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Stratex International PLC  
15 June 2017

**ACQUISITION**  
**OF**  
**CRUSADER RESOURCES LIMITED**  
**BY**  
**STRATEX INTERNATIONAL PLC**

**SCHEME IMPLEMENTATION DEED**

The Board of Stratex International plc ("**Stratex**") is pleased to announce today that it has entered into a Scheme Implementation Deed ("**SID**") through which it is proposed that Stratex will acquire the entire issued share capital of Crusader Resources Limited ("**Crusader**") by way of a Scheme of Arrangement under Australian law (the "**Scheme**").

**Highlights**

- The proposed acquisition of Crusader by Stratex values the total share capital of Crusader at approximately A\$54.2 million on a fully diluted basis (being equivalent to approximately £31.1 million) (the "**Proposed Transaction**");
- Crusader shareholders will receive 6.60 Stratex ordinary shares of 1 pence each ("**Ordinary Shares**") for each Crusader share held (the "**Exchange Ratio**") (on a pre-Consolidation basis) on the basis of deemed share prices of 1.56 pence for Stratex (which is a 15 day volume weighted average price ("**VWAP**") as of market close on 17 May 2017) and A\$0.18 for Crusader, and in aggregate Crusader shareholders will hold approximately 81.0% of the enlarged issued share capital of Stratex on a fully diluted basis;
- As part of the Proposed Transaction, Stratex intends (subject to shareholder approval) to undertake a consolidation of its issued ordinary share capital on a 20 to 1 ratio (the "**Consolidation**"). Assuming that no further shares are issued by Stratex or Crusader before the Proposed Transaction is completed, if the Consolidation is approved by Stratex shareholders and the Proposed Transaction is effected, there will be approximately 122.7 million ordinary shares each in the capital of Stratex ("**New Ordinary Shares**") in issue and, accordingly, Crusader shareholders will receive 0.33 New Ordinary Shares for each Crusader share held (the "**Post-Consolidation Exchange Ratio**");
- The combination of Stratex and Crusader will create a gold exploration and development company of greater scale and asset diversity and will add a combined 2.7Moz of gold of JORC-compliant resources, as well as the Posse Iron Ore Mine to Stratex's existing portfolio;
- The Proposed Transaction will be effected via an Australian Scheme of Arrangement on a share exchange basis and will be subject to court, regulatory and shareholder approvals;

- The Proposed Transaction will also constitute a reverse takeover under the AIM Rules for Companies and will require the approval of Stratex shareholders and the publication of an Admission Document. It is intended that Stratex will seek re-admission of its shares to trading on AIM as well as applying for a listing of depositary interests representing Stratex shares ("**Stratex CDIs**") on the Australian Securities Exchange ("**ASX**");
- Stratex and Crusader have also entered into an agreement under which Stratex will provide to Crusader an interim funding solution by way of secured convertible loan notes of up to A\$1,000,000, which can be increased with the mutual agreement of both parties.
- The Crusader directors have unanimously recommended that Crusader shareholders vote in favour of the Proposed Transaction, in the absence of a superior proposal and subject to an independent expert concluding that the Proposed Transaction is in the best interests of Crusader shareholders. On the same basis, Crusader's directors have stated their intention to vote the Crusader shares they hold or control at the time of the Crusader shareholder meeting in favour of the Proposed Transaction.
- The Stratex Board unanimously recommends that Stratex shareholders support the Proposed Transaction and intend to unanimously recommend, in the circular convening the general meeting, that Stratex shareholders vote in favour of the resolutions required to approve the Proposed Transaction, the Consolidation and to grant authority to allot the New Ordinary Shares under the Scheme, as they intend to do in respect of the Ordinary Shares they hold or control at the time of the Stratex general meeting.

