **VOTE AGAINST** all of the Resolutions at the General Meeting.**

Please submit your proxy vote as soon as possible and, in any event, so as to be received by no later than 9.30 a.m. on 30 October 2017, by one of the following methods:

- Please complete, sign and date the **physical form of proxy** enclosed with this document, and return it by hand, post, email or fax, in accordance with the instructions printed on it. If you wish to follow your Board's recommendation, mark "X" in the "Against" box in respect of each of the Resolutions on the form of proxy.
- If you hold your Ordinary Shares in CREST, by using the **CREST electronic proxy appointment service**, in accordance with the procedures set out in the CREST Manual. If you wish to follow your Board's recommendation, you should instruct your proxy to vote against each of the Resolutions.

Submission of a proxy vote will not preclude you from attending the General Meeting and voting in person should you so wish.

# LETTER FROM THE CHAIRMAN OF STRATEX INTERNATIONAL PLC

(Incorporated and registered in England and Wales with registered number 05601091)

## **Directors:**

Peter Addison (*Non-Executive Chairman*)  
Marcus Engelbrecht (*Chief Executive Officer*)  
Perry Ashwood (*Chief Financial Officer*)  
Emma Priestley (*Non-Executive Director*)  
Chris Worcester (*Non-Executive Director*)

## **Registered Office:**

180 Piccadilly  
London  
W1J 9HF

4 October 2017

Dear Shareholder,

## **THE STRATEX BOARD URGES YOU TO VOTE AGAINST ALL OF THE RESOLUTIONS**

### **1. Introduction**

On 15 September 2017, the board of directors of Stratex (the “**Board**”) announced that it had received a notice (the “**Requisition**”) from a group of shareholders requiring the Company to convene a general meeting (the “**General Meeting**”) at which ordinary resolutions would be proposed for the appointment of two new directors (David Hall and Paul Foord, both of whom are members of the Requisitioning Shareholders), in place of the current CEO, Marcus Engelbrecht, and Non-Executive Chairman, Peter Addison, and for the proposed merger with Crusader to be terminated.

On 19 September 2017, your Board made a further announcement setting out its response to the Requisition and its intention to recommend that shareholder’s vote against all of the Resolutions at the Company’s general meeting.

The purpose of this document is to convene the General Meeting and to explain in more detail why your Board unanimously recommends that you vote against all of the Resolutions. Accompanying this document is a presentation which sets out further details on the rationale for the Acquisition and the proposed development and exploration programme for the combined entity.

### **2. Background to the Requisition**

David Hall and Paul Foord are both former directors of Stratex, who each resigned from the Board of the Company some time ago to pursue other career opportunities.

David Hall is the CEO, and Paul Foord is the CFO, of Thani Stratex Resources Limited (“**TSRL**”), in which Stratex holds approximately 30% of the issued share capital. The Company’s joint venture partner in TSRL is Thani Emirates Resources Holdings Limited, which is also one of the Requisitioning Shareholders.

The “**Requisitioning Shareholders**” comprise David Hall, Paul Foord, Thani Emirates Resources Holdings Limited, Teck Resources Limited, AngloGold Ashanti Holdings plc and Anthony Hutchison (an employee of TSRL, and a former employee of Stratex).

**The Board strongly recommends that shareholders vote against all of the Resolutions put forward by the Requisitioning Shareholders. The Requisition is a highly opportunistic bid to take control of the Company and deploy the balance of Stratex’s cash into high risk, early stage projects with no near-term production or cash flow prospects. Your Board believes that this approach would not be beneficial for Stratex shareholders.**

### **3. Reasons for the Board’s unanimous recommendation to vote against the Resolutions**

#### **(a) *The Resolutions offer shareholders a regressive approach to value accretion, focusing solely on funding early stage projects***

David Hall and Paul Foord have proposed a “New Start for Stratex” but their strategy of seizing control of the business, and using the Company’s cash balance to fund early stage projects is a regressive step that will negatively impact how Stratex is valued by the market. Whilst they claim

that the most significant uplift in economic value is achieved through early stage resource identification and proving, the success risk and significant time and funding required to realise this uplift means that there are greater economic and technical risks attributed to these assets than more advanced assets. In the past, the approach being proposed by the Requisitioning Shareholders has achieved a declining Stratex share price and working capital constraints.

