



Stratex International plc*

Exploration Expertise & commercial acumen

(STI LN)

2.85p

BUY

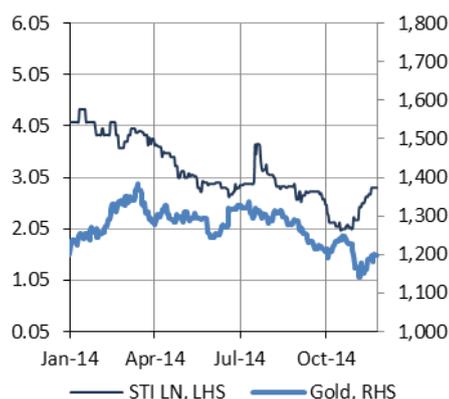
Target price 12.2p

| | |
|------------------------|---------------|
| Total | £20.8m |
| NAV Per share | 4.4p |
| NAV from Current Price | 54% |

Stock Data

| | |
|-------------------|-----------|
| Ticker (EXCHANGE) | STI LN |
| Share Price: | 2.85p |
| Number of shares | 467.3m |
| Market Cap: | £13.3m |
| EV: | £3.1m est |

Price Chart



Key Issues

- Sum of parts valuation US\$89.0 (£56.8m), 12.2 pence per share.
- Over last 5 years, Stratex has harvested \$26.2m (£17.7m) from project sales.
- Forthcoming commissioning of the Altintepe mine provides platform for growth.
- Restructuring of the East African assets with Thani Emirates Resources.
- Dalafin exploration in geological environment known to host large gold deposits.
- Future development of the Oksut project to provide royalty revenue stream.
- Strategic investments in GoldStone Resources & Tembo Gold Corporation.

Table 1 Sum of Parts Valuation Summary

| | US\$m | Pence/sh |
|------------------------------|-------------|-------------|
| Cash | 8.3 | 1.1 |
| Less: | (1.0) | (0.1) |
| Less: | (2.0) | (0.3) |
| Turkey | | |
| Altintepe Mine | 30.0 | 4.1 |
| Muratdere | 26.0 | 3.6 |
| Oksut Royalty | 8.7 | 1.2 |
| Antofagasta JV | 1.0 | 0.1 |
| Centerra JV | 0.5 | 0.1 |
| West Africa | | |
| Dalafin | 7.4 | 1.0 |
| East Africa | | |
| Thani Stratex | 9.0 | 1.2 |
| Strategic Investments | | |
| Tembo Gold | 0.3 | 0.1 |
| Goldstone | 0.9 | 0.1 |
| Total | 89.0 | 12.2 |

*Source: SP Angel Estimates

*SP Angel acts as broker to Stratex

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Summary & Recommendation

Summary

Exploration success can be an elusive prize. However, the mixture of the right people and expertise, the right exploration ground, appropriate partners and access to the funds to advance a coherent exploration strategy shifts the risks in favour of success. Stratex has made considerable progress in assembling these ingredients of success.

Over the last eight years the company has evolved a twin track strategy with a suite of technically driven exploration projects in Turkey, East, and West Africa counterbalanced by a parallel programme targeted at making strategic investments and acquisitions within the exploration sector over a broadly similar geographic area. This approach has brought in a number of strategic partners to assist with approximately £7.2m of project expenditure to date.

The company has chosen to focus its exploration efforts on 3 highly prospective areas

- The Tethyan Belt in Turkey
- The East African Rift Valley and
- The West African Shield

Unlike many exploration teams, Stratex has recognized the merit of realising value from its properties when appropriate and in the process has generated a meaningful \$26.2m (£17.7m) from the sale of its projects over the last three years. The major transactions were the partial sale of the Muratdere project in 2012, which generated around \$1.7m, and the sales of the Oksut project in Turkey to Centerra Gold that generated \$20m in cash plus a future royalty stream capped at a further \$20m and the Inlice project in Turkey realising a further US\$4.5m. As a result, Stratex has a healthy cash position (£5.3m at 31st October 2014) and unlike many junior exploration companies it is well placed to fund its own exploration programmes and to take advantage of opportunities which might arise in the future.

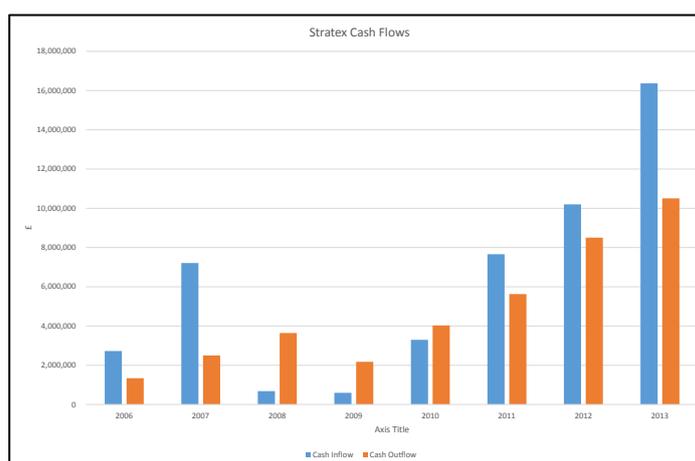


Figure 1 Stratex Cash Flows *Source Published Company Accounts*

Stratex's partners include both international companies with global exposure such as Antofagasta, Thani Emirates Resource Holdings and Centerra as well as significant local operating companies with detailed knowledge of the operating environments in which they work. Linked to Stratex's own in-house exploration expertise, these alliances represent a powerful force for exploration success.

