

Regulatory Announcement

[Go to market news section](#)



Company [Stratex International PLC](#)
TIDM STI
Headline Final Results
Released 07:00 11-Mar-09

RNS Number : 64530
Stratex International PLC
11 March 2009

Stratex International Plc / Index: AIM / Epic: STI / Sector: Mining
11 March 2009

Stratex International Plc ('Stratex' or 'the Company') Final Results

Stratex International Plc, the AIM quoted international exploration and development company currently focusing on gold and base metal opportunities in Turkey, announces its results for the year ended 31 December 2008.

2008 Highlights

- Total declared gold resources across portfolio of approximately 1 million oz
- Strengthened portfolio - acquired additional licence areas bringing total area under control in Turkey to 1,724 square kilometres
- Confirmed new significant greenfield discovery at Öksüt - initial drilling results included intersection of 270.2 metres averaging 1.22 g/t oxide gold
- Announced Altıntepe gold-silver prospect in house JORC-compliant resource estimate of 602,600 oz gold, including an oxide gold resource of 472,318 oz
- Announced total resource of 262,300 oz gold at Inlice prospect, comprising 98,300 oz oxide gold resource and 164,000 oz sulphide gold resource
- Identified three new porphyry targets within the Konya Volcanic Belt with preliminary drilling completed at two of these, Gölcük and Karacaören
- Actively seeking joint venture opportunities to accelerate the development of Inlice and Altıntepe through feasibility into production and develop exploration portfolio

Stratex CEO Bob Foster said, "Stratex made excellent progress in 2008 as we continued to make new discoveries and advance our projects which demonstrate real economic potential. In line with this, we are actively positioning ourselves as a leading gold focused exploration and development company with ambitions of fast-tracking our portfolio of gold assets into low cost producing entities in tandem with joint venture partners.

"With a cash position of £3 million, we are well placed to continue our exploration activities and seek new opportunities to add value to our portfolio and enhance shareholder value by major discovery of new gold deposits."

Chairman's Statement

Stratex has seen a year of considerable advancement as it continues to build its position as a leading explorer and developer of gold projects in Turkey. Regretfully, the current economic turmoil and resulting wholesale sell-off of shares with no respect for their underlying value, has meant that this progress has not been reflected in the share price despite the favourable gold conditions. However, posing the question 'is the glass half empty or half full?' We prefer the latter position!

During the period under review, we increased Stratex's total declared gold resources to approximately 1 million oz as we advanced the Altıntepe and Inlice projects to a resource definition stage and strengthened our portfolio by acquiring the 75.51 square kilometre Öksüt licence area to further consolidate our holding over new belts of gold mineralisation. Furthermore, we continued our exploration and development programmes across our portfolio, returning exciting new discoveries of gold mineralisation at Öksüt, Hasaңcelebi and Altunhisar.

Stratex's objective remains the same - we are a gold focused company committed to discovering and developing new projects through low cost exploration. Interestingly, gold is the only commodity that has held up through the current economic crisis and saw an overall rise in price of 5% during 2008. New gold projects are few and far between and those developed recently are often 're-cycled'. Moreover, companies unable to finance these projects are suspending work and even closing down completely. Stratex's Inlice and Altıntepe gold projects, though not large, have potential to be low-cost producers, as we have focused on identifying readily treatable oxide material in areas of good infrastructure to help rapidly develop these deposits.

Importantly, we maintain a healthy cash position and are well funded for the next 24 months based on current levels of expenditure. We believe this places Stratex in a

strong and stable position as we continue to develop our exciting discoveries, seek new opportunities and search for joint venture partners to accelerate the development of Inlice and Altuntepe through feasibility and into production and develop our exploration portfolio.

On the theme of partnerships, our highest priority for 2009 is to search for new partners to accelerate the Inlice and Altuntepe gold projects into production. Unfortunately, our agreement with Australian junior Syrah Resources became a casualty of the financial downturn and Syrah's likely difficulties to raise the necessary medium-term financing. However, we are in discussion with a number of other key players and hope to be able to advise the market of a positive outcome in this respect in the near future.

In terms of exploration partnerships, Stratex is recognised within the industry for its discovery rate and quality of exploration in Turkey and has been approached by a number of companies with a view to working together. By forming partnerships, the portfolio can continue to be developed whilst reducing your Company's financial exposure. Meanwhile, we will also gain the flexibility to consider other opportunities. In line with this, we have been undertaking low-cost target generation with a view to identifying new potential areas of gold mineralisation in Turkey and further afield to add to our overall acreage.