Whilst the Board is positive about the long-term prospects of the early stage assets in the portfolio, they require a fundamental economic base from which to grow. There is no immediate prospect of production from any of the assets in the current Stratex portfolio. The merger with Crusader provides an advanced stage gold exploration project that offers a clear path to production and positive cash flow, with a construction decision expected in the 12 months following completion of the Acquisition. In contrast, the strategy set out by the Requisitioning Shareholders to “maximise Stratex’s current cash situation”, through “a review of assets and a reduction in costs”, is noticeably lacking in any detail and vague in its approach to achieving shareholder value. It also fails to highlight the inevitable (and likely multiple) fundraising round(s) that would be required, which are likely to be at a lower valuation, and so higher dilution rate, per share for an exploration-only company (if funds can be raised at all). In contrast, the Crusader acquisition is expected by the Board to deliver an immediate value re-rating, and further upside through the delivery of a bankable feasibility study in respect of Borborema (“BFS”) within 6 months of the closure of the Acquisition, to be funded from an initial fundraising following the completion of the Acquisition.

It is the Board’s expectation that the BFS and value re-rating would enable the Company to access institutional funding in the short term to advance not only Borborema to decision to mine but also enable further advancement of the Stratex exploration portfolio, including:

- Potential down dip and along strike resource expansion at Borborema;
- Proposed 35,000m of drilling and other exploration work at Juruena to attempt to define a significantly larger resource;
- Proposed drilling to attempt to define a maiden resource at Dalafin across two prospects and advance farm-in discussions;
- Proposed drilling at TSRL assets for maiden resource definition at Pandora and Anbat; and
- Continued support of Goldstone Resources Ltd as it defines its project in Ghana,

thereby achieving a greater uplift in shareholder value than the strategy put forward by the Requisitioning Shareholders. Further details of the proposed development and exploration programme for the combined entity are set out in Part 2 of the Company’s presentation enclosed with this document.

***(b) There is a clear premium in the market when comparing production and exploration companies. The Board expects that the Acquisition will allow Stratex to be re-rated on a higher multiple***

It is the Board’s strong belief that the greatest growth in market value is exhibited by companies turning an exploration asset into a development and then producing asset, the strategy that Stratex is adopting by the Crusader Acquisition. This is particularly true in the current market where very little value is being attributed to early stage pre-development projects and exploration focused companies, which explains why Stratex today is trading at a negative enterprise value (“EV”) (no value attributed to its exploration assets).

The Requisitioning Shareholders believe that greatest value accretion in the development cycle is at the point of early stage resource identification and proving. The current market is attributing very little value to companies which are exploration-focused on early stage projects only, particularly with the extremely low number of true economic discoveries over the past several years. Having lost significant capital during the last bear market, investors are focusing on cash flow and tangible growth. It is this recognition that drives the Board’s focus on delivering value to all shareholders by adopting the strategy of seeking a highly accretive transaction that brings with it quality later stage exploration development projects and exciting upside. The Crusader acquisition is exactly that.

The Company expects to take advantage of the premium at which peers currently trade when compared to the combined Stratex/Crusader. Borborema and Juruena, two of the gold projects that will be added to the Stratex portfolio through the acquisition, are notably further up the development curve than anything else within the Stratex portfolio. These assets jointly provide 2.7 Moz JORC compliant resources, including 1.6 Moz of JORC compliant reserves, at a cost of

c.US\$16/oz gold<sup>1</sup>, with Juruena having a resource which includes over 200koz of its 260koz total resource graded at 14.7 g/t Au; an extremely high-grade<sup>2</sup>. The potential to prove up this asset and deliver an uplift in value is, in your Board's view, significant and should not be underestimated. This potential is unrivalled by anything within the Company's current portfolio. Early-stage exploration of a third, intrusion-related gold project, Novo Astro, is in the same geological belt as Juruena and has returned rock-chip samples of up to 264 g/t Au. The belt is also attracting the interest of major mining companies, including AngloAmerican, having recently staked over 2.1 MHa. In contrast, were the Resolutions to be passed, the Board believes that the cash deployed would be focused primarily on the early stage projects within TSRL with no clearly defined path to development. The significant disparity in attributed value between pure exploration companies and those with production can be seen in the Company's internal valuation metrics analysis summarised below:

- Exploration peers<sup>3</sup> currently trade at a median EV/Resource multiple of c.US\$15/oz and typically at depressed P/NAV multiples of <0.3x. Stratex trades at a negative EV (no value attributed to its exploration assets), a discount to the exploration peer group.
- Crusader trades at a P/NAV of 0.35x, while production peers<sup>4</sup> currently trade at a median EV/Resource multiple of c.US\$44/oz and a median P/NAV multiple of 0.6x, which demonstrates the Board's view that each company is highly undervalued. With Borborema in the portfolio, the Board would expect to trade at levels similar to the production peers within 2 years when the Company could be producing gold and generating cash flow.