Exploration & Development Projects

Turkey

Turkey is emerging as a gold producer and now ranks among the top 25 in the world and is Europe's largest producer, ahead of Sweden, Finland, Bulgaria and Poland. The country's largest gold mine, Eldorado Gold's Kisladag operation, is among the 25 largest gold mines in the world with annual output of around 300,000 oz.

The country's profile as an attractive place for international mining companies is improving and the latest Fraser Institute Survey of over 4,000 international mining executives commented that together with Norway and India, Turkey was among the most improved jurisdictions in the Eurasia region. The same survey rates Turkey above better known countries including South Africa and Ghana for its appeal to miners.

In addition to gold developments, the \$230m Yenipazar polymetallic deposit in central Turkey, owned by the Canadian company Aldridge Minerals, is due to be commissioned in 2017. As well as international companies, Turkey hosts a vibrant indigenous mining industry with local companies such as Koza Gold which operates 7 Turkish gold mines, including the former Normandy Mining-owned Ovacik operation.

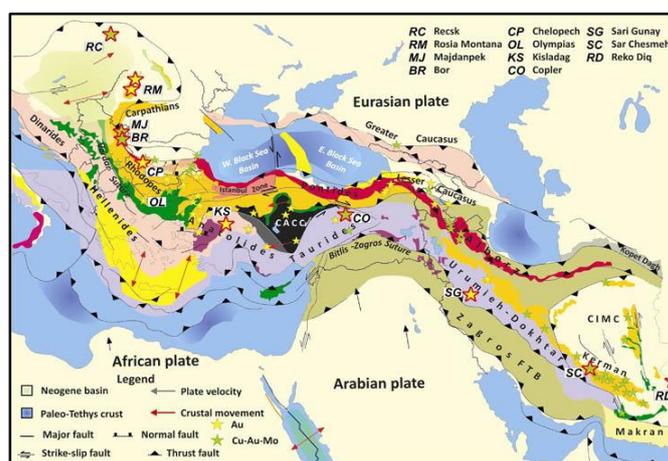


Figure 2 Geology of the Tethyan Belt Source UBC Mineral Deposit Research Unit

Stratex has operated in Turkey since the company's formation in 2006 and, despite subsequent expansions into East and West Africa, its Turkish operations are still at the core of the company's business. The country straddles the metallogenically prolific Tethyan orogenic belt at the margins of the African and Arabian tectonic plates in the south and the Eurasian plate to the north.

Porphyry and epithermal mineral deposits within the Tethyan Belt extend from Romania through Bulgaria, northern Greece, Turkey and into Iran and beyond. The Belt hosts a number of large gold deposits including Rosia Montana (18.5m oz) in Romania, Chelopech (4.4m oz) in Bulgaria and Reko Diq (42m oz) in Pakistan. Mines are already in operation at Kisladag and Copler in Turkey (see Appendix 2), and the region remains highly prospective for further discoveries.

Altintepe (45% owned)

Altintepe is the company's most advanced project and is being developed as a heap-leach gold mine by Stratex's local partner, Bahar Madencilik Sanayi ve Ticaret Ltd (Bahar) which is funding the estimated \$39m capital expenditure to earn 55% of the project.

The Altintepe project is located close to the Black Sea coast in northern Turkey. The deposit has an overall JORC compliant resource of almost 600,000 oz of gold at an average grade of 1 g/t. The company considers that approximately 60% of the resource can be classed as measured or indicated. As the following table shows, over 80% (490 k oz) of the resources are oxide/transition materials amenable to heap leaching.

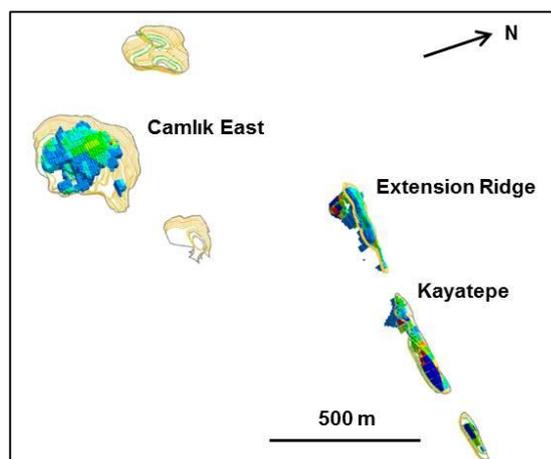


Figure 3 Altintepe Development Source: Company

Table 2 Altintepe Ore Resources

| Altintepe Resources | | | |
|---------------------|--------------|----------|---------------|
| | Tonnes (000) | Gold g/t | Gold oz (000) |
| Oxide Material | 10,807 | 0.97 | 337 |
| Transition Material | 2,299 | 2.09 | 155 |
| Sulphide Material | 4,728 | 0.67 | 102 |
| Total | 17,834 | 1.03 | 593 |

Source: Company

The mine is currently under construction with the first gold pour expected to occur early in 2015, subject to winter weather not delaying construction. In full-scale production, Altintepe is expected to produce a minimum of 30,000 oz per year from the processing of 600,000 tpa of gold ore. We estimate that the resource could support these levels of output for at least 10 years, however Stratex has only announced financial estimates for the first 34 months of production based on an initial recovery of 110,000 oz from the Camlik East zone during the first phase of mining.

