

# Regulatory Story

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|-----------------|---|
| <b>Company</b>  | <a href="#">Stratex International PLC</a> |
| <b>TIDM</b>     | STI                                       |
| <b>Headline</b> | Interim Statement                         |
| <b>Released</b> | 07:00 18-Aug-2009                         |
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Stratex International PLC  
18 August 2009

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## **Stratex International Plc ('Stratex' or 'the Company') Interim Results**

Stratex International Plc, the AIM-quoted exploration and development ('E&D') company currently developing gold resources and exploring for world-class gold and base metal deposits in Turkey, announces its results for the six month period ended 30 June 2009.

### **Highlights**

- Signed Memorandum of Understanding ('MoU') with major Turkish mining company, NTF İnsaat Ticaret Ltd Sti ('NTF'), to form 45:55 joint venture company to fast-track the Inlice and Altintepe gold projects into production within 18 and 36 months respectively
- NTF to pay US\$1 million cash to Stratex and funding to a level of US\$4.5 million
- Option/joint venture agreement with Centerra Gold Inc. ('Centerra') to advance the Öksüt gold project ('Öksüt') - US\$6 million agreement
- Centerra to fund US\$3 million over the first three years to acquire 50% interest in the project and has the option to earn a further 20%, by expending an additional US\$3 million over the following two years
- Ongoing exploration and development programmes across portfolio continuing to produce robust results

- Latest soil geochemistry results at the Öksüt project highlight a large new zone of gold anomalies and bedrock alteration in the western part of the property
- New sampling at Hasaelebi project confirms multiple silica zones extending over 7 kilometres and indicates potential to identify extensive large-tonnage zones of mineralisation

Stratex CEO Bob Foster said, "Despite the major challenges facing our industry, Stratex has turned a significant corner and is now positioned to grow strongly. The preliminary agreement with NTF has already seen our new partner financing early scoping studies on the Inlice and Altintepe prospects, demonstrating its commitment to progress the two projects through feasibility and into production. The vision of Stratex being a substantial shareholder in a burgeoning gold producer is that step closer to being realised and at very limited risk and financial exposure to the Company.

"Additionally, the quality of our exploration portfolio has been strongly endorsed by Centerra's joint venture agreement and substantial funding to advance our highly prospective Öksüt property. Exploration activity for the remainder of this year will be considerably enhanced, with the drilling of both Öksüt and our wholly-owned Hasaelebi prospect being high priorities. Importantly, our financial position remains sound with much of our current activity being funded by our respective new partners, which also gives us the flexibility to consider other opportunities that we believe will add real value to the Company."

### **Chairman's Statement**

Dear Shareholder,

In my annual statement I stated that we were looking at a half full pint, well I am glad to say that in the first months of 2009 we have been filling it up.

Stratex has made significant progress towards establishing itself as a leading E&D company, with a view to becoming an emerging gold producer in the mid term.

Our MoU agreement with NTF with respect to the Inlice and Altintepe oxide gold projects, which contain a current combined oxide resource gold resource of approximately 570,000 ounces, is an excellent fit for your Company. NTF is a well funded and experienced construction and contract mining company and had been searching for the right projects and the right partner to establish a new Turkish gold mining company, so we were delighted when it recognised Stratex's potential. Working with NTF also proves the strength of our business model - identifying

prospective gold projects with a view to developing them with a joint venture partner through to production, whilst continuing to explore for new discoveries.

We are already working closely with NTF's team and recently commissioned Golder Associates UK Limited, a specialist ground engineering and environmental services company, to undertake a scoping site visit at Inlice and Altintepe to identify key areas for review on the road to production. The definitive agreement, when signed with NTF, will see your Company with a 45% stake in a new gold mining vehicle, free carried through feasibility and receiving a US\$1 million cash payment on signature. NTF is funding US\$157,000 for initial work with a view to signing the definitive agreement within the next one to two months. This exciting development will ultimately see Stratex as a significant partner in a growing cash generative gold producing company.

