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Stratex International PLC
11 August 2016

Stratex International Plc

("Stratex", the "Company" or the "Group")

Interim Results

For the six-month period ended 30 June 2016

Stratex International Plc, the AIM-quoted exploration and development company focused on gold and base metals in West Africa and Turkey, where it holds a 45%-interest in Altintepe, a producing gold mine, announces its unaudited interim results for the six-month period ended 30 June 2016.

Operational Highlights:

- **Altintepe** – production at the Altintepe Gold Mine ("Altintepe" or the "Mine") in Turkey is on track to meet the minimum annual production target of 30,000 oz Au this year – 19,467 oz Au produced during H1-16;
- **Muratdere** - dilution to 14.87% interest in the Muratdere Cu-Au porphyry project in Turkey following the decision not to contribute to the Group's pro rata share of project development costs on the basis of low copper prices;
- **Dalafin** - low-cost exploration programme, comprising mapping, soil sampling, and outcrop and lag sampling, completed at Dalafin gold project in Senegal. Further zones of mineralisation identified, including a 750m extension of the Faré South prospect soil anomaly;
- **Thani Stratex Resources** – US\$1.25 million and US\$2 million raised to fund drilling in Djibouti (commenced Q2) and exploration in Egypt, respectively. Stratex interest diluted to 30.4% as a result of the raisings and an issue of shares to employees;
- **Goldstone** – £1 million raised for development of Homase-Akrokerri gold project in Ghana (including c.2,000m reverse circulation drilling programme) following appointment of Stratex Director Emma Priestley as Goldstone CEO. Stratex interest remains unchanged at 33.45%.

Financial Overview:

- The Group's operating loss for the first six months is £1,185,819 and compares to an operating loss for the same period last year of £1,182,009. The pre-tax loss of £1,984,573 compares to a pre-tax loss for the same period last year of £1,388,082;
- The increase in the pre-tax loss during the period arises due to the reduction in the Company's interest in its associated companies, Thani Stratex Resources Limited and Muratdere Madencilik, resulting in accounting losses in the period of £832,472 and £319,414 respectively. Additionally, the Company has withdrawn from the management of Tembo Gold Corporation and Dr Bob Foster has resigned from its board of directors. As a

result, the investment in Tembo no longer meets the requirements for equity accounting and a net loss of £1,069,267 has been recognised;

- The above losses have been partially offset by the Company's share of profits from production at the Altintepe Mine which amount to £1.6 million;
- The Company continues to keep a tight control on costs and the net cash used in operating activities during the period was £802,260 compared to £1,670,921 in the same period last year;
- The cash balance for the Group as at 30 June 2016 was £2,728,190 (30 June 2015: £2,533,278).

Chairman's Statement

Looking back at the first half of 2016 it would appear that the fortunes of smaller exploration and mining companies have at last bottomed. The gold price has improved significantly and the outlook for base metals is looking more positive, although many commodities' prices remain relatively weak. The shares of juniors, including Stratex, have strengthened and equity funding has recommenced on improved terms.

Stratex's operating loss for the period, at £1.18 million, was similar to 2015 although the accounting treatment of associated companies contributed to an increased pre-tax loss of £1.98 million against £1.39 million last year; our interest in Thani Stratex Resources was diluted by a third party equity funding and Muratdere Madencilik and Tembo Gold Corporation ceased to be treated as associates for accounting purposes. The consolidated cash balance at 30 June 2016 was £2.73 million (£2.53 million at 30 June 2015).

On the exploration front, further zones of mineralisation were identified at 85% owned Dalafin in Senegal, following additional mapping, soil sampling, outcrop and lag sampling principally at Faré South. The best means of furthering the project are under consideration, including further exploration and the involvement of a joint-venture partner.

At the Muratdere Cu-Au porphyry project in Turkey, Stratex's interest has been diluted to 14.87% following a decision not to contribute pro rata to further project development costs, on the basis of low copper prices. The Company will continue to assess the supply-demand scenario for copper and may consider supporting future work should it believe that the demand for copper, and hence the price, justifies its participation.