We estimate that cash costs could be around \$25-30/tonne of ore treated which is consistent with the \$530/oz of gold production reported by Stratex. If the mine can be delivered for the indicated \$39m, this will represent a competitive investment of \$1,300/oz of annual production, placing it at the lower end of current Turkish heap leach projects in terms of capital intensity (Appendix 1).

Under the terms of Bahar's earn-in agreement, which requires it to fully fund the mine development, it will have the right to 80% of the cash flow of the mine until it has recovered the development capex. Including these provisions, we estimate that at current commodity prices, Stratex's share of the NPV_{12%} is around \$15m based on an initial 34 month mine life, although it will continue to receive 45% of net cashflow for up to a further 7 years as additional zones are brought into development. Overall, we estimate that over 10 years the NPV_{12%} of Stratex's share of Altintepe is \$30m.

Muratdere (61% owned)

Stratex's Muratdere project is a copper / gold / molybdenum porphyry deposit located approximately 250 km west of Ankara. Stratex's partner, Lodos, is earning a 70% interest in the project by completing a feasibility study, which is currently underway and scheduled for completion by the end of 2014. To date, Lodos has earned a 61% interest by funding the drilling and through cash payments to Stratex totaling \$2.2m.

The c.51 mt Muratdere resource extends over a strike length of approximately 2 km within a corridor measuring some 4 km long and between 200-400 meters wide. It remains open laterally towards both the east and the west as well as at depth and offers the potential for locating additional tonnage as exploration progresses.

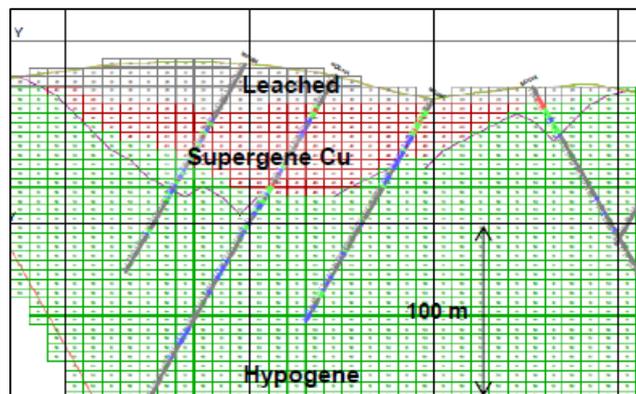


Figure 4 Muratdere Cross Section Source: Company

The current development plan envisages initial production from two open pits to extract some 15.1 mt of ore at an average grade of 0.54% copper and 0.1 g/t gold plus silver and molybdenum credits. We understand that the bulk of the resource lies within 100m of the surface and that the initial focus will concentrate on an approximately 10m thick, higher grade, supergene blanket of mineralisation which overlies the larger deposit that grades around 0.36% copper.

Results from recently released metallurgical testing show that, although some 11% of the copper mineralisation is not amenable to recovery by flotation as it is contained in non-sulphide minerals, recoveries of between 78-90% are achievable to produce high quality concentrates grading 31-39% copper.

The company has not yet announced the scale of operations contemplated for Muratdere. However, prior to the publication of the results from the feasibility study, for estimation purposes we have assumed that the mine may process up to 3.5mtpa of ore and generate a cash margin of \$500/oz on gold production of 10,000 oz pa and a 30% margin on 15,000 tpa of copper output. Assuming \$100m of capex, and a discount rate of 12%, we generate a very approximate pre-tax valuation of \$26m for Stratex's share of the project.

Exploration Alliances

Stratex has agreements with the Canadian based gold mining and exploration company Centerra Gold which operates the large, Kumtor gold mine in Kyrgyzstan and the Boroo gold mine in Mongolia. The key focus is the identification of new gold projects in a large part of central Turkey. The company also has an agreement with Antofagasta on copper exploration in Turkey with Antofagasta funding exploration to date.

East Africa

Stratex has recently announced a restructuring of its assets in East Africa in conjunction with its regional partner, Thani Emirates Resource Holdings, to form Thani Stratex Resources, which is owned 40% by Stratex and 60% by Thani Emirates Resources. Each of the partners has contributed its exploration assets in north and east Africa plus \$1m in working capital to establish the new company. Stratex's former Chairman and co-founder, David Hall, has become Chief Executive and has relinquished his role on the Board of Stratex but Stratex's

interests are represented by Stratex Chairman, Christopher Hall (no relation) who sits on the Board of Thani Stratex.