The Requisitioning Shareholders believe the Crusader deal is overpriced and Stratex undervalued. The Board agrees Stratex is undervalued currently but also believes it will remain undervalued as an early stage exploration company, which is the strategy put forward by the Requisitioning Shareholders. The fundamental advantage, and the real value uplift potential from acquiring Crusader, is the under-valued asset base which the Board believe can be materially optimised and funded to production and positive cash flow. The underperformance today of Stratex is, in the view of the Board, a direct result of the focus the market is placing on cash flow and development projects, not the quality of the assets, nor the management of these, as stated by the Requisitioning Shareholders.

***(c) The Acquisition will be a transformative deal for Stratex, offering a clear path to production and cashflow***

The acquisition of Crusader will be a transformative deal for Stratex that will differentiate the Company from other junior mining stocks on AIM. The Borborema and Juruena assets are two highly exciting gold projects that are notably further up the development curve than anything else in the Stratex portfolio. Once the assets are fully incorporated into the portfolio, Stratex will be a significant gold junior with a range of assets, from early exploration to advanced stage development, and with a JORC-compliant resource base of 3.2 Moz, including a 1.61 Moz proven and probable economic reserve<sup>2</sup>.

The Borborema asset is a low-risk, large, open-pit mine gold project in North Eastern Brazil that offers significant near-term upside for the Company. As part of its due diligence exercise, the Company has carried out considerable investigation into the Borborema asset and based on that investigation, the Board believes that the BFS and full licensing of the mine should be completed within 6 months, and 18 months, respectively after completion of the Acquisition, offering a clear path of 24 to 30 months to production. As well as excellent regional and support infrastructure, including a regional highway up to the planned mine gate and power lines which traverse the licence, all major exploration expenses and drilling are complete. In addition to the Borborema mine, we are very excited about the exploration project at Juruena, where there is already a JORC-compliant resource of 260koz resources at 6.3g/t<sup>2</sup>. This is a high-grade exploration prospect

1 On the basis of the value of the consideration shares under the Acquisition of US\$43 million (applying the deemed offer price of A\$0.18 and an exchange rate of US\$1:A\$1.26) and resources (including reserves) of 2.7 Moz.

2 Refer to Crusader's announcements of an updated JORC compliant mineral resource and reserve estimate for Borborema on 24 July 2007 and its JORC compliant maiden resource estimate for Juruena on 29 September 2015.

3 Sources: Bloomberg, S&P Global Market Intelligence, company filings. Exploration peers: West African Resources, Orezone Gold Corporation, Thor Exploration, Ariana Resources, Goldstone Resources, Sarama Resources, African Gold Group, Carbine Resources, Azumah Resources. Resources are inclusive of reserves. Data compiled as at 18 September 2017

4 Sources: Bloomberg, S&P Global Market Intelligence, company filings. Producing peers: Resolute Mining, Highland Gold Mining, Guyana Goldfields, Alacer Gold, Pan African Resources, Petropavlovsk, Perseus Mining, Golden Star Resources, Teranga Gold, Asanko Gold, Avesoro Resources. Resources are inclusive of reserves. Data compiled as at 18 September 2017



on which Crusader has spent US\$25 million and completed over 44,000 m of drilling, ensuring that it is already further up the development curve than any other Stratex asset.

A third gold project, Novo Astro, within the same geological belt as Juruena, is also highly prospective with 13 rock samples showing grades of more than 10 g/t with one delivering 264 g/t. This system is gold-rich and has delivered significant gold discoveries for over 40 years.

The merger with Crusader, and the addition of the Borborema development stage project and the Juruena and Novo Astro exploration projects, not only adds the prospect of relatively near-term production and cash flow, but will also provide the Company with a solid financial base from which to fund its existing earlier stage exploration assets.

The Requisitioning Shareholders argue that these assets are questionable on economic grounds. The assets have had over US\$100<sup>5</sup> million invested to date and Borborema is advanced in terms of a completed and economically attractive pre-feasibility study with the majority of the BFS completed. The Board believe that there is significant optimisation to be achieved at Borborema and that they, together with the Crusader directors to join the Board upon completion of the Acquisition, collectively have the skills and experience to deliver on this.

