

Regulatory Story

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

Stratex International Plc, the AIM-quoted exploration and development ('E&D') company focused on Turkey and Ethiopia, is pleased to announce its results for the year ended 31 December 2009.

Overview

- Three key alliances formed with a potential \$15.5 million for further development of four major projects in Turkey
- Key Turkish partnership formed to advance oxide-gold project through feasibility to production
- Five high sulphidation and two porphyry gold targets defined at Öksüt in Turkey
- Major geophysical-geochemical anomaly coincident with one porphyry target adjacent to Ortaçam Zone, Öksüt
- Buy out of Teck Resources Limited's remaining earn-in rights under the Strategic Alliance Agreement, thereby giving flexibility to the Board over the future development of projects in Turkey
- Expansion into Ethiopia via a fourth strategic alliance established for the advancement of the Shehagne gold project
- Significant discovery of the first epithermal gold mineralisation in the Afar region of Ethiopia (100% Stratex)

Chairman's Statement

In the 2008 annual report I stated that we intended to bring your Company through the financial crisis stronger than when we entered it. I believe we have achieved this. We have a solid portfolio of gold assets in Turkey and Ethiopia with a total resource base of 1.17 million ounces of gold across all categories to JORC standard and a proven strategy of adding value by focused low-cost exploration prior to optioning/joint venturing projects on to dedicated mining companies. These provide Stratex with the foundations for measurable growth in the near future.

During the period under review, we secured joint venture partnerships with mining majors to fast-track project development, took our first steps towards moving into gold production, and expanded our geographic reach into Africa. Importantly, through the partnership agreements we have significantly de-risked our portfolio, having attracted a potential US\$15.5 million of partners' money to develop projects found by Stratex.

A priority of the Board at the start of the year was the conservation of cash, given the uncertainty over the availability of new funds as a consequence of the banking crisis. I am pleased to say that we have been successful in this aim, reducing our year-over-year cash spend by some 46%, thereby maintaining a healthy cash position. Despite this reduction, the loss for the year, as shown in the financial statements, has increased significantly, driven mainly by two exceptional non-cash items. Firstly, following a review of our portfolio of exploration assets we have decided to revalue a number of the projects, which has resulted in an impairment loss of £491,655. Secondly, we are required under accounting regulations to reflect in the Income Statement the value of the shares issued to Teck Resources Limited ('Teck') in return for its relinquishment of rights under the Strategic Alliance Agreement, which amounts to £401,474. Additionally, the amount of interest received on our deposits was lower in the year by £231,769.

Nevertheless, following the recent £1.3 million financing, Stratex's balance sheet is very healthy, allowing for strong growth in this exciting sector.

In Turkey, we announced the signing of an MOU on 15 June 2009 to form a Joint Venture Company ('JVC') with private Turkish company NTF Insaat Ticaret Ltd Sti ('NTF') to fast-track the Inlice and Altintepe gold projects into production. These two projects contain a current combined oxide-gold resource of approximately 570,000 ounces. Although the subsequent negotiation process has taken longer than initially envisaged, the Company announced signing of the Definitive Agreement with NTF on 3 February 2010. Final closure of the agreement will follow the completion of various administrative matters but the commercial terms of the JVC are agreed.

Proposals to manage the feasibility process, submitted by a number of major international consultancy groups, have been reviewed and, following site visits undertaken by the short-listed companies in late February/early March, the selected consultancy team will be announced shortly. In the meantime the JVC has continued to work on scoping and pre-feasibility studies and, following final closure, which the Directors expect to happen within Q2 this year, the JVC aims to take Inlice into production within 18 months of that closure.

Subject to a positive outcome of initial scoping studies, funded by NTF to an amount of \$500,000 and anticipated to be completed by mid-2010, we anticipate Altintepe going into production within 36 months. We continue to be impressed by the professionalism shown by NTF's mining team and their commitment to maintaining the highest level of momentum with ongoing technical studies necessary to complete the full feasibility studies, and we are delighted to be working with them.

In August 2009, we attracted Centerra Exploration B.V., a wholly owned subsidiary of gold-miner Centerra Gold Inc., to option our Öksüt Project, a high-sulphidation gold discovery located in the Central Anatolia region of Turkey. This is an exciting development project with defined high-sulphidation gold and importantly two porphyry gold targets that have been identified after a project review by independent consultant Dr. Stewart Redwood. Post period end, we defined an in-house resource estimate for the first zone, Ortaçam, totalling 147,814 oz of oxide gold at a cut-off grade of 0.2 g/t for all categories. Results continue to support the view that Öksüt has potential to host significant epithermal and porphyry mineralisation.

In addition, Teck increased its equity stake in Stratex and this now stands at 12.5%, having relinquished its remaining earn-in on Stratex's projects under the original Strategic Alliance Agreement. This gave the Board total flexibility to either develop the remaining projects or choose to identify suitable and aggressive partners to fast-track selected projects in a shorter timeframe than would have otherwise been achievable.