The principal assets of the new company include:

Blackrock licence, Ethiopia,

Early stage drilling on the Blackrock licence, located in the east African Rift Valley, has identified 5 mineralised zones within a 5 km long section of a vein system extending over some 25 km. Surface sampling has yielded grades of up to c.60 g/t from narrow quartz calcite veins. Further drilling is underway.

Oklila licence, Djibouti

The Pandora epithermal vein structure in the Oklila licence area has yielded high grade rock chip- and channel samples over a structure, which has been traced over 2.3 km within a north-west trending zone of epithermal veining that extends some 10 km. Channel sampling results include 5.35 g/t over a width of 13.9m, 5.09 g/t over 11.1m and 15.42g/t over 1.65m. Drilling is planned to follow up these initial prospecting results.

Hodine & Wadi Kareem licences, Egypt

These exploration areas are located in the Eastern Desert and have similar geology to Centamin's Sukari deposit where measured and indicated resources currently amount to 11m oz at an average grade of 1.35 g/t. The Hodine concession, which already hosts the c.520k oz Hutite gold resource, is located with the 10 km long Anbat Shakoosh mineralised belt which Thani Stratex sees as a high priority for follow –up exploration.

West Africa

Dalafin

Stratex's 85%-owned Dalafin project in south-eastern Senegal is located in the Birimian aged rocks of the Kenieba - Kedougou inlier which straddles the border between Mali and Senegal. The inlier, which already hosts a number of significant gold discoveries, is bounded to the west by the Mauritanian fold belt and surrounded by the younger sedimentary rocks of the Taoudenni Basin.

Table 3 Gold Resources of the Kenieba Kedougou Inlier

| Gold Deposits of the Kenieba Kedougou Inlier | | | | |
|---|-------------------|--------------------------------|------------------|---------------|
| | | Measured & Indicated Resources | | |
| Deposit | Owner | Tonne (m) | Grade g/t | oz (m) |
| Loulo | Randgold | 52.0 | 4.6 | 7.7 |
| Sadiola Hill | Anglogold/Iamgold | 111.1 | 1.8 | 6.5 |
| Fekola | B2Gold | 60.0 | 2.4 | 4.6 |
| Goukoto | Randgold | 28 | 4.4 | 4.0 |
| Massawa | Randgold | 35.0 | 2.6 | 2.9 |
| Sabodala | Teranga | 47.2 | 1.3 | 2.0 |
| Mako | Toro Gold | 24.5 | 1.8 | 1.4 |
| Boto | Iamgold/Agem | 22.0 | 1.6 | 1.1 |
| Makabingui | Bassari | 2.6 | 4.0 | 0.3 |

Source: SP Angel & Company Reports

Many of these deposits are associated with NNE-trending structures similar to those identified at Dalafin. To date, geochemical soil sampling by Stratex has identified 4 main

targets, Faré, Baytilaye, Saroudia and Madina Bafé and initial diamond-drilling, RC drilling and RAB and Aircore drilling has yielded some promising results from shallow depths including 12m at 7.09 g/t from the Faré South prospect and 9.6m grading 16.08g/t from 15.1m in the Madina Bafé area in the southern part of the licence.

At Faré South, Stratex has identified wide zones of mineralisation within a structural corridor that extends over a strike length of some 500 metres associated with the margins of a porphyry intrusive complex. The lateral limits of these mineralised structures have yet to be defined. The majority of the drill-holes were drilled at an angle of 50° to the horizontal suggesting that most of the intersections are within 80 metres of the surface; the following table shows a compilation of the major intersections published so far.

Table 4 Dalafin Project Drilling Results Source: Company Releases

| Dalafin Project – Selected Drilling Intersections | | | |
|---|----------|--------------------|-----------|
| BH No. | From (m) | Intersection Width | Grade g/t |
| FARC 01 | 50.0 | 10.0 | 2.34 |
| FARC 07 | 19.0 | 7.0 | 86.39 |
| FADD 01 | 68.6 | 19.0 | 2.20 |
| FADD 02 | 11.1 | 14.0 | 2.94 |
| FADD 03 | 0.0 | 59.6 | 2.20 |
| FADD 04 | 4.1 | 96.0 | 1.51 |
| FADD 025 | 18.0 | 12.0 | 7.09 |
| MBDD 02 | 15.1 | 9.6 | 16.08 |

Among the results received to date, some individual 1 metre samples show some particularly high grades, ranging up to 229.5 g/t, suggesting that there is some coarse grained gold within the system. Many of the intersections drilled to date lie in the zone of tropical weathering which may have accentuated the development of coarser gold particles.

The geological structure is complex, and will no doubt take some time to resolve. However, we consider that the existence of high grade, shallow mineralisation over wide intersections in a geological environment known to host large gold deposits provides considerable encouragement for future exploration success at Dalafin.