Thani Stratex Resources has successfully raised significant joint-venture funding for drilling in Djibouti and, as a result of the fundraisings and an issue of shares to employees during the period, Stratex's interest has now been diluted to 30.4%. A diamond drilling programme has commenced and the results are awaited. Funds are also in place, following an equity issue, to commence exploration in Egypt.

No work was possible at 33.45% owned Goldstone's Homase-Akrokerrri project in Ghana in the first 6 months of the year. Following the resignation of former CEO Jurie Wessels, Stratex Director

Emma Priestly took the role of interim CEO and has now been formally appointed to the board of Goldstone as CEO. Since the period end, Goldstone has raised £1 million. Stratex maintained its holding through a combination of converting a loan issued by Stratex to Goldstone of US\$250,000 and subscribing for additional ordinary shares in Goldstone at a cost of £143,637. With the appointment of Emma, I considered it appropriate to step down, handing over to independent director Neil Gardyne as Chairman. Goldstone plans to drill the encouraging geochemical anomalies delineated in early 2015, which could deliver a near surface extension to the oxide part of the existing resource. We remain optimistic towards Goldstone's future as there are many other opportunities, principally in Ghana, for a well-managed, well-funded junior.

Operations at the 45% owned Altintepe Gold Mine in Turkey are progressing well. Some additional capital was required to treat clay-rich plant feed more effectively, but with 19,467 oz of gold being produced in the first half of this year, the project is well on track to meet the 30,000 oz annual minimum target. Project revenues in the first half of 2016 were US\$32.7 million. However, with the exception of agreed loan repayments of US\$4.2 million to our partners Bahar Madencilik, and US\$190,000 to Stratex, no funds have yet been distributed.

The board of Altintepe Madencilik is currently considering the longer-term future of the Mine and the optimum means to provide for, or fund, future capital expenditure, including a provision for ultimate closure and restoration, which was always to be financed out of cash flow. Once the longer term planning of the Mine has been fully evaluated and costed, to allow an estimate of distributable cash flow, distribution of net cash can be initiated on the accelerated payback basis of 80% to Bahar and 20% to Stratex until Bahar's pre-production costs are repaid. Thereafter, net cash distributions will be made 55% to Bahar and 45% to Stratex.

I look forward to updating you on developments at Altintepe, Dalafin, Muratdere, Thani Stratex and Goldstone in due course.

Christopher Hall
Non-Executive Chairman
10 August 2016

Statement of Consolidated Comprehensive Income

	Note	6 months to 30 June 2016 Unaudited £	6 months to 30 June 2015 Unaudited £
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross Profit		-	-
Administration expenses		(1,240,506)	(1,142,625)
Exchange gains/(losses) – net		54,687	(39,384)
Operating loss		(1,185,819)	(1,182,009)
Finance income		9,768	25,923
Share of profits/(losses) of investments accounted for using the equity method		1,412,631	(235,573)
Net loss on sale of associate companies	5	(2,221,153)	-
Other gains		-	3,577
Loss before income tax		(1,984,573)	(1,388,082)
Income tax		-	-
Loss for the period		(1,984,573)	(1,388,082)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Share of comprehensive income of investments accounted for using the equity method		(246,457)	92,260
Exchange differences on translation of foreign operations		2,340,803	(695,427)
Other comprehensive income net of tax		2,094,346	(603,167)
Total comprehensive income for the period		109,773	(1,991,249)
Loss for the period attributable to:			
Owners of the Parent Company		(1,875,835)	(1,232,594)
Non-controlling interest		(108,738)	(155,488)
Loss for the period		(1,984,573)	(1,388,082)
Total comprehensive income attributable to:			
Owners of the Parent Company		(9,686)	(1,803,639)
Non-controlling interest		119,459	(187,610)
Total comprehensive income for the period		109,773	(1,991,249)
Earnings per share – continuing operations:			
Basic and diluted earnings per share attributable to equity holders of the Company (pence)	7	(0.40)	(0.26)

