



Stratex

International PLC

Redefining
**Exploration
Success**

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Annual Report
2013

Annual Report 2013

Redefining Exploration Success

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Front cover: Drilling at Dalafin, Senegal

Group Overview

Stratex International is an exploration and development company focusing on gold and high-value base metals in Turkey, East Africa and West Africa.

Stratex is led by a highly experienced management team supported by top-level financial and commercial colleagues at Board level. It has been highly successful in discovering greenfield gold sites and has a successful track record in forming joint-venture partnerships, both with major international mining companies and with successful local private companies.



Operating regions & projects

TURKEY

PROJECTS

JV PARTNER

Altintepe	Bahar
Muratdere	Lodos
Doğanbey	None
Karaağac	None
Hasançelebi	None
Enez	Centerra
Gold Alliance	Centerra
Copper Alliance	Antofagasta

WEST AFRICA

PROJECTS

JV PARTNER

Dalafin, Senegal	E.M.C.
Sinoe, Liberia	Aforo Resources



EAST AFRICA

PROJECTS

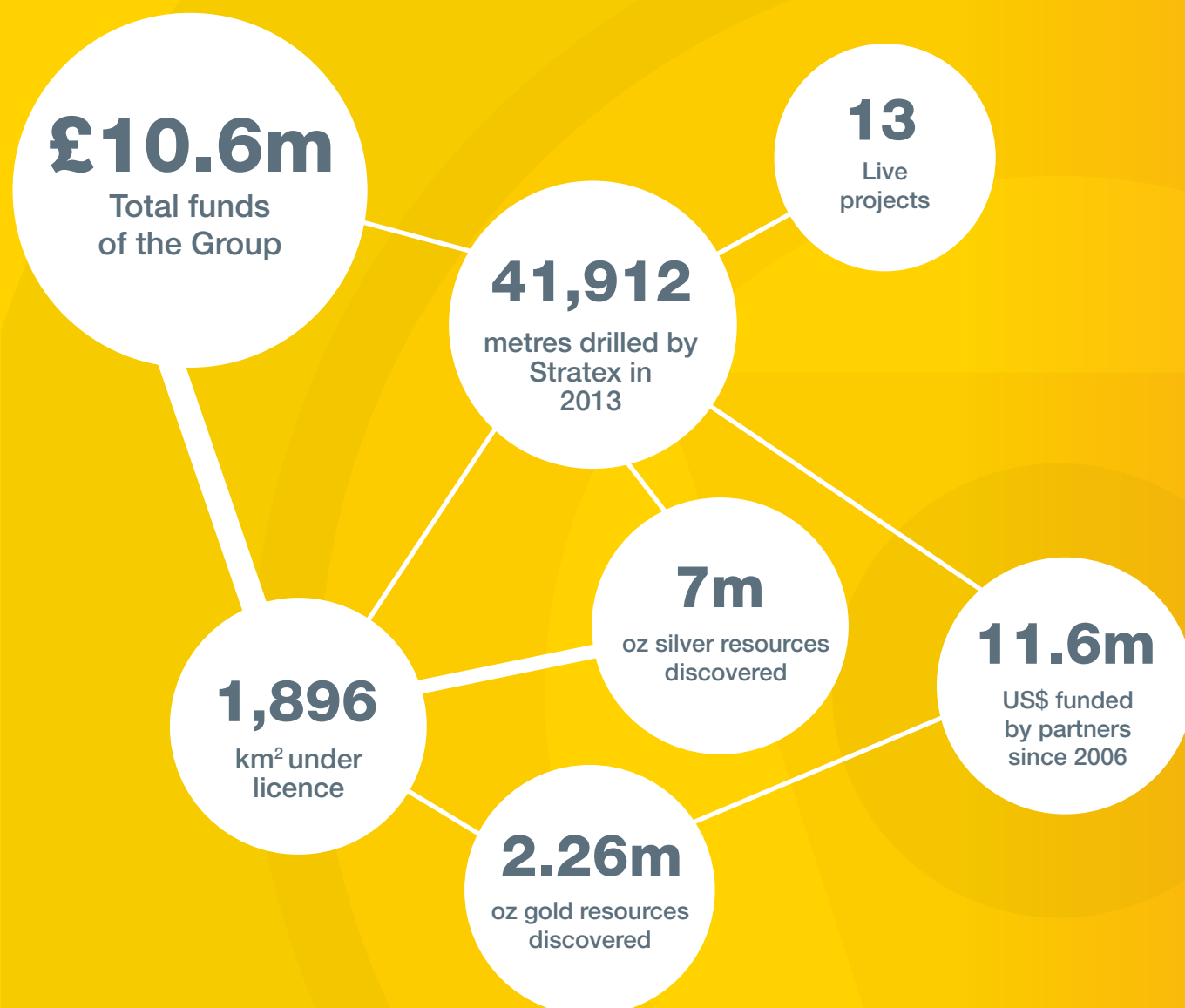
JV PARTNER

Blackrock	None
Tanzania	Tembo Gold
Djibouti	Thani
- Oklila	
- Dimoli Khan	
- Assal	



The Group in Figures

(all figures as at 31 December 2013)



Workplan for 2014

	Q1	Q2	Q3	Q4	2015
Altintepe	Site clearance and plant construction			Production	
Muratdere		Feasibility study			
Dalafin	Drilling				
Tembo	Drilling				
Blackrock	Exploration		Drilling		
Pandora				Drilling	
Sinoe	Early stage sampling and mapping				

Highlights 2013

Exciting results from drilling at Dalafin project, Senegal

The latest drilling programme has returned long gold-rich intersections from the Faré South zone, including 59.6m @ 2.20g/t Au.

Sale of Inlice project, Turkey

The Inlice project in Turkey was sold for US\$10million, of which Stratex's share was US\$4.5 million, giving a profit on disposal of £2.1m.

Bahar move towards plant construction at Altintepe

Bahar has taken up its option for a 55% interest and moves towards construction of the mine. First gold pour expected in late 2014.

Investment in Tembo Gold Corp

Stratex made a strategic investment of C\$1.75m in a Toronto Stock Exchange listed company as part of a three-party consortium for the further development of a very promising gold prospect in Tanzania.

Lodos increases interest in Muratdere project to 61%

Following further drilling at Muratdere, Turkey our JV partner in the project exercised the option to increase their interest to 61% on completion of 3,000m drilling and payment of US\$500k.

Winner of Small Cap Deal of the Year

The Mines & Money (London) award was in recognition of the completion of the sale of our interest in the Öksüt project to Centerra for US\$20m plus a downstream royalty of US\$20m.



Chairman's Statement

The tangible achievements of 2012, which were measured in hard currency, were a difficult act to follow. Having rehearsed our business model, of making money from exploration, we have delivered results over many years. The challenge was to demonstrate that this kind of success can be repeated.

We refined our strategy into two strands; first, to continue our search for exploration success from greenfield opportunities but with the financial strength to move them further up the value curve before choosing the best moment to monetise them; and second, to seek investment or acquisition opportunities where we could compress the likely timescale to success.

This involved evaluating companies and projects with more advanced exploration projects, which we might support technically and financially in order to reach the point of monetisation in only one or two field seasons. I am pleased to say that we have made solid progress on both fronts.

After closing the sale of our interest in the Öksüt project to Centerra, we entered into a strategic alliance with them to look for new gold opportunities in central Turkey. Centerra is funding the generative stage and any selected project up to US\$1.5 million, at which point Stratex may contribute its 49% share of future costs. We may defer our contribution for up to six months, which allows us to see the results of the work before we fund it; a considerable benefit. We have continued working in a broadly similar alliance with Antofagasta but focusing on the search for copper and copper-gold prospects.

In the Rift Valley of Ethiopia, Stratex undertook two drill programmes. In the north, we embarked on a follow-up programme at the 95%-owned Blackrock project. This continued to demonstrate the potential for gold in a rift-related, bi-modal volcanic environment. We have extensive evidence of gold deposition at surface and at depth with numerous narrow high grade and wide low-grade intersections. As yet we have not encountered the potentially economic, bonanza grades and widths seen in analogous provinces such as the Deseado Massif in Patagonia.

The story is similar in the Afar joint venture at Megenta, where deeper drilling continued to return gold intersections but without hitting "the big one". Given the more exciting prospects in our portfolio, we no longer see Megenta as a priority and we, along with our joint venture partners, have decided to relinquish the licences. We are now planning to drill the Pandora vein at the Oklila project in Djibouti when the programme has been agreed with the authorities. The surface sampling from Pandora makes it the most attractive target in our Rift region portfolio, with high grades, good widths and significant strike lengths.

We have been excited by results from the Dalafin project in Senegal. A 33,000m RAB drilling programme over several significant soil anomalies returned encouraging results, which we are currently following up with reverse circulation and diamond drilling. Results from the first target, Faré South, returned good grades and widths including 59.6 m averaging 2.2 g/t Au. Although we are still at an early stage in the follow-up drill programme, we do feel we may have found something of significance.

Dalafin was acquired through the purchase of Silvrex Limited, a private UK company, which also had several properties in Mauritania. These were reviewed during the year and dropped in order to focus on Senegal. Elsewhere in West Africa, we signed a joint-venture agreement with another private UK company, BG Minerals, to explore their North Suehn project in northern Liberia. However, after completion of additional trenching on the Blackiestown target and follow-up soil sampling over areas of interest identified by stream sediment sampling, no compelling targets have emerged to justify further expenditure. More recently we have entered into an agreement with a privately-owned Australian company, Aforo Resources Limited, for the exploration and possible purchase of their gold project Sinoe in Liberia.

Stratex was founded on Turkish assets and that is where our most advanced projects are located. After a strategic shift by our partner NTF, we completed the sale of the small Inlice gold project, our share being US\$4.5 million. At Muratdere, a copper-gold porphyry prospect, our Turkish partner Lodos is funding a feasibility study, which should be completed by the third quarter. Lodos paid a further US\$0.5 million to increase their interest from 51% to 61%, and will be entitled to a 70% interest on completion of the study. Stratex may contribute to the cost of some work outside the scope of the study but we will await completion before considering any other future action.

The Altintepe project, 51% owned by our partner Bahar Mining, is the likely game-changer. Bahar is required to fund the project to production and will recover its investment from 80% of the cash flow. After pay-out, Stratex's share will rise to 45%. Altintepe has an oxide and transition material gold resource of almost 500,000 oz in three main zones and we expect annual gold production in the 30-40,000 oz range from a relatively low cost, open pit, heap leach operation focusing on the first of the three zones. Bahar is currently refining its mine plan and cost estimates, following the delay in the issue of the Forestry Permit. All Forest Permits in Turkey have been delayed, whether for mines, roads, or hotels, but we are pleased to say that the permit has now been issued and site clearance has started. With an estimated construction period of six months at a favourable time of year, we look forward to reporting the start of production before year end.

“We have great enthusiasm for 2014. We believe we have excellent management and, as a result of our recent successes, we start the year with some US\$16 million in cash. There will be results from Dalafin and Tembo and, in due course we hope, Pandora. We should see the start of recurring cash flow from Altintepe once production commences, and the result of the Muratdere feasibility.”

In line with the second strand of our strategy, we have conducted an intensive search for investments. Negotiations have reached an advanced level with a number of companies but have not been consummated, largely because of management attitudes. In spite of the very difficult market and shrinking cash balances, we are finding it difficult to agree on the value of historic exploration work, which frequently is unfocused.

Nevertheless the search continues. We have closed one strategic investment, in Tembo Gold, a TSX-V listed company with a property adjacent to the multi-million ounce Bulyanhulu mine in Tanzania. As part of a strategic investment consortium, in conjunction with the New Africa Mining Fund II out of Johannesburg, and a German investment group, Stratex has invested C\$1.75 million for a 14% interest in Tembo. Our CEO, Bob Foster, provided considerable technical input during the due diligence period and Stratex was paid a C\$0.5 million consulting fee, reducing its net cost to C\$1.2 million. After obtaining Tembo shareholder consent, the consortium now has control of the Board and a majority shareholding in the company, with the opportunity to increase this position to around 65%. Tembo is now well-funded and has commenced drilling with the ultimate aim of developing a resource out of the wealth of historic drilling data.

We have great enthusiasm for 2014. We believe we have excellent management and, as a result of our recent successes, we start the year with some US\$16 million in cash. There will be results from Dalafin and Tembo and, in due course we hope, Pandora. We should see the start of recurring cash flow from Altintepe once production commences, and the result of the Muratdere feasibility.

Dalafin will see the focus of our effort and expenditure, subject to continuing success, but this leaves capacity to continue the quest for investment in companies with discoveries or resources who will welcome our support. We also expect some restructuring of our activities in East Africa as a result of rebalancing within our joint-venture partner, Thani-Ashanti Alliance. AngloGold Ashanti have taken a strategic view to cut back some elements of their world-wide exploration programme, including withdrawal from their Alliance with Thani. We are now dealing directly with Thani and preliminary discussions indicate potential for exciting developments in the region.



Dr Bob Foster receiving the trophy on behalf of Stratex for the Best Small Cap Deal of 2013

We have strengthened our advisers with the appointment of Yellow Jersey, an energetic, young PR company, and SP Angel as joint brokers. I would like to thank them, our other advisers and our shareholders for the support during the year. We are delighted to see Exploration Partners, a Sprott company, on the register with a substantial holding.

None of this is possible without the diligence and enthusiasm of my fellow directors, our staff in the UK and our teams on the ground in our three operating regions; Turkey, East Africa and West Africa. We were delighted to be given the Small Cap Company Deal of the Year award at Mines and Money in December but will be working hard to add recognition from the wider market to that of our peers in the industry.

A handwritten signature in black ink, appearing to read 'Chris Hall'.

Christopher Hall
Non-executive Chairman

Exploration activities

The Group has three operating centres.