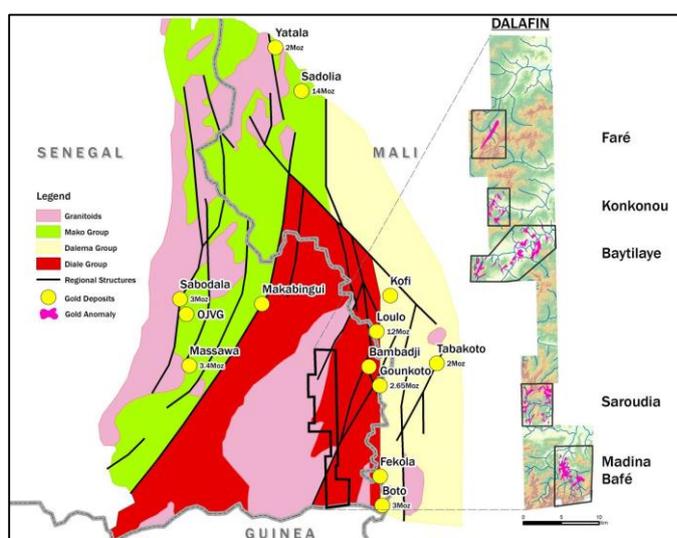


Figure 5 Geology of the Dalafin Project Area

Source: Company

Funding

Stratex has been adroit in identifying and accessing funds from powerful industry partners and by realising cash from its own projects as well as from more conventional equity. This diversity of funding has provided the company with a financial resilience during the recent dearth of equity for exploration and is helping to create opportunities, both to advance its own projects and to acquire additional assets.

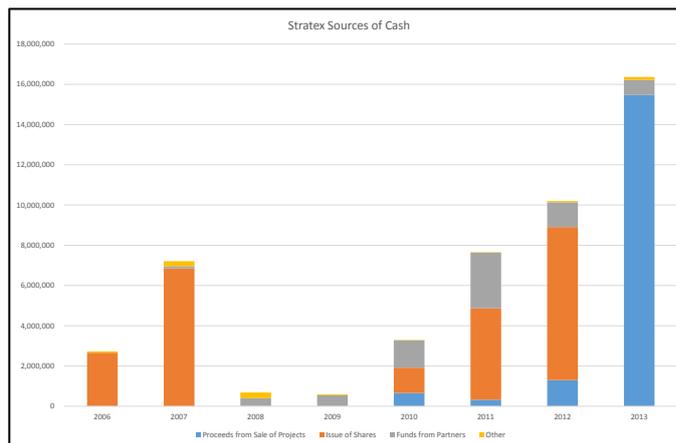


Figure 6 Stratex – Sources of Cash

Source Published Company Accounts

Equity

The company has raised some £23m to date. About a 20% of this total (£4.7m) came from direct equity investment by its industry partners. As a result, AngloGold Ashanti is now the single largest shareholder in Stratex with 11.5%. Other significant industry shareholders are Teck Corporation with 7.7% and Antofagasta with 2.2%.

The company also has influential specialist fund managers on its register, most notably BlackRock Investment Management which holds 9.7% and the Sprott Global Company, Exploration Capital Partners 2012, which holds 10.1%.

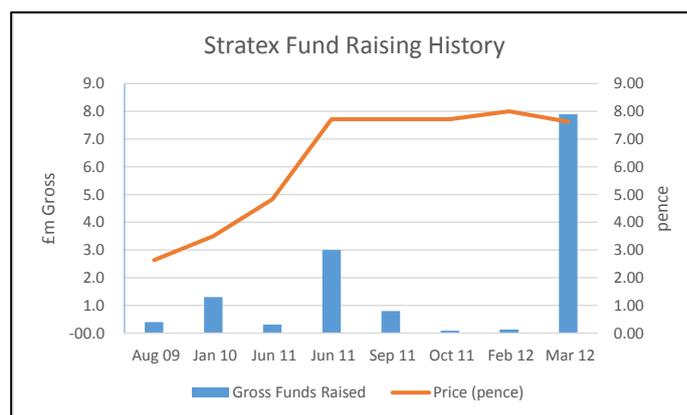


Figure 7 Stratex Fund Raising History

Source Company Releases

Although the current share price has suffered from general market weakness, equity funds have generally been raised at increasing prices.

Exploration Funding by Partners

Since 2009, Stratex has spent some £20.2m on exploration. However, around 35% (£7.1m) of this total has been provided directly into the projects by its industry partners. As well as financial support, the inclusion of these major industry players provides additional technical expertise, credibility and the capacity to develop mines from exploration success.

The success of this approach is exemplified by Stratex’s relationship with Centerra Gold in relation to the Oksut project in the Kayseri province of central Turkey. The previously

unidentified Oksut deposit was first discovered by Stratex geologists in 2007. Stratex funded the initial follow-up mapping, geophysics and geochemical exploration and drilled some 16 diamond drill holes (3,352m) before concluding its first agreement with Centerra in 2009.

Prior to the sale of Stratex's remaining 30% stake in the project to Centerra Gold, Centerra had funded some \$6m of exploration which had helped to generate an indicated mineral resource which now stands at c.1.2m oz of gold (28.9mt at an average grade of 1.2 g/t).

