Stratex
International PLC

Redefining
**Exploration
Success**

**Annual Report
2014**

Contents

Front cover: Altıntepe mine construction

Overview – who we are

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

Bob Foster examining core at the Dalafin project

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

Stratex International PLC is a public limited company incorporated and domiciled in Great Britain. The Company's shares are quoted on the AIM market of the London Stock Exchange.

We have a wholly-owned subsidiary operating in Turkey and a 85% owned subsidiary operating in Senegal. We have associated companies (less than 50% owned) with important operating sites in Ghana and Tanzania.

Business strategy
how we grow the company

From Discovery to Production

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.

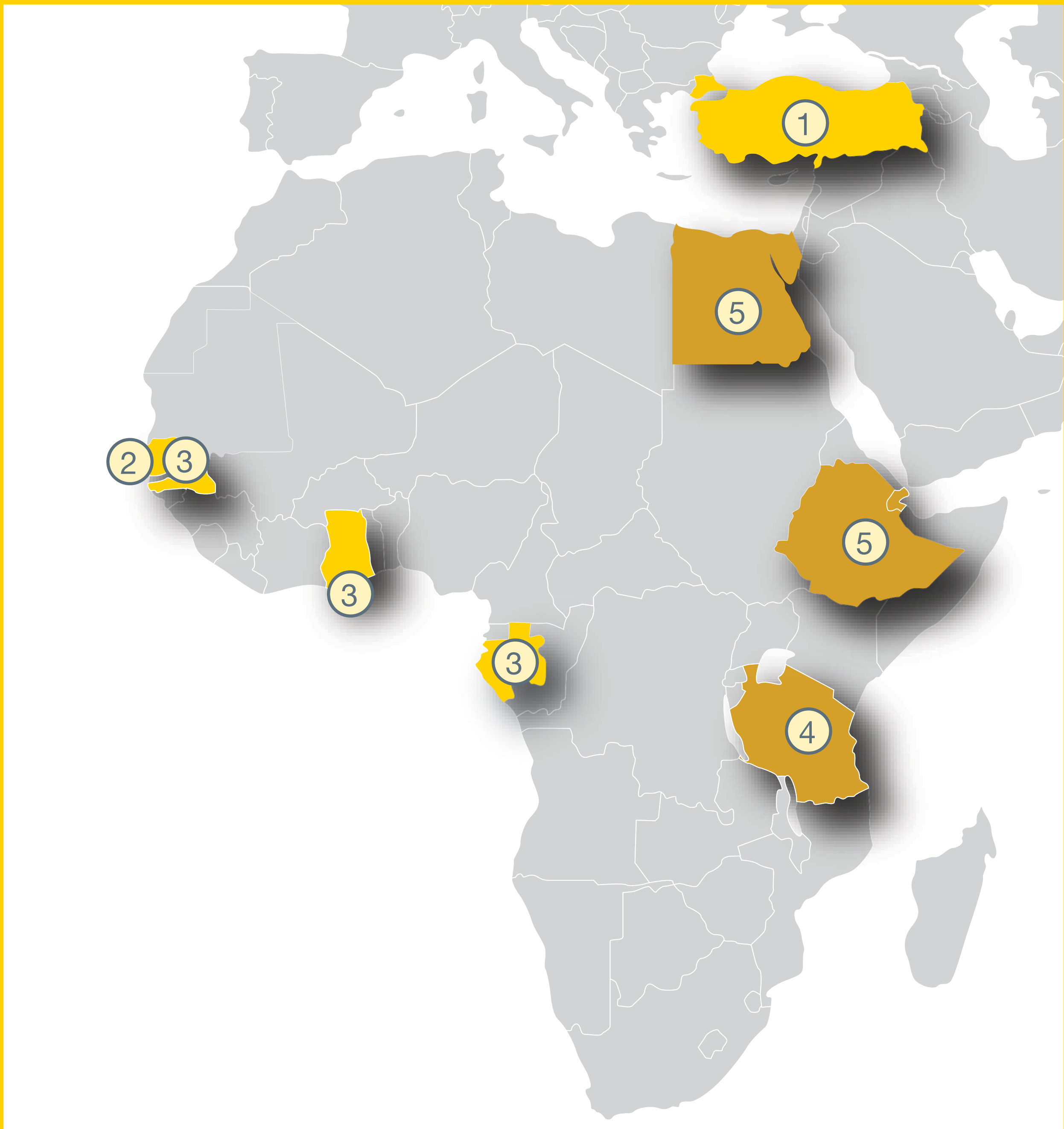
Our risk management approach places a clear focus on discovering and exploiting mineral wealth through multiple plays, which to date has included in-house exploration for greenfield sites (e.g. Altıntepe and Őksűt), forming strategic partnerships for early-stage exploration (presently with Antofagasta and Centerra), and more recently by moving up the value-chain by buying into established projects (e.g.Dalafin and Homase/Akrokerri).

We are quick to relinquish licences which we believe will be uneconomic in order to save unnecessary cost.

Having confirmed the existence of an economic resource we will either sell the project (e.g. Őksűt) with a carried interest or royalty, or move forward to production with a technically competent partner carrying the financial risk (e.g. Altıntepe).