The **Turkey region** is managed out of Ankara and presently has two development projects, three early-stage prospects and three alliances all in Turkey. The **East Africa** region is operated out of Addis Ababa, Ethiopia and has active projects in Ethiopia and Djibouti. A second phase of drilling was undertaken at the Blackrock project, Ethiopia in 2013. The region also has an active project in Tanzania which is managed directly out of the UK. A drill programme is presently

underway at the project. The **West Africa** operation centre is located in Dakar, Senegal. The region has active projects in Senegal and Liberia. Drilling is presently being undertaken at the Dalafin project in Senegal.

The Group has 921km² under licence in its own name and a total of 1,896km² including licences in the names of our joint venture partners.



Checking map at Faré South, Dalafin

Turkey region

Altintepe Project:

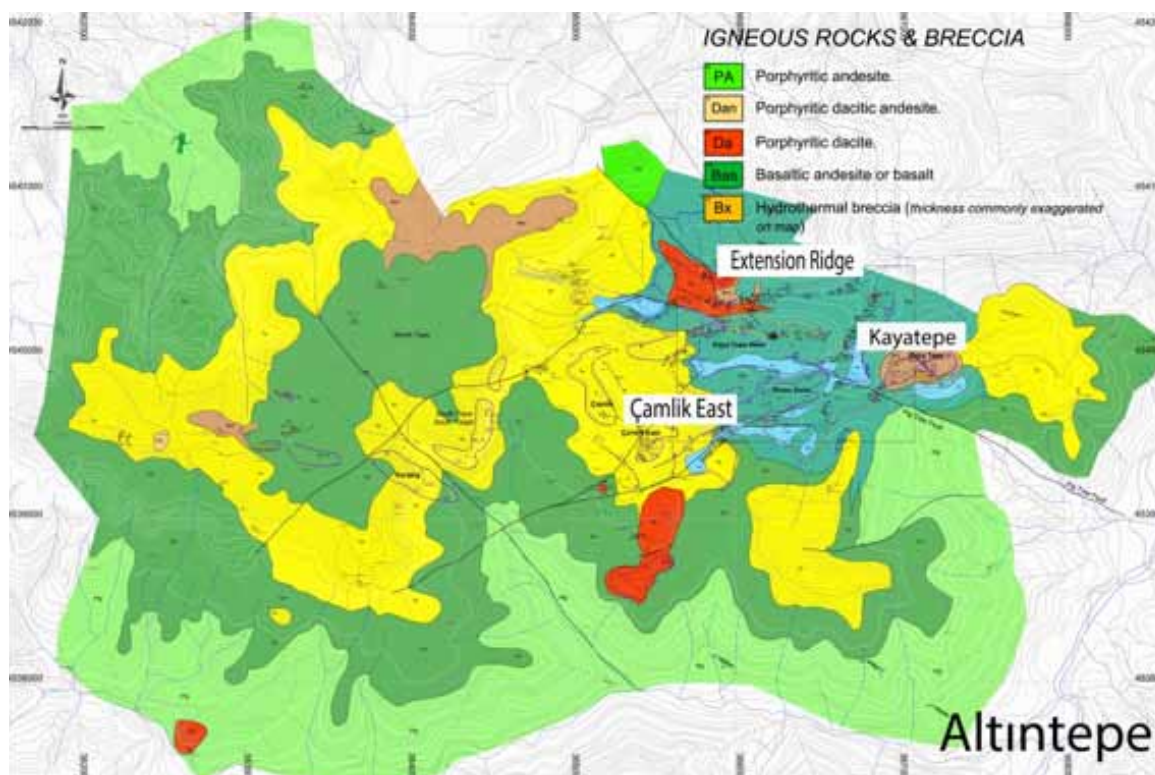
The Altintepe development project is located near the town of Fatsa, close to the Black Sea in northern Turkey. It is predominantly a high-sulphidation epithermal gold deposit hosted within an advanced argillic lithocap over an area of at least 8km² and has an in-house JORC compliant resource of 593,131oz, of which 491,426oz is oxide and transition material.

Altintepe is being developed by Turkish company, Bahar Madencilik Sinaya ve Ticaret Ltd Sti ("Bahar"), under a joint-venture agreement entered into in 2011 and in which Stratex has a 45% interest. As part of the agreement Bahar have exercised their option to vest 55% in the project. All costs up to production, including construction costs, will be borne by Bahar. The costs will be recovered via an accelerated pay-back scheme whereby Bahar will receive 80% of future net cash generated from production. Once all costs have been recovered, distributions will revert to shareholding percentages, namely Stratex 45%, Bahar 55%.

Bahar have completed the feasibility study and have commenced clearing the Çamlık East zone ready



for construction of the open-pit plant, and construction of the leach pad and processing plant. The Çamlık zone will be the first zone to be developed with first gold pour expected in late 2014. The zone is expected to yield more than 120,000oz Au, grading 1.34 g/t, plus some lower grade material, over a 40 month period. The yield will be in the order of 90% giving a production of around 3,000oz per month. Capital expenditure is expected to be in the order of US\$38m. It is anticipated that the additional zones will be brought into production at a later date using the same plant.



Muratdere Project:

The Muratdere development project is a porphyry copper-gold-molybdenum project consisting of two licences covering a substantial granodiorite-porphyry system located 250km west of Ankara. During 2012, the Turkish company Lodos Maden Yatırım Sanayii ve Ticaret A.Ş. ("Lodos") bought into 51% of the project for US\$1.7m cash. They acquired a further 10% in 2013 on completion of a drill programme and payment of US\$500,000 and have an option to increase this to 70% by completing a feasibility study. The feasibility study is underway.

A total of 62 holes have now been drilled for 8,375m. Drilling has mostly targeted the upper 100m of the deposit, where supergene enrichment of the copper is evident. Encouragingly however, where drilling has penetrated some distance into hypogene (unoxidised) material, long intersections of material grading 0.35%-0.50% copper have been identified. Significant results in mostly supergene material include 73.20m @ 1.33% Cu and 35.70m @ 0.71% Cu and 20.20m @ 1.58% Cu and 48.30m @ 0.57% Cu, and the best intersection reported by Stratex for predominantly hypogene material was 285m @ 0.30% Cu and 0.13g/t Au.

An initial resource has been identified of 186,000 tonnes copper, 204,296 oz gold, 3.9 million oz silver, 6,390 tonnes molybdenum and 17.6 tonnes Rhenium.

Resource drilling is now underway as part of the feasibility study and best result today is 73.20 m @ 1.33% Copper.

Initial metallurgical test work has yielded saleable copper concentrate and a full study is nearing completion.

Alliances:

In May 2011 Stratex signed a Strategic Alliance agreement with Antofagasta Minerals S.A. to explore for copper in Turkey. Under the terms of the agreement Antofagasta has funded an initial target-generation and exploration programme for US\$1 million and continues to fund the work at a lower level as required. A number of priority areas have been identified and work is ongoing.

Also in May 2011, Stratex entered into an agreement with Centerra Gold (KB) Inc. to explore the Altunhisar prospect with a committed spend by Centerra of US\$500,000. No significant mineralisation was identified from initial work and both parties agreed to switch the outstanding commitment balance of US\$145,000 to exploring the Group's Enez gold prospect in Western Turkey. Centerra can earn into 51% by spending two



Drilling at Muratdere

further tranches totalling US\$1million and can then earn a further 24% by expending an additional US\$2million. Initial ground work at Enez has commenced.

Stratex entered into a Strategic Alliance programme with Centerra in March 2013 to explore for new gold projects in central Turkey. Under the agreement Centerra is committed to an initial spend of US\$500,000 with an option to fund further work at a level of at least US\$250,000 per annum. They then have the option to earn into 51% of any designated area by funding a further US\$1million of work.

Early stage prospects:

Stratex holds three other exploration licences in Turkey, all early stage prospects. The Company is presently looking for a buyer for these licenses.

East Africa region

Blackrock:

The Blackrock licence covers an area of 299km² within the northern Afar region of the Rift Valley. This remote area of northern Ethiopia is mostly below sea level, with the nearest small town of Berahale located some 18km to the west.

Exploration at the project is being undertaken by Stratex with no involvement of third-party partners.

The Group completed 4,745m of drilling on the Black Water zone in 2012. This confirmed extensive gold mineralisation in four of the five systems. It also indicated that the exposed zones are at a higher level in the ancient mineralised system than previously thought. Grades of up to 15.97g/t Au over 0.20m were returned. The initial drill programme was followed by systematic channel-chip sampling which included newly-discovered epithermal gold veins in the northern part of the property. Significant gold values have been returned from all three veins. Additional veins have also been identified and returned multiple values of >1g/t Au.

A second programme of diamond drilling was completed in 2013. This comprised 20 holes for 5,047m across seven key structures in three zones, Black Water, Calcite and Airstrip. The holes at Black Water were drilled below those drilled in phase one to test the structures at greater vertical depths. The results showed considerable variations in geology and have added significantly to our understanding of the geology of the area. Numerous anomalous gold



intersections were returned from all structures, the best being hole BR-DD-053-BW at Nesbitt South (Black Water), with values of 0.61g/t Au across 2.57m including 1.50g/t Au across 0.55m.

Further surface sampling west of the Nesbitt South structure at Black Water has yielded best grades of 4.26g/t Au and 2.40g/t Au. Rock-chip sampling has also identified a new mineralised zone, the Asgad Zone, west of the previously defined Airstrip Zone. Best results include 33.70g/t Au and 32.90g/t Au from a 50m wide quartz-calcite vein.

To date drilling by the Group has only tested 5.2km of veining within the system with at least 25km of strike of mineralized zones yet to be tested.



Blackrock camp

Djibouti projects:

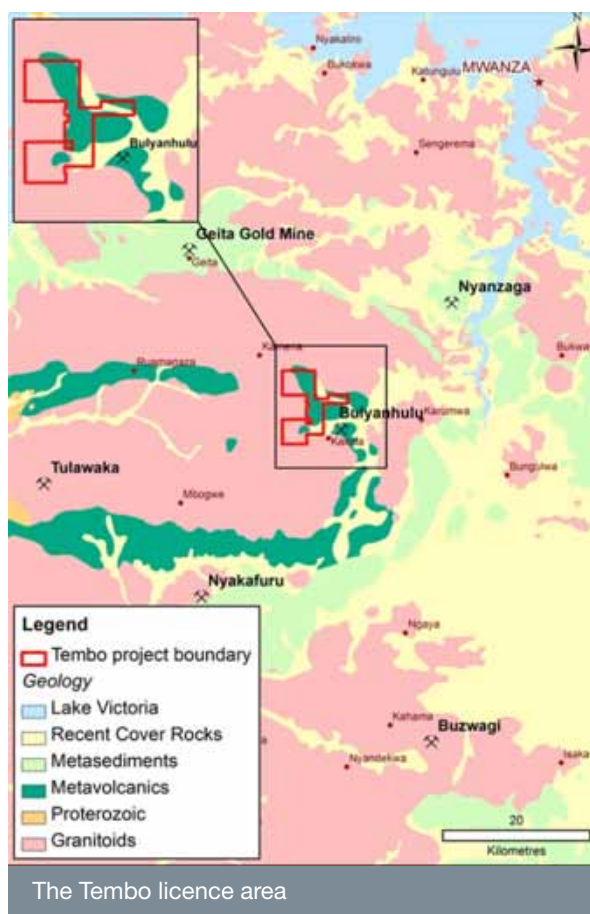
The Djibouti projects are part of a joint-venture agreement with the Thani Ashanti Alliance (“TAA”). In accordance with the agreement TAA earned into 51% of Djibouti in 2013 by spending US\$1.4m on exploration. AngloGold Ashanti have subsequently withdrawn from the Alliance and Stratex is now dealing directly with Thani Emirates Resources Holdings Ltd who have assumed the 51% ownership.

The Group’s licence area in Djibouti totals 638km². The most exciting is the 68km² Oklila licence which hosts the Pandora epithermal vein system. Occurring in a major fault structure that extends for at least 5 kilometres, the Pandora gold vein is up to 2.5 metres wide at surface and can be traced NW for approximately 1.5 kilometres. Mapping and sampling has demonstrated that this structure outcrops for a further 510 metres to the SE, giving a total vein strike length of 2,300 metres. Rock-chip sampling has returned up to 25.90g/t Au, whilst vein float material taken 6.5 kilometres NW of the main zone returned 80.10g/t Au, highlighting the potential scale of this system, which may now extend beyond the current mapped area. More than 10km of veins have been identified to date.

Oklila is a serious candidate for drilling once the necessary ministry approvals have been obtained.



Outcropping siliceous zone at Pandora



The Tembo licence area

Tembo, Tanzania:

In November 2013 the Group acquired a 16% interest in Tembo Gold Corporation (“TGC”) for an investment of C\$1.75 million as part of a three-party Investor Group. The shareholding at 31 December was 14.2%.

TGC is a publicly listed company on the Toronto Stock Exchange with highly prospective licences in Tanzania extending over 101km² in the Lake Victoria Greenstone belt, adjacent to African Barrick’s Bulyanhulu Mine.

The Tembo project consists of a contiguous prospecting area comprising 33 prospecting licences and 5 prospecting licence applications. Prior exploration over a period of more than ten years has been re-processed and reinterpreted and a number of compelling advanced targets have been identified that warrant focused follow-up including drilling.

The most recent drilling by Tembo was undertaken in January 2012 and to date more than 35,000 metres have been drilled with the best intersections being 15m @ 22.80g/t Au and 3m @ 27.90g/t Au. Further drilling is now underway with a view to identifying coherent mineralised zones and ultimately declaring a resource.

West Africa region

Dalafin project, Senegal:

The Dalafin licence is located over 472km² in the south-east corner of Senegal. The project is positioned in the centre of the Birimian-age Kédougou-Kenieba gold belt that extends from eastern Senegal into western Mali and has already seen multiple major gold discoveries.

The project is operated under a joint venture agreement with local private company Energy and Mining Corporation SA. Stratex has now earned into 75%, having met its commitments under the Joint Venture agreement.

A 33,000 metre Rotary Air Blast and Air Core drill programme, undertaken in the earlier part of 2013, identified mineralization at shallow depths in four of five target areas. Best results were returned for the Faré area which included 35m @ 1.19g/t Au.