Sale of Projects

Over the last 5 years, Stratex has harvested approximately \$26.2m (£17.7m) from the sale of its projects. In 2012, the company realised \$1.7m from the sale of 51% of its Muratdere project and went on to generate a further \$24.5m during 2013. The major element of the realisations during 2013 was the \$20m it received from the sale of the Oksut project to Centerra Gold. In April 2013, Stratex announced that it had also received \$4.5m for the sale of its remaining 45% interest in the Inlice gold project..

As described above, Stratex has benefitted from some \$26m of exploration funding and sale proceeds from the Oksut project and it also retains a further 1% NSR capped at \$20m. Although the value of the NSR will clearly depend upon factors such as the prevailing gold price, Centerra's Preliminary Economic Assessment, issued in April 2014 and based on a \$1,300/oz gold price, shows that Stratex will receive a total royalty of \$11.6m over the life of the mine. We estimate that discounting this income stream at 5% generates \$8.7m of NPV for Stratex.

Centerra Gold has secured operating licences and, although exploration is continuing, the company has indicated in the Preliminary Economic Assessment that it is considering the development of a \$128m heap leach gold mine producing approximately 120,000 oz pa.

Strategic Investments

Tembo Gold Corporation

In December 2103, Stratex, invested C\$1.75m in Canadian listed Tembo Gold, which holds exploration licences in the Lake Victoria Goldfields of northern Tanzania close to African Barrick Gold's Bulyanhulu mine. Stratex's investment formed part of a C\$5.95m injection of funds into Tembo, which included New Africa Mining Fund (C\$3.5m), Concept Capital Management (C\$1.0m) and others (C\$0.7m). Stratex currently holds a 12.9% stake, with warrants which would allow the stake to rise to 22.8%,

Tembo Gold holds a group of exploration licences over some 100 km² and located 4 km west of Bulyanhulu. Geophysics shows a strong magnetic lineament which Tembo interprets as the extension of the structure which hosts the No.1 Reef at the Bulyanhulu mine. Recently released drilling results from the Nyakagwe East area included multiple intersections, typically between 0.5-1.0 metres wide at grades up to 25 g/t, though more generally in the range of 1-3 g/t.

The Bulyanhulu mine produces around 200,000 oz pa of gold; however, management is targeting significant expansion to 350,000 oz pa over the next 1-2 years through the development of the Upper East Zone. In the past, African Barrick Gold (ABG) has sought to acquire resources from junior exploration companies and is doubtless aware of Tembo Gold's activities so close to Bulyanhulu.

For example, in May 2010, ABG consolidated full ownership of the Nyanzaga project area, some 35 km NE of Bulyanhulu by taking over its exploration partner, Australian listed Tusker Gold, for A\$80m (US\$74m) in order to acquire Tusker's 49% interest in the project. Subsequent exploration by ABG, including over 120,000 metres of drilling, has generated a measured and indicated resource of some 4.1m oz at an average grade of 1.3 g/t at Nyanzaga. ABG is on record as recently as March 2014 saying that it is looking for satellite or stand-alone opportunities within 20 km of Nyanzaga.

There is still considerable exploration work ahead of Tembo Gold to demonstrate a viable resource. However, it seems that it and Stratex have secured themselves a strategic position in an area with existing and expanding mining infrastructure.

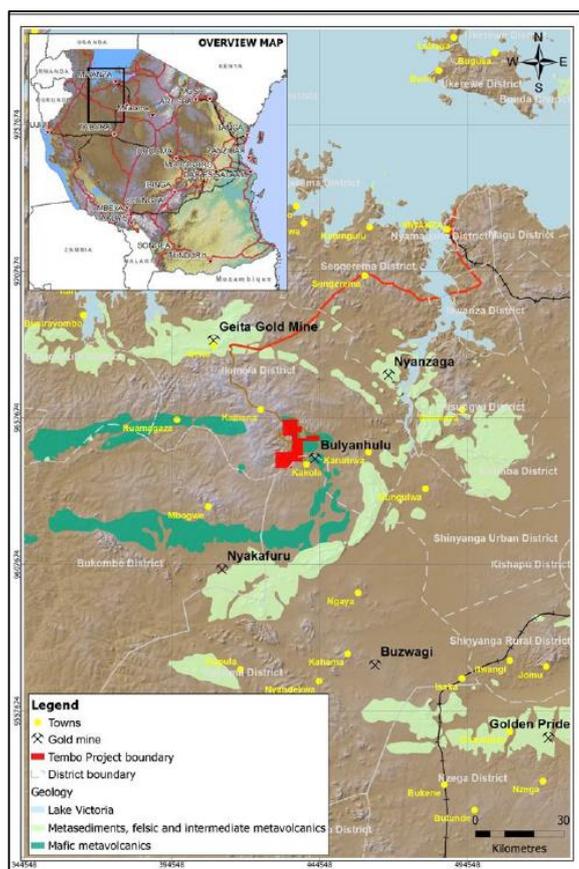


Figure 8 Nyakagwe Project Location

Source: Tembo Gold

Goldstone Resources

Stratex recently announced that it had acquired 34% of AIM-listed Goldstone Resources for £1.25m. Exercise of warrants would give Stratex 50.1% of Goldstone. Goldstone's major shareholder is Australian-listed Unity Mining with 30.9%. Goldstone has an advanced exploration project at Homase/Akrokerrri near AngloGold Ashanti's flagship Obuasi mine in Ghana as well as other early-stage assets in West Africa.