Moreover, Stratex's ability to discover and define new areas of gold mineralisation has been further recognised by Centerra, culminating in the signing of a US\$6 million joint venture agreement to advance the development of our highly prospective Öksüt gold project in central Anatolia. This strategic partnership allows the Öksüt project to be fast-tracked to define a resource with limited risk or cost to the Company. Centerra is a mid-tier producer of gold, focused on discovering and developing new gold deposits with proven and probable reserves at the end of 2008 totalling 5.8 Moz Au, which produced circa 748,888 oz gold ('Au') in 2008.

In terms of exploration at Öksüt, infill soil sampling over the extensive new western gold anomaly is ongoing, and detailed geological and alteration mapping has been undertaken over key areas prior to drilling. The Öksüt project has shown exciting early stage drill intersections, and in association with large scale development of alteration and soil geochemistry, shows potential to host a significant gold deposit. With this in mind, we believe the Öksüt project will be a particularly important focus for exploration activities for the remainder of 2009 and we look forward to announcing further developments in conjunction with Centerra in due course.

The remaining exploration pipeline is strong, headed by the Hasançelebi project where we have defined an 858 metre long section with average grades of 0.69 g/t Au over a width of 7.4 metres, including a higher-grade section 278 metres long averaging 0.99 g/t Au over a width of 9.1 metres. These results indicate the potential to discover further significant oxide gold mineralisation in this prospect. We have been in discussion with a number of interested parties on this project, however, we are in excellent position to add value by drill testing this

new and wholly-owned gold discovery in-house and the Board will update shareholders accordingly on developments on this project.

Stratex has hit all the milestones it set out to do when the Company was first listed. We have made discoveries, defined up to 1 million ounces, some of which we are now progressing with strong local partners. We will continue to make discoveries and look for quality partners to mitigate the financial risk in developing projects. We also believe the time is now right to look at new areas outside of Turkey where the management's expertise can repeat our business model and secure growth for shareholder value. I hope we can report developments on this front before the end of the year.

In conclusion, I believe Stratex has emerged from the current market turmoil a stronger company than when it started. It remains for me to thank you as a shareholder for your support and to thank my fellow members of the Board and the entire technical team for their enthusiasm and excellent work over the past few months.

David J.Hall  
Executive Chairman.

**\*\* ENDS \*\***

For further information visit [www.stratexinternational.com](http://www.stratexinternational.com) or contact:

|                                      |                                  |                           |
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### **Consolidated Income Statement**

|  | <b>6 months to<br/>30 June 09<br/>Unaudited<br/>£</b> | <b>6 months to<br/>30 June 08<br/>Unaudited<br/>£</b> |
|--|---|---|
| <b>Continuing Operations<br/>Revenue</b> | -   | -   |
| Administration expenses                  | (629,111)   | (698,878)   |
| Exchange gains/(losses) - net            | <u>(160)</u>  | <u>(14,907)</u>                                       |

|  |                  |                  |
|--|------------------|------------------|
| <b>Operating loss</b>  | (629,271)        | (713,785)        |
| Finance income   | <u>34,723</u>    | <u>160,666</u>   |
| <b>Loss before income tax</b>  | (594,548)        | (553,119)        |
| Income tax credit  | -                | -                |
| <b>Loss for the year attributable to equity holders of the Company</b> | <u>(594,548)</u> | <u>(553,119)</u> |
| <b>Loss per share - basic and diluted</b>                              | <b>(0.25)p</b>   | <b>(0.24)p</b>   |

