

Stratex International Plc

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

Interim Results for the six-month period ended 30 June 2017

Stratex International Plc, the AIM-quoted gold exploration and development company, announces its unaudited Interim Results for the six-month period ended 30 June 2017 (the "Period").

Financial Highlights:

- The Group's pre-tax profit for the 6 months to 30 June 2017 was £880,216, which compares to a loss in the same period for 2016 of £1,984,573;
- The profit for the Period resulted from the successful sale of the Group's 45% interest in the Altintepe Gold Mine, which was completed in April 2017 and raised a total of US\$8m in cash, net of all taxes and costs. A book gain of £2.9m was recorded in the current period, with £1.6m profit included in FY2016 for services rendered to Altintepe;
- The total Group cash balance at 30 June was £6.08m;
- Stratex has reduced its representation on the Goldstone Resources Limited ("Goldstone") board and Goldstone is now treated in the financial statements as an associate company rather than being fully consolidated. As at 30th June Stratex's holding in Goldstone was 23.36%.

Operational Highlights:

- **Altintepe:**
 - In April Stratex announced the sale of its 45% interest in Altintepe Madencilik Sanayi ve Ticaret AS, the holding company for the Altintepe Gold Mine. The Stratex Group has received an aggregate amount of US\$8m in cash, net of all taxes and costs, as consideration for the sale (see announcement dated 24 April 2017);
- **Thani Stratex Resources Limited ("TSR"):**
 - Drilling programmes at the Anbat prospect ("Anbat") in Egypt and the Pandora project in Djibouti both returned encouraging intersections;
 - TSR completed a US\$1m placement, of which Stratex invested \$390,000. The funds were primarily raised for further drilling at Anbat. Stratex's holding in TSR currently stands at 30.5%;

- **Goldstone Resources Limited (“Goldstone”):**
 - In Q1-2017 Goldstone reported encouraging exploration results at their Homase-Akrokerrri project in Ghana;
 - In April this year, Goldstone entered into a convertible loan agreement for US\$0.4m to progress the Homase-Akrokerrri project;

- **Crusader Resources Limited (“Crusader”):**
 - On 18 May 2017, Stratex announced the proposed acquisition of Crusader in an all share transaction. In June, the Company announced that it had entered into a scheme implementation deed with Crusader through which it is proposed that Stratex will acquire the entire issued share capital of Crusader, subject to, *inter alia*, court, regulatory and shareholder approvals. Completion of the deal would see Stratex acquire a number of assets in Brazil, including two gold projects, Borborema and Juruena, which host a combined JORC-compliant resource of 2.7 Moz in aggregate.

Marcus Engelbrecht, CEO of Stratex, said: *“There has been significant activity across the reporting period with the sale of our Altintepe investment in Turkey and the opportunity to acquire two significant exploration and development assets as part of the proposed Crusader Resources transaction. I expect further positive news from our exploration portfolio and the potential to acquire near development assets will bring us closer to realising our strategy of building a gold producing Company.”*

Chairman’s Statement:

The first six months of the year has been a period of operational progress for the Company as we have refined our strategy of becoming a significant gold producing company. We continue to focus on developing our portfolio of exploration projects and assets in Africa while seeking new acquisition opportunities that complement this portfolio.

The Group has posted an encouraging pre-tax profit for the period of £880,216 (2016 – loss £1,984,573). This has largely resulted from the sale of our joint venture interest in Altintepe in April 2017 for US\$8 million in cash. The sale is aligned with our long-term strategy.

During the Period we continued our commitment to TSR and increased our interest to 30.5% by subscribing for new shares as part of a total share placement to raise funds for further drilling at the Pandora epithermal gold project in Djibouti. As already announced, the initial drilling results reported for Pandora are exciting and confirm our confidence in the prospectivity of this project.

Goldstone Resources Limited continues to report encouraging exploration results at its Homase-Akrokerrri project in Ghana, which hosts an existing 602,000 oz gold JORC compliant resource.

Since 30th June, the Company's interest has been diluted to 23.22% as a result of a shares issue to the Goldstone directors in lieu of salary.