Goldstone owns 100% of the Akrokerrri leases and 65% of Homase with an option to earn up to 85%. The licences lie within the Birimian age Ashanti Gold Belt which hosts the Obuasi mine. Obuasi has been in production for over 100 years and Goldstone's licences are located within 10-15 km of the mine which still commands a resource base of 2.4m oz of gold and annual production of around 240,000 oz.

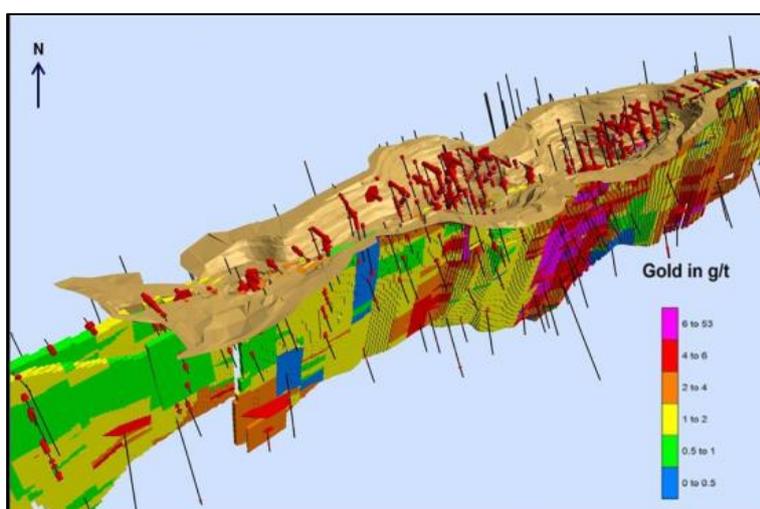


Figure 9 The Homase/Akrokerrri Deposit Source: Company

The project area has a history of mining under previous owners, most recently in 2002 and 2003 when AngloGold Ashanti produced some 40,000 oz of gold from approximately 800m of the known 4km strike length of the deposit. Ore grading approximately 2.5g/t was trucked to the Obuasi oxide treatment plant and it is understood that production ceased when costs reached around \$280/oz at a time when gold prices were around \$320/oz. Goldstone's recent drilling has confirmed that mineralisation extends beneath the old pits and remains open at depth and along strike.

Table 5 Ore Resources – Homase / Akrokerrri Source: Goldstone Resources

| Homase/Akrokerrri Resources | | | |
|-----------------------------|--------------|----------|---------------|
| | Tonnes (000) | Gold g/t | Gold oz (000) |
| Measured | 1,610 | 2.26 | 113 |
| Indicated | 4,410 | 1.73 | 245 |
| Sub Total M & I | 6,010 | 1.87 | 361 |
| Inferred | 4,560 | 1.64 | 241 |
| Total | 10,600 | 1.77 | 602 |

The most recent resource estimate, in November 2012, at a cut-off grade of 0.5 g/t, amounts to 602,000 oz, of which 361,000 oz is classed as measured and indicated. As the prevailing gold price was over \$1,700/oz at that time, a higher cut-off grade may be more appropriate under current circumstances. As Stratex becomes more closely involved, and plans for future exploration evolve, we would expect these questions to be resolved in the normal course of events.

In addition to Goldstone's operations in Ghana, the company is exploring in Senegal and has some early stage prospects in Gabon. The Sangola project in Senegal lies within the Birimian-age rocks of the Kenieba inlier which hosts around 40m oz of gold including deposits such as AngloGold/lamgold's Yatela and Sadiola Hill deposits (18m oz) and Randgold Resources' Loulo & Yalea deposits (10m oz) as well as a number of other deposits exceeding 1m oz.

The Sangola deposit was explored by Randgold Resources which expended approximately \$1.5m on exploration, including wide-spaced drilling, as part of an option to earn into the project before discarding it as unlikely to meet their minimum size criterion. The Randgold work provides other explorers with less demanding size targets, such as Goldstone Resources, with a solid platform to proceed with further exploration.

Valuation Summary

We have updated our valuation of Stratex to reflect the imminent commissioning of the Altintepe mine and the corporate developments with Thani Stratex Resources, Goldstone Resources and Tembo Gold Corporation. In our view at \$30m, the Altintepe phase 1 project alone is worth more than double Stratex's current market value.