### Consolidated balance sheet

|                                     | <b>30 June 09</b><br><b>Unaudited</b><br>£ | <b>30 June 08</b><br><b>Unaudited</b><br>£ | <b>31 December 08</b><br><b>Audited</b><br>£ |
|-------------------------------------|--|--|--|
| <b>ASSETS</b>                       |  |  |  |
| <b>Non-current assets</b>           |  |  |  |
| Tangible assets                     | 137,760                                    | 170,662                                    | 186,123                                      |
| Intangible assets                   | 3,717,715                                  | 2,755,881                                  | 4,044,363                                    |
| Trade and other receivables         | 96,766                                     | 85,348                                     | 114,488                                      |
| Deferred tax assets                 | <u>131,842</u>                             | <u>53,827</u>                              | <u>150,320</u>                               |
|                                     | <u>4,084,083</u>                           | <u>3,065,718</u>                           | <u>4,495,294</u>                             |
| <b>Current assets</b>               |  |  |  |
| Trade and other receivables         | 87,891                                     | 66,938                                     | 80,185                                       |
| VAT recoverable                     | 513,542                                    | 314,596                                    | 587,041                                      |
| Bank balances and cash              | <u>2,595,897</u>                           | <u>4,901,189</u>                           | <u>3,313,022</u>                             |
|                                     | <u>3,197,330</u>                           | <u>5,282,723</u>                           | <u>3,980,248</u>                             |
| <b>Total assets</b>                 | <b><u>7,281,413</u></b>                    | <b><u>8,348,441</u></b>                    | <b><u>8,475,542</u></b>                      |
| <b>EQUITY &amp; LIABILITIES</b>     |  |  |  |
| <b>Equity</b>                       |  |  |  |
| Ordinary shares                     | 2,342,394                                  | 2,342,394                                  | 2,342,394                                    |
| Share premium                       | 8,192,829                                  | 8,192,829                                  | 8,192,829                                    |
| Other reserves                      | (78,074)                                   | 59,842                                     | 514,931                                      |
| Accumulated losses                  | <u>(3,268,033)</u>                         | <u>(2,351,323)</u>                         | <u>(2,677,289)</u>                           |
|                                     | <u>7,189,116</u>                           | <u>8,243,742</u>                           | <u>8,372,865</u>                             |
| <b>Non-current liabilities</b>      |  |  |  |
| Employee termination benefits       | 6,297                                      | 2,367                                      | 7,179  |
| Deferred tax liabilities            | <u>9,267</u>                               | <u>32,341</u>                              | <u>10,566</u>                                |
|                                     | <u>15,564</u>                              | <u>34,708</u>                              | <u>17,745</u>                                |
| <b>Current liabilities</b>          |  |  |  |
| Trade and other payables            | <u>76,733</u>                              | <u>69,991</u>                              | <u>84,932</u>                                |
|                                     | <u>76,733</u>                              | <u>69,991</u>                              | <u>84,932</u>                                |
| <b>Total equity and liabilities</b> | <b><u>7,281,413</u></b>                    | <b><u>8,348,441</u></b>                    | <b><u>8,475,542</u></b>                      |

## Consolidated Statement of Changes in Equity

|  | Share<br>Capital<br>£ | Share<br>Premium<br>£ | Merger<br>Reserve<br>£ | Shares<br>under<br>option<br>£ | Accumulated<br>loss<br>£ | Translation<br>reserve<br>£ | Total<br>£       |
|--|-----------------------|-----------------------|------------------------|--------------------------------|--------------------------|-----------------------------|------------------|
| <b>As at 1<br/>January<br/>2009</b>      | <b>2,342,394</b>      | <b>8,192,829</b>      | <b>(485,400)</b>       | <b>462,982</b>                 | <b>(2,677,289)</b>       | <b>537,349</b>              | <b>8,372,865</b> |
| Share based<br>payments                  | -                     | -                     | -                      | 52,508                         | -                        | -                           | 52,508           |
| Share<br>options<br>forfeited            | -                     | -                     | -                      | (3,804)                        | 3,804                    | -                           | -                |
| Consolidated<br>loss for the<br>period   | -                     | -                     | -                      | -                              | (594,548)                | -                           | (594,548)        |
| Movement<br>on<br>translation<br>reserve | -                     | -                     | -                      | -                              | -                        | (641,709)                   | (641,709)        |
|  | <u>2,342,394</u>      | <u>8,192,829</u>      | <u>(485,400)</u>       | <u>511,686</u>                 | <u>(3,268,033)</u>       | <u>(104,360)</u>            | <u>7,189,116</u> |