The Öksüt discovery was a major development in 2008 for Stratex, and highlights our expertise in discovering new areas of gold mineralisation. Impressive intersections generated from this discovery included:

- 270.20 metres from surface grading 1.22 g/t Au in oxide and minor sulphide in hole ODD-8 - including 40.70 metres from 77.00 metres grading 2.77 g/t Au in oxide
- 62.45 metres grading 2.16 g/t Au in oxide in hole ODD-3
- 73.30 metres grading 1.36 g/t Au in oxide in hole ODD-4
- 93.60 metres grading 5.61 g/t Au in oxide in hole ODD-12

We are currently reviewing these intersections as the geology at Öksüt is not a simple lithologically controlled scenario as we first thought. We have explored the greater area of the project, some eight square kilometres and, whilst we do not have the excellent outcrop values observed at our first target, the Ortaçam Zone, there is considerable potential for expanding the gold mineralisation.

Our exploration teams have also continued to advance exploration at the Hasançelebi and Altunhisar prospects with encouraging results and further drilling is scheduled in 2009 to help determine the economic potential of the regions. It is

likely that, in line with our strategy, we will seek joint venture partners to further explore Öksüt and potentially our other prospective early-stage gold projects at Hasançelebi and Altunhisar.

Additionally, our Konya project continues to demonstrate the potential to host a major porphyry gold system following the discovery of the Karacaören, Kozlu, and Gölcük porphyry occurrences within the Konya Volcanic Belt. Preliminary drilling is now completed at the Gölcük and Karacaören occurrences and we look forward to updating the market in due course.

It is your Company's intention to come out of this financial downturn a stronger and better-positioned company than when we went into it in terms of projects, partners and an enlarged resource portfolio. The exploration and development business, along with mining, requires a long-term perspective. As the financial markets open up and money becomes available to develop new mining projects, then the demand for metals and the need to deliver new quality projects to increasingly 'hungry' mining companies will return. Companies such as Stratex, which are able to survive this downturn, will be well poised to benefit from this need for new quality projects and mines. This is your Board's objective, to fill that half full glass!

In the current depressed market conditions, the existing employee share option plan no longer provides any element of incentivisation for our employees. Accordingly, after consideration by the Remuneration Committee, the existing share options issued to employees will be cancelled and the Board intends to implement a new share option plan for employees which will reflect a premium over the current market valuation of the Company. This will ensure that all employees are suitably rewarded and incentivised for the additional efforts now required to rebuild the market value of your Company.

It remains for me to thank you for your support and to thank my fellow Board members and the entire Stratex team for their continued commitment, enthusiasm and energy, which will ensure your Company continues to make progress during difficult times.

David J. Hall

Chairman

11th March 2009

Consolidated Income Statement - by function of expense

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Revenue	29,102	-
Cost of sales	-	-
Gross profit	29,102	-
Administrative expenses	(1,287,774)	(1,270,654)
Exchange gains/(losses) - net	(11,266)	(5,678)
Operating loss	(1,269,938)	(1,276,332)
Finance income	274,735	247,014
Loss before income tax	(995,203)	(1,029,318)
Income tax (expenses)/credit	86,120	3,559
Loss for the year attributable to equity holders of the Company	(909,083)	(1,025,759)
Loss per share for losses attributable to the equity holders of the Company during the year (expressed in pence per share)		
- basic and diluted	(0.39)	(0.51)

Consolidated Balance Sheet

	As at 31 December	
	2008 £	2007 £
ASSETS		
Non-current assets		
Tangible assets	186,123	99,728
Intangible assets	4,044,363	1,970,931
Trade and other receivables	114,488	79,813
Deferred tax asset	150,320	56,327
	4,495,294	2,206,799
Current assets		
Trade and other receivables	667,226	481,216
Cash and cash equivalents	3,313,022	6,274,553
	3,980,248	6,755,769
Total Assets	8,475,542	8,962,568
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Ordinary shares	2,342,394	2,340,669
Share premium	8,192,829	8,185,929
Other reserves	514,931	141,732
Accumulated losses	(2,677,289)	(1,816,093)
Total equity	8,372,865	8,852,237
LIABILITIES		
Non-current liabilities		

Employee termination benefits	7,179	2,477
Deferred tax liabilities	10,566	33,843
	17,745	36,320
Current liabilities		
Trade and other payables	84,932	74,011
	84,932	74,011
Total equity and liabilities	8,475,542	8,962,568