The Requisitioning Shareholders argue that Brazil is not aligned with where the Company traditionally operates, but Brazil, as a jurisdiction, is mining friendly and has, over the last few years, seen the implementation of labour legislation which has significantly improved the ability for flexible labour contracts. There has been also been a move towards a much more flexible, modern, open-market economy that is attracting considerable investor interest.

***(d) Stratex has a clear strategy and an experienced management team with a track record of delivering shareholder value***

Stratex has a clear strategy of creating a diversified gold explorer and near-term producer, with the acquisition of Crusader enabling the Company to take a large step towards this goal. CEO, Marcus Engelbrecht, has been working tirelessly since being appointed last year to ensure that the Company adapts to market demands of mining stocks, especially with regard to the valuation difference between exploration and production companies. The Board's vision for Stratex and focus on delivering shareholder value has ultimately led to this proposed acquisition of three highly prospective gold assets with the potential for future cash flow, to integrate into an already exciting portfolio.

Marcus Engelbrecht has extensive experience in delivering value to shareholders, having been the CEO of Archipelago Resources plc. Whilst there he took the Indonesian Toka Tindung mine into production and delivered several exploration successes, which increased Archipelago's mineral resources by c.73% to over 3Moz.

David Hall and Paul Foord question Stratex management's record in operating mines, specifically Stratex's move into Turkey and "their failure due to a lack of mine management expertise". This assertion is fundamentally incorrect for two reasons. The first is that Marcus Engelbrecht was not involved in the original decision to invest in the Altintepe mine in Turkey. Secondly, under the joint venture arrangement, Stratex were the minority shareholders and had no involvement in running and operating the mine. In addition, the Board considers that the resultant sale of Altintepe was, both strategically and financially, an important and well-timed exit, when considering the increasingly difficult geopolitical and operating environment. It should not be overlooked that David Hall, when he was a director of Stratex, was an instrumental part of Stratex's management team at the time it made the decision to invest in Turkey and the Altintepe mine.

Indeed, when comparing the management and operating record of Marcus Engelbrecht and David Hall, the candidate proposed as the CEO of the "New Stratex", it is clear who delivers value to shareholders. Marcus Engelbrecht was instrumental in the sale of Archipelago Resources for £338 million and returned significant value to shareholders. By contrast, David Hall has been a director of Horizonte Minerals and Medgold Resources since their respective IPOs, which companies are currently trading below IPO price.

Paul Foord has little, if any, experience in chairing a public company. By contrast, Peter Addison is an experienced company chairman, having been chairman of three public companies over the last 14 years.

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5 Figure provided by Crusader management

#### 4. General Meeting

The General Meeting is to be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU on 1 November 2017 at 9.30 a.m, for the purpose of considering the Resolutions put forward by the Requisitioning Shareholders. Notice of the General Meeting is set out at the end of this document.

The full text of the statement from the Requisitioning Shareholders set out in the Requisition and which is required to be distributed to shareholders pursuant to section 314 of the Companies Act 2006, is set out in the Appendix to this document.

#### 5. Action to be taken

A form of proxy for use at the General Meeting is enclosed. Whether or not you intend to attend the General Meeting in person, you are requested to lodge a proxy in respect of your holding of Ordinary Shares.

Proxies for the General Meeting can be lodged in any one of the following ways:

- By completing the **physical form of proxy** enclosed with this document in accordance with the instructions printed on it and returning it to the Company's registrars, Share Registrars Limited by:
  - **hand or by post**, addressed to: Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; or
  - **email**, addressed to: proxies@shareregistrars.uk.com; or
  - **fax**, addressed to: 01252 719232.

Completed forms of proxy should be returned to the Company's registrars so as to be received by no later than 9.30 a.m. on 30 October 2017. The completion and return of a form of proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

- If you hold your Ordinary Shares in CREST, by using the CREST electronic proxy appointment service, in accordance with the procedures set out in the CREST Manual.

**The Board recommends that shareholders should take no action requested of them by the Requisitioning Shareholders and should not sign any document that is sent to them by the Requisitioning Shareholders.**

#### 6. Recommendation

<b>Your Board unanimously recommends that you <b>VOTE AGAINST</b> all of the Resolutions at the General Meeting.</b>
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The Board strongly believes the proposed resolutions are short-sighted, and would deprive Stratex of the combined expertise and assets that it requires to transform the Company into a truly unique, London-quoted gold explorer and future producer, as well as remove the potential value uplift from the acquisition of Crusader.