We will introduce joint-venture partners in certain circumstances to minimise risk, reduce Company costs and to take projects through to production.

Projects
where we operate



1 Turkey		2 Senegal		3 Goldstone Resources Limited		4 Tembo Gold Corporation		5 Thani Stratex Resources Ltd	
Project	Partner	Project	Partner	Project	Country	Project	Country	Project	Country
Altıntepe	Bahar	Dalafin	EMC	Homase	Ghana	Tembo	Tanzania	Blackrock	Ethiopia
Muratdere	Lodos	Sangola	GoldStone	Akrokerri	Ghana			Oklila	Djibouti
Cu Alliance	Antofagasta			Manso	Ghana			Wadi Kareem	Egypt
Au Alliance	Centerra			Oyem	Gabon			Hodine	Egypt
				Ngoutou	Gabon				
				Sangola	Senegal	Associate Companies			

Stratex
International PLC

Highlights
what we did in 2014

Altıntepe mine construction:

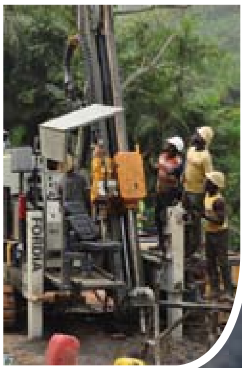
Following the issue of the long awaited forestry permit for the Altıntepe gold project in Turkey, rapid progress was made on ground clearance and significant progress made on construction of the mine. First revenue expected second-half 2015.

Agreement with Thani on N and E Africa:

Agreement finalised with the Dubai-based Thani Group for the establishment of a jointly owned North and East Africa focused company for the pooling of the partners existing gold projects in the region.

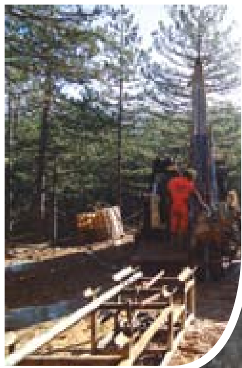
Goldstone Resources Limited:

Completed a £1.25million strategic investment in AIM-quoted GoldStone giving Stratex 33.45% interest plus warrants which could increase the shareholding to 50.1%. GoldStone's principal asset is the Homase-Akrokerri project in Ghana with a gold resource of 602,000oz.



Muratdere:

Completion of the feasibility study by our partner Lodos at the Muratdere copper-gold project in Turkey. Metallurgical testwork has demonstrated encouraging recoveries of copper, gold, silver and molybdenum. Procedure started for submission of EIA.



Dalafin drilling:

Completed further extensive drilling at the Dalafin project in Senegal. The area remains very prospective, in particular the Madina Bafé zone which has returned 9.6m @ 6.08 g/t Au and 15m @ 6.10 g/t Au.

what we intend to do in 2015

	Q1	Q2	Q3	Q4	2016
Altıntepe	Complete construction		First gold pour		
Muratdere	Finalisation of feasibility study	Project evaluation. Decision on Stratex's future involvement			
Dalafin	Exploration	Drilling		Resource declaration?	
Homase/ Akrokerri	Auger sampling	Results evaluation		Drilling?	

Chairman's statement

> "Stratex has an enviable reputation for successful exploration and monetisation of the resulting discoveries. The equity markets remain difficult, particularly for companies wanting to raise funds to drill, let alone those at an earlier stage of exploration. In the view of the Board too many companies are chasing the same potential investors and there exists a relative shortage of competent management. Your Board continues to believe that combining small companies with sensible, like-minded management saves costs, allows the available funds to go further and builds value."

The year ended 31 December 2014 has seen some significant changes at Stratex in addition to solid progress on the ground in all areas of operation. Construction has gathered pace throughout the year at our 45% owned Altıntepe gold project in Turkey and we carried out further drilling at Dalafin in Senegal.

The main structural change was the formation of Thani Stratex Resources Ltd ('TSR'), the exchange of our assets in Ethiopia and Djibouti for shares in TSR and the resignation of David Hall, our Executive Director with responsibility for East Africa, to take up the position of Chief Executive of TSR. This is an exciting development which gives Stratex exposure to the more advanced Egyptian gold assets which were contributed by our previous partner Thani Emirates Resources ('Thani'). Thani was Stratex's joint venture partner in East Africa and the new business combination will be more efficient than running two separate organisations. Stratex and Thani both contributed US$1.0 million of seed equity but in recognition of the differential underlying asset values, the equity split is 40% Stratex and 60% Thani. I was invited to join the TSR board and, after completion in Q4-2014, the new company has recommenced exploration at the Blackrock project in northern Ethiopia. We await an update on this work and the continuing development of the company where we no longer are required to contribute to the operating costs.

The projects which are closest to generating either cash or additional value for the Company's shareholders are in Turkey. Our 45% owned Altintepe gold mine near Fatsa is approaching the completion of construction but heavy rain has seriously affected progress, particularly on the heap leach pad. Work on the other aspects of the project is progressing well but it would appear from our partners Bahar that the completion of construction is now unlikely to occur until May. Bahar has informed us that it is seeking to overturn the exclusion of part of the Kayatepe licence from the permitted area which was due to some minor archaeological finds. A favourable decision could be beneficial in the longer term but, whatever the outcome, there can be no negative impact on the existing planned and permitted operation. Bahar has also joined with the Ministry of Environment and Urban Development in opposing legal challenges to the approval by the Ministry of the EIA. The court has requested expert opinion but in the meantime there has been no effect on the progress of construction.