The initial drill programme is being followed up by a diamond ("DD") and reverse circulation ("RC") drill programme. The programme is ongoing and results from the first 623m of DD (6 holes) and 829m of RC (11 holes) of the follow up programme have returned very positive results from the Faré South prospect. Best RC results to date include 1m @ 22.15g/t Au, 59.6m @ 2.2g/t Au and 96.0m @ 1.51g/t Au. Results are awaited from the remaining 5 DD drill holes and 2 RC drill holes. Drilling of the Faré North prospect is also underway.

Sinoe project, Liberia:

On 6 February 2014, Stratex signed an agreement with Aforo Resources Limited, a privately owned Australian company, for the exploration of their Sinoe licence located in eastern Liberia following the successful completion of the due diligence and the advance of a A\$150,000 loan.

Stratex is committed under the Agreement to spend a minimum of A\$160,000 by 4 July 2014 on exploration at Sinoe, and may choose to spend a further A\$160,000 by



Pyrite vein truncated by chlorite vein Faré North

30 November 2014 at which time it can exercise the option to purchase the project outright for A\$100,000. If the work at Sinoe results in a JORC-compliant resource of at least 500,000 oz gold (or the equivalent in other metals or minerals), independently verified by a Competent Person, before the fourth anniversary of the acquisition completion date, Stratex will pay Aforo a further A\$4 per ounce of resource gold, capped at 1 million oz gold, in either cash or in Stratex ordinary shares.

Sampling and mapping are currently underway.



Dalafin camp

Directors' biographies



Standing - left to right: John Cole-Baker, David Hall, Perry Ashwood, Peter Addison
Seated - left to right: Dr Bob Foster, Christopher Hall

Christopher Hall, BSc, MSc, MIMMM, CEng (age 64)
Non-Executive Chairman

Has over 40 years of wide-ranging experience in the mining sector. He is currently an in-house mining adviser to Grant Thornton LLP. Was CEO of European Mining Finance and has worked for Consolidated Goldfields, Behre Dolbear, Touche Remnant and Messel & Co. Joined Stratex in 2008.

David Hall, BSc, MSc, Fellow SEG, EuroGeol (age 55)
Executive Director

A co-founder of the Company in 2004. He has worked on and assessed projects and mines in over 50 countries. David has authored numerous papers on the management of Exploration & Development companies and risk management of exploration. He worked for Minorco in various roles and was Exploration Manager for AngloGold South America. He is also founder and Non-executive Director of Horizonte Minerals plc, an AIM quoted company focusing on South America.

Perry Ashwood, FCA (age 66)
Chief Financial Officer

Joined Stratex in 2005 prior to the Company listing on AIM. Trained with Spain Brothers & Co and KPMG in the City of London. After qualifying as a Chartered Accountant he joined British Oxygen Ltd before spending 20 years with Xerox in both technical and operational roles. He later became European Finance Director for Intermec International Inc.

Bob Foster, BSc, PhD, FIMMM, CEng, FGS, CGeol (age 65)
Chief Executive Officer

A co-founder of the Company, Bob has particular experience in the genesis of and exploration for gold deposits. He has published numerous scientific and technical papers and has been a keynote speaker at many International conferences. He spent 10 years in the mining industry in Zimbabwe before devoting 15 years lecturing at Southampton University.

John Cole-Baker, BSc, MSc (age 66)
Executive Director

Formerly Chairman of Silvrex Limited, acquired by Stratex in 2011. A civil engineer with over 40 years' experience in infrastructure and mining projects throughout the world, including projects aimed at restructuring governmental organisations. He has a strong background in project management through his involvement in consultancy companies and has developed a close understanding of government organisations in Africa and elsewhere.

Peter Addison (age 71)
Non-Executive Director

Practised in the City of London as a solicitor originally with Linklaters & Paine and subsequently with Norton Rose. Later became a director of English Trust, a corporate advisory bank. Joined Stratex in 2008.

Group Strategic Report

Stratex International PLC

Company number: 05601091

Registered office: 180 Piccadilly, London, W1J 9HF, UK

The Directors present their strategic report on the Group for the year ended 31 December 2013.

Principal activity

The principal activity of the Group is the exploration and development of gold and other high-value base metals.

Organisation overview

The Board is responsible for providing strategic direction for the Group, setting objectives and management policies and agreement on performance criteria. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and monthly operation reviews.

Composition of the Board at 31 December 2013 was four Executive Directors and two Non-Executive Directors. The Board believes the present composition of the Board provides an appropriate mix to conduct the Group's affairs.

The Corporate Head Office of the Group is located in Eastleigh, UK, and provides corporate and support services to the overseas operations in addition to researching new areas of exploration. Overseas operations are managed out of three overseas hubs. The Turkey region is managed through its office in Ankara, Turkey. East African operations are managed out of Addis Ababa, Ethiopia, and West Africa operations are managed out of Dakar, Senegal.

Strategic approach

The Board's strategic intent is to maximize shareholder value through the continuing development of a focused portfolio of exploration and development projects at various stages of their development, while at the same time managing the significant risks faced by exploration companies.

Our risk management approach places a clear focus on discovering and exploiting mineral wealth through multiple plays, thus increasing the odds of success. We continuously monitor and review our investment strategies and are quick to relinquish licences which we believe will be uneconomic. We will introduce joint-venture partners in certain circumstances to minimise risk, reduce Company costs and to take projects through to production. The Group finances its activities through the monetization of more advanced projects and through periodic capital raisings.

Review of business

2013 was a year of successes offset somewhat by less progress than planned on certain projects. The strong cash position of the Group, which resulted from the US\$20million cash sale of the Öksüt project at the end of 2012, meant that we could push forward with our business model and generate new prospects whilst continuing development of existing projects. On the downside the delay in obtaining the Forestry Permit in Turkey meant our partner, Bahar Mining, was not able to put Altintepe into production as planned. Also, logistic and administrative factors delayed the drilling of the exciting Pandora project in Djibouti.

Probably the most encouraging news of 2013 came from drilling of the Dalafin project, Senegal. We completed a 33,000 metre rotary air blast drilling programme in the earlier part of the year and followed this up with a second phase programme of diamond (core) drilling and reverse circulation drilling, which, although still ongoing, has already produced some very good results, (see page 13).

We also completed a 5,047m diamond drill programme at the Blackrock project, Ethiopia, which confirmed the presence of an extensive mineralized system but failed to intersect robust veins at depth. Nevertheless, the drilling did significantly help our understanding of these complex systems, an important point when it is remembered that drilling has only probed approximately 5km of the cumulative 25km of the known mineralized zones. Also we continue to find new systems as the exploration continues, the most recent being the Asgad Zone near Saba, (see page 11).

A 2,162m diamond drill programme was recently completed at Megenta, part of the Tendaho project in Ethiopia. Although it confirmed the presence of mineralized systems at a depth of around 400m, the results do not warrant further expenditure given the decision by the Board to concentrate on those projects with greater potential. After discussions with partner Thani Emirates Resource Holdings, the Group has decided not to renew the Tendaho licence.

Two new investments were made in 2013. Firstly a Memorandum of Understanding was signed with BG Minerals, a privately owned UK-based mineral exploration company, for the exploration of their North Suehn gold licence in Liberia. Following extensive trenching and stream sediment and soil sampling over areas of interest no compelling targets have emerged to justify further expenditure. Nevertheless, the Group recognises the considerable potential of Liberia and in February 2014 signed a purchase-option agreement with Aforo Resources Ltd to facilitate exploration and possible acquisition of Aforo's Sinoe licence in eastern Liberia, where recent work has identified significant soil-gold anomalies in a number of zones (see page 13).

The second investment during the year was the C\$1,750,000 share capital injection into Tembo Gold Corporation, a Toronto Stock Exchange listed exploration company which owns a 101km² licence in the highly prospective Lake Victoria Gold Belt in Tanzania, close to the Bulyanhulu Mine. Stratex was one of a consortium of three partners who in total invested C\$7.3m in Tembo for 58% of the voting share capital. Stratex's share of the voting share capital at 31 December 2013 was 14.2%. Dr Bob Foster has been elected to the Tembo Board of Directors and is advising on the exploration programme. Encouraging results had been returned from previous drilling programmes and the recent injection of capital has enabled a new drill programme to commence.

Following a strategic decision by JV partner NTF Insaat Ticaret Ltd Sirketi ("NTF") not to proceed with the development of the Inlice project in Turkey, NTF and Stratex agreed to sell the licence. The sale was concluded for US\$10million and resulted in a gain to the Group of £2,083,977 after tax and expenses.

An in-house feasibility study at Altintepe, Turkey was completed by Bahar Madencilik and the Çamlık East zone is being cleared ready to start construction of the heap leach plant following granting of a Forestry Permit. First production is anticipated in late 2014 (see page 9).

Lodos Maden Yatırım Sanayii ve Ticaret A.Ş. has increased their holding in the Muratdere project to 61% having paid a further US\$500,000 and completed a minimum of 3,000m of drilling (see page 10).

Future developments

Although the Group is well funded at present with £10.6m in the bank at end of the year, the Board does not foresee any significant improvement in the sector during 2014 and fund-raising will continue to be difficult. The Board has therefore undertaken a very tough review of its portfolio of projects with a view to concentrating on those with the greatest potential and a number of licences have consequently been relinquished.

Our focus in 2014 will be:

- a) Dalafin, Senegal: the significant drill intersections on the Faré South prospect will be further evaluated by systematic step-out diamond drilling with a view to establishing a resource by the end of the year, subject to continuity of good grades being demonstrated. Drilling of the Madina Bafé zone will be undertaken and further exploration of the other target areas will be undertaken.
- b) Tembo, Tanzania: continuation of a very focused drill programme targeting at least three zones that have already been identified as carrying high-grade gold mineralisation.

- c) Sinoe, Liberia: infill soil sampling and trenching of identified soil-gold anomalies will be carried out in the newly acquired Sinoe licence.
- d) Rift Valley: further evaluation to be undertaken at the extensive gold-bearing systems at Blackrock and we expect to drill Pandora late 2014 depending on logistics considerations.

Also, although not directly funded by the Group, our partner on the Altintepe project will be completing the heap-leach facility with first gold production expected by end-year, and our partner on the Muratdere project will complete the feasibility study with a possible move to trial mining.

The Board remains focused on identifying one or more project acquisitions in fulfilment of the second leg of our business strategy.

Financial review

Loss for the year

The results of the Group for the year ended 31 December 2013 are set out in the Financial Statements on pages 23 to 53). The loss for the year was £3,628,385, which compares with a profit in 2012 of £9,564,449. The profit in 2012 was driven by the sale of the Öksüt project for US\$20million cash.

This year's results include a net profit of £2,065,099 from arrangements with Joint Ventures resulting in the transfer of 55% of Altintepe to JV partner Bahar, an additional 10% sale of Muratdere Madencilik to JV partner Lodos, taking their total interest to 61%, and the outright sale of the Inlice project. Additionally the Group gained £754,784 from the investment in Tembo Gold Corporation, which has been accounted for as an associate.

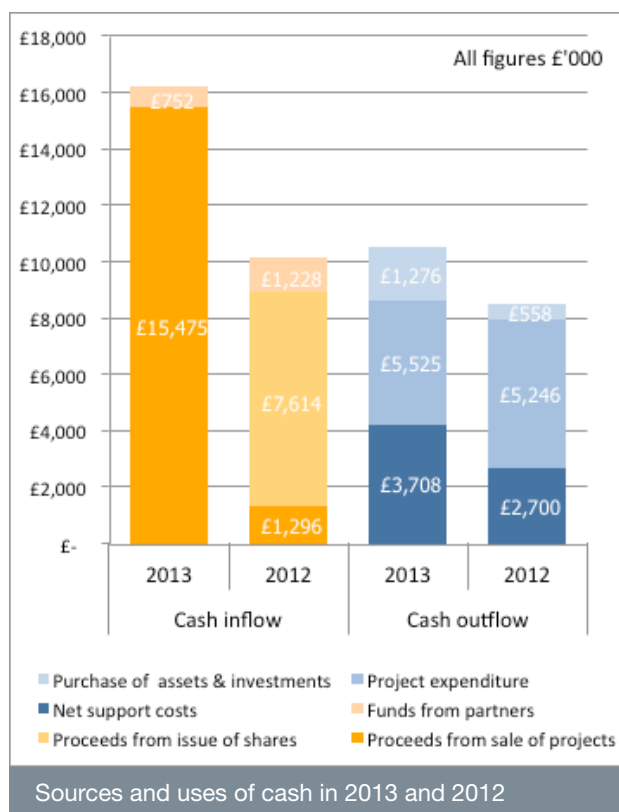
At the end of the year the Directors conducted a thorough review of all existing projects with a view to reducing outlays going forward in order to concentrate on those projects with the greatest potential. As a result the Group recognised an impairment charge of £2,679,540. Relinquishing such projects is an absolutely critical part of our exploration strategy and ensures that we manage and direct our financial resources to best effect.

Administration expenses are those costs that support the operations of the Group but are not directly related to exploration. These expenses increased in the year by 9.7%, reflecting the expansion into West Africa.

Cash flows

Cash balances were swelled in the year by the receipt of proceeds from the sale of the Öksüt project in 2012 amounting to £12,546,490 after expenses.

Total exploration costs in the year were £5,525,493 of which £752,148 was funded by JV partners. The Group also invested £1,017,218 in Tembo Gold Corporation (see page 12).



The Group ended the year with cash and cash equivalents of £10,574,966 (2012: £4,718, 448).

Net assets

Net assets at 31 December 2013 were £22,397,865, compared to £26,235,218 in the prior year.

Exploration assets increased by £959,416 after taking an impairment write-off of £2,679,540 and disposing of the Altintepe project (£940,875).

The deferred consideration payable to the Silvrex shareholders if a gold resource of at least 500,000oz is declared at the Dalafin project by end 2014, has been re-measured following the encouraging results of the latest drilling. The Directors now assess the likelihood of this being achieved to be 30% and the provision in the Consolidated and Company Statements of Financial Position has been increased to £1,140,064 accordingly (2013:£370,842).