The Stratex Board believes that a combination of Stratex and Crusader would result in a platform to create a well-placed mid-tier gold exploration, development and production company, with benefits including:

- The combined group, with increased scale and market capitalisation, will enhance trading liquidity;
- Stratex's significant cash balance of £6.4 million and highly prospective exploration interests in East and West Africa, will be combined with Crusader's well regarded Borborema and Jurueña projects in Brazil, creating greater scale, asset diversity and an attractive project pipeline;
- The Proposed Transaction is considered to be value accretive for both Crusader and Stratex shareholders, and consistent with Stratex's vision of becoming a near-term gold producer and explorer;
- The potential for improved access to capital markets associated with the increased size of the combined group, a quotation on the AIM market of London Stock Exchange plc ("**AIM**") and access to a wider range of institutional and retail investors;
- Crusader bring 2.7Moz Au JORC compliant resources to the combined entity and more than 12 years' operating experience in Brazil.

A full copy of the SID is available on the Company's website (<http://www.stratexinternational.com/aim/>) and further details of the Proposed Transaction and the interim funding arrangement are set out below.

Commenting on the Proposed Transaction, Stratex's Chief Executive Officer, Marcus Engelbrecht, said: *"We are delighted to have reached an agreement with the Board of Crusader which, when completed, will see Stratex acquire a number of properties in Brazil, including two substantial and*

*highly prospective gold projects to complement our already exciting asset portfolio. This acquisition offers the perfect platform for management to implement its long-term strategy of becoming a substantial gold production, development and exploration company, whilst presenting an opportunity to provide significant value to shareholders.”*

Commenting on the Proposed Transaction, Crusader’s Chairman, Stephen Copulos, said: “*We are delighted to move this exciting transaction a significant step closer to completion. Since announcing the Heads of Agreement in May 2017, the merits of combining Crusader and Stratex have only become clearer. Marcus Engelbrecht and his team have had the opportunity to witness first-hand the value in Crusader’s Borborema and Juruena projects. With the additional capital, expanded supportive shareholder base and early stage exploration projects Stratex provides, we have a very real opportunity to add significant value for all shareholders.”*

The information contained within this announcement is deemed by Stratex to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

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**Overseas shareholders**

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### **Cautionary Note Regarding Forward-Looking Statements**

This announcement contains forward-looking statements including, without limitation, as it relates to the Proposed Transaction as well as certain expectations with respect to the same. Forward-looking statements can, but may not always, be identified by the use of words such as "anticipate", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "may", "will", "potential", "intend", "should", "could", "would", "objective" and similar references to future periods or the negatives of these words and expressions.

These statements, other than statements of historical fact, are based on management's current expectations, assumptions and estimates, which it believes are reasonable, but which are subject to a number of risks and uncertainties that could cause actual results and outcomes to differ materially, including risks associated with the entry into and consummation of a potential merger, ability to realise expected synergies and successfully integrate the companies in the event of a merger or other transaction, market and economic conditions, business prospects or opportunities, future plans and projections, technological and business developments, and regulatory trends and changes. Other applicable risks and uncertainties include those identified in filings and documents that Crusader and Stratex have made and may make publicly available. Investors are cautioned not to put undue reliance on forward-looking statements. Any forward-looking statement speaks only as of the date hereof, and neither Crusader nor Stratex undertake any obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, commodities prices, changes in tax rates and future business combinations or dispositions. Nothing in this announcement is intended, or is to be construed, as a profit forecast or a forecast of earnings per share.

### **Information on Stratex**

Focused on the exploration and development of gold and high-value base-metal deposits, AIM-quoted Stratex International is active in Turkey and Senegal and has strategic interests in East Africa and Ghana. Since listing in 2006, Stratex has discovered more than 2.2Moz of gold and 7.09Moz of silver. The Company has a successful record in forming joint venture partnerships with both local private companies and major international mining companies, including Antofagasta, Centerra and Teck in Turkey, and Thani Ashanti in East Africa. The Company has also attracted an impressive line-up of cornerstone investors, namely AngloGold Ashanti, Teck and BlackRock Investment Management.