Statement of Consolidated Financial Position

	30 June 2016 Unaudited £	30 June 2015 Unaudited £	31 December 2015 Audited £
ASSETS			
Non-current assets			
Property, plant and equipment	20,253	51,397	32,240
Intangible assets	9,679,159	7,676,288	8,323,340
Investments in equity-accounted associates	6,965,034	8,425,567	7,645,184
Available-for-sale financial assets	1,038,400	227,082	227,082
Trade and other receivables	1,120,413	1,210,238	1,322,135
Deferred tax asset	307,992	133,362	274,907
	19,131,251	17,723,934	17,824,888
Current assets			
Trade and other receivables	864,853	788,133	873,697
Cash and cash equivalents	2,728,190	2,533,278	4,132,073
	3,593,043	3,321,411	5,005,770
Total assets	22,724,294	21,045,345	22,830,658
EQUITY			
Capital and reserves attributable to owners of the Company			
Ordinary share capital	4,673,113	4,673,113	4,673,113
Share premium	20,426,431	20,426,431	20,426,431
Other reserves	1,592,512	(1,207,436)	(125,714)
Retained earnings	(6,527,206)	(5,637,666)	(4,807,122)
Total equity attributable to owners of the Company	20,164,850	18,254,442	20,166,708
Non-controlling interests	2,371,191	2,258,843	2,251,732
Total Equity	22,536,041	20,513,285	22,418,440
LIABILITIES			
Non-current liabilities			
Employee termination benefits	31,170	25,644	27,013
Deferred tax liabilities	308	453	275
	31,478	26,097	27,288
Current liabilities			
Trade and other payables	156,775	505,963	384,930
Total liabilities	188,253	532,060	412,218
Total equity and liabilities	22,724,294	21,045,345	22,830,658

Statement of Consolidated Changes in Equity

	Share Capital £	Share Premium £	Merger Reserve £	Shares option reserve £	Retained earnings £	Translation reserve £	Total £	Non- controlling Interest £	Total equity £
As at 1 January 2016	4,673,113	20,426,431	(485,400)	709,299	(4,807,122)	(349,613)	20,166,708	2,251,732	22,418,440
Share based payments	-	-	-	7,828	-	-	7,828	-	7,828
Share options cancelled	-	-	-	(155,751)	155,751	-	-	-	-
Total contributions by and distributions to owners of the Company	-	-	-	(147,923)	155,751	-	7,828	-	7,828
Comprehensive income for the period:									
- Loss for the period	-	-	-	-	(1,875,835)	-	(1,875,835)	(108,738)	(1,984,573)
- Other comprehensive income	-	-	-	-	-	1,866,149	1,866,149	228,197	2,094,346
Total comprehensive income for the period	-	-	-	-	(1,875,835)	1,866,149	(9,686)	119,459	109,773
As at 30 June 2016	4,673,113	20,426,431	(485,400)	561,376	(6,527,206)	1,516,536	20,164,850	2,371,191	22,536,041
As at 1 January 2015	4,673,113	20,426,431	(485,400)	683,872	(4,415,707)	(841,777)	20,040,532	2,446,453	22,486,985
Share based payments	-	-	-	17,549	-	-	17,549	-	17,549
Share options cancelled	-	-	-	(10,635)	10,635	-	-	-	-
Total contributions by and distributions to owners of the Company	-	-	-	6,914	10,635	-	17,549	-	17,549
Comprehensive income for the period:									
- Loss for the period	-	-	-	-	(1,232,594)	-	(1,232,594)	(155,488)	(1,388,082)
- Other comprehensive income	-	-	-	-	-	(571,045)	(571,045)	(32,122)	(603,167)
Total comprehensive income for the period	-	-	-	-	(1,232,594)	(571,045)	(1,803,639)	(187,610)	(1,991,249)
As at 30 June 2015	4,673,113	20,426,431	(485,400)	690,786	(5,637,666)	(1,412,822)	18,254,442	2,258,843	20,513,285