|   | Share<br>Capital<br>£ | Share<br>Premium<br>£ | Merger<br>Reserve<br>£ | Shares<br>under<br>option<br>£ | Accumulate<br>d<br>loss<br>£ | Translatio<br>n<br>reserve<br>£ | Total<br>£       |
|---|-----------------------|-----------------------|------------------------|--------------------------------|------------------------------|---------------------------------|------------------|
| <b>As at 1<br/>January 2008</b>                 | <b>2,340,669</b>      | <b>8,185,929</b>      | <b>(485,400)</b>       | <b>350,277</b>                 | <b>(1,816,093)</b>           | <b>276,855</b>                  | <b>8,852,237</b> |
| Issue of<br>ordinary shares                     | 1,725                 | 6,900                 | -                      | -                              | -                            | -                               | 8,625            |
| Share based<br>payments                         | -                     | -                     | -                      | 61,893                         | -                            | -                               | 61,893           |
| Share<br>options exercise<br>d and<br>forfeited | -                     | -                     | -                      | (17,889)                       | 17,889                       | -                               | -                |
|   | -                     | -                     | -                      | -                              | (553,119)                    | -                               | (553,119)        |

|                                  |                         |                         |                         |                       |                           |                       |                         |
|----------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|---------------------------|-----------------------|-------------------------|
| Consolidated loss for the period |                         |                         |                         |                       |                           |                       |                         |
| Movement on translation reserve  | -                       | -                       | -                       | -                     | -                         | (125,894)             | (125,894)               |
|                                  | <u>-</u>                | <u>-</u>                | <u>-</u>                | <u>-</u>              | <u>-</u>                  | <u>-</u>              | <u>-</u>                |
| <b>As at 30 June 2008</b>        | <b><u>2,342,394</u></b> | <b><u>8,192,829</u></b> | <b><u>(485,400)</u></b> | <b><u>394,281</u></b> | <b><u>(2,351,323)</u></b> | <b><u>150,961</u></b> | <b><u>8,243,742</u></b> |

## Consolidated cash flow statement

|   | 6 months to<br>30 June 09<br>Unaudited<br>£ | 6 months to<br>30 June 08<br>Unaudited<br>£ | 12 months<br>to 31<br>December 2008<br>Audited<br>£ |
|---|---|---|---|
| <b>Cash inflow from operating activities</b>                    |   |   |   |
| Loss before income tax  | (594,548)                                   | (553,119)                                   | (995,203)   |
| Interest income   | (34,723)                                    | (160,666)                                   | (274,735)   |
| Depreciation  | 28,785                                      | 19,553                                      | 47,843  |
| Issue of share options  | 52,508                                      | 61,893                                      | 160,592   |
| Foreign exchange loss (net)                                     | <u>(96,951)</u>                             | <u>(31,772)</u>                             | <u>(9,855)</u>                                      |
| Operating loss before changes in working capital                | (644,929)                                   | (664,111)                                   | (1,071,358)   |
| Decrease/(Increase) in other receivables and prepayments        | 83,515                                      | 94,147                                      | (220,685)   |
| Decrease in trade payables                                      | (9,081)                                     | (4,130)                                     | (7,041)   |
| <b>Cash used in operating activities</b>                        | <b><u>(570,495)</u></b>                     | <b><u>(574,094)</u></b>                     | <b><u>(1,299,084)</u></b>                           |
| <b>Cash flows from investing activities</b>                     |   |   |   |
| Purchase of intangible assets                                   | (180,654)                                   | (1,265,811)                                 | (2,218,232)   |
| Purchase of property, plant and equipment                       | (699)                                       | (94,325)                                    | (123,389)   |
| Interest received   | <u>34,723</u>                               | <u>160,666</u>                              | <u>274,735</u>                                      |
| <b>Net cash used in investing activities</b>                    | <b><u>(146,630)</u></b>                     | <b><u>(1,199,470)</u></b>                   | <b><u>(2,066,886)</u></b>                           |
| <b>Cash flows from financing activities</b>                     |   |   |   |
| Proceeds from the issue of ordinary shares                      | -   | 8,625                                       | 8,625   |
| Funds received from related party                               | <u>-</u>                                    | <u>391,575</u>                              | <u>395,814</u>                                      |
| <b>Net cash inflow from financing activities</b>                | <b><u>-</u></b>                             | <b><u>400,200</u></b>                       | <b><u>404,439</u></b>                               |
| <b>Net decrease in cash and cash equivalents</b>                | <b>(717,125)</b>                            | <b>(1,373,364)</b>                          | <b>(2,961,531)</b>                                  |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b><u>3,313,022</u></b>                     | <b><u>6,274,553</u></b>                     | <b><u>6,274,553</u></b>                             |
| <b>Cash and cash equivalents at the end of the period</b>       | <b><u>2,595,897</u></b>                     | <b><u>4,901,189</u></b>                     | <b><u>3,313,022</u></b>                             |

## Notes to the unaudited financial statements

### 1. Basis of preparation

The condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

### 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 the International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies applied in preparing the financial information are consistent with those that have been adopted in the Group's 2008 audited statutory accounts. Statutory accounts for the year ended 31 December 2008 were approved by the Board of Directors on 9 March 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified.