Muratdere is a copper-gold porphyry deposit where our Turkish partner, Lodos, has funded a feasibility study as the final stage of its commitment to earn up to 70% of the project. Work continued throughout the year using a variety of respected international consultants. The concept is to concentrate on the modest resource of near surface, secondary enriched copper sulphide which occurs as a blanket over the more extensive primary mineralisation. This resource contains around 70,000 tonnes of copper which would allow modest production for several years, during which time the viability of the larger underlying primary resource would be investigated. The results of the feasibility study have been received and the EIA permitting process initiated. Stratex will now be able to make the decision to continue to contribute to development costs, to dilute to a royalty or to discuss a sale or other arrangement with Lodos.

Stratex also holds a 1% Net Smelter Royalty ('NSR') on the Öksüt gold project, which it sold to partner Centerra Gold in 2013 for US$20 million and a royalty, capped at US$20 million. Centerra released the results of a Preliminary Economic Assessment of the project during the year, with anticipated production beginning in late 2016. Centerra is currently undertaking a feasibility study, on completion of which Stratex will have a clearer idea of when the royalty will commence and at what level. They recently announced a 295,000 oz increase in measured and indicated resources at Öksüt, largely from transition zone material, which they state should be amenable to heap leaching.

At the Dalafin gold project in Senegal, Stratex reported results in February, May and November from Reverse Circulation ('RC') and diamond drilling on a number of priority targets. Excellent results were reported in the first half, principally from Faré South and Madina Bafé, and after a geophysical survey to assist with interpretation it was decided to drill the strike extensions of the mineralisation at Faré South. While drilling extended the mineralisation to the north-east and south-west the widths and grade were only moderately encouraging. Meanwhile, the focus for the rest of this season is on Madina Bafé, where the potential remains largely untested. Having explored the property professionally and diligently for three years since the acquisition of Silvrex, which was our obligation under the purchase agreement, it is apparent that consideration of a resource estimate is premature. Consequently no further consideration is payable to the Silvrex shareholders. At the end of 2014 John Cole-Baker, who joined the board after the Silvrex transaction, and who has been responsible for our West Africa assets for the last three years, announced his retirement with effect from 31 March 2015. John has made an enormous contribution in West Africa, particularly in dealing with partners and local authorities at all levels, and he was responsible for the successful renegotiation of the JV agreement in Senegal where Stratex now holds 85%. He has agreed to remain on the board of our local operating companies for the time being in order to ensure an orderly transition.

In February, we acquired an option over Aforo Resources' Sinoe licence in the south east of Liberia and Stratex undertook some preliminary exploration work. Unfortunately the results were insufficiently encouraging for Sinoe to remain a priority target and we informed Aforo that we would not be proceeding with the purchase.

Elsewhere in West Africa, Stratex concluded a £1.25 million, 33.45% strategic equity investment in AIM quoted GoldStone at the end of October, with warrants to increase the holding to 50.1%. GoldStone has exploration assets in Gabon and at Sangola in Senegal not far from Dalafin. However the principal attraction was its existing resource centred on a small former open pit mine, almost within sight of the head frame at Obuasi, Ghana's oldest and largest gold mine. Stratex believes that there is considerable potential to add to the 100,000 oz, near surface, oxide portion of the resource and is working closely with GoldStone's management to test this concept. Stratex has two directors on the GoldStone board which is currently considering the results of a comprehensive data review, and an augering programme over key targets is currently underway. This is expected to result in an improved understanding of the gold geochemistry, optimisation of the exploration approach and priority drilling targets.

Stratex's other strategic investment, a 13% interest in TSX-V Tembo Gold, saw almost 7,000 m of drilling in a 27 hole programme. Tembo's 100 sq km property lies immediately to the north west of the Bulyanhulu gold mine in Tanzania and work by Tembo and previous operators had reported many deep high grade intersections. It has not yet proved possible to establish the necessary degree of continuity to estimate a resource at depth and following a strategic review recent effort has shifted to concentrate on some of the wider, near surface intersections which have not yet been followed up. Stratex has a representative on the Tembo board and continues to work closely with management though there is no obligation to make any further contributions to operating costs.

In late November we welcomed Emma Priestley to the Stratex Board as an executive director, principally responsible for developing new business. Emma qualified as a mining engineer and has worked as a consultant and at a corporate finance house in the City before joining Lonrho as an executive director, where she worked for seven years until the company was taken over. During this time she maintained her contacts in the City, developed new networks in Africa and was involved in acquiring and managing a wide range of businesses including mining.

Our smaller, restructured Board is actively seeking to reduce overheads in the UK, Senegal and Turkey pending the start of cash flow from Altıntepe and Öksüt, though without undermining our operational capability.

Stratex is no longer required to contribute to the operating costs of Thani Stratex Resources, Tembo, GoldStone or Aforo and the recent announcement of a deal on the Karaağac project in Turkey, will permit the redeployment of some Turkish geological staff.

John Cole-Baker meeting the President of Senegal

Stratex has an enviable reputation for successful exploration and monetisation of the resulting discoveries. The equity markets remain difficult, particularly for companies wanting to raise funds to drill, let alone those at an earlier stage of exploration. In the view of the Board too many companies are chasing the same potential investors and there exists a relative shortage of competent management. Your Board continues to believe that combining small companies with sensible, like-minded management saves costs, allows the available funds to go further and builds value. The challenge is to find companies with worthwhile assets whose management is like-minded and prepared to think outside-the-box; our search continues.

I look forward to Stratex becoming the next gold producer in Turkey with the start of production at Altıntepe later in the year. This will be a transformational event for the Company as it achieves the important objective of sustainable cash flow which will surely begin to translate into shareholder value.

Christopher Hall
Non-executive Chairman

Exploration activities

The projects which Stratex is currently involved in are:

Nearing production & feasibility

Altıntepe Au project, Turkey (page 9)

Muratdere Cu/Au/Mo project, Turkey (page 10)

Advanced exploration

Dalafin Au project, Senegal (page 11)

Homase/Akrokerri Au project, Ghana (page 12)

Hutite Au project, Egypt (page 13)

Blackrock Au project, Ethiopia (page 13)

Tembo Au project, Tanzania (page 13)

Early stage exploration

Pandora Au project, Djibouti (page 13)

Oyem & Ngoutou, Gabon

Sangola, Senegal

In addition, the Group has entered into Strategic Alliances with Antofagasta Minerals S.A. for the exploration of copper and copper-gold deposits in Turkey outside of the Group's existing licence areas and with Centerra Exploration B.V. to explore for gold in a defined area of Turkey. Possible licence areas have been identified under both alliances and public auction of the licences is awaited. Stratex will undertake the management of any projects which transpire.

On 6 February 2014 Stratex signed a purchase option agreement with Aforo Resources Limited for the exploration and possible purchase of the Sinoe project in Liberia. Results of the early exploration work did not meet expectations and Stratex gave notice to Aforo on 24 November of its decision not to take up the option to acquire the project. No further work will be undertaken at Sinoe.

Altıntepe

The Altıntepe project is located close to the Black Sea coast of northern Turkey. It is a high- to intermediate-sulphidation epithermal gold deposit with an in-house resource of 593,131 oz gold and 3,184,508 oz silver. Mineralization occurs over five main zones – Çamlik, Çamlik East, Kayatepe, Extension Ridge and Karakisla. Preliminary metallurgical test work on material from these zones suggests that the oxide material is mostly amenable to processing by low-cost heap leaching methods, a key factor that considerably enhances the potential economic viability of the project

Under the terms of a joint-venture agreement private Turkish contract gold mining company Bahar Madencilik is funding all development costs at the project, including all technical and financial studies, permitting and construction, to earn a 55% interest. Bahar have agreed a minimum production target of 30,000 oz gold per annum and will recover their costs from 80% of net free cash flow; thereafter net proceeds will be distributed 55% Bahar, 45% Stratex.

Following approval of the Forestry Permit at Altıntepe, Bahar has made rapid progress towards completion of the mine, although, recent heavy rains have delayed key elements of the construction programme, in particular the heap leach pads. Phase 1 excavation and engineering for the pads is now more than 90% complete.

Excavation and engineering infill of the pregnant, barren, and overflow ponds has been completed and the geomembranes are being installed. The foundations for the crusher area have almost been completed and installation of the primary jaw crusher and secondary and tertiary cone crushers are in progress. The foundations and installation of equipment for the ADR plant (adsorbtion, desorption, acid wash and carbon regeneration) have been completed. The Analytical and Metallurgical Laboratories and the office buildings have been completed and are now fully functional.

Due to the weather-related delays, completion of construction is now scheduled for late May.

In the meantime, Altıntepe Madencilik has advised that they have sought to overturn the exclusion of a small part of the licence that overlies the Kayatepe Zone from the currently permitted area which was based on the identification of minor items of archaeological interest in the area during the original EIA study.

The court has appointed experts to review the evidence and a decision is awaited. Any decision will have no impact on the current mine development and project economics, which are based on the Çamlik East Zone and Çamlik Zone, with an expectation of then extending the mine development to the Extension Ridge Zone.

Altıntepe Madencilik has also advised that two challenges to the original EIA have been lodged with the Administrative Courts. One challenge is by a group of local people and one by a group known as The Chamber of Engineers. The challenges have been addressed to the Ministry of Environment and Urban Planning, not to Altıntepe Madencilik. The challenges have been refuted by the Ministry but, to remove any uncertainty, the JV Partners felt it necessary to join the dispute and seek the overturn of the cases.

The due legal process now has to be followed and the court has requested expert opinion before deciding how best to proceed. In the meantime, Bahar has advised that construction is not being delayed by these issues and the JV partners continue to work closely with the villagers and other local people.

Muratdere

Located 250 km west of Ankara, the Muratdere property comprises three licences covering a substantial copper-gold-porphyry system with significant silver, molybdenum and rhenium credits. The porphyry system extends east-west for a distance of about 4,000 m and has a width of between 200 m and 400 m. The project is very close to a major industrial region of Turkey and access to the property is easy.

Under the terms of a joint venture agreement, private Turkish partner Lodos Maden Yatırım Sanayii ve Ticaret A.Ş. ('Lodos') paid a total of US$2.2 million to Stratex and completed slightly more than 3,000 m of drilling to earn to 61% of the project. Successful completion of a feasibility study, fully funded by Lodos, permits Lodos' shareholding in the operating company Muratdere Madencilik to be increased to 70%. As an integral part of the study Lodos undertook a further 11,787 m of diamond drilling and determined an optimised resource, based on two pits and using a 0.3% Cu cut-off, to yield initial resource of 15 million tonnes averaging 0.54% Cu (80,000 t) and 0.10 g/t Au (48,000 oz) – 66% Indicated Resource, remainder Inferred Resource. This resource included mostly supergene enriched material in a near-surface environment, Stratex having previously reported an initial JORC-compliant Inferred Resource of 51 million tonnes (comprising 186,000 tonnes copper, 204,296 oz gold, 3.9 million oz silver, 6,390 tonnes molybdenum and 17,594 kg rhenium) and open along strike and at depth.

Subsequent mine-design studies have now assumed three open pits – Eastern, Middle and Western – to develop the near-surface material in the first instance. Based on the revised mine plan, the three pits will operate consecutively and will merge in later years of the project, forming a single open pit. Annual mining rate will be approximately 1 million tonnes per annum and life of mine will be 16 years.

Over the 16-year mine life the operation will produce 15,967,000 tonnes of copper ore and 26 million tonnes of waste material. The stripping ratio ranges from 1.1 down to 0.5 during the mine life. The average head grade will be 0.52% for copper, 0.11 g/t for gold, 2.43 g/t for silver and 125 ppm for molybdenum.

Flotation testwork of supergene material averaged 80% recovery of sulphide-copper, with concentrates averaging 33.6% copper.

The open-pit mining operation will be run by a mine contractor and Muratdere Madencilik will provide mine management and control.

Project economics were determined using the following parameters:

- Capital cost US$44.3 million (plus US$6.6 million VAT);
- Operating cost US$15.9 per tonne of ore processed – includes mining, plant, G&A, state rentals and royalties;

	Low	Base	High
Copper price (US$ / t)	5,000	5,580	6,000
Equity Value (US$ M)	2.9	17.6	29
Equity IRR	9%	16%	20.9%
Gold price (US$ / oz)	1,000	1,290	1,500
Equity Value (US$ M)	14.5	17.6	19.9
Equity IRR	14.7%	16%	17.1%

- Metal prices of US$5,580/tonne copper, US$1,290/oz gold, US$18/oz silver;
- Discount rate 7.6%.

Total net income after tax of US$57 million, IRR of 16%, with NPV of US$17.6 million over the projected 16-year life of mine.

At this stage, allowance has only been made for exploitation of approximately 6.5 million tons of the much larger underlying low-grade hypogene chalcopyrite-dominated copper-molybdenum-gold material for which previously reported metallurgical test work indicated that a saleable copper concentrate grades (>24% Cu) could be produced from all but the unoxidised sulphide material, which returned slightly less than 22% Cu at a recovery of just below 84%.

The EIA permitting process for the Project has now commenced.

Dalafin

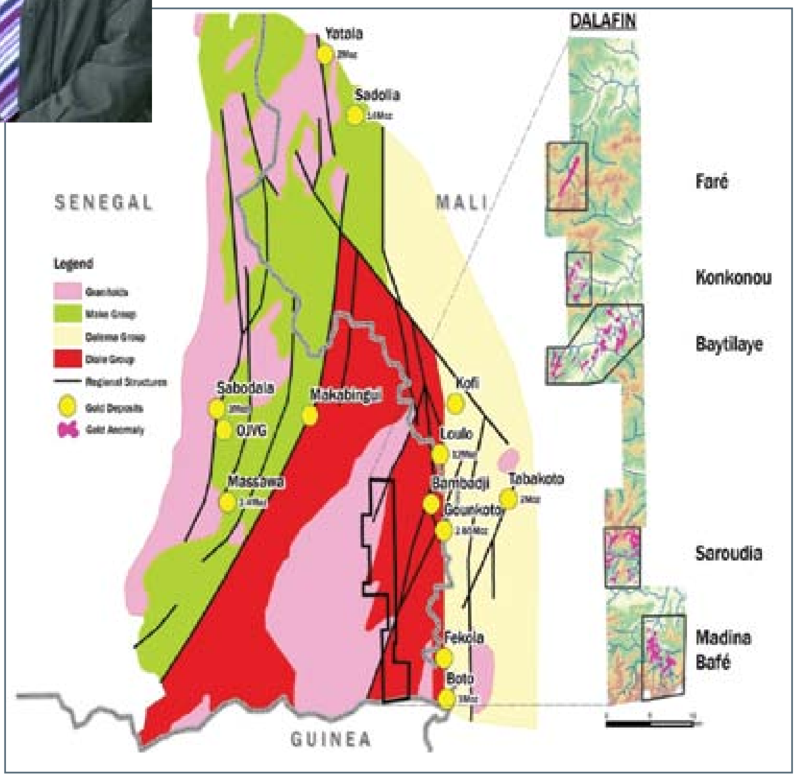
Dalafin is Stratex's principal asset in Senegal. The gold exploration licence covers 472.5 sq km located in south-eastern Senegal. Dalafin is positioned in the centre of the Birimian-age Kédougou-Kéniéba gold belt that extends from eastern Senegal into western Mali. This region has already seen multiple major gold discoveries including Randgold Resource's Massawa deposit (3.4 million oz Au) and Oromin Exploration's Sabodala deposit (3 million oz Au) in Senegal, and Randgold's Loulo (12 million oz Au) and Gounkoto projects (5.76 million oz Au) in Mali. Of critical importance is the fact that a number of the gold-rich deposits in the general vicinity of the Dalafin licence are hosted by N- to NE-trending fault zones, some of which also transect the Dalafin area.

Board members with Ousmane Ndiaye, President of Energy & Mining Corporation S.A.

Following an earn-in to 75% of the project, the Company has now signed an agreement with its private Senegalese partner, Energy & Mining Corporation S.A. (EMC), to acquire 85% through the establishment of a new Senegal-registered operating company Stratex EMC S.A.

To date, four main geochemical targets, Faré, Baytilaye, Saroudia, and Madina Bafé, have been confirmed by a 33,408 metre RAB (Rotary Air Blast) and AC (Air Core) drilling programme. No significant mineralisation was identified at a fifth target, Konkonou.

Best results from a follow-up diamond and RC drilling programme at the Faré prospect include: 3 m @ 10.47 g/t Au and 96 m @ 1.51 g/t Au (FADD-002), 19.5 m @ 1.08 g/t Au (FADD-021), 7 m @ 86.39 g/t Au (FARC-007), 7 m @ 1.64 g/t Su (FADD-013) and 23.5 m @ 1.41 g/t Au (FADD-023). Additional drilling at Faré South was undertaken in November-December 2014 and returned modest intersections, including: 4.8 m @ 1.06 g/t Au (FADD-0026), 3 m @ 1.04 g/t Au and 5 m @ 0.78 g/t Au (FARC-0043), 2 m @ 1.26 g/t Au (FARC-0052), 1 m @ 4.39 g/t Au from 42 m (FARC-0053); and 2 m @1.07 g/t from 59 m (FARC-76). Potential for strike extension of the mineralisation to the north remains but is considered to be of secondary priority. Stratex is now planning to focus its near-term efforts on the Madina Bafé prospect where previous drilling returned results that include; "MBDD-002" (9.60 m @ 16.08 g/t Au) and "MBRC-117" (15 m @ 6.10 g/t Au), as well as reviewing other potential areas of interest in the licence area.

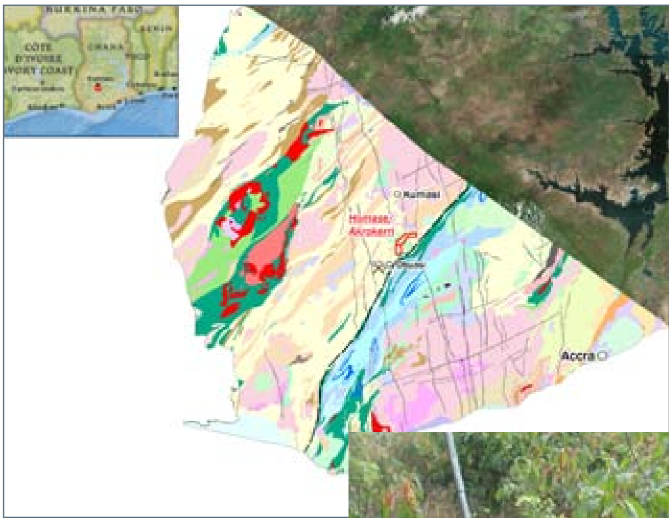


Homase-Akrokerri

The Homase/Akrokerri project borders the eastern and northern boundaries of Anglo Gold Ashanti's Obuasi permit, which hosts the 42 million oz gold deposit. The project is located within the same geological environment as the Obuasi deposit and hosts a previously producing open pit mine, which is one of GoldStone's key exploration targets. GoldStone currently holds a 65% interest in the Homase license, with an option to earn up to 85%, while Akrokerri is 100% GoldStone owned. Together the Akrokerri and Homase permits cover an area of approximately 143 square kilometres.

To date 51 drill holes, totalling 14,376 metres, have been completed by GoldStone in the Homase/Akrokerri project area. All holes targeted at direct extensions of the Homase/Akrokerri gold resource intersected the mineralised unit, demonstrating the consistency of the mineralisation trend over a significant strike length and at depth. GoldStone is confident that with further exploration potential can be realised. Based on historical drill data, as well as GoldStone's drilling programme completed between 2011 and 2012, a JORC compliant gold resource of 10.6 million tonnes of ore at an average grade of 1.77g/t containing 602,000 oz gold has been declared, of which 361,000oz is in the Measured and Indicated category. Approximately 100,000oz is oxide material and potentially amenable to recovery by open pit mining and heap leaching.

Stratex's involvement started in November. A review of all historical and company exploration data has been completed and GoldStone's team has concluded that significant potential exists in previously unexplored areas of the project.The first step has been to conduct a regolith study to understand which parts of the permit area are overlain by transported sediments and soils that may mask gold mineralisation in the underlying rocks. This was initiated by completing a pitting programme at selected points within the licences. The results from the pitting programme have subsequently been evaluated to provide the Company's operational team with information to undertake a comprehensive auger geochemistry programme. The auger programme is now being conducted over specific parts of the licence that are believed to have the potential to host further resources of oxide-gold material and thus could add to the existing oxide resource.



Auger drilling at Homase

East & North Africa

In October 2014, the Company announced that it had completed the formation of a new East and North African-focused exploration and development company, Thani Stratex Resources Ltd ("TSR"), in partnership with Thani Emirates Resource Holdings ("Thani").

Thani and Stratex have now combined their East and North African assets (including Stratex's Blackrock gold project in Ethiopia and Pandora gold project in Djibouti and Thani's Wadi Kareem and Hodine gold projects in Egypt. The work on the licences in Egypt and Djibouti was previously undertaken by the Thani AngloGold Ashanti Alliance which was disbanded in 2013.

Blackrock
At Stratex's Blackrock concession in Ethiopia, some 10,000 metres of drilling has already confirmed the presence of epithermal gold mineralization. The licence covers an area of 299km^2 within the northern Afar region of the Rift Valley.

TSR has targeted the Magdala and Stanley zones for priority drilling during 2015.

Pandora
The Oklila system in Djibouti, comprising the Pandora and Pyrrha veins, is arguably the most promising prospect in the former Stratex portfolio, with a total of 10 km of vein systems identified, including the inferred structures beneath wadi sediments and surface cover. The Oklila licence covers 68km^2 and encompasses a major fault structure that extends for at least 5km. Outcrop sampling has returned up to 25.9g/t Au, while a sample of float material from the area returned 80.1g/t Au.

Subsequent channel-chip sampling on the main 2.3 km-long structure returned high grade gold and drilling will be undertaken to test epithermal veining. Pandora is seen as an important drill target.

Wadi Kareem and Hodine
Both concessions are located in the Eastern Desert of Egypt and have similar geology to the >10Moz Sukari deposit. The Wadi Kareem concession is 418 km^2 and is approximately 35 km south west of the Red Sea town of Quseir. Previous work identified that the Kareem Felsite has several similarities to Centamin's Sukari mine and contains extensive surface quartz veins hosted by a large felsic intrusion. Limited drilling has been undertaken and it is the view of TSR that further work is merited.

The Hodine concession is 1,190 sq. km. and is approximately 16 km west of the Red Sea coast and the community of Shalateen. Thani Dubai Mining Egypt, a wholly-owned subsidiary of the Thani Group, had previously undertaken 30,000 m of diamond and RC drilling on the Hutite prospect. At Anbat-Shakoosh, high-grade gold veins are hosted within granite, again similar to Sukari, with wide zones of disseminated gold mineralization. This mineralization is exposed at surface and is open in all directions. The prospect is part of the ~10 km long Anbat-Shakoosh belt which has a number of mineralized intrusives. TSR see this as high priority for exploration.

Tembo – Tanzania

The Tembo gold licence lies within the highly prospective Lake Victoria Goldfield, adjacent to African Barrick Gold's 14 million oz Bulyanhulu Mine in Tanzania and covers an area of 100km^2.

Stratex currently owns 13% of Tembo Gold Corporation and provides expertise on the exploration activities through Dr Bob Foster's position on the Tembo Board.

During 2014 the company completed a diamond drilling programme of 6,843m comprising 27 drill holes. Best results for the Nyakagwe Village target include:

- Drill hole "TDD0111": 35.14 g/t Au over 2.45 m from 53.35 m including 167 g/t Au over 0.50 m; and
- Drill hole "TDD0115": 2.74 g/t Au over 8.50 m from 53.00 m including 10.57 g/t Au over 1.00 m and 2.04 g/t Au over 9.00 m from 69.00 m;

Drill hole "TD0111" confirms south-west extension of a recently identified north-east-trending zone of mineralization that relates to a 1.8 km-long magnetic lineament oblique to the ESE Nyakagwe trend.

Drilling has now been suspended and the Corporation is currently conducting a strategic review to identify the optimum path to follow to ensure the future of Tembo and to optimize shareholder value under difficult market conditions. A number of alternatives, including small-to-medium scale production, further financing for exploration activities, corporate merger and project joint venture, are being considered.

Directors' biographies

Christopher Hall

BSc, MSc, MIMMM, CEng
(age 65)

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 UK LLP. Was CEO of European Mining Finance and has worked for Consolidated Goldfields, Behre Dolbear, Touche Remnant and Messel & Co. Joined Stratex in 2008.

Bob Foster

BSC, Phd, FIMMM, CEng, FGS, CGeol
(age 66)

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.

Perry Ashwood

FCA
(age 67)

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.

John Cole-Baker

BSc, MSc
(age 67)

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.

Emma Priestley

BEng, CEng, CRICS
(age 42)

Executive Director

Emma has a background in mining and financial services having worked with mining companies and consultants, IMC Mackay & Schnellmann, investment bank CSFB, advisers VSA Resources, Ambrian Partners, where she worked as corporate broker and adviser, and most recently as an executive director of Lonrho Plc until its recent successful takeover. Emma is a Chartered Mining Engineer and a Chartered Mineral Surveyor and graduated from the Camborne School of Mines with a BEng in Mineral Surveying and Resource Management.

Peter Addison

(age 72)

Non-Executive Director

Peter qualified as a solicitor in 1966 and practiced in the City of London, originally with Linklaters & Paines and subsequently with Norton Rose, specialising in company and commercial law. In 1982, he became a director of English Trust, a corporate advisory bank, and for some twenty years was involved in providing corporate finance advice to a wide range of public companies in the UK and Ireland on all aspects of their businesses.

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 2014.

Principal Activities

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 2014 was four Executive Directors and two Non-Executive Directors. David Hall resigned from the Board on 24 October 2014 in order to provide full-time management of the new East and North Africa arrangement with the Thani Group. John Cole-Baker has announced his retirement from the Board effective 31 March 2015. Emma Priestley joined the Board on 28 November 2014 having previously worked with Lonrho Plc. Her particular focus will be on new business development. 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. West Africa operations are managed out of Dakar, Senegal and operations in Ghana are managed through Goldstone Resources Limited located in Cape Town, South Africa.

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 adopt three basic approaches to building the pipeline of projects, namely through early discovery, by entering into strategic alliances with experienced partners and through investment in companies with established resources. 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 Group 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. Income from the Altıntepe mine is expected in the second half of 2015.

Review of Business

Stratex continued with its declared business strategy and significant progress was made on a number of fronts during 2014.

Construction of the mine at Altıntepe in Turkey, in which Stratex has 45%, is now well advanced but has suffered delays at the end of the year and into 2015 due to heavy rainfall. The timetable has therefore slipped and first revenues from the mine should now be seen in second-half of 2015. Stratex Management are regularly on site (see page 9).

On 24 October 2014 Stratex finalised the arrangement with the Dubai-based Thani Group whereby Stratex's projects in Ethiopia and Djibouti and Thani's projects in Egypt have been brought together in a new joint venture company, Thani Stratex Resources Limited, with Stratex owning 40% and Thani 60%. The shareholdings reflect the relative size and state of development of the various projects. The parties also contributed US$1million each as working capital. The new venture will be managed by Thani, with former director and fellow founder of Stratex, David Hall as CEO (see page 13).

On 30 October 2014, Stratex completed a strategic investment in Goldstone Resources Limited ("Goldstone"), an AIM quoted company with gold interests in Ghana, Senegal and Gabon. Stratex acquired a 33.45% interest for a cost of £1.25million. Dr Bob Foster and Christopher Hall have been appointed to the Goldstone board. Goldstone's main asset is the Homase/Akrokerri gold project in Ghana which contains a declared JORC gold resource of 602,000 oz (see page 12). Goldstone is treated as a controlled subsidiary under the provisions of IFRS 10 and their results, assets and liabilities are include in the Group's consolidated financial statements.

Having fulfilled all of its commitments under the agreement with strategic partner Energy & Mining Corporation S.A. ("EMC") in Senegal, Stratex now holds 85% of the Dalafin project. A new company has been established in Senegal, Stratex EMC SA, to carry the project forward, with Stratex as 85% shareholder and EMC 15%. Extensive drilling was undertaken at the Faré South and Madina Bafé prospects in 2014. In total 33,408m of rotary air blast and air core drilling has now been completed at the four main targets. The results include an excellent 7m @ 86.39 g/t Au. This was followed up by diamond drilling and RC drilling at the Faré prospect and additional drilling was undertaken at Faré South in November and December 2014. The results from the last round of drilling have only been modest and do not provide a sound base for undertaking a resource calculation. Therefore no payment will be made to the ex-Silvrex shareholders under the original purchase agreement (see page 11).

Stratex is now planning to focus its near-term efforts on the Madina Bafé prospect where previous drilling results included; MBDD-002 (9.60 m @ 16.08 g/t Au) and MBRC-117 (15 m @ 6.10 g/t Au).

Further drilling was undertaken by our partner Lodos at the Muratdere copper-gold project in Turkey. A feasibility study, fully funded by Lodos, was completed in early 2015. The study is based on a 16-year mine life to process 1 million tonnes of mineralised material per annum, producing in total 68,139 tonnes Cu, 32,300 oz Au and 954,677 oz Ag. Project economics, targeting only the supergene sulphide material, indicate life of mine net income after tax of US$57 million, IRR of 16%, with NPV of US$17.6 million. No allowance has been made at this stage for the much larger underlying hypogene resource. The Environmental Impact Assessment ('EIA') permitting process has been initiated with the Environment Ministry (see page 10).

In Tanzania, Dr Bob Foster is advising on the Tembo gold project where a diamond drill programme totalling 6,843m was completed in the year. Encouraging results were returned and all data is now being reviewed to identify the next steps. This may include bringing in partners to fund the follow-on exploration (see page 13).

Future developments

The Board sees no immediate easing of the economic situation gripping the Resource Sector and raising funds will continue to be extremely difficult. With this background the Board is presently conducting a thorough review of its costs in order to ensure funds last through 2015 and well into 2016. Exploration activities will be constrained to ensure this happens. The second half of 2015 should see the start of a stream of income from production at Altıntepe.

Funds have been ear-marked for project evaluation and possible drilling at Homase/Akrokerri and our partner Lodos will be taking