As such, and for the reasons set out in this letter, the Board intends to proceed with the Acquisition and considers that the Resolutions are not in the best interests of the Company and its shareholders as a whole.

**Accordingly, your Board unanimously recommends that you vote against all of the Resolutions, as they intend to do (or procure) in respect of their own beneficial holdings.**

Yours sincerely,

**Peter Addison**  
Chairman

## Appendix – Statement from the Requisitioning Shareholders

*The Company is required under section 314 of the Companies Act 2006 to distribute the following statement by the Requisitioning Shareholders to Shareholders.*

***The following statement does not represent the views of your Board.***

Dear Stratex International plc (STI) Shareholder,

### **Proposed reverse takeover of Crusader Resources Limited (CAS) by STI**

We together hold 24% of STI's shares and have long been its supporters. David Hall and Paul Foord were founders of the business. STI has always focussed on early stage gold discoveries. It is deeply concerning to us that management has decided to stray into an area where, we believe, they lack sufficient expertise and will be unable to deliver an acceptable deal for shareholders.

We have stated our objections in letters to the Chairman from AngloGold Ashanti, Teck Resources and David Hall, amongst others. Unfortunately, the directors have ignored these objections and proceeded with this expensive and value destroying deal.

Accordingly, as holders of over 5% of the shares in STI, we have required the directors to circulate this statement to STI shareholders and convene a GM to vote to:

- a. terminate the transaction;
- b. remove Peter Addison and Marcus Engelbrecht as directors; and
- c. appoint David Hall and Paul Foord respectively as directors.

### **Rationale for terminating the reverse takeover**

This transaction is highly risky and value destroying for STI shareholders for the following reasons:

- **Strategic Focus.** It represents a completely different focus for the business, which is naïve, significantly riskier (due to the lack of mining experience) and value destroying:
  - STI has ten years of exploration and development experience in Turkey & West and East Africa. A move into operating a mine (in Brazil) represents a significant diversification.
  - STI tried a move into mining in Turkey by partnering with a recognized mining contractor but unfortunately, it failed due to a lack of mine management expertise. A salutary lesson that mining requires a completely different set of managerial skills and years of experience.
  - STI/CAS will need to raise significant funding (circa \$100m) in order to develop either project into a mine.
  - The most significant uplift in economic value is achieved through early stage resource identification and proving thereof. This is the reason the current shareholder base invested in STI.
  - The 20:1 roll-back is likely to result in further loss of value and greater dilution when raising new funds.
- **Economic Grounds.** The deal places a premium of 63% over Crusader's current share price. STI's valuation is based on cash at bank (\$7.75m), effectively treating the company as a cash shell and takes no account of STI's assets in Turkey, Africa, Egypt or Djibouti (\$7m):
  - STI's value should be \$14.75m rather than \$9.4m – a discount of 36%.
  - CAS's share price is A\$0.11 equating to a value of \$24.6m, rather than \$40m – a 63% uplift
  - STI shareholders could invest in Crusader at A\$0.11 – there is no reason for STI to do this on our behalf at a higher price, with no synergies.
- **Control/Dilution Grounds.** CAS shareholders will own 81% of STI. STI shareholders will be diluted and lose control.

- Resource Grounds. The undeveloped assets in Brazil have been around for some time for a reason:
  - The two potential gold resources are questionable on economic grounds.
  - Numerous other companies have considered acquiring the concessions and have not proceeded
  - STI doesn't have the insight nor expertise to prove otherwise.
- Operational Grounds. There are no operational synergies between potential gold mines in Brazil and STI's current exploration operations and technical staff in Europe and Africa.
- Managerial/Expertise. There are no synergies nor savings possible as the STI management and technical team is not experienced in developing and building gold mines
- Contracts and Expenses. The combined business (including all of the existing CAS and STI senior management teams) is going to be top heavy and very expensive:
  - The CAS structure includes senior management in both Brazil and Australia. Combining this with STI's management in London, the combined business will boast senior management teams on three continents.
  - The CAS directors (three) have two-year terms and salaries of A\$350k each or \$260k each plus the Australian and Brazilian overheads. Significantly increasing current overheads.