Table 6 Stratex Valuation Summary

| Sum of The Parts Valuation | | |
|------------------------------|-------------|---|
| | \$m | Comment |
| Cash | 8.3 | June 2014 Balance Sheet £7.4m |
| Less: | (1.0) | Investment in Working Capital Thani Stratex Resources |
| Less: | (2.0) | Investment in Goldstone Resources (£1.25m) |
| Turkey | | |
| Altintepe Mine | 30.0 | Phase 1 NPV discounted at 12% |
| Muratdere | 26.0 | Phase 1 NPV discounted at 12% |
| Oksut Royalty | 8.7 | Centerra Gold Oksut PEA April 2014 - NPV at 5% |
| Antofagasta JV | 1.0 | |
| Centerra JV | 0.5 | |
| West Africa | | |
| Dalafin | 7.4 | Acquisition Price plus exploration expenditure |
| East Africa | | |
| Thani Stratex | 9.0 | Historic investments in Stratex East Africa & Djibouti. |
| Strategic Investments | | |
| Tembo Gold | 0.3 | At Market Value |
| Goldstone | 0.9 | At Market Value |
| Total | 89.0 | |

Source SP Angel Estimates

The main elements of our valuation are as follows:

Turkey

Despite significant exploration potential and future value growth from projects in East and West Africa, Stratex's Turkish business remains pivotal and this is reflected in our valuation which attributes \$66m (76%) of the company's value to Turkish businesses.

Altintepe

We have valued Altintepe on the basis of Stratex's share of the NPV discounted at 12% on an assumed \$1,200/oz gold price.

Muratdere

Our valuation assumes that a future mine may process up to 3.5mtpa of ore and generate a cash margin of \$500/oz on gold production of 10,000 oz pa and a 30% margin on 17,000 tpa of copper output. Assuming \$100m of capex, and a discount rate of 12%, we generate a very approximate pre-tax valuation of \$26m for Stratex's share of the project.

Oksut Royalty

Stratex owns a 1% NSR (capped at \$20m) on the Oksut project which it sold to Centerra in 2013. Centerra published a Preliminary Economic Assessment of the project in April 2014. This was based on mining up to 4 mtpa of ore over the period 2016 to 2025 to produce a total of 893,000 oz of gold. Using a gold price of \$1,300/oz, Centerra estimated that Stratex would receive a total of US\$11.6m in royalty payments over the life of the mine. We have discounted this revenue stream at 5% to derive an NPV of \$8.7m

Other Turkish Assets

For the moment, we are, conservatively, valuing the Turkish joint-ventures in line with the financial contributions of the partners. Any exploration success would provide significant potential for a higher valuation.

East Africa

Although there is clearly significant potential appreciation in the value of Thani Stratex, we have conservatively valued Stratex's share on a sunk-cost basis.

West Africa

Stratex's acquisition price for Silvrex assets West Africa.

Strategic Investments

We have valued Stratex's interest in Tembo Gold and in Goldstone Resources at current market price.

Appendix 1

| Heap Leach Gold Projects in Turkey | | | | | | |
|------------------------------------|------------------------|------------------|----------------|------------------|----------------|-----------------|
| Mine | Altintepe | Red Rabbit | Kisladag | Kirazli | Copler | Oksut |
| Owner | Stratex / Bahar | Ariana / Proccea | Eldorado Gold | Alamos Gold | Alacer Gold | Centerra Gold |
| Permitting Status | In Construction | Final Permitting | Operating Mine | Final Permitting | Operating Mine | Pre Feasibility |
| M I & I Resources (koz) | 593 | 448 | 15,956 | 883 | 10,100 | 1,222 |
| Ore Treatment Rate ktpa | 600 | 150 | 13,300 | 5,475 | 6,700 | 4,000 |
| Gold Output oz pa | 30,000 | 21,000 | 300,000 | 99,000 | 270,000 | 80,000 |
| Estimated Cash Cost \$/oz | 560 | 600 | 360 | 515 | 430 | 600 |
| Capital Cost \$m | 38 | 31 | 437 | 145 | 230 | 125 |
| Capital cost \$/Annual oz | 1,267 | 1,476 | 1,480 | 1,316† | 865 | 1,540 |

† Including Gold equivalent of Silver produced

Sources: Company Data & SP Angel Estimates

Appendix 2

| Measured, Indicated & Inferred Resources of Turkish Gold Deposits | | | | | |
|---|--------------------------|-----------------|-------------|-------------|-----------------------|
| | | Resources (MII) | | | |
| Mine | Owner | Tonnes (m) | Gold g/t | Ounces (m) | Status |
| Kisladag | Eldorado Gold | 928 | 0.54 | 15.96 | Operating Mine |
| Copler | Alacer Gold | 205 | 1.54 | 10.10 | Operating Mine |
| Agi Dagi | Alamos Gold | 120 | 0.63 | 2.40 | |
| Kirazli | Alamos Gold | 40 | 0.69 | 0.89 | |
| Efemcukuru | Eldorado Gold | 11 | 6.77 | 2.40 | Operating Mine |
| Cevizidere † | Alacer Gold | 446 | 0.11 | 1.6 | |
| Camyurt | Alamos Gold | 21 | 0.90 | 0.59 | |
| Altintepe | Stratex / Bahar | 18 | 1.03 | 0.59 | In Development |
| Red Rabbit | Ariana Resources/Proccea | 7 | 1.73 | 0.45 | |
| Karakartal †† | Alacer Gold | 32 | 0.38 | 0.39 | |

†Copper Molybdenum porphyry with by-product gold

††Copper with gold

Source: Company Reports & SP Angel

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