Statement of Consolidated Cash Flows

	6 months to 30 June 2016 Unaudited £	6 months to 30 June 2015 Unaudited £	12 months to 31 December 2015 Audited £
Cash flow from operating activities			
Loss before income tax	(1,984,573)	(1,388,082)	(790,936)
Issue of share options	7,828	17,549	36,062
Depreciation	15,137	21,413	44,015
Share of (profits)/losses of associates	(1,412,631)	235,573	1,368,351
Net loss on sale of associates	2,221,153	-	70,818
Fixed asset write-offs	-	-	688
Increase in employee termination benefit fund	836	753	707
Other income	(9,768)	(25,923)	(3,059,498)
Foreign exchange movements on operating activities	351,974	14,085	420,393
Changes in working capital, excluding the effects of exchange differences on consolidation:			
Trade and other receivables	235,941	10,607	(186,854)
Trade and other payables	(228,157)	(556,896)	(677,928)
Net cash used in operating activities	(802,260)	(1,670,921)	(2,774,182)
Cash flows from investing activities			
Purchase of property, plant, and equipment	(774)	(4,727)	(8,149)
Purchase of intangible assets	(396,032)	(528,198)	(816,962)
Investment in related companies	(214,585)	-	(35,090)
Interest received	9,768	25,923	22,839
Net cash used in investing activities	(601,623)	(507,002)	(837,362)
Cash flows from financing activities			
Funds received from sale of royalty interests	-	-	3,036,659
Funds received from project partners	-	4,243	-
Net cash generated from financing activities	-	4,243	3,036,659
Net decrease in cash and cash equivalents	(1,403,883)	(2,173,680)	(574,885)
Cash and cash equivalents at beginning of the period	4,132,073	4,706,958	4,706,958
Cash and cash equivalents at end of the period	2,728,190	2,533,278	4,132,073

Notes to the unaudited financial statements

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Financial Information

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Except as described below, the accounting policies applied in preparing the interim financial information are consistent with those that have been adopted in the Group's 2015 audited financial statements. Statutory financial statements for the year ended 31 December 2015 were approved by the Board of Directors on 8 March 2016 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

Risks and uncertainties

The key risks that could affect the Group's short and medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2015 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.stratexinternational.com. The Group's key financial risks are the availability of adequate funding and foreign exchange movements.

Accounting Policies

Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2015 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period. The condensed consolidated interim financial statements have been prepared under the historical cost convention as modified by the measurement of certain investments at fair value.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year commencing 1 January 2016 that would be expected to have a material impact on the Group.

The financial information for the 6 months ended 30 June 2016 and the 6 months ended 30 June 2015 has not been audited.

The business is not subject to seasonal variations. No dividends have been paid in the period (2015: £nil).

3. Operating Segments

Operating segments are reported in a manner which is consistent with internal reports provided to the Board and are used by the Directors to make strategic decisions. The management structure reflects these segments. The Group's exploration operations and investments are based in three geographical areas, namely Turkey, East Africa and West Africa. The Group's head office is located in the UK and provides corporate and support services to the Group and researches new areas of exploration opportunities.

The allocation of profits, losses, assets and liabilities by operating segment is as follows:

(Profit)/Loss for the period:

	Turkey	East Africa	West Africa	UK	Total
6 months to 30 June 2016					
Administrative costs	282,605	3,361	412,946	530,105	1,229,017
Inter-segment charges	89,213	-	334,036	(423,249)	-
Finance income	-	-	(287)	(9,481)	(9,768)
Depreciation	1,955	-	5,235	4,299	11,489
Exchange losses	(36,870)	-	(11,906)	(5,911)	(54,687)
Share of (profits)/losses of associates	(1,636,081)	223,450	-	-	(1,412,631)
Net loss on disposal of associates	319,414	1,901,739	-	-	2,221,153
(Profit)/Loss before Income Tax	(979,764)	2,128,550	740,024	95,763	1,984,573

6 months to 30 June 2015

Administrative costs	269,137	7,842	344,538	499,984	1,121,501
Inter-segment charges	114,712	-	378,362	(493,074)	-
Finance income	-	-	(11,108)	(14,815)	(25,923)
Depreciation	2,187	4,099	1,756	9,505	17,547
Exchange losses	1,347	-	4,573	33,464	39,384
Share of losses of associates	46,230	189,343	-	-	235,573
Loss before Income Tax	433,613	201,284	718,121	35,064	1,388,082

Assets and liabilities:

	Turkey	East Africa	West Africa	UK	Total
6 months to 30 June 2016					
Intangible assets	-	-	9,679,159	-	9,679,159
Property, plant and equipment	9,903	-	9,029	1,321	20,253
Associate companies	1,757,304	5,207,730	-	-	6,965,034
Cash and other assets	1,122,273	381,492	1,282,663	3,273,420	6,059,848
Liabilities	(79,516)	-	(39,025)	(69,712)	(188,253)
Inter-segment	(3,607,229)	-	(9,891,562)	13,498,791	-
Net Assets	(797,265)	5,589,222	1,040,264	16,703,820	22,536,041