Key performance indicators

The Board monitors the following KPI's on a regular basis:

Finance related:

- Share price versus its peer group
- Funding and cash flow forecasts
- Overheads as percentage of total expenditure

Project related:

- JORC-resources
- Resource discovery cost per ounce
- Metres drilled
- Acquisition of new licence areas
- Exploration expenditure by project

Principal risks and uncertainties

The Group's operations are exposed to a variety of risks many of which are outside of the Group's control. The Group has put in place controls to minimise these risks where possible.

Exploration industry risks:

Mineral exploration is speculative in nature, involves many risks and is frequently unsuccessful. Following any discovery, it can take a number of years from the initial phases of drilling and identification of mineralization until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineral reserves through drilling, to determine metallurgical processes to extract minerals from rock and other natural resources and to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation. Government activity, which could include non-renewal of licences, may result in any income receivable by the Group being adversely affected. In particular, changes in the application or interpretation of mining and exploration laws and/or taxation provisions in the countries in which the Group operates could adversely affect the value of its interests.

Political risks:

All of the Group's operations are located in a foreign jurisdiction. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to changes in policies or the personnel administering them, terrorism, nationalisation, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.

Financial risks:

Details of the Group's financial risk management objectives are set out in Note 3 to the Financial Statements.

Corporate governance

The Board has committed to the highest level of governance applicable to a Company of our size and to setting a culture that values the very highest of ethical standards in all territories in which we operate and that encourage personal and corporate integrity throughout the Group. To this end we fully support the principles set out in the UK Corporate Governance Code.

AIM quoted companies are not required to provide full Corporate Governance disclosures but the Board has chosen to do so and this can be found on the Company's website, www.stratexinternational.com.

Events after the reporting period

On 6 February 2014 the Company entered into a Purchase Agreement with Aforo Resources Limited, a private Australian company, for the possible purchase of their Sinoe gold exploration licence in Liberia (see page 13)

This Strategic Report was approved by the Board of Directors on 11 March 2014.



P C Ashwood
Company Secretary



Inspection of the core at Dalafin

Directors' Report

Stratex International PLC
Company number: 05601091

The Directors present their report, together with the Financial Statements and auditor's report, for the year ended 31 December 2013.

General Information

Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors' Report is set out in the Group Strategic Report and includes: Principal activity, Future developments, Events after the End of the Reporting Period and Principal risks and uncertainties.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the applicable IFRS's as adopted by the European Union have been followed, subject to any material departures disclosed and explained in

the Financial Statements, and prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the Financial Statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

Directors and their interests

The current Directors and their biographies are set out on page 14. All the Directors of the Company were Directors throughout the year.

In compliance with the Company's Articles of Association, Dr. Bob Foster and Perry Ashwood will retire by rotation and, being eligible, offer themselves for re-election.

The beneficial interests of the Directors in the issued share capital and share options of the Company are as follows:

	as at 31 December 2013		as at 31 December 2012	
	Ordinary 1p shares	Share options	Ordinary 1p shares	Share options
Christopher Hall	212,143	2,250,000	107,143	2,250,000
Dr Bob Foster	7,368,527	5,210,604	7,093,527	5,210,604
Perry Ashwood	1,744,485	4,754,857	1,534,485	4,754,857
David Hall	12,684,624	4,195,000	12,584,624	4,195,000
John Cole-Baker	785,669	-	575,669	-
Peter Addison	217,857	2,250,000	142,857	2,250,000
Total	23,013,305	18,660,461	22,038,305	18,660,461

Directors' Report (continued)

The remuneration of Directors is as follows:

	Salary £	Fees £	Bonus £	Share option expense £	Benefits £	Total £
2013						
Christopher Hall	7,000	59,000	–	4,625	–	70,625
Dr Bob Foster	144,100	–	–	7,874	2,301	154,275
Perry Ashwood	124,575	–	–	6,797	2,087	133,459
David Hall	131,175	–	–	4,625	–	135,800
John Cole-Baker	93,500	–	–	–	–	93,500
Peter Addison	6,000	24,250	–	4,625	–	34,875
Total	506,350	83,250	–	28,546	4,388	622,534

	Salary £	Fees £	Bonus £	Share option expense £	Benefits £	Total £
2012						
Christopher Hall	6,650	50,433	60,000	10,521	–	127,604
Dr Bob Foster	131,000	–	131,000	19,712	1,949	283,661
Perry Ashwood	113,250	–	113,250	19,066	1,934	247,500
David Hall	119,250	–	119,250	10,521	–	249,021
John Cole-Baker	55,000	–	60,000	–	–	125,521
Peter Addison	6,000	21,500	27,500	10,521	–	55,000
Total	431,150	71,933	511,000	70,341	3,883	1,088,307

Group's policy on payment of creditors

The Group seeks to maintain good relations with all of its trading partners and it is the Group's policy to abide by the terms of payment agreed with each of its suppliers. Creditor days as at 31 December 2013 was 24 (2012: 30).

Substantial shareholdings

As at 11 March 2014, the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

Shareholder	Number of shares	% of issued share capital
AngloGold Ashanti	53,710,219	11.5
Exploration Capital Partners 2012 L.P.	47,202,925	10.1
Blackrock Investment Management	45,422,911	9.7
Teck Resources Limited	35,727,487	7.7
Orion Trust Limited	26,469,925	5.7

Directors' statement as to disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

The Auditor, PKF Littlejohn LLP (formerly named Littlejohn LLP), will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006. PKF Littlejohn has signified its willingness to continue in office as auditor.

Approved by the Board and signed on its behalf.



P C Ashwood
Company Secretary

11 March 2014

Independent auditor's report to the members of Stratex International PLC

We have audited the Financial Statements of Stratex International Plc for the year ended 31 December 2013 which comprise the Statement of Consolidated Comprehensive Income, the Statements of Consolidated and Parent Company Financial Position, the Statements of Consolidated and Parent Company Cash Flows, the Statements of Consolidated and Parent Company Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2013 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alistair Roberts (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

11 March 2014

Financial Statements

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Statement of consolidated comprehensive income

		Year ended 31 December 2013	Year ended 31 December 2012
Continuing operations	Notes	£	£
Revenue		–	–
Administration expenses	10	(3,164,230)	(2,884,194)
Project impairment	14	(2,679,540)	(114,292)
Other gains/(losses)	9	(761,437)	(42,878)
Operating loss		(6,605,207)	(3,041,364)
Finance income		138,679	60,126
Share of profits/(losses) of associate companies	15	570,748	(192,133)
(Loss)/profit on sale of subsidiary company	7	(249,804)	12,870,166
Profit on sale of associate companies	8	2,314,903	–
(Loss)/profit before income tax		(3,830,681)	9,696,795
Income tax credit/(expense)	12	202,296	(132,346)
(Loss)/profit for the year		(3,628,385)	9,564,449
Other comprehensive income for the year			
Items that may be subsequently reclassified to profit or loss			
Share of comprehensive income of investments accounted for using the equity method		(5,329)	–
Exchange differences on translating foreign operations		(240,124)	193,761
Other comprehensive income for the year, net of tax		(245,453)	193,761
Total comprehensive income for the year		(3,873,838)	9,758,210
(Loss)/profit for the year attributable to:			
Equity shareholders of the Parent Company		(3,628,385)	9,579,393
Non-controlling interests		–	(14,944)
(Loss)/profit for the year		(3,628,385)	9,564,449
Total comprehensive income for the year attributable to:			
Equity shareholders of the Parent Company		(3,873,838)	9,773,154
Non-controlling interests		–	(14,944)
Total comprehensive income for the year		(3,873,838)	9,758,210
Earnings per share from continuing operations attributable to the equity holders of the Company (expressed in pence per share).			
– basic	25	(0.78)	2.19
– diluted	25	(0.78)	2.15

The notes on pages 30 to 53 form part of these financial statements

Statement of consolidated financial position

Company number: 05601091

		As at 31 December 2013	As at 31 December 2012
	Notes	£	£
ASSETS			
Non-Current Assets			
Furniture, fittings and equipment	13	178,416	217,285
Intangible assets and goodwill	14	8,942,778	7,983,362
Investments accounted for using the equity method	15	2,545,207	1,091,471
Available-for-sale financial assets	16	137,391	–
Trade and other receivables	20	132,094	242,785
Deferred tax asset	21	202,041	220,803
		12,137,927	9,755,706
Current Assets			
Trade and other receivables	20	1,412,701	13,531,305
Cash and cash equivalents	23	10,574,966	4,718,448
		11,987,667	18,249,753
Held-for-sale assets	22	244,744	508,061
		12,232,411	18,757,814
Total Assets		24,370,338	28,513,520
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	24	4,673,113	4,673,113
Share premium	24	20,426,431	20,426,431
Other reserves	27	(631,301)	(414,374)
Retained earnings		(2,070,378)	1,550,048
Total equity attributable to owners of the Company		22,397,865	26,235,218
LIABILITIES			
Non-Current Liabilities			
Employee termination benefits		28,107	28,322
Deferred consideration	30	–	370,842
Deferred tax liabilities	21	89,343	90,766
		117,450	489,930
Current Liabilities			
Deferred consideration	30	1,140,064	–
Trade and other payables	28	714,959	1,615,356
Current income tax liabilities		–	173,016
		1,855,023	1,788,372
Total Liabilities		1,972,473	2,278,302
Total Equity and Liabilities		24,370,338	28,513,520

The notes on pages 30 to 53 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 11 March 2014 and were signed on its behalf by:



Christopher Hall
Non-Executive Chairman



Perry Ashwood
Chief Financial Officer

Statement of consolidated changes in equity

	Notes	Attributable to owners of the Company					Non-controlling interest	Total equity
		Share capital £	Share premium £	Other reserves (see note 27) £	Retained earnings £	Total £		
Balance at 1 January 2012		3,508,972	13,233,163	(551,100)	(8,050,236)	8,140,799	133,532	8,274,331
Issue of shares	24	1,158,611	7,615,551	–	–	8,774,162	–	8,774,162
Cost of share issue		–	(436,253)	–	–	(436,253)	–	(436,253)
Share-based payments		–	–	82,656	–	82,656	–	82,656
Share options exercised and cancelled		5,530	13,970	(20,891)	20,891	19,500	–	19,500
Total contributions by and distributions to owners of the Company		1,164,141	7,193,268	61,765	20,891	8,440,065	–	8,440,065
Decrease in ownership interest		–	–	(118,800)	–	(118,800)	(118,588)	(237,388)
Total decrease in ownership		–	–	(118,800)	–	(118,800)	(118,588)	(237,388)
Total transactions with owners recognised directly in equity		1,164,141	7,193,268	(57,035)	20,891	8,321,265	(118,588)	8,202,677
Comprehensive income for the year:								
– profit for the year		–	–	–	9,579,393	9,579,393	(14,944)	9,564,449
– other comprehensive income		–	–	193,761	–	193,761	–	193,761
Total comprehensive income for the year		–	–	193,761	9,579,393	9,773,154	(14,944)	9,758,210
Balance at 31 December 2012		4,673,113	20,426,431	(414,374)	1,550,048	26,235,218	–	26,235,218
Share-based payments		–	–	36,485	–	36,485	–	36,485
Share options exercised and cancelled		–	–	(7,959)	7,959	–	–	–
Total contributions by and distributions to owners of the Company		–	–	28,526	7,959	36,485	–	36,485
Total transactions with owners recognised directly in equity		–	–	28,526	7,959	36,485	–	36,485
Comprehensive income for the year:								
– loss for the year		–	–	–	(3,628,385)	(3,628,385)	–	(3,628,385)
– other comprehensive income		–	–	(245,453)	–	(245,453)	–	(245,453)
Total comprehensive income for the year		–	–	(245,453)	(3,628,385)	(3,873,838)	–	(3,873,838)
Balance at 31 December 2013		4,673,113	20,426,431	(631,301)	(2,070,378)	22,397,865	–	22,397,865

The notes on pages 30 to 53 form part of these financial statements

Statement of consolidated cash flows

		Year ended 31 December 2013	Year ended 31 December 2012
	Notes	£	£
Cash flow from operating activities			
Net cash used in operating activities	31	(3,707,970)	(2,700,125)
Cash flow from investing activities:			
Purchase of furniture, fittings and equipment	13	(82,736)	(130,385)
Purchase of available-for-sale financial assets	16	(137,391)	(203,363)
Purchase of intangible assets	14	(5,525,493)	(5,245,992)
Investment in associate company	15	(1,055,875)	–
Proceeds from sale of subsidiary company	7	–	1,055,209
Proceeds from sale of associate companies	8	15,475,156	–
Proceeds from sale of financial assets		–	241,110
Interest received		138,679	60,126
Net cash from/(used) in investing activities		8,812,340	(4,223,295)
Cash flow from financing activities			
Proceeds from issue of share capital	24	–	8,050,300
Share capital issue costs		–	(436,253)
Funds received from project partners	14	752,148	1,227,576
Cash from non-controlling interests in subsidiary		–	(224,320)
Net cash generated from financing activities		752,148	8,617,303
Net increase in cash and cash equivalents		5,856,518	1,693,883
Cash and cash equivalents at beginning of the period		4,718,448	3,024,565
Cash and cash equivalents at end of the period	23	10,574,966	4,718,448

During the year Bahar Madencilik Sanayi ve Ticaret Ltd Şti exercised its right to acquire 55% of Altıntepe Sanayi ve Ticaret AŞ having fulfilled its commitments under the Heads of Agreement dated 1 December 2011. No cash was involved in the transaction.