Teck continued to show its support in your Company with the signing of an option agreement over the exciting Hasancelebi high-sulphidation prospect in Turkey for US\$2 million to acquire up to 51% in the project. We believe that this system has considerable upside potential as a large-tonnage, low-grade deposit and with Teck's financial and technical resources we will be able to complete the comprehensive exploration programme that is required to prove-up this major mineralised system.

Whilst Turkey remains a key focus, we are confident that our skills can be transferred to expand our geographic reach and add value to shareholders. Our first step into new territories was announced in September 2009 when we acquired a 5.6% interest in PLUS-quoted Sheba Exploration (UK) Plc ('Sheba') for £40,000. In addition, we signed a Binding Letter of Intent

with Sheba to earn-in to an initial 60% of the prospective 50km² Shehagne project and explore new prospective targets and licence areas in northern Ethiopia on a 70:30 joint venture basis.

Why Ethiopia? The Arabian-Nubian Shield is geologically an area with exciting economic potential as shown by Centamin Egypt's 10 million ounce Sukari gold deposit in Egypt, the Bisha copper-zinc-gold deposit in Eritrea, and the Jabal Sayid and Madh Adh Dhahab gold deposits in Saudi Arabia. We believe that Ethiopia offers similar exciting opportunities for rapid low-cost discovery and is not subject to many of the economic and political constraints that neighbouring countries are exposed to, such as product sharing agreements and security issues. Ethiopia is relatively unexplored, with few exploration companies active in the area, holds a transparent mining code, and is both logistically and financially an easy and cost-effective place to explore. Highlighting this, within three months of signing the agreement with Sheba, we established an office, a local team including an administration manager, secretary, GIS and support staff, and most importantly, an excellent relationship with the local authorities. Furthermore, securing Exclusive Exploration Licences ('EELs') has been a painless, rapid, and transparent process.

The continuing encouraging results at the Shehagne project include the recently reported channel-chip results:

- 84 metres grading 1.04 g/t gold
 - 104 metres grading 0.77 g/t gold
- including a higher-grade section of 11 metres grading 4.39 g/t gold

This broad zone extends more than 900 metres by length and 200 metres in width and is an encouraging indication of the potential of the licence area. As always our priority target is to discover a major high-value deposit of at least 1- 2 million ounces of gold and this early-stage target is evidence of the prospectivity of the area. Our work is ongoing and we are also in the process of securing a large licence over similar geology east of the Shehagne Project.

In addition to our agreement with Sheba, a large area of interesting yet under-explored geology in the Ethiopian Rift Valley appealed to us as earlier research identified this kind of 'continental splitting' setting as having considerable potential for the development of gold mineralisation. We therefore secured a three-year 1,579 km² Exclusive Exploration Licence in November 2009 around our first significant new gold discovery in the Afar Region - the Megenta prospect. Results compiled after grab rock outcrop sampling indicated high-level alteration with gold values up to 0.33 g/t gold. These results are significant as in such systems gold values are often negligible at this palaeosurface level.

We are very excited by the discovery of outcropping epithermal alteration and mineralisation in the Afar region of the Rift Valley. The current slowdown in discovery of new deposits, let

alone discovery of new gold provinces, is severe. As highlighted by a special session at the forthcoming PDAC conference in Toronto "Exploration expenditures are increasing, but discovery rates are not. Why?", the importance of discovery to the mining industry has never been as important as it is now. The ability of your Company to come up with new concepts and move rapidly to secure a large land position ahead of competition places it at the forefront of exploration developments.

As a company, we continue to seek ways to raise market awareness as well as develop value-added drivers to our portfolio. All potential opportunities for growing your Company are constantly under review, both by the Board and through the input of our various financial advisers. Whilst Turkey continues to provide superb opportunities for Stratex, Ethiopia is also proving to be an exciting country to explore and there are also various projects across the African continent that we are currently reviewing.

We look forward to 2010 with real enthusiasm. We have quality partners, are moving towards production, have a healthy cash position, and have a number of projects that show potential for major gold discoveries.

It remains for me to thank the whole Stratex team - my fellow Board members, Bahri Yildiz and the Turkish staff, and Dan James and the Ethiopian staff for their tremendous efforts during the past year. We believe it is a credit to your Company that we achieved what we set out to do at the beginning of 2009 - that, despite the crisis, and even because of it, we would emerge a stronger and better positioned company.

David J. Hall
Executive Chairman

Statement of Consolidated Comprehensive Income - by function of expense

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Continuing Operations		
Revenue	-	29,102
Cost of sales	-	-
Gross profit	-	29,102
Administrative expenses	(1,292,469)	(1,287,774)
Project impairment	(491,655)	-
Shares issued other than for cash	(401,474)	-

Exchange gains/(losses) - net	(2,294)	(11,266)
Operating loss	(2,187,892)	(1,269,938)
Finance income	42,966	274,735
Loss before income tax	(2,144,926)	(995,203)
Income tax (charge)/credit	(3,253)	86,120
Loss for the year attributable to equity holders of the Company	(2,148,179)	(909,083)
Other comprehensive income		
Exchange differences on translating foreign operations	(404,148)	260,494
Other comprehensive income, net of tax	(404,148)	260,494
Total comprehensive income attributable to equity holders of the Company	(2,552,327)	(648,589)
Loss attributable to equity holders of the Company	(2,148,179)	(909,083)
Loss per share for losses attributable to the equity holders of the Company during the year (expressed in pence per share)		
- basic and diluted	(0.90)	(0.39)