For further information about Stratex, please visit Stratex's website at [www.stratexinternational.com](http://www.stratexinternational.com).

### **Information on Crusader**

Crusader is a minerals exploration and mining company listed on the ASX. Crusader has explored, developed and operated in Brazil for over 12 years; a country that it believes is vastly underexplored and which offers high potential for the discovery of world class mineral deposits within a favourable taxation regime.

### **Borborema Gold Project**

The Borborema Gold Project is located in the Seridó area of the Borborema province in north eastern Brazil. It is 100% owned by Crusader and consists of three mining leases covering a total area of 29 km<sup>2</sup> plus freehold title to the property over the main prospect area. The project benefits from existing on-site facilities and excellent infrastructure and proximity to major cities.

In 2012, Crusader reported a JORC-compliant, Measured, Indicated and Inferred Resource of 2.43Moz @ 1.10 g/t Au, comprising a Proven and Probable Ore Reserve of 1.61Moz @ 1.18 g/t Au (0.4 & 0.5 g/t cut-offs for oxide & fresh ore). The Mineral Resource remains open in all directions.

### **Juruena Gold Project**

The Juruena Gold Project is located in the highly prospective Juruena-Alta Floresta Gold Belt of central Brazil that extends east-west for more than 400km and has historically produced more than 7Moz of gold from 40 known gold deposits. Juruena has been worked by artisanal miners (garimpeiros) since the 1980's, producing an estimated 500Koz of gold to date. Since acquiring 100% of the project in 2014, Crusader has completed more than 15,000 meters of diamond and reverse circulation (RC) drilling leading to a JORC-compliant Mineral Resource estimate of 1.3Mt @ 6.3 g/t for 261koz Au over three key prospects.

### **Posse**

The 100%-owned Posse Iron Ore Mine is located 30 km from Belo Horizonte within Brazil's world famous Iron Quadrilateral in Minas Gerais state. When open-pit mining began in March 2013, Posse contained an Indicated and Inferred Resource of 36Mt at 43.5% Fe.

For further information about Crusader, please visit Crusader's website at [www.crusaderresources.com](http://www.crusaderresources.com).

### **Key terms of the SID**

#### Principal terms of the Proposed Transaction

Crusader currently has 301,100,609 ordinary shares in issue. Stratex has 467,311,276 Ordinary Shares in issue. On the basis of the Exchange Ratio, Stratex intends to issue a total of approximately 1,987.3 million Ordinary Shares to Crusader shareholders as consideration for the Proposed Transaction (on a pre-Consolidation basis). Therefore, immediately following the Proposed Transaction (and prior to any potential share consolidation, and assuming that Stratex issues no further Ordinary Shares before the Proposed Transaction completes) there would be approximately 2,454.6 million Ordinary Shares in issue.

Assuming that no further shares are issued by Stratex or Crusader before the Proposed Transaction is completed, if the Consolidation is approved and the Proposed Transaction is effected, pursuant to the Post-Consolidation Exchange Ratio, Stratex intends to issue a total of approximately 99.4 million New Ordinary Shares to Crusader shareholders as consideration for the Proposed Transaction. Therefore immediately following the Proposed Transaction and Consolidation it is expected that there will be approximately 122.7 million New Ordinary Shares in issue.

The offer price of A\$0.18 per Crusader share represents:

- A premium of 56.5% over the closing price of Crusader Shares on 17 May 2017 (being the day prior to the initial announcement of the proposed Transaction) of A\$0.115;
- A premium of 65.6% over the 15 day VWAP of Crusader Shares as of market close on 17 May 2017 of A\$0.109; and
- A premium of 68.9% over the 30 day VWAP of Crusader Shares as of market close on 17 May 2017 of A\$0.107.

Stratex will apply for the New Ordinary Shares issued pursuant to the Proposed Transaction to be admitted to trading on AIM shortly after the implementation of the Scheme, as well as applying for a listing of Stratex CDIs on the ASX. Crusader's ASX listing will be cancelled when the Scheme becomes effective.