The notes on pages 30 to 53 form part of these financial statements

Statement of company financial position

Company number: 05601091

		As at 31 December 2013	As at 31 December 2012
	Notes	£	£
ASSETS			
Non-Current Assets			
Furniture, fittings and equipment	13	42,490	4,532
Available-for-sale financial assets	16	137,391	–
Investments in associates	17	19,800	19,800
Investment in subsidiaries	18	20,141,243	14,646,482
		20,340,924	14,670,814
Current Assets			
Trade and other receivables	20	2,647,089	4,284,917
Cash and cash equivalents	23	10,367,159	3,362,217
		13,014,248	7,647,134
Total Assets		33,355,172	22,317,948
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	24	4,673,113	4,673,113
Share premium	24	20,426,431	20,426,431
Other reserves	27	766,658	738,132
Retained earnings	33	5,621,116	(4,431,869)
Total equity attributable to owners of the Company		31,487,318	21,405,807
LIABILITIES			
Non-Current Liabilities			
Deferred consideration	30	–	370,842
Current Liabilities			
Deferred consideration	30	1,140,064	–
Trade and other payables	28	727,790	541,299
		1,867,854	541,299
Total Liabilities		1,867,854	912,141
Total Equity and Liabilities		33,355,172	22,317,948

The notes on pages 30 to 53 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 11 March 2014 and were signed on its behalf by:



Christopher Hall
Non Executive Chairman



Perry Ashwood
Chief Financial Officer

Statement of company changes in equity

	Notes	Attributable to owners of the Company				Total equity £
		Share capital £	Share premium £	Shares option reserve £	Retained earnings £	
Balance at 1 January 2012		3,508,972	13,233,163	676,367	(3,747,784)	13,670,718
Issue of shares	24	1,158,611	7,615,551	–	–	8,774,162
Cost of share issue		–	(436,253)	–	–	(436,253)
Share-based payments		–	–	82,656	–	82,656
Share options exercised and cancelled		5,530	13,970	(20,891)	20,891	19,500
Total contributions by and distributions to owners of the Company		1,164,141	7,193,268	61,765	20,891	8,440,065
Comprehensive income for the year:						
– loss for the year	33	–	–	–	(704,976)	(704,976)
Total comprehensive income for the year		–	–	–	(704,976)	(704,976)
Balance at 31 December 2012		4,673,113	20,426,431	738,132	(4,431,869)	21,405,807
Share-based payments		–	–	36,485	–	36,485
Share options exercised and cancelled		–	–	(7,959)	7,959	–
Total contributions by and distributions to owners of the Company		–	–	28,526	7,959	36,485
Comprehensive income for the year:						
– profit for the year	33	–	–	–	10,045,026	10,045,026
Total comprehensive income for the year		–	–	–	10,045,026	10,045,026
Balance at 31 December 2013		4,673,113	20,426,431	766,658	5,621,116	31,487,318

The notes on pages 30 to 53 form part of these financial statements

Statement of company cash flows

		Year ended 31 December 2013	Year ended 31 December 2012
	Notes	£	£
Cash flow from operating activities			
Net cash used in operating activities	31	(1,760,051)	(1,592,886)
Cash flow from investing activities:			
Purchase of furniture, fittings and equipment	13	(52,718)	(3,140)
Purchase of available-for-sale financial asset	16	(137,391)	–
Proceeds from sale of financial assets		–	241,110
Funding of subsidiary companies		(4,774,726)	(5,562,812)
Interest received		64,938	60,120
Dividend from subsidiary company		11,062,711	–
Net cash from/(used) in investing activities		6,162,814	(5,264,722)
Cash flow from financing activities			
Proceeds from issue of share capital	24	–	8,050,300
Share capital issue costs		–	(436,253)
Loan from subsidiary		2,602,179	–
Net cash generated from financing activities		2,602,179	7,614,047
Net increase in cash and cash equivalents		7,004,942	756,439
Cash and cash equivalents at beginning of the period		3,362,217	2,605,778
Cash and cash equivalents at end of the period	23	10,367,159	3,362,217

The notes on pages 30 to 53 form part of these financial statements

Notes to the financial statements

1. 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's shares are quoted on the AIM market of the London Stock Exchange. The Company is incorporated and domiciled in the UK.

The address of its registered office is 180 Piccadilly, London, W1J 9HF.

2. Summary of significant accounting policies

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

2.1 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 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the measurement of certain investments at fair value.

Going Concern

It is the prime responsibility of the Board to ensure the Company and the Group remain going concerns. At 31 December 2013 the Group had cash and cash equivalents of £10,574,966 and no borrowings. The main area of spend in 2014 is likely to be West Africa where drilling will be continued at Dalafin, Senegal. The development of the projects at Altintepe, Muratdere and Tembo are funded by our exploration partners. The Company will continue to seek out investment opportunities. The Company and Group has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Company and Group for a period of at least 12 months from the date of signing the annual report and financial statements. For these reasons the Directors continue to adopt the going concern basis in the preparation of the financial statements.

Changes in Accounting Policies

a) New and amended standards adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for the annual period beginning after 1 January 2013 and have been applied in preparing these financial statements.

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income became effective during the period. Items in the consolidated statement of comprehensive income that may be reclassified to profit or loss in subsequent periods are now presented separately from items that will not be reclassified to profit or loss in subsequent periods.

IFRS 13, 'Fair value measurement' became effective during the period and provides a single source of fair value measurement and disclosure requirements. The standard requires specific

disclosures on fair values, some of which replace existing disclosure requirements in IFRS 7, 'Financial instruments: Disclosures'. The fair value of cash and cash equivalents, trade and other receivables and trade and other payables approximate to their book values due to the short maturity periods.

b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2013, but not currently relevant to the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company or Group.

IAS 19, 'Employee benefits' eliminate the option to defer the recognition of gains and losses, known as the "corridor method"; streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

IFRS 7, 'Financial Instruments: Disclosures' was amended for asset and liability offsetting. This amendment requires disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendment to IFRS 1, 'First-time Adoption of International Financial Reporting Standards' on government loans, addresses how first-time adopters would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first time adopters granted to existing preparers of IFRS Financial Statements when the requirement was incorporated into IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in 2008.

IFRIC 20, 'Stripping Costs in the Production Phase of a Surface Mine', clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

'Annual Improvements 2009 – 2011 Cycle' sets out amendments to various IFRSs as follows:

- An amendment to IFRS 1, 'First-time Adoption' clarifies whether an entity may apply IFRS 1:
 - (a) if the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in a previous reporting period; or
 - (b) if the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period when IFRS 1 did not exist.

2. Summary of significant accounting policies (continued)

- The amendment to IFRS 1 also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalization was before the date of transition to IFRSs.
 - An amendment to IAS 1, 'Presentation of Financial Statements' clarifies the requirements for providing comparative information when an entity provides Financial Statements beyond the minimum comparative information requirements.
 - An amendment to IAS 16, 'Property, Plant and Equipment' addresses a perceived inconsistency in the classification requirements for servicing equipment.
 - An amendment to IAS 32, 'Financial Instruments: Presentation' addresses perceived inconsistencies between IAS 12, 'Income Taxes' and IAS 32 with regard to recognizing the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.
 - An amendment to IAS 34, 'Interim Financial Reporting' clarifies the requirements on segment information for total assets and liabilities for each reportable segment.
- c) New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 January 2013 and not early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company and Group intend to adopt these standards, if applicable, when they become effective.

IAS 27, 'Separate Financial Statements', replaces the current version of IAS 27, 'Consolidated and Separate Financial Statements' as a result of the issue of IFRS 10. The revised standard includes the requirements relating to separate financial statements. The revised standard becomes effective for annual periods beginning on or after 1 January 2014.

IAS 28, 'Investments in Associates and Joint Ventures', replaces the current version of IAS 28, 'Investments in Associates', as a result of the issue of IFRS 11. The revised standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 1. The Group is yet to assess full impact of the revised standard and intends to adopt IAS 28 (revised) no later than the accounting period beginning on or after 1 January 2014.

Amendment to IAS 19, 'Defined Benefit Plans: Employee Contributions', provides guidance added to IAS 19 Employee Benefits on accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. The Directors do not believe that this will have an impact on the Group however will be adopted no later than accounting period beginning on or after 1 July 2014, subject to endorsement by the EU.

Amendment to IAS 32, 'Offsetting Financial Assets and Financial Liabilities', add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The Group is yet to assess the full impact of the amendment to IAS 32 and intends to adopt the amended standard no later than the accounting period beginning on or after 1 January 2014.

Amendment to IAS 36, 'Recoverable Amount Disclosures for Non-Financial Assets', to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Group is yet to assess full impact of the revised standard and intends to adopt the amendment to IAS 36 no later than the accounting period beginning on or after 1 January 2014.

Amendment to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is effective for accounting periods beginning on or after 1 January 2014. The amendment has no impact on the Group.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics for the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2014, subject to endorsement by the EU. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

IFRS 11, 'Joint Arrangements' provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2014.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in entities, including joint arrangements, associates, special purpose vehicles and other off Statement of Financial Position vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" clarify the IASB's intention when first issuing the transition guidance in IFRS 10, provide similar relief in IFRS 11 and IFRS 12 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period, and provide additional transition relief by eliminating the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied. The Group plans to adopt these amendments no later than the annual period beginning on or after 1 January 2014.

Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 12, 'Disclosure of Interests in Other Entities' and IAS 27, 'Separate Financial Statements', provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. The Group is yet to assess the full impact of these amendments and intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2014.

IFRIC 21, 'Levies', provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time;
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

The amendment is effective for accounting periods beginning on or after 1 January 2014. The amendment has no impact on the Group.

"Annual Improvements 2010 – 2012 Cycle" sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs:

- IFRS 2 "Share-based Payment": amendment to the definition of a vesting condition.
- IFRS 3 "Business Combinations": amendments to the accounting for contingent consideration in a business combination.
- IFRS 8 "Operating Segments": amendments to the aggregation of operating segments and the reconciliation of the total of the reportable segments' assets to the entity's assets.
- IFRS 13 "Fair Value Measurement": amendments to short-term receivables and payables.
- IAS 16 "Property, Plant and Equipment": amendments to the revaluation method in relation to the proportionate restatement of accumulated depreciation.
- IAS 24 "Related Party Disclosures": amendments regarding key management personnel.
- IAS 38 "Intangible Assets": amendments to the revaluation method in relation to the proportionate restatement of accumulated depreciation.

The Group intends to adopt the amended standards no later than the annual period beginning on or after 1 July 2014, subject to EU endorsement.

"Annual Improvements 2011 – 2013 Cycle" sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards": amendment to the meaning of 'effective IFRSs'.
- IFRS 3 "Business Combinations": amendments to the scope exceptions for joint ventures.
- IFRS 13 "Fair Value Measurement": amendments to the scope of paragraph 52 (portfolio exception).
- IAS 40 "Investment Property": amendments clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

The Group intends to adopt the amended standards no later than the annual period beginning on or after 1 July 2014, subject to EU endorsement.

2.2 Basis of preparation

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.

2. Summary of significant accounting policies (continued)

Subsidiaries are entities controlled by the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at fair value of the assets and equity instruments acquired, and the liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Any contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with IAS 39 either in profit or loss or as a change in other comprehensive income. The unwinding of the discount on contingent consideration liabilities is recognised as a finance charge within profit or loss.

Acquisition related costs are expensed as incurred.

The Group measures goodwill at the acquisition date as the excess of the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests, less the recognised amount of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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 entities are eliminated on consolidation.

Associates are all entities over which the Group has significant influence but not control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights. References to joint venture agreements do not refer to arrangements which meet the definition of joint ventures under IAS 31 "Interests in Joint Ventures" and therefore these Financial Statements do not reflect the accounting treatments required under IAS 31.

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an equity-accounted investee the carrying amount of the investment, including any other unsecured receivables, is reduced to zero, and the recognition of further losses is discontinued, unless the Group has incurred obligations or made payments on behalf of the investee.

Unrealised gains on transactions between the Group and equity-accounted investees are eliminated to the extent of

the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in equity-accounted investees are recognised in profit or loss.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are recorded in equity.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in sterling, which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- (ii) income and expenses in profit or loss for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

2.4 Furniture, fittings and equipment

Fixtures and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Motor vehicles	25%
Field equipment	33%
Furniture & fittings	20% – 33%
Office and computer equipment	25% – 33%
Software	33%

2.5 Intangible assets

(a) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets and subsequently it is measured at cost less accumulated impairment losses. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense in profit or loss and is not subsequently reversed.

(b) Exploration and evaluation 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 undertake topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and other activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive Board of Directors.

2.7 Impairment of non-financial assets

Exploration and evaluation assets with indefinite useful economic lives are assessed for impairment annually. The assessment is carried out by allocating exploration and evaluation assets to cash-generating units, which are based on specific projects or 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 profit or loss.

All the intangible exploration assets are at an early stage of development and no JORC-compliant resource estimate has

been completed. The Directors have assessed the impairment of the projects based on future exploration plans and estimates of geological and economic data. The Board does not believe that the key assumptions will change so as to cause the carrying values to exceed the recoverable amounts.

To date impairment losses recognised have followed the decision of the Board not to continue exploration and evaluation activity on a particular project licence area where it is no longer considered an economically viable project or where the underlying exploration licence has been relinquished.

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. 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. 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.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions.

2.9 Financial instruments

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial Assets at Fair Value through Profit or Loss.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise Trade and Other Receivables and Cash and Cash Equivalents in the Statement of Financial Position.

2. Summary of significant accounting policies (continued)

(iii) Available-for-sale Financial asset

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the end of the reporting period.

(b) Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Group commits to purchasing or selling the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in profit or loss within "Other income/(losses)" in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as "gains and losses from investment securities".

(c) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Impairment of Financial Assets

(i) Assets Carried at Amortised Cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Assets Classified as Available-for-Sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss are not reversed through profit or loss.

2.10 Held-for-sale assets

Held-for-sale assets comprise exploration and evaluation costs of exploration projects previously treated as non-current intangible assets where their carrying value is to be recovered principally through a sale transaction and a sale is considered highly probable. Held-for-sale assets are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses are recognized in profit or loss.