#### **Rationale for removal of the Chairman and CEO**

The current Chairman and CEO have pursued this transaction at great expense even though it is not in the best interests of STI shareholders and regardless of objections by major shareholders.

We believe that STI management have lost their way and lack a sensible strategic focus.

#### **Proposed appointments for Chairman and CEO**

David Hall (as CEO) and Paul Foord (as Chairman) provide wide experience in the industry and are motivated to see "a new Stratex" succeed by maximising current assets and expertise in exploration, discovery and development.

#### **Proposed strategy for "New Stratex"**

The new strategy would be to maximise funding on projects that have the best chance of increasing value.

The market is short of good early stage gold exploration companies. The most significant uplift in economic value is achieved through early resource definition and proving thereof. This approach is supported by two mining companies who are major shareholders – AngloGold Ashanti and Teck Resources.

All STI's assets will be reviewed. Focus will be on projects that appeal best to strategic partners and shareholders and costs will be reduced on underperforming assets.

The strategy must be to maximise STI's current cash situation and not to dilute shareholders until value has been increased.

#### **Summary**

We would like you to join us and vote:

- "NO" to the STI/Crusader deal
- "YES" to the removal of Peter Addison as Chairman
- "YES" to the removal of Marcus Engelbrecht as CEO
- "YES" to the appointment of Paul Foord as Chairman
- "YES" to the appointment of David Hall as CEO

We look forward to seeing you at the GM.

## NOTICE OF GENERAL MEETING

### STRATEX INTERNATIONAL PLC

*(Incorporated and registered in England and Wales with registered number 05601091)*

**NOTICE IS HEREBY GIVEN** that a General Meeting of Stratex International plc (the “**Company**”) will be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU at 9.30 a.m. on 1 November 2017 for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

1. **THAT** Peter Addison be removed from office as director of the Company with immediate effect;
2. **THAT** Marcus Engelbrecht be removed from office as director of the Company with immediate effect;
3. **THAT**, subject to passing resolutions 1 and 2, David Hall be appointed as a director of the Company with immediate effect;
4. **THAT**, subject to passing resolutions 1, 2 and 3, Paul Foord be appointed as a director of the Company with immediate effect; and
5. **THAT** the Company terminates, and ceases the implementation of, the proposed reverse takeover of Crusader Resources Limited by the Company.

Dated: 4 October 2017

By order of the Board

P C Ashwood

*Company Secretary*

*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy in relation to the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.
2. To appoint as a proxy a person other than the chairman of the meeting, a member must insert the proxy's full name in the box on the proxy form. If a member signs and returns a proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be the member's proxy. Where a member appoints as a proxy someone other than the chairman, the member is responsible for ensuring that the proxy attends the meeting and is aware of the member's voting intentions. If a member wishes a proxy to make any comments on the member's behalf, the member will need to appoint someone other than the chairman and give them the relevant instructions directly.
3. A member which is a corporation is entitled to appoint one or more corporate representatives to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member. If a member which is a corporation appoints more than one corporate representative in relation to the meeting, each representative must exercise the rights attached to a different share or shares held by that member. In the case of a member which is a corporation, the proxy form must be executed under the corporation's common seal or signed on its behalf by a duly authorised officer of the corporation or an attorney for the corporation.
4. A Form of Proxy is enclosed. To be valid, the Form of Proxy (and any power of attorney or other authority, if any, under which it is signed) must be duly completed and signed and deposited at the office of the Company's registrars, Share Registrars Limited not less than 48 hours (excluding non-working days) before the time for holding the meeting (or any adjourned meeting). Completion of a Form of Proxy does not preclude a member from attending and voting in person at the meeting, should they so wish.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered in the Company's register of members at 9.30 a.m. on 30 October 2017 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes in the Company's register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned, only those members entered in the Company's register of members as at 9.30 a.m. on the day two days (excluding non-working days) before the date of the adjourned meeting shall be entitled to attend and vote at the adjourned meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's Receiving Agent, Share Registrars Limited (CREST Participant ID: 7RA36), no later than 48 hours (excluding non-working days) before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be

the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

8. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this notice or in any related documents to communicate with the Company for any purposes other than those expressly stated.
11. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.
12. As at 4 October 2017 (being the last practicable date prior to the publication of this notice), the Company's issued share capital consisted of 467,311,276 ordinary shares of 1p each, carrying one vote per share, and there are no shares held by the Company in treasury. Therefore, the total voting rights in the Company as at 4 October 2017 are 467,311,276.