Further, Crusader has 44.5 million options ("**Crusader Options**") in issue with various exercise prices and expiry dates. With the exception of certain Crusader Options held by Crusader Directors and management (which will lapse for no consideration on the day which is 10 days after Crusader dispatches its notice of meeting for the Proposed Transaction), the 36.1 million then outstanding Crusader Options will be exchanged for options over Stratex Ordinary Shares, issued on comparable terms applying the Post-Consolidation Exchange Ratio. It is intended that this will be effected by option cancellation deeds entered into between Stratex, Crusader and the holders of the relevant Crusader Options.

#### Crusader shareholder fractional entitlements

Where the calculation of the number of New Ordinary Shares to be allotted and issued to a particular Crusader shareholder pursuant to the Scheme, and following the Consolidation, would result in the issue of a fraction of a New Ordinary Share, the fractional entitlements will be aggregated and sold in the market on behalf of the relevant shareholders pursuant to the sale facility referred to below. The net proceeds following such sale will be paid to the relevant shareholders (save that, if the net proceeds are less than £3.00 in the case of any one shareholder, they will be retained by Stratex).

#### Interim Funding Arrangements

Stratex and Crusader have entered into a secured convertible loan note agreement, pursuant to which Stratex has agreed to make available to Crusader an interim funding solution in the principal amount of A\$1,000,000, with any such funding being conditional upon the removal of prior ranking security registrations. The loan is secured by a security interest over Crusader's present and after-acquired property. In addition, Crusader may request additional funding which Stratex may, in its absolute discretion, agree to provide on such terms as may be agreed in writing between the parties. The principal sums advanced under such agreement (together with accrued interest not already paid) may be converted into Crusader shares at the election of Stratex prior to the date for redemption or would otherwise be redeemed on the later of the date falling six months after the

date of the SID, or if the SID is terminated in accordance with its terms, six months after the date of such termination. Interest accrues at a rate of at 12% per annum. Any such funding is to be used by Crusader for general working capital purposes.

#### Stratex potential capital raising

Stratex and Crusader will consider the strategy and funding requirements of the combined business and Stratex may undertake an equity capital raising prior to or in conjunction with the re-admission of its New Ordinary Shares to AIM (subject to Stratex shareholders granting authority for the directors to issue shares on a non-pre-emptive basis pursuant to the fundraising). The terms of any such fundraising must be approved by Crusader (acting reasonably and without delay).

#### Proposed new directors

Following implementation of the Scheme, it is proposed that each of Paul Stephen, Jim Rogers and John Evans will join the Stratex board, as Executive Director, Independent Non-Executive Director and Non-Executive Director respectively, subject to the completion of standard regulatory director due diligence. Paul Stephen is currently an Executive Director of Crusader and Jim Rogers and John Evans are both current Non-Executive directors of Crusader.

Conditional on the Scheme being implemented, it is also intended that Rob Smakman, Crusader's Managing Director will join the Stratex senior management team.

#### Ineligible foreign shareholders

A sale facility will be made available to Crusader shareholders who are considered to be ineligible to participate in the Scheme due to legal or regulatory constraints, compliance with which Stratex regards as unduly onerous. The New Ordinary Shares that would otherwise be issued to such ineligible foreign shareholders shall instead be issued to a sales agent as nominee for such shareholders for sale on AIM or ASX (as the case may be). The net proceeds of such sale, after deduction of any brokerage fee (up to a maximum of 1% of gross proceeds) and any other costs, applicable taxes, charges and currency conversion costs, shall be held for the benefit of, and paid to, such shareholders (save where the net proceeds payable to any one shareholder are less than £3.00, in which case such net proceeds shall be retained by Stratex).