The financial information for the 6 months ended 30 June 2009 and the 6 months ended 30 June 2008 has not been audited.

### 3. Operating Segments

In the opinion of the Directors, the Group has only one business segment, mining and exploration, and this is considered to be the primary reporting segment for the Group and therefore segment detail for the primary segment is not presented. The Group's main geographical area of operation is Turkey and support services are provided from the UK, and these are considered to be secondary reporting segments for the Group.

| Geographical areas  | Operating loss |                | Total Assets     |                  | Intangible assets |                  |
|---------------------|----------------|----------------|------------------|------------------|-------------------|------------------|
|                     | 30 June 2009   | 30 June 2008   | 30 June 2009     | 30 June 2008     | 30 June 2009      | 30 June 2008     |
|                     | £              | £              | £                | £                | £                 | £                |
| Turkey              | 262,831        | 239,773        | 4,709,343        | 3,458,942        | 3,717,715         | 2,755,881        |
| UK support services | <u>331,717</u> | <u>313,346</u> | <u>2,572,070</u> | <u>4,889,499</u> | -                 | -                |
| Group total         | <u>594,548</u> | <u>553,119</u> | <u>7,281,413</u> | <u>8,348,441</u> | <u>3,717,715</u>  | <u>2,755,881</u> |

Additions to intangible assets during the 6 months to 30 June 2009 amounted to £180,654 (6 months to 30 June 2008: £874,236).

### 4. Share Options

On 30 April 2009 the Company introduced a new option scheme under the Enterprise Management Incentive rules ('EMI'). At the same time it cancelled the share options currently in issue to employees under the existing unapproved scheme. UK tax residents were granted replacement options in the EIS scheme and non UK tax residents were issued replacement options under the existing scheme. The replacement options were issued at a price of 3p being a premium of 50% to the mid market value of the Company's shares on the day of issue.

Number of options:

| Outstanding at 31 December | Forfeited in period | Cancelled in period | Granted in period | Outstanding at 30 June 2009 |
|----------------------------|---------------------|---------------------|-------------------|-----------------------------|
|----------------------------|---------------------|---------------------|-------------------|-----------------------------|

|                   | <b>2008</b>       |                  |                     |                   |                   |
|-------------------|-------------------|------------------|---------------------|-------------------|-------------------|
| Unapproved scheme | 19,670,500        | (300,000)        | (17,248,500)        | 6,702,500         | 8,824,500         |
| EIS scheme        | -                 | -                | -                   | <u>10,546,000</u> | <u>10,546,000</u> |
| Total             | <u>19,670,500</u> | <u>(300,000)</u> | <u>(17,248,500)</u> | <u>17,248,500</u> | <u>19,370,500</u> |

## **5. Loss per share**

The calculation of loss per share is based on a retained loss of £594,548 for the period ended 30 June 2009 (30 June 2008: £553,119) and the weighted average number of shares in issue in the period 30 June 2009 of 234,239,442 (30 June 2008: 234,151,746). There is no difference between the diluted loss per share and the loss per share shown.

## **6. Approval of interim financial statements**

The interim financial statements were approved by the board of directors on 14 August 2009.

## **Independent review report to the Directors of Stratex International plc**

We have been engaged by the Company to review the condensed set of Financial Statements in the half-yearly financial report for the six months ended 30 June 2009 which comprise the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with IAS 34 and the AIM Rules for Companies.

The annual Financial Statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of Financial Statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union and the requirements of the AIM Rules for Companies.

### Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the AIM Rules for Companies. We do not, in producing this report, accept or assume responsibility for any other purpose to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union the AIM Rules for Companies.

Littlejohn LLP  
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