6 months to 30 June 2015

Intangible assets	-	-	7,676,288	-	7,676,288
Property, plant and equipment	11,582	-	24,487	15,328	51,397
Associate companies	708,061	7,717,506	-	-	8,425,567
Cash and other assets	519,515	-	1,642,284	2,730,294	4,892,093
Liabilities	(381,124)	-	(34,212)	(116,724)	(532,060)
Inter-segment	(3,178,994)	-	(8,907,644)	12,086,638	-

Net Assets	(2,320,960)	7,717,506	401,203	14,715,536	20,513,285
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Cash and other assets include cash and cash equivalents amounting to £2,728,190 at 30 June 2016, (2015: £2,533,278).

4. Share of profits/(losses) of investments accounted for using the equity method.

This includes the Company's share of profits from the mining operations in Altintepe Madencilik Sanayi ve Ticaret AS amounting to £1,636,073 (30 June 2015: £33,455 loss).

5. Net loss on disposal of associate companies

	2016	2015
	£	£
Loss on disposal of associate companies	(3,032,471)	-
Fair market value of interest retained in former associates	811,318	-
Net loss	<u>(2,221,153)</u>	<u>-</u>

- a) The Company's shareholding interest in Muratdere Madencilik Sanayi ve Ticaret AS was reduced from 30% to 14.87% as a result of not participating in the share placing of 22 February 2016. The Company's investment no longer meets the requirements for equity accounting. A fair market value of £429,826 equal to the original cost of the investment has been attributed to the remaining investment. The resulting net loss is £319,414.
- b) Dr Bob Foster, the CEO of Stratex, resigned from the board of the Tembo Gold Corporation on 5 May 2016 and Stratex is no longer involved in the management of the company. As the investment no longer meets the requirements for equity accounting a fair market value of £381,492 has been attributed to its 12.8% investment based on the market price of the Tembo shares at the time of the change in accounting treatment. The resulting net loss is £1,069,267.
- c) During the period Thani Stratex Resources Limited has undertaken share placings in which the Company has not participated, and has issued shares to employees. As a result the Company's shareholding interest has reduced from 40% to 30.4%. This has given rise to a net loss of £832,472. The Group's investment in Thani Stratex Resources Limited continues to meet the requirements for equity accounting as an associate company.

6. Related party transactions

Directors of the Company received total remuneration of £242,046 for the six months ended 30 June 2016 (six months ended 30 June 2015 - £254,439).

7. Earnings per share

The calculation of earnings per share is based on the loss attributable to equity holders of the Company of £1,875,835 for the period ended 30 June 2016 (30 June 2015: 1,232,594) and the weighted average number of shares in issue of 467,311,276 in the periods ended 30 June 2016 and 30 June 2015. There is no difference between the basic and diluted earnings per share.

8. Events after the reporting period

On 28 July 2016 Goldstone Resources Limited raised additional funding by means of a share placing. The Company maintained its 33.45% shareholding interest in Goldstone through a combination of converting the loan of US\$250,000 due from Goldstone and subscribing for additional ordinary shares in Goldstone Resources Limited at a cash cost of £143,637.

9. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 10 August 2016.

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For further information please visit www.stratexinternational.com, email info@stratexplc.com, or contact:

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Notes to Editors:

Since listing in 2006, Stratex has discovered more than 2.2 million ounces of gold and 7.09 million ounces of silver, as well as 186,000 tonnes of copper. The Company achieved first gold pour at its 45%-owned Altintepe gold mine in Turkey in November 2015 and as at 30 June 2016, the Mine had produced 19,467 oz Au. It also owns 14.87% of a copper-gold project at feasibility stage. With its current cash position, projected cash returns and no debt, the Company is well-placed to advance its existing exploration programmes and is also actively seeking to acquire advanced projects that are at the drill-ready stage or even have identified resources.

This information is provided by RNS
The company news service from the London Stock Exchange

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