In June 2017, the Company announced that it proposed to acquire the entire issued share capital of Crusader Resources Limited. Crusader is an Australian listed company with gold exploration assets at Borborema and Juruena in Brazil hosting some 2.7 million oz gold JORC compliant resources and with more than 12 years' operating experience in Brazil. The transaction, which will be effected by way of a Scheme of Arrangement under Australian Law, will constitute a reverse takeover and will require Stratex shareholder approval and the publication of an AIM Admission Document. This acquisition will significantly increase the scale and market capitalisation of the enlarged group and offers the platform for management to implement its long-term strategy of becoming a gold production and exploration company, whilst presenting an opportunity to provide significant value to shareholders.

The AIM Admission Document is expected to be published at the beginning of September 2017 (following Court hearings in Australia). The Admission Document will give full information regarding the acquisition of Crusader. Subject to shareholder, court and regulatory approvals, the acquisition is expected to become effective and dealings in the enlarged share capital of Stratex are expected to commence in October 2017. I look forward to updating shareholders on this exciting phase of the Company's development.

Peter Addison

Non-Executive Chairman

2nd August 2017

Statement of Consolidated Comprehensive Income

	Notes	6 months to 30 June 2017 Unaudited £	6 months to 30 June 2016 Unaudited £
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross Profit		-	-
Administration expenses		(1,488,300)	(1,240,506)
Exchange gains/(losses) – net		(414,740)	54,687
Operating loss		(1,903,040)	(1,185,819)
Finance income		3,996	9,768
Share of profits/(losses) of investments accounted for using the equity method		(33,702)	1,412,631
Loss on change of ownership status		(70,390)	-
Net losses on sale of associate companies		-	(2,221,153)
Profit on sale of Available-for-sale financial assets	6	2,883,352	-
Profit/(Loss) before income tax		880,216	(1,984,573)
Income tax		-	-
Profit/(Loss) for the period		880,216	(1,984,573)
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)
Exchange differences on translation of foreign operations		(367,640)	2,340,803
Other comprehensive income net of tax		(367,640)	2,094,346
Total comprehensive income for the period		512,576	109,773
Profit/(Loss) for the period attributable to:			
Owners of the Parent Company		926,560	(1,875,835)
Non-controlling interest		(46,344)	(108,738)
Profit/(Loss) for the period		880,216	(1,984,573)
Total comprehensive income attributable to:			
Owners of the Parent Company		700,594	(9,686)
Non-controlling interest		(188,018)	119,459
Total comprehensive income for the period		512,576	109,773
Earnings per share – continuing operations:			
Basic (pence)	8	0.20	(0.40)
Diluted (pence)	8	0.19	(0.40)

Statement of Consolidated Financial Position

	Notes	30 June 2017 Unaudited £	30 June 2016 Unaudited £	31 December 2016 Audited £
ASSETS				
Non-current assets				
Property, plant and equipment		7,894	20,253	13,874
Intangible assets	4	6,418,676	9,679,159	10,490,725
Investments in equity-accounted associates	5	6,688,683	6,965,034	5,757,578
Available-for-sale financial assets	6	1,117,942	1,038,400	2,912,829
Trade and other receivables		1,388,618	1,120,413	1,358,639
Deferred tax asset		244,336	307,992	257,380
		15,866,149	19,131,251	20,791,025
Current assets				
Trade and other receivables		230,660	864,853	1,740,208
Cash and cash equivalents		6,084,884	2,728,190	1,688,619
		6,315,544	3,593,043	3,428,827
Total assets		22,181,693	22,724,294	24,219,852
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		2,389,694	1,592,512	2,588,762
Retained earnings		(5,830,482)	(6,527,206)	(6,757,042)
Total equity attributable to owners of the Company		21,658,756	20,164,850	20,931,264
Non-controlling interests		48,185	2,371,191	2,860,169
Total Equity		21,706,941	22,536,041	23,791,433
LIABILITIES				
Non-current liabilities				
Employee termination benefits		38,054	31,170	35,710
Deferred tax liabilities		-	308	2,691
		38,054	31,478	38,401
Current liabilities				
Trade and other payables		436,698	156,775	390,018
Total liabilities		474,752	188,253	428,419
Total equity and liabilities		22,181,693	22,724,294	24,219,852

