



## MINING RESEARCH

### Stratex International

4.00p

#### Inlice and Altintepe on Track

5 November 2009

Stratex has issued an update on its Inlice and Altintepe projects in Turkey. The company expects to sign the definitive joint venture agreement with NTF by the end of November. Having already expended US\$157,000 for a three month development programme, NTF continues to contribute US\$50,000 per month until the agreement is signed. This has allowed Stratex to complete a pitting programme and start infill drilling at Inlice, with a new infill drilling programme also due to start at Altintepe. The company expects to get both projects into production within 18 and 36 months respectively and is already sourcing consultants and suppliers for Inlice. Stratex has sufficient funds for the next 18 months and will receive an additional US\$1 million from NTF once the agreement is signed. As a result, we maintain our **BUY** recommendation on Stratex with a target price of 8.5p.

Stratex signed a MoU with Turkish company NTF İnfaat Ticaret Ltd (NTF) on June 15 2009 to form a joint venture company to fast track Stratex's Inlice and Altintepe projects in Turkey into production within 18 and 36 months respectively.

Stratex expects to sign the definitive agreement stipulating the terms of the joint venture by the end of November 2009. NTF will pay US\$1 million cash to Stratex upon signature and thereafter will fund a feasibility study at Inlice up to US\$2 million and Altintepe for up to US\$2.5 million in exchange for its 55% stake in the joint venture. Stratex will also have up to \$2 million in project finance available as a loan from NTF when the Inlice project enters construction.

In the meantime NTF has funded a three month development programme from July to September 2009 and will continue to fund \$50,000 per month for development work at the two projects until the agreement is signed. The development programme was focused on the results of the Gap Analysis undertaken by Golder Associates and the joint Stratex-NTF Management Committee has been implementing its main recommendations.

Stratex has completed pitting of the talus which overlies the oxide material. The talus is a combination of colluvial rocks and boulders from the gold-bearing silica ledges, deposited under the influence of gravity on the steep slope flanking the southern side of the Ana East zone. The talus contains 28,000oz of the total 98,000oz of oxide gold at Inlice and the pitting was done on a 25m by 25m grid to better define the resource.

Stratex is now infill drilling the oxide zone using large-diameter (HQ) drill core, which will also be used for detailed metallurgical studies scheduled for January 2010. These will determine the optimum processing method to use. A number of leading consultancy groups have submitted proposals to Stratex to conduct these studies and these are currently being reviewed by the Stratex-NTF Management Committee.

Costs and suppliers of modular processing plants and equipment have also been identified in anticipation of fast-tracking the move to production following completion of feasibility studies at Inlice.

Infill drilling will also commence shortly at Altintepe, where there is an oxide resource of 472,318 oz Au contained within 13.1 Mt of ore grading at 1.12 g/t Au. Infill drill programmes to upgrade the resource categorisation are being prepared for the Çamlık East, Extension Ridge, and Kayatepe zones and drilling will commence shortly. Production is provisionally targeted to commence in 36 months. Production from the open pit will target 30,000oz - 50,000oz per annum with recovery from a CIL/CIP (carbon in leach/ pulp) plant giving a mine life of 8-9 years.

With the Inlice and Altintepe development on track we maintain our **BUY** recommendation with our valuation rising very marginally from 8.51p to 8.53p due to the increase in Stratex's investment and options in Sheba Exploration (PLUS: SHE).

### BUY

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#### SALES & TRADING CONTACTS

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#### COMPANY DESCRIPTION

An exploration and development company focusing on gold and high value base metals in Turkey and Ethiopia

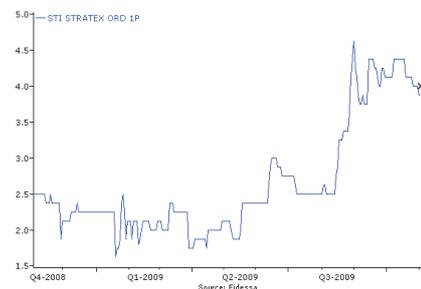
#### INVESTMENT DATA

Ticker	STI
Listing	AIM
No. of shares	249.46m
Market cap	£9.98m
Enterprise value	£7.42m

#### SHAREHOLDERS Holding (%)

Teck Limited	14.32
Kairos Inv M'tment Ltd	13.59
Orion Trust Ltd	10.36
Nick Graham	9.22
David Hall	5.02
Kenos CI Nominees	3.89
(As of 15 September 2009)	

#### 12M SHARE PRICE PERFORMANCE



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