#### Reimbursement of Costs

Pursuant to the SID, a party must pay A\$500,000 to the other party as a genuine and reasonable estimate of cost and loss incurred in respect of the Proposed Transaction, if (subject to certain exceptions and amongst other things): (i) any member of its board withdraws or adversely modifies his recommendation in respect of the Proposed Transaction; (ii) during the exclusivity period, it was aware of, becomes aware of or receives an approach in relation to a competing proposal which is completed at any time prior to the first anniversary of the date of the public announcement of such proposal, or (iii) that party is entitled to terminate the SID following a material breach by the other party.

#### Substantial shareholder loan variation

Implementation of the Scheme is conditional upon an existing A\$1.5 million convertible loan facility ("**Loan Facility**") that is in place between Crusader and one of its major shareholders being varied on terms acceptable to Crusader and Stratex. The Loan Facility, which is fully drawn down and has a maturity date of 29 March 2018, entitles the major shareholder to convert all or part of the loan

facility into Crusader shares at a conversion price equal to the lower of \$0.13 per share and the terms offered by Crusader at the most recent capital raising prior to the conversion date. It is anticipated that the Loan Facility will be varied to provide for Stratex to assume all of Crusader's outstanding obligations, including the obligation to issue New Ordinary Shares in the capital of Stratex in lieu of Crusader shares at an agreed conversion rate.

### **Key Terms and Timetable**

The Scheme is subject to various conditions precedent including:

- ASX, ASIC, AIM and other regulatory approvals;
- Crusader shareholder and court approval for the Scheme;
- Crusader option holders entering into option cancellation deeds on the terms described above;
- Crusader and Stratex entering into a variation deed (in a form acceptable to them) with the vendor of one of Crusader's assets to vary certain contingent royalty arrangements due to them in the form of Crusader shares;
- the Loan Facility being varied on terms acceptable to Crusader and Stratex;
- approval by Stratex shareholders of the Proposed Transaction pursuant to Rule 14 of the AIM Rules for Companies, the granting of authority to allot Ordinary Shares pursuant to the Scheme and the approval of the Consolidation;
- the independent expert appointed by Crusader concluding that the Scheme is in the best interests of Crusader's shareholders;
- ASX giving in-principle approval for the admission of Stratex to the official list of the ASX and for the admission of Stratex CDIs to trading on ASX;
- no material adverse change arising, prescribed event occurring or material breach of representations and warranties occurring, in respect of either Crusader or Stratex;
- re-admission of Stratex's enlarged issued share capital to trading on AIM; and
- certain other customary conditions.

The SID includes customary deal protection mechanisms, including no shop and no talk provisions, matching and notification rights in the event of a competing proposal and a mutual reimbursement fee payable by Crusader or Stratex in the event either is in breach of certain material conditions and obligations in a manner customary for public M&A activity in Australia.

A Scheme booklet containing information relating to the Scheme, the reasons for the Crusader directors' unanimous recommendation, an independent expert's report and details of the shareholder meeting to consider the Scheme is expected to be sent to Crusader shareholders in late July 2017 with a Crusader shareholder meeting to vote on the proposed Scheme expected to be held in early September 2017.

The general meeting of the Stratex shareholders, inter alia, to approve the Proposed Transaction pursuant to Rule 14 of the AIM Rules for Companies is expected to be held in early September 2017.

Subject to the approval of all conditions to the Scheme, it is anticipated that the Scheme will proceed according to the following timetable:



<b>Event</b>	<b>Target date</b>
First Court hearing to convene the Scheme meeting	Late July 2017
Scheme booklet despatched to Crusader shareholders	Late July 2017
Admission document sent to Stratex shareholders	Late July 2017
Scheme meeting for Crusaders Shareholders to vote on the Scheme	Early September 2017
Stratex general meeting of shareholders	Early September 2017
Second Court hearing to approve the Scheme	Early September 2017
Scheme effective date	Late September 2017
Scheme record date	Late September 2017
Scheme implementation date	Early October 2017
Re-admission of the enlarged issued share capital of Stratex to trading on AIM and listing of Stratex CDIs on ASX	Early October 2017

These dates are indicative only and subject to change.