2.11 Deferred income tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. No liability to UK corporation tax arose on ordinary activities for the current period or prior periods. The Group has losses to be carried forward on which no deferred tax asset is recognised. Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

2.12 Share-based payments

The fair value of the services received from employees and third parties in exchange for the grant of share options is recognised as an expense. The fair value of the options granted is calculated using the Black-Scholes pricing model and is expensed over the vesting period. At each reporting period the Group revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2.14 Trade receivables

Trade receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not they are presented as non-current assets. Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

3. Risk management

3.1 Financial risk management

The main financial risks facing the Group are the availability of adequate funding, movements in interest rates and fluctuations in foreign exchange rates. Constant monitoring of these risks ensures that the Group is protected against any potential adverse effects of such risks so far as it is possible and foreseeable. The Group only deals with high-quality

banks. It does not hold derivatives, does not trade in financial instruments and does not engage in hedging arrangements.

In keeping with similar sized mineral exploration groups, its continued future operations depend on the ability to raise sufficient working capital. The Group finances itself through the issue of equity share capital and has no borrowings. Management monitors its cash and future funding requirements through the use of on-going cash flow forecasts. All cash, with the exception of that required for immediate working capital requirements, is held on short term deposit.

The Group's only exposure to interest rate fluctuations is restricted to the rates earned on its short term deposits.

These deposits returned an interest rate of between 0.1% and 1.3% during the past year.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira, Ethiopian Birr, West African CFA Franc, Euro and US Dollar. Foreign exchange risk arises from future commercial transactions and net investments in foreign operations. The Group does not hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they arise.

The Group's liquidity risk is considered to be insignificant. Expenditure is monitored through cash flow forecasts.

3. Risk management (continued)

The Company will continue to make substantial expenditures related to its exploration and development activities. The financial exposure of the Group has been substantially reduced as a result of entering into agreements with third parties. The Group's policy for the funding of additional costs is primarily through equity issues.

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

4. Critical accounting estimates and judgments

The preparation of the 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 reporting date. Actual results may vary from the estimates used to produce these financial statements. The most significant judgment for the Group is the assumption that exploration at the various sites will ultimately lead to a commercial mining operation. Failure to do so could lead to the write-off of the intangible assets relating to the particular site (see Note 2.7 and Note 14).

4. Critical accounting estimates and judgments (continued)

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for such taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made. A deferred tax asset of £184,787 has been recognised in respect of temporary timing differences relating to the Group's intangible assets. Should these timing differences not reverse, the Group may need to revise the carrying value of this asset.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The cost of the acquisition of Silvrex Limited (subsequently renamed Stratex West Africa Ltd) in December 2011 includes a deferred consideration of £3,820,000 which is contingent on the discovery of not less than 500,000oz gold within three years at any of the acquired licence areas. The Directors assessed the probability of achieving this at the date of the acquisition as 10% based on information available at the time and using their experience as qualified geologists. The resulting number has been discounted to present value and has given rise to goodwill of £926,546. The territories in which the licences are located are known to have the potential for major gold and precious metal discoveries and the Directors consider this level of goodwill a fair cost to gain access to the territories and to the knowledge and experience of the senior staff of Silvrex Limited.

The Group assesses at the end of each reporting period whether there is objective evidence that the goodwill, is impaired, or that the deferred consideration requires recalculating. The probability of achieving the 500,000oz Au has now been re-assessed to 30% based on the results of the latest drilling. Any reduction in the value of the goodwill or increase in the deferred consideration (see Note 30) is included in profit or loss.

5. Segment reporting

The Group's main exploration operations are located in 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 management structure and the management reports received by the Directors and used to make strategic decisions reflect the split of operations.

The allocation of assets and liabilities by segment is as follows:

	Exploration			UK support & other	Group Total
	Turkey	East Africa	West Africa		
	£	£	£	£	£
At 31 December 2013					
Intangible assets	–	4,887,728	3,128,504	–	8,016,232
Goodwill	–	–	926,546	–	926,546
Furniture, fittings and equipment	17,163	107,858	10,905	42,490	178,416
Investment in associate companies	896,588	1,648,619	–	–	2,545,207
Cash and other assets	848,215	281,268	687,622	10,886,832	12,703,937
Liabilities	(533,208)	(71,907)	(128,947)	(1,238,411)	(1,972,473)
Inter-segment	(2,179,939)	(10,413,672)	(4,847,870)	17,441,481	–
Net assets/(liabilities)	(951,181)	(3,560,106)	(223,240)	27,132,392	22,397,865
Additions to furniture, fittings and equipment	7,764	9,335	12,919	52,718	82,736

Notes to the financial statements (continued)

5. Segment reporting (continued)

	Exploration			UK support & other	Group Total
	Turkey	East Africa	West Africa		
	£	£	£	£	£
At 31 December 2012					
Intangible assets	1,083,002	4,285,166	1,688,648	–	7,056,816
Goodwill	–	–	926,546	–	926,546
Furniture, fittings and equipment	31,396	181,357	–	4,532	217,285
Investment in associate companies	1,091,471	–	–	–	1,091,471
Cash and other assets	14,715,496	475,855	139,690	3,890,360	19,221,401
Liabilities	(551,090)	(346,151)	(127,150)	(1,253,910)	(2,278,301)
Inter-segment	(3,425,341)	(6,844,108)	(1,677,272)	11,946,721	–
Net assets/(liabilities)	12,944,934	(2,247,881)	950,462	14,587,703	26,235,218
Additions to furniture, fittings and equipment	10,136	117,109	–	3,140	130,385

The capitalised cost of the principal projects and the additions during the year are as follows:

	Capitalised cost		Additions in year	
	2013	2012	2013	2012
	£	£	£	£
Turkey				
Altintepe	–	920,358	–	60,773
Hasançelebi	–	133,191	50,998	27,123
Doğanbey	–	29,453	–	15,125
Total	–	1,083,002	50,998	103,021
East Africa				
Blackrock	4,870,209	3,295,509	1,574,699	2,604,961
Tendaho	–	167,636	616,249	–
Tigray	–	205,611	65,481	89,145
Berahale	–	102,301	65,301	77,787
Djibouti	17,519	17,909	–	–
Shehagne	–	496,199	9,191	15,744
Total	4,887,728	4,285,165	2,330,921	2,787,637
West Africa				
Dalafin	3,128,504	1,402,674	1,725,830	921,795
North Suehn	–	–	544,805	–
Mauritania	–	285,974	120,791	205,963
Total	3,128,504	1,688,648	2,391,426	1,127,758
Total intangible assets	8,016,232	7,056,815	4,773,345	4,018,416

Intangible assets are net of funds received from the Company's partners under various joint venture agreements which amount to £752,148 (2012: £1,227,576).

5. Segment reporting (continued)

The allocation of profits and losses for the year by segment is as follows:

	Exploration			UK support & other	Group Total
	Turkey	East Africa	West Africa		
	£	£	£	£	£
2013					
Administration expenses	(946,892)	(903,011)	(148,247)	(1,091,122)	(3,089,272)
Depreciation charge	(14,155)	(43,654)	(1,875)	(15,274)	(74,958)
Impairment losses	–	(1,727,969)	(951,571)	–	(2,679,540)
Other income/(losses)	5,076	280,128	–	(769,222)	(484,018)
Finance income	–	–	–	138,679	138,679
Share of losses in associate companies	(20,296)	591,044	–	–	570,748
Loss on sale of subsidiaries	(249,804)	–	–	–	(249,804)
Exchange gains/(losses)	(160,712)	4,206	(2,582)	(118,331)	(277,419)
Gain on sale of associate	2,314,903	–	–	–	2,314,903
Inter-segment charges	(113,236)	(457,584)	(206,818)	777,638	–
Income tax	27,150	–	–	175,146	202,296
Profit/(Loss) for year	842,034	(2,256,840)	(1,311,093)	(902,486)	(3,628,385)
2012					
Administration expenses	(415,124)	(919,362)	(171,691)	(1,336,392)	(2,842,569)
Depreciation charge	(6,213)	(33,566)	–	(1,846)	(41,625)
Impairment losses	(50,394)	(63,898)	–	–	(114,292)
Other income/(losses)	59,514	2,147	–	12,516	74,177
Finance income	–	–	–	60,126	60,126
Exchange gains/(losses)	(4,529)	(55,992)	(5,331)	(51,203)	(117,055)
Share of losses in associate companies	(192,133)	–	–	–	(192,133)
Gain on sale of subsidiary	12,870,166	–	–	–	12,870,166
Inter-segment charges	(125,239)	(302,814)	(74,234)	502,287	–
Income tax	(113,904)	–	–	(18,442)	(132,346)
Profit/(Loss) for year	12,022,144	(1,373,485)	(251,256)	(832,954)	9,564,449

Costs and liabilities are allocated based on the nature of the underlying transaction. Assets are allocated based on where they are located. Transactions between segments are recorded at cost.

6. Operating loss

The Group operating loss for the year is stated after the following:

	2013 £	2012 £
Auditor's remuneration		
Fees payable for the audit of parent and consolidated financial statements	42,063	40,333
Fees payable for tax compliance	4,250	4,140
Depreciation of tangible assets	74,958	41,625
Finance income	138,679	60,126
Impairment losses on intangible assets	2,679,540	114,292

Notes to the financial statements (continued)

7. (Loss)/profit on sale of subsidiary

The (loss)/profit on sale of subsidiary comprises:

	2013 £	2012 £
(Loss)/profit on disposal of subsidiary undertaking	(454,190)	10,620,281
Retained interest in former subsidiary undertaking	204,386	2,249,885
Net (loss)/profit	(249,804)	12,870,166

On 30 January 2013, Bahar Madencilik Sanayi ve Ticaret Ltd Şti exercised its right to acquire 55% of Altıntepe Sanayi ve Ticaret AŞ having fulfilled its commitments under the Heads of Agreement dated 1 December 2011. This resulted in a net loss to the Group of £249,804.

In 2012 the Öksüt project was sold to Centerra Exploration BV for US\$20million cash plus a 1% net smelter royalty capped at US\$20million. This resulted in a gain of £11,693,918. Also in 2012, 51% of Muratdere Madencilik Sanayi ve Ticaret AŞ was sold to Lodos Maden Yatırım Sanayii ve Ticaret A.Ş. realising gain of £1,057,448, and Rift Resources PLC was converted to an associated company with a gain of £118,800.

8. Profit on sale of associates

Profit on sale of associates comprises:

	2013 £	2012 £
Profit on disposal of NS Madencilik Sanayi ve Ticaret AŞ – see note (a)	2,083,977	–
Profit on part disposal of Muratdere Madencilik Sanayi ve Ticaret AŞ – see note (b)	230,926	–
Total	2,314,903	–

a) Following the strategic decision by JV partner NTF İnşaat Ticaret Limited Şirketi not to proceed with the development of the Inlice project, terms were agreed with a third party on 6 March 2013 for the sale of the Inlice licence for US\$10 million. The joint-venture company, NS Madencilik Sanayi ve Ticaret AŞ, whose sole asset was the Inlice licence, is in the process of being liquidated. Stratex's share of the proceeds before taxes is US\$4.5 million. The Group recorded a gain on disposal of £2,083,977.

b) On 31 July 2013, Lodos Maden Yatırım Sanayii ve Ticaret A.Ş. increased its shareholding in Muratdere Madencilik Sanayi ve Ticaret A.Ş. to 61% from 51%, on payment of US\$500,000 and fulfillment of certain commitments under the Agreement signed on 21 November 2012. The Group recorded a gain on disposal of £230,926.

9. Other gains/(losses)

	2013 £	2012 £
Income from technical and management services	306,554	75,835
Exchange gains and losses	(277,419)	(117,055)
Change in value of deferred consideration (see note 30)	(769,222)	(9,045)
Change in value of held-for-sale assets	(21,350)	(16,257)
Profit on sale of financial assets	–	23,644
Total for year	(761,437)	(42,878)

10. Expenses by nature

Administration expenses comprise:

	2013 £	2012 £
Personnel expenses (see note 11)	1,112,525	1,228,259
Contract staff wages	305,314	180,048
Other exploration related expenses	163,384	272,282
Legal and professional expenses	285,646	307,348
Depreciation expense	74,958	41,625
Other expenses	1,222,403	854,632
Total for year	3,164,230	2,884,194

11. Personnel expenses

	2013 £	2012 £
Wages and salaries	978,511	1,016,495
Social security costs	72,398	119,795
Share options granted to Directors and employees	36,485	72,021
Employee benefits-in-kind	19,071	3,883
Employee termination benefits	6,060	16,065
Total for year	1,112,525	1,228,259
Average number of employees, including Directors	55	45

The amount of wages and salaries capitalised during the year as part of intangible assets and not included above is £206,735 (2012: £109,035).

Employee termination benefits relate to Stratex Madencilik Sanayi Ve Ticaret Ltd. Şti and has been calculated using the projected unit credit method.

The Company does not operate a pension scheme and no contributions have been made to pensions schemes during the year (2012: nil).

Detail of the Directors' remuneration is shown in the Directors' Report.

12. Income tax

Analysis of income tax credit/(expense):

	2013 £	2012 £
UK Corporation tax charge for the year	–	–
Foreign tax:		
Current tax credit/(charge) for the year	175,145	(172,803)
Deferred tax credit for the year	27,151	40,457
Total tax credit/(expense) for the year	202,296	(132,346)

The Group does not anticipate a UK corporation tax charge for the year due to the availability of tax losses. The Group did not recognise deferred income tax assets of approximately £3,193,000 (2012: £1,932,000). These were in respect of UK losses amounting to approximately £12,506,000 (2012: £7,282,000), losses in Turkey of approximately £671,000 (2012: £98,000), and losses in Djibouti of approximately £356,075 (2012: 223,065). These losses can be carried forward and used against future taxable income at rates of 23.75%, 20%, and 25% respectively.