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 2017	4,673,113	20,426,431	(485,400)	590,297	(6,757,042)	2,483,865	20,931,264	2,860,170	23,791,434
Share based payments	-	-	-	26,898	-	-	26,898	-	26,898
Disposal of Non-controlling interest	-	-	-	-	-	-	-	(2,623,967)	(2,623,967)
Comprehensive income for the period:									
- Profit/(Loss) for the period	-	-	-	-	926,560	-	926,560	(46,344)	880,216
- Other comprehensive income	-	-	-	-	-	(225,966)	(225,966)	(141,674)	(367,640)
Total comprehensive income for the period	-	-	-	-	926,560	(225,966)	700,594	(188,018)	512,576
As at 30 June 2017	4,673,113	20,426,431	(485,400)	617,195	(5,830,482)	2,257,899	21,658,756	48,185	21,706,941
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

Statement of Consolidated Cash Flows

	6 months to 30 June 2017 Unaudited £	6 months to 30 June 2016 Unaudited £	12 months to 31 December 2016 Audited £
Cash flow from operating activities			
Profit/(Loss) before income tax	880,216	(1,984,573)	(2,644,175)
Issue of share options	26,898	7,828	36,749
Depreciation	2,148	15,137	22,247
Share of losses/(profits) of associates	375,356	(1,412,631)	162,261
(Profit)/Net loss on sale of associates	(2,535,644)	2,221,153	444,087
Impairment of intangible assets	-	-	121,019
Fixed assets write-off	-	-	807
Increase in employee termination benefit fund	4,147	836	9,101
Other income (interest received)	(3,996)	(9,768)	(16,185)
Foreign exchange movements on operating activities	(74,855)	351,974	672,088
Changes in working capital, excluding the effects of exchange differences on consolidation:			
Trade and other receivables	1,582,057	235,941	(903,014)
Trade and other payables	44,127	(228,157)	5,086
Net cash used in operating activities	300,454	(802,260)	(2,089,929)
Cash flows from investing activities			
Purchase of property, plant, and equipment	(2,044)	(774)	(2,436)
Purchase of intangible assets	(32,177)	(396,032)	(780,139)
Investment in related companies	(301,438)	(214,585)	(214,585)
Interest received	3,996	9,768	16,185
Net cash used in investing activities	(331,663)	(601,623)	(980,975)
Cash flows from financing activities			
Funds received from issue of shares by subsidiary	-	-	627,450
Funds received from sale of associate	4,427,474	-	-
Net cash generated from financing activities	4,427,474	-	627,450
Net decrease in cash and cash equivalents	4,396,265	(1,403,883)	(2,443,454)
Cash and cash equivalents at beginning of the period	1,688,619	4,132,073	4,132,073
Cash and cash equivalents at end of the period	6,084,884	2,728,190	1,688,619

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 2016, 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 2016 audited financial statements. Statutory financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 15 May 2017 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 2016 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 2016 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.

There have been no changes in accounting policy during the period and no new and amended standards have been adopted by the Group during the period.

The financial information for the 6 months ended 30 June 2017 and the 6 months ended 30 June 2016 has not been audited.

The business is not subject to seasonal variations. No dividends have been paid in the period (2016: £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:

Loss/(Profit) for the period:

	Turkey	East Africa	West Africa	UK	Total
6 months to 30 June 2017					
Administrative costs	183,766	121,861	186,734	993,802	1,486,163
Inter-segment charges	116,007	-	334,788	(450,795)	-
Finance income	-	-	(294)	(3,702)	(3,996)
Depreciation	958	-	966	213	2,137
Exchange losses	64,608	-	34,072	316,060	414,740
Share of (profits)/losses of associates	-	24,042	9,660	-	33,702
Net loss on disposal of associates	(2,883,352)	(130,964)	201,354	-	(2,812,962)
(Profit)/Loss before Income Tax	(2,518,013)	14,939	767,280	855,578	(880,216)