Consolidated Statement of Changes in Equity

	Share Capital £	Share Premium £	Merger Reserve £	Share Option Reserve £	Accumulate d Loss £	Translatio n Reserve £	Total Equity £
Balance at 31 December 2006	1,536,167	2,101,342	(485,400)	157,932	(808,224)	(49,256)	2,452,561
Issue of ordinary shares	804,502	6,346,622	-	-	-	-	7,151,124
Share based payments	-	-	-	243,909	-	-	243,909
Share options exercised	-	33,674	-	(51,564)	17,890	-	-
Costs of share issue	-	(295,709)	-	-	-	-	(295,709)
Consolidated loss for the period	-	-	-	-	(1,025,759)	-	(1,025,759)
Movement on translation reserve	-	-	-	-	-	326,111	326,111
Balance at 31 December 2007	2,340,669	8,185,929	(485,400)	350,277	(1,816,093)	276,855	8,852,237
Issue of ordinary shares	1,725	6,900	-	-	-	-	8,625
Share based payments	-	-	-	160,592	-	-	160,592
Share options exercised and forfeited	-	-	-	(47,887)	47,887	-	-
Consolidated loss for	-	-	-	-	(909,083)	-	(909,083)

the period Movement on translation reserve	-	-	-	-	-	260,494	260,494
Balance as 31 December 2008	2,342,394	8,192,829	(485,400)	462,982	(2,677,289)	537,349	8,372,865

Consolidated Cash Flow Statement

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Cash flows from operating activities		
Net cash used in operating activities	(1,299,084)	(1,208,592)
Cash flows from investing activities		
Purchases of property, plant and equipment	(123,389)	(80,586)
Purchases of intangible assets	(2,218,232)	(1,209,505)
Interest received	274,735	247,014
Net cash used in investing activities	(2,066,886)	(1,043,077)
Cash flows from financing activities		
Net proceeds from issue of ordinary shares	8,625	6,855,415
Funds received from related party	395,814	107,637
Net cash from financing activities	404,439	6,963,052
Net (decrease)/increase in cash and cash equivalents	(2,961,531)	4,711,383
Cash and cash equivalents at beginning of the period	6,274,553	1,563,170
Cash and equivalents at end of the period	3,313,022	6,274,553

Notes to the Financial Statements

General information

The principal activity of Stratex International plc ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of precious and high-value base metals. The Company completed a listing on the Alternative Investments Market of the London Stock Exchange on 4 January 2006.

The address of its registered office is 212 Piccadilly, London W1J 9HG.

These consolidated financial statements were authorised for issue by the Board of Directors on 9th March 2008.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation:

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), IFRIC interpretations and those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. A summary of the more important group accounting policies is set out below. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Basis of consolidation:

Stratex International plc was incorporated on 24 October 2005. On 21 November 2005 Stratex International plc acquired the entire issued share capital of Stratex Exploration Ltd by way of a share for share exchange.

The transaction has been treated as a Group reconstruction, and has been accounted for using the merger accounting method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Intangible assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of any asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units which are based on geographical areas. Where the exploration for

and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities at that unit, the associated expenditures will be written off to the Income Statement.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Expenses by nature

	2008	2007
	£	£
Employee benefit expenses	549,016	509,739
Fees paid to related parties	23,770	60,303
Consultant geologist services	98,526	93,465
Depreciation, amortisation and impairment charges	14,579	125,643
Other expenses	601,883	481,505
	1,287,774	1,270,654

2 Cash used in operations

	2008	2007
	£	£
Loss before tax	(995,203)	(1,029,318)
Adjusted for:		
issue of share	160,592	243,909
depreciation	47,843	18,908

impairment charges	-	118,001
interest income	(274,735)	(247,014)
foreign exchange movements	(9,855)	57,292
Changes in working capital		
trade and other receivables	(220,685)	(379,022)
trade and other payables	(7,041)	8,652
Cash used in operations	(1,299,084)	(1,208,592)

3 Dividend

The Directors do not recommend the payment of a dividend.

**** ENDS ****

For further information visit www.stratexinternational.com or contact:

David Hall / Bob Foster	Stratex International Plc	Tel: +44 (0) 20 7830 9650
Tim Metcalfe/ Martin Davison	Hanson Westhouse Limited	Tel: +44 (0) 20 7601 6100
Jason Bahnsen	Fox Davies Capital	Tel +44 (0) 20 7936 5230
Isabel Crossley/ Felicity Edwards	St Brides Media & Finance Ltd	Tel: +44 (0) 20 7236 1177

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

END

Close

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.