Reconciliation of current tax:

	2013 £	2012 £
(Loss)/profit before tax	(3,830,681)	9,696,795
Current tax (credit)/charge at 23.75% (2012: 25.5%)	(909,787)	2,472,683
Effects of:		
Expenses not deductible for tax purposes	8,401	18,467
Non-taxable income	(382,341)	(3,101,270)
Capital allowances in excess of depreciation	(7,354)	(3,679)
Tax losses carried forward – UK	1,247,219	539,950
Tax losses carried forward – outside UK	43,862	228,210
Overseas tax (credit)/charge	(175,145)	18,442
Origination and reversal of temporary differences	(27,151)	(40,457)
Tax (credit)/charge	(202,296)	132,346

Notes to the financial statements (continued)

13. Furniture, fittings and equipment

Group and Company	Group				Company
	Motor Vehicles	Field Equipment	Office furniture and equipment	Total	Office furniture and equipment
	£	£	£	£	£
Cost					
At 1 January 2012	182,366	57,424	242,874	482,664	29,991
Exchange movements	(2,001)	(200)	1,121	(1,080)	3,140
Additions	87,591	12,570	30,224	130,385	–
Transfer to subsidiary company	–	–	–	–	(672)
Disposals	–	–	(8,253)	(8,253)	–
At 31 December 2012	267,956	69,794	265,966	603,716	32,459
Exchange movements	(11,255)	(1,518)	(31,420)	(44,193)	–
Additions	–	2,165	80,571	82,736	52,718
Disposals	–	–	(8,721)	(8,721)	(1,111)
At 31 December 2013	256,701	70,441	306,396	633,538	84,066
Depreciation					
At 1 January 2012	(83,191)	(23,467)	(176,379)	(283,037)	(26,287)
Exchange movements	670	16	(914)	(228)	–
Additions	(52,273)	(18,584)	(33,775)	(104,632)	(1,845)
Transfer to subsidiary company	–	–	–	–	205
Disposals	–	–	1,466	1,466	–
At 31 December 2012	(134,794)	(42,035)	(209,602)	(386,431)	(27,927)
Exchange movements	10,158	567	26,582	37,307	–
Additions	(54,940)	(14,736)	(43,240)	(112,916)	(14,760)
Disposals	–	–	6,918	6,918	1,111
At 31 December 2013	(179,576)	(56,204)	(219,342)	(455,122)	(41,576)
Net Book Value					
at 1 January 2012	99,175	33,957	66,495	199,627	3,704
at 31 December 2012	133,162	27,759	56,364	217,285	4,532
at 31 December 2013	77,125	14,237	87,054	178,416	42,490

During the year £33,036 (2012: £63,007) of the charge for depreciation was transferred to Intangible Assets. Depreciation expense of £79,880 (2012: £41,625) was included in profit or loss for the year.

14. Intangible assets and goodwill

Group	Goodwill	Exploration assets	Total
	£	£	£
Cost or valuation			
At 1 January 2012	926,546	4,295,560	5,222,106
Exchange movements	–	30,506	30,506
Additions	–	4,018,416	4,018,416
Disposals	–	(1,173,374)	(1,173,374)
Impairment write-offs	–	(114,292)	(114,292)
At 31 December 2012	926,546	7,056,816	7,983,362
Exchange movements	–	6,794	6,794
Additions	–	4,773,345	4,773,345
Disposals	–	(940,875)	(940,875)
Reclassified to Held-for-sale assets (see note 22)	–	(200,308)	(200,308)
Impairment write-offs	–	(2,679,540)	(2,679,540)
At 31 December 2013	926,546	8,016,232	8,942,778

The goodwill arose from the acquisition of Stratex West Africa Limited (formerly Silvrex Limited) in December 2011. The goodwill is attributable to the cost of gaining access to the West Africa region and having available the local knowledge of, and good relationships established by, the Silvrex exploration team. The acquisition of Silvrex provided the Company with the opportunity to replicate the successful approach adopted in East Africa by leveraging a well-established operation to explore for additional greenfield prospects. The goodwill is monitored by the Directors and is regularly tested for impairment. Based on the expansion of operations in the West African region during the year and the positive exploration results returned the Directors consider that there has been no impairment in the carrying value of goodwill. None of the goodwill recognised is expected to be deductible for tax purposes.

Exploration assets represent the cost of evaluation and development of the Group's exploration projects and are net of funds received from the Group's partners under various joint venture agreements, amounting to £752,148 (2012: £1,227,576). The exploration asset impairment write-offs represent the writing down to nil carrying value for those projects where the Directors have decided that no further exploration or evaluation work will be undertaken as these projects are not thought to be economically viable. The write-offs have been recognised in profit or loss for the year.

15. Investments accounted for using the equity method

Group	2013	2012
	£	£
At 1 January	1,091,471	335,263
Exchange movements	(137,150)	(22,221)
Additions	1,221,604	3,383,937
Disposals	(201,466)	(2,000,925)
Reclassified to held-for-sale assets (see note 22)	–	(412,450)
Share of profits/(losses)	570,748	(192,133)
At 31 December	2,545,207	1,091,471

On 30 July 2013 Stratex Gold AG acquired 17,500,000 ordinary voting shares and a matching number of share warrants in Tembo Gold Corporation ("Tembo"), a company quoted on the Toronto Stock Exchange. The cost per share was C\$0.10, for a total cost of C\$1,750,000. Each warrant will be exercisable for one common share in Tembo until 2 December 2016, at a price of C\$0.12. The Group's shareholding and voting interest in the Group at 31 December 2013 was 14.2%. Dr Bob Foster has been appointed to the Board of Directors of the company and is providing guidance on their exploration activities in Tanzania. The Group has determined that it has significant influence and has classified its interest in Tembo as an associate company to be accounted for using the equity method.

Notes to the financial statements (continued)

15. Investments accounted for using the equity method (continued)

The value of Stratex's share of the Tembo net assets at time of acquisition was £1,754,784 resulting in a gain of £754,784. This has been offset by losses of £94,108 arising from the introduction of further capital, reducing the Group's shareholding interest from 16% at time of acquisition to 14.2% at the year end, and from operating losses. The net result is a gain from Tembo of £660,676.

Summary financial information for equity accounted for companies is as follows:

	Country of Incorporation	Ownership	Reporting date	Net current assets/ (liabilities)	Group share of net assets	Carrying value	Group share of profits/ (losses)
		%		£	£	£	£
At 31 December 2013							
Muratdere Madencilik Sanayi ve Ticaret AŞ	Turkey	39.0	31 December	1,034,026	403,270	739,156	(13,220)
Rift Resources PLC	UK	49.5	30 November	(28,236)	(13,977)	–	(69,632)
Altintepe Madencilik Sanayi ve Ticaret AŞ	Turkey	45.0	31 December	349,849	157,143	157,432	(7,076)
Tembo Gold Corporation	Canada	14.2	31 December	11,585,517	1,648,619	1,648,619	660,676
Total				12,941,156	2,195,055	2,545,207	570,748

At 31 December 2012							
Muratdere Madencilik Sanayi ve Ticaret AŞ	Turkey	49.0	31 December	131,146	498,914	1,021,839	(2,097)
Rift Resources PLC	UK	49.5	30 November	59,732	69,632	69,632	(46,608)
Other		–	–	–	–	–	(143,428)
Total				190,878	568,546	1,091,471	(192,133)

16. Available-for-sale financial assets

	2013	2012
	£	£
Group and Company		
At 1 January	–	217,466
Additions	137,391	–
Disposals	–	(217,466)
At 31 December	137,391	–

On 1 August 2013 Stratex International PLC acquired 7,350,000 Ordinary Shares in Aforo Resources Limited, a private company incorporated in Australia.

17. Investments in associates

	2013	2012
	£	£
Company		
At 1 January	19,800	–
Re-classified from Investments in subsidiaries (see note 18)	–	19,800
At 31 December	19,800	19,800

18. Investments in subsidiaries

The cost of shares in subsidiary companies is as follows:

Company	2013 £	2012 £
At 1 January	2,699,761	2,719,561
Re-classified to Investments in associates (see note 17)	–	(19,800)
	2,699,761	2,699,761
Loans to subsidiary companies	17,441,482	11,946,721
At 31 December	20,141,243	14,646,482

Investments in subsidiaries are stated at cost.

	Country of incorporation	% owned by Company	% owned by subsidiary	Nature of business
Stratex Exploration Ltd	UK	100	–	Holding company
Stratex Gold AG	Switzerland	100	–	Holding company
Stratex West Africa Limited	UK	100	–	Exploration
Stratex East Africa Limited	UK	95	–	Exploration
Stratex Madencilik Sanayi Ve Ticaret Ltd. Şti	Turkey	–	100	Exploration
Stratex Djibouti SARL	Djibouti	–	100	Exploration

19. Financial instruments by category and credit quality

By category:

Group	2013			2012	
	Available-for- sale financial assets	Loans and receivables	Held-for-sale assets	Loans and receivables	Held-for-sale assets
	£	£	£	£	£
Assets per Statement of Financial Position at 31 December					
Available-for-sale financial assets	137,391	–	–	–	–
Held-for-sale assets	–	–	244,744	–	508,061
Trade and other receivables excluding pre- payments	–	1,271,833	–	13,531,305	–
Deposits and guarantees given	–	132,094	–	242,785	–
Cash and cash equivalents	–	10,574,966	–	4,718,448	–
Total	137,391	11,978,893	244,744	18,492,538	508,061

Notes to the financial statements (continued)

19. Financial instruments by category and credit quality (continued)

Company	2013		2012
	Loans and receivables	Available-for-sale financial assets	Loans and receivables
	£	£	£
Assets per Statement of Financial Position at 31 December			
Available-for-sale financial assets	–	137,391	–
Trade and other receivables excluding pre-payments	2,594,832	–	4,243,371
Cash and cash equivalents	10,367,159	–	3,362,217
Total	12,961,991	137,391	7,605,588

By quality:

Trade receivables:

Trade receivables comprises VAT due from Turkish and UK governments of £58,976 (2012: £243,078) and receivables from exploration partners of £1,095,657 (2012: 12,806,319). None of the exploration partners have external credit ratings.

External ratings of cash at bank and short-term deposits:

	2013	2012
	£	£
AA	21,623	–
A	3,532,318	1,303,046
BBB	6,985,081	3,273,405
Other	23,426	101,628
Cash-in-hand	12,518	40,369
Total	10,574,966	4,718,448

20. Trade and other receivables

The fair value of trade and other receivables equate to their carrying values, which also represents the Group's maximum exposure to credit risk. No collateral is held as security.

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Receivables from exploration partners	1,095,657	12,806,319	–	–
Deposits and guarantees given	132,094	242,785	–	–
Amounts due from Group companies	–	–	2,354,262	4,178,371
VAT recoverable	58,976	243,078	4,894	20,504
Pre-payments and other current assets	258,068	481,908	287,933	86,042
Total	1,544,795	13,774,090	2,647,089	4,284,917
Non-current	132,094	242,785	–	–
Current	1,412,701	13,531,305	2,647,089	4,284,917
Total	1,544,795	13,774,090	2,647,089	4,284,917

20. Trade and other receivables (continued)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2013	2012
	£	£
UK pounds	223,573	169,845
US dollars	478,746	12,730,851
Euros	–	75,316
Turkish lira	474,487	777,987
Other currencies	367,989	20,091
Total	1,544,795	13,774,090

Receivables amounting to £478,746 (2012:nil) were past due but not impaired.

21. Deferred tax assets and liabilities

	2013	2012
Group	£	£
Deferred tax assets		
Temporary timing differences arising on:		
Intangible assets	184,787	204,837
Employee termination benefits	5,622	5,664
Non-accrued financial expenses	9,559	10,302
Other	2,073	–
Total	202,041	220,803
Deferred tax liabilities		
Temporary timing differences arising on:		
Acquisition of subsidiary	(88,681)	(88,681)
Tangible and intangible assets	(662)	(2,085)
Total	(89,343)	(90,766)
Net deferred tax asset	112,698	130,037

The movement in the year on the net deferred tax assets is:

	2013	2012
	£	£
At 1 January	130,037	87,748
Exchange movements	(44,490)	1,832
Charge for the year	27,151	40,457
At 31 December	112,698	130,037

Notes to the financial statements (continued)

22. Held-for-sale assets

The Company has entered into negotiations with third parties for the sale of these projects and these negotiations are expected to be finalised within the year. The assets are stated at fair value less costs to sell.

During the year the Company invested a further £38,657 in NS Madencilik Sanayi ve Ticaret AŞ to maintain its 45% interest. Subsequently, following a strategic decision by JV partner NTF İnşaat Ticaret Limited Şirketi not to proceed with the development of the Inlice project, the licence was sold to a third party on 6 March 2013 for US\$10 million and NS Madencilik Sanayi ve Ticaret AŞ was put into liquidation. Stratex's share of the proceeds before taxes is US\$4.5 million. This resulted in a gain on disposal of £2,083,977.

The movement in the year is:

Group	2013 £	2012 £
At 1 January	508,061	106,647
Exchange movements	(51,175)	22,506
Disposal	(412,450)	–
Reclassification from/(to) exploration assets (see note 14)	200,308	(17,285)
Reclassification from associate companies (see note 15)	–	412,450
Change for the year	–	(16,257)
At 31 December	244,744	508,061

The charge for the year is the adjustment to the fair value and has been included in Other gains/(losses) in profit or loss.

23. Cash and cash equivalents

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Cash at bank and on hand	558,396	1,445,043	350,588	88,812
Short – term deposits	10,016,570	3,273,405	10,016,571	3,273,405
At 31 December	10,574,966	4,718,448	10,367,159	3,362,217

24. Share Capital and Share Premium

Group and Company	Number of shares	Ordinary shares £	Share premium £	Total £
At 1 January 2012	350,897,232	3,508,972	13,233,163	16,742,135
Shares issued for cash	105,241,558	1,052,416	6,978,384	8,030,800
Cost of share issue	–	–	(436,253)	(436,253)
Acquisition of subsidiary	10,619,456	106,195	637,167	743,362
Exercise of share options	553,030	5,530	13,970	19,500
At 31 December 2012 and 2013	467,311,276	4,673,113	20,426,431	25,099,544

No share capital was issued during the year.