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

Assets and liabilities:

	Turkey	East Africa	West Africa	UK	Total
6 months to 30 June 2017					
Intangible assets	-	-	6,418,676	-	6,418,676
Property, plant and equipment	5,705	-	146	2,043	7,894
Equity-accounted associates	-	5,736,826	951,857	-	6,688,683
Cash and other assets	994,991	406,869	1,471,387	6,193,193	9,066,440
Liabilities	(50,179)	-	(20,289)	(404,284)	(474,752)
Inter-segment	(1,133,860)	-	(10,495,600)	11,629,460	-
Net Assets	(183,343)	6,143,695	(1,673,823)	17,420,412	21,706,941

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
Equity-accounted associates	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

Cash and other assets include cash and cash equivalents amounting to £6,084,884 at 30 June 2017, (2016: £2,728,190).

4. Intangible assets

	2017	2016
At 1 January	10,490,725	8,323,340
Exchange movements	(64,157)	959,787
Disposal due to change in ownership status	(4,040,067)	-
Additions	32,175	396,032
At 30 June	6,418,676	9,679,159

On 2 June 2017, Goldstone Resources Limited ceased to be accounted for as controlled subsidiary (see note 5) and the Goldstone Homase-Akrokerrri project was removed as an intangible asset from the balance sheet, and replaced as an equity accounted associate.

5. Investments in equity-accounted associates

	2017	2016
At 1 January	5,757,578	7,645,184
Exchange movements	(313,077)	750,483
Share of (losses)/profits	(33,702)	1,412,630
Addition due to change in ownership status	1,318,885	-
Additions	301,438	189,208
Disposals	(671,126)	(3,726,261)
Share of new capital	328,687	693,790
At 30 June	6,688,683	6,965,034

- On 2 June 2017, Goldstone Resources Limited ceased to be accounted for as controlled subsidiary as a result of the reduction in the Stratex representation on the Board of Directors. Goldstone Resources Limited was recategorised as an equity-accounted associate with a carrying value of £1,318,885.
- During the Period, Stratex's shareholding interest in Goldstone Resources Limited was reduced to 23.36% as at 30 June 2017, resulting in a net loss through the consolidated statement of comprehensive income of £351,542.
- Stratex's shareholding interest in Thani Stratex Resources Limited reduced during the period to 29.5%. The Company subsequently injected a further £301,438 into share capital increasing its interest to 30.5% shareholding interest. These transactions resulted in a net gain through the consolidated statement of comprehensive income of £9,103.

6. Available-for-sale financial assets

The sale of the Group's 45% interest in Altintepe was completed in April 2017 for US\$8 million in cash, net of any taxes and costs. A book gain of £2,883,352 has been recorded in the current period following recording a £1.6m profit in the 2016 annual results for services rendered to Altintepe.

7. Related party transactions

Directors of the Company received total remuneration of £364,004 for the six months ended 30 June 2017 (six months ended 30 June 2016 - £242,046).

8. Earnings per share

The calculation of earnings per share is based on the following:

	2017	2016
Profit/(loss) attributable to equity holders (£)	926,560	(1,875,835)
Weighted average number of shares basic	467,311,276	467,311,276
Earnings per share basic (pence)	0.20	(0.4)
Weighted average number of shares diluted	497,316,420	487,589,420
Earnings per share diluted (pence)	0.19	(0.4)

As the Group incurred a loss for the period to 30 June 2016, no options or warrants are potentially dilutive in accordance with IAS 33 and hence basic and diluted earnings per share are the same.

9. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 2 August 2017.

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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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 owns 15% of a copper-gold project at feasibility stage and an exciting exploration project in Senegal. The Company also has significant interests in Goldstone Resources Ltd, Thani Stratex Resources Ltd and Tembo Gold Corp. for their exploration projects in Ghana, Djibouti and Egypt, and Tanzania respectively.

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