Statement of Consolidated Financial Position

	As at 31 December	
	2009	2008
	£	£
ASSETS		
Non-current assets		
Furniture, fittings and equipment	156,201	186,123
Investments	40,000	-
Intangible assets	3,607,182	4,044,363
Trade and other receivables	128,625	114,488
Deferred tax asset	126,101	150,320
	4,058,109	4,495,294
Current assets		
Trade and other receivables	726,266	667,226
Cash and cash equivalents	1,727,643	3,313,022
	2,453,909	3,980,248
Intangible assets held for sale	70,000	-
Total Assets	6,582,018	8,475,542
EQUITY		

Capital and reserves attributable to equity holders of the Company

Ordinary shares	2,495,469	2,342,394
Share premium	8,443,778	8,192,829
Other reserves	282,253	514,931
Accumulated losses	(4,816,479)	(2,677,289)
Total equity	6,405,021	8,372,865

LIABILITIES

Non-current liabilities

Employee termination benefits	8,001	7,179
Deferred tax liabilities	1,097	10,566
	9,098	17,745

Current liabilities

Trade and other payables	167,899	84,932
	167,899	84,932
Total equity and liabilities	6,582,018	8,475,542

Statement of Consolidated Changes in Equity

	Share Capital	Share Premium	Merger Reserve	Share Option Reserve	Accumulated Loss	Translation Reserve	Total Equity
	£	£	£	£	£	£	£
Balance at 31 December 2007	2,340,669	8,185,929	(485,400)	350,277	(1,816,093)	276,855	8,852,237
Share based payments	-	-	-	160,592	-	-	160,592
Share options exercised	1,725	6,900	-	(2,904)	2,904	-	8,625
Share options forfeited	-	-	-	(44,983)	44,983	-	-
Comprehensive income for the year	-	-	-	-	(909,083)	260,494	(648,589)
Balance at 31 December 2008	2,342,394	8,192,829	(485,400)	462,982	(2,677,289)	537,349	8,372,865
Issue of ordinary shares	152,225	249,249	-	-	-	-	401,474
Share based payments	-	-	-	180,459	-	-	180,459
Share options exercised	850	1,700	-	(3,688)	3,688	-	2,550
Share options forfeited	-	-	-	(5,301)	5,301	-	-
Comprehensive income for the year	-	-	-	-	(2,148,179)	(404,148)	(2,552,327)
Balance as 31 December 2009	2,495,469	8,443,778	(485,400)	634,452	(4,816,479)	133,201	6,405,021

Statement of Consolidated Cash Flows

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Cash flows from operating activities		
Net cash used in operating activities	(1,084,252)	(1,299,084)
Cash flows from investing activities		
Purchases of property, plant and equipment	(44,692)	(123,389)
Purchase of investments	(40,000)	-
Purchases of intangible assets	(1,009,613)	(2,218,232)
Interest received	42,966	274,735
Net cash used in investing activities	(1,051,339)	(2,066,886)
Cash flows from financing activities		
Net proceeds from issue of ordinary shares	2,550	8,625
Funds received from project partners and related parties	547,662	395,814
Net cash from financing activities	550,212	404,439
Net decrease in cash and cash equivalents	(1,585,379)	(2,961,531)
Cash and cash equivalents at beginning of the period	3,313,022	6,274,553
Cash and equivalents at end of the year	1,727,643	3,313,022

Non-cash transaction

During the year 15,222,481 shares were issued to Teck Resources Limited. The total consideration of £401,474 was in exchange for the relinquishment of rights held by Teck Resources Limited under the Strategic Alliance Agreement.

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 180 Piccadilly, London W1J 9HF.

These group consolidated financial statements were authorised for issue by the Board of Directors on 5 March 2010.

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 Acts, 2006 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). To date the impairment losses recognised have followed the decision of the Board not to continue exploration activity on a particular project or licence area. As a consequence there has been no significant degree of estimation and no assumptions applied when calculating the impairment loss for the year.

1 Expenses by nature

	2009	2008
	£	£
Employee benefit expenses	657,304	549,016
Fees paid to related parties	24,426	23,770
Consultant geologist services	24,770	98,526
Depreciation charges	60,276	14,579
Other expenses	525,693	601,883
Total administrative expenses	1,292,469	1,287,774

2 Cash used in operations

	2009	2008
	£	£
Loss before tax	(2,144,926)	(995,203)
Adjusted for:		
- issue of share options	180,459	160,592
- depreciation	60,276	47,843
- impairment charges	491,655	-
- interest income on short-term deposits	(42,966)	(274,735)

- foreign exchange movements	(40,836)	(9,855)
- issue of shares other than for cash	401,474	-
Changes in working capital		
- trade and other receivables	(73,177)	(220,685)
- trade and other payables	83,789	(7,041)
Cash used in operations	(1,084,252)	(1,299,084)

3 Dividend

The Directors do not recommend the payment of a dividend.

**** ENDS ****

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