25. Earnings per share

The calculation of the basic (loss)/profit per share is based on the (loss)/profit attributable to the equity holders of the Company and a weighted average number of ordinary shares in issue during the year, as follows:

	2013 £	2012 £
(Loss)/profit attributable to equity holders of the Company	(3,628,385)	9,579,393
Weighted average number of ordinary shares in issue	467,311,276	437,329,330
Basic (loss)/profit per share (pence per share)	(0.78)	2.19
Diluted (loss)/profit per share (pence per share)	(0.78)	2.15

There is no difference between basic and diluted loss per share in 2013 as the effect on the exercise of the options would be to decrease the loss per share.

Diluted earnings per share in the year ended 31 December 2012 assumes that options and warrants outstanding at 31 December 2012 were exercised at 1 January 2012, for options and warrants where the exercise price was less than the average price of the ordinary shares during the period. A calculation was done to determine the number of shares that could have been acquired at fair value based on the monetary value of subscription rights to outstanding share options and warrants. The number of shares calculated above was compared with the number of shares that would have been issued assuming the exercise of the options and warrants. On this basis the calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders divided by 445,449,912 shares.

At the year end there were 20,720,471 (2012: 20,984,849) share options that could potentially dilute the earnings per share in the future.

26. Share options and share warrants

The Directors have discretion to grant options to Group employees to subscribe for Ordinary Shares up to a maximum of 10% of the Company's issued share capital. The Company runs two schemes, the Enterprise Management Incentive scheme and the Unapproved Share Option scheme.

As at 31 December 2013, the Company had in issue 12,187,144 (2012: 12,187,144) options to Group employees granted under the Enterprise Management Incentive scheme and 8,533,327 (2012: 8,733,327) to Group employees granted under the unapproved scheme. The options under both schemes are exercisable from one to three years from the grant date and lapse on the tenth anniversary of the grant date or on the holder ceasing to be an employee of the Company. No options (2012: 64,378) are in issue to third parties granted for the provision of services.

The granting of the share options and warrants has been accounted for as equity-settled share-based payment transactions. The total expenses recognised in the loss for the year arising from share-based payments was £36,485 (2012: £82,656). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2013		2012	
	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
Group and Company				
Outstanding at 1 January	20,984,849	4.1	21,037,879	4.1
Cancelled	(500,000)	5.3	–	–
Forfeited	(64,378)	9.3	–	–
Granted	300,000	4.4	500,000	5.3
Exercised	–	–	(553,030)	3.5
Outstanding at 31 December	20,720,471	4.1	20,984,849	4.1
Exercisable at 31st December	18,778,804	3.8	17,368,182	3.0

The weighted average contractual life of the outstanding options at 31 December 2013 was 5.8 years (2012: 6.8 years).

Notes to the financial statements (continued)

26. Share options and share warrants (continued)

Details of share options outstanding at 31 December 2013 are as follows:

Life of option		Outstanding 31 December 2013	Option price pence
Start date	Expiry date		
30 April 2009	30 April 2019	15,373,500	3.0
28 September 2009	28 September 2019	41,500	4.3
7 January 2011	7 January 2021	1,263,327	9.4
1 June 2011	1 June 2021	2,617,144	7.0
7 June 2011	7 June 2021	1,125,000	6.9
12 March 2013	12 March 2023	300,000	5.3
Total options outstanding		20,720,471	4.1

No share warrants were issued or exercised during the year. The number of share warrants outstanding at 31 December 2013 was 2,072,130 (2012: 2,072,130). Each share warrant entitles the holder to subscribe for one 1p Ordinary share at the following price per share:

Subscription date:	Subscription price:
20 April 2013 to 19 April 2014	12 pence
20 April 2014 to 19 April 2015	14 pence

The fair value of the share options and share warrants has been measured using the Black-Scholes pricing model. The expected volatility was determined by calculating the historical volatility of the Company's share price over the last two years.

During the year 300 share options were issued at a price of 4.38p per option share. The fair value was 1.45p per option share based on a price volatility of 34%, a risk-free interest rate of 3% and a 10 year life.

27. Other reserves

Group	Merger reserve	Share option reserve	Translation reserve	Transaction with non- controlling interest	Total
	£	£	£	£	£
At 1 January 2012	(485,400)	676,367	(860,867)	118,800	(551,100)
Share based payments	–	82,656	–	–	82,656
Share options exercised	–	(20,891)	–	–	(20,891)
Decrease in ownership interest	–	–	–	(118,800)	(118,800)
Other comprehensive income	–	–	193,761	–	193,761
At 31 December 2012	(485,400)	738,132	(667,106)	–	(414,374)
Share based payments	–	36,485	–	–	36,485
Share options forfeited	–	(7,959)	–	–	(7,959)
Exchange differences from investments accounted for using the equity method	–	–	(5,329)	–	(5,329)
Other comprehensive income	–	–	(240,124)	–	(240,124)
At 31 December 2013	(485,400)	766,658	(912,559)	–	(631,301)

The Merger Reserve arose on consolidation as a result of the merger accounting for the acquisition of the entire issued share capital of Stratex Exploration Limited during 2005 and represents the difference between the nominal value of shares issued for the acquisition and that of the share capital and share premium account of Stratex Exploration Limited.

28. Trade and other payables

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade payables	193,751	341,196	35,656	117,833
Amounts due to subsidiary company	–	–	633,338	–
Amounts due to related parties and employees	336,001	611,392	12,665	331,750
Social security and other taxes	38,724	337,454	20,304	81,421
Accrued expenses	146,483	325,314	25,827	10,295
At 31 December	714,959	1,615,356	727,790	541,299

All financial liabilities, except those for accrued expenses, are stated where material at amortised cost.

29. Related party transactions

Transactions with operational partners:

	Transaction value for the year ended 31 December		Receivable/(Payable) as at 31 December	
	2013 £	2012 £	2013 £	2012 £
Thani Ashanti Alliance Ltd	424,172	804,622	47,485	117,316
Centerra Exploration B.V.	140,344	63,294	(71,924)	12,537,552
Lodos Maden Yatirim Sanayi ve Ticaret A.Ş.	110,440	–	105,348	3,058
Antofagasta Minerals S.A.	187,632	359,660	(245,067)	(93,175)
Energy and Mining Corporation SA	975,851	–	478,746	–

Thani Ashanti Alliance Ltd and Antofagasta Minerals S.A. are significant shareholders in the Company and the transactions are refunds of exploration cost. Centerra Exploration B.V. is the operational partner for certain Turkish projects. The 2012 receivable from Centerra Exploration B.V. includes the proceeds from the sale of Öksüt of £12,497,984. This was received in full in January 2013. Lodos Maden Yatirim Sanayi ve Ticaret A.Ş. is the operational partner for the Muratdere project in Turkey. Energy and Mining Corporation SA is the operational partner for the Dalafin project in Senegal.

During the year the Group loaned Rift Resources Plc US\$4,000,000 at a 4% annual interest rate. The loan was repaid on 30 October 2013. The interest accruing on the loan amounts to £73,739.

The Company was paid C\$500,000 during the year by Tembo Gold Corporation for technical advice provided to them during the due diligence by Dr. Bob Foster.

Transactions with Director:

	Transaction value for the year ended 31 December		Payable as at 31 December	
	2013 £	2012 £	2013 £	2012 £
Bob Foster Associates Limited	45,925	39,843	471	7,217

Bob Foster Associates Limited provides administration services to the Company and Bob Foster is a director of both companies.

Transactions with non-controlling interests:

During the year Stratex Gold AG invested an additional £38,657 (2012: £203,363) in NS Madencilik Sanayi ve Ticaret A.Ş., which has now been placed into liquidation (see note 8).

Parent company and ultimate controlling party

During the year the Company provided net funds amounting to £2,172,547, comprising funding to subsidiaries of £4,774,726 and a loan from subsidiary of £2,602,179, (2012: £5,562,812) to its subsidiary companies for the exploration activities and charged its subsidiary companies £192,000 (2012: £162,000) for the provision of management services. The total receivable from subsidiaries at 31 December 2013 was £19,795,744 (2012: £16,125,092).

Notes to the financial statements (continued)

30. Deferred consideration

On 22 December 2011 the Company obtained total control of Silvrex Limited (subsequently renamed Stratex West Africa Ltd), a private UK company with a prospective gold portfolio in Senegal and Mauritania. The Company agreed to pay the selling shareholders an additional consideration of £3,820,000 and settle certain outstanding loans of £76,159 on identification of a JORC-compliant resources of not less than 500,000 oz gold in either of the Dalafin licence or the four Mauritanian licences before 31 December 2014. A fair value of £1,140,064 (2012: £370,842) has been placed on the contingent consideration based on the Directors assessing the probability of the resource figure being achieved of 30% (2012: 10%). The change in fair value during the year of £769,222 has been recognised within Other gains/(losses) within profit or loss (see note 9).

31. Cash flow from operating activities

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
(Loss)/profit before income tax	(3,830,681)	9,696,795	10,045,026	(704,976)
Adjustments for:				
Issue of share options	36,485	82,656	36,485	82,656
Depreciation	112,916	104,633	14,760	1,846
Project impairment write-offs	2,679,540	114,292	–	–
Fixed asset write-offs	1,803	506	–	466
Share of losses/(profits) of associated companies	(570,748)	192,133	–	–
Gain on sale of related companies	(2,043,751)	(12,870,166)	–	–
Profit on sale of financial asset	–	(23,644)	–	(23,644)
Change in value of held-for-sale assets	–	16,257	–	–
Change in value of deferred consideration	769,222	9,045	769,222	9,045
Dividend receivable from subsidiary company	–	–	(11,062,711)	–
Increase in Employee termination benefit fund	(5,384)	15,959	–	–
Interest income on short term deposits	(138,679)	(60,126)	(64,938)	(60,119)
Interest income on intercompany indebtedness	–	–	(672,767)	(401,702)
Intercompany management fees	–	–	(192,000)	(162,000)
Foreign exchange movements on operating activities	12,214	228,834	–	–
Changes in working capital, excluding the effects of exchange differences on consolidation:				
Trade and other receivables	169,489	(641,723)	(184,515)	(732,679)
Trade and other payables	(900,396)	434,424	(448,613)	398,221
Cash used in operations	(3,707,970)	(2,700,125)	(1,760,051)	(1,592,886)

32. Contingencies and capital commitments

The Group has a contingent liability of £3,896,159 (2012: £3,896,159) in connection with the acquisition of Stratex West Africa Limited (formerly Silvrex Limited), of which 30% has been recognised as a liability (see note 30).

Various warranties have been given under the Muratdere Madencilik Sanayi ve Ticaret A.Ş. sale agreement but no related issues have arisen to date.

33. Parent company Statement of Comprehensive Income

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements.

Company	2013 £	2012 £
At 1 January	(4,431,869)	(3,747,784)
Profit/(Loss) for the year	10,045,026	(704,976)
Share options exercised and cancelled	7,959	20,891
At 31 December	5,621,116	(4,431,869)

34. Events after the reporting period

On 6 February 2014 the Company entered into a Purchase Agreement with Aforo Resources Limited, a private Australian company, for the possible purchase of their Sinoe gold exploration licence in Liberia.

Notice of annual general meeting

The Annual General Meeting of Stratex International Plc (the “Company”) will be held at the offices of Northland Capital Partners Ltd, 131 Finsbury Pavement, London, EC2A 1NT, on 6 May 2014, at 3:00pm. The business of the meeting will be to consider and, if thought fit, pass the following Resolutions:

Ordinary resolutions

1. To receive the Directors’ Report and Financial Statements for the year ended 31 December 2013.
2. To re-elect Dr Bob Foster who has retired by rotation.
3. To re-elect Perry Ashwood who has retired by rotation.
4. To re-appoint PKF Littlejohn LLP as auditors and to authorise the Directors to fix their remuneration.
5. THAT, in addition to the existing authorities, and in accordance with section 551 of the Companies Act 2006 (the “Act”) the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any securities into rights (“Rights”) up to an aggregate nominal amount of £1,000,000 and such power shall expire (unless previously revoked, varied or extended by the Company at a general meeting) at the conclusion of the next Annual General Meeting, save that the Company may before such expiry make an offer or agreement which would or might require shares or Rights to be granted in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Special resolution

6. THAT, in addition to the existing authorities, the Directors be and they are hereby empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the previous resolution as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £1,000,000 and such power shall expire (unless previously revoked, varied or extended by the Company at a general meeting) at the conclusion of the next Annual General Meeting, save that the Company may before such expiry make an offer or agreement which would or might require such equity securities to be granted in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

P C Ashwood
Company Secretary
180 Piccadilly, London,
W1J 9HF

11 March 2014

Notes:

Eligibility to attend and vote

1. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes a member may cast), members must be entered on the Register of Members of the Company by 3:00pm on 2nd May 2014.

Appointment of proxies

2. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how

to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Notice of annual general meeting (continued)

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to the Company's registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL, to be received by Share Registrars Limited no later than 3.00pm on Thursday 1 May. Proxy forms may also be faxed to 01252 719232 or emailed to proxies@shareregistrars.uk.com
7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above.

Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
 - By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL.
 - In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

- Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by Share Registrars Limited no later than 3.00pm on Thursday 1 May.
- If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Communication

11. Except as provided above, members who have general queries about the Meeting should contact Share Registrars Limited on 01252 821390 or by email enquiries@shareregistrars.uk.com (no other methods of communication will be accepted).
12. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

Documents available for inspection

13. The following documents will be available for inspection during normal business hours at the Company's registered office up until the date of the Annual General Meeting and at the place of the meeting from 9.30am on 6 May 2014 until the end of the meeting:
 - the auditor's consolidated accounts of the Company for the financial period ended 31 December 2013; and
 - the Register of Directors' interests in the capital of the Company and copies of the service contracts of the Directors of the Company.

Corporate information

Directors

C R J Hall
Dr R P Foster
P C Ashwood
D J Hall
J Cole-Baker
G P L Addison

Secretary

P C Ashwood

Company number

05601091

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Mahallesi
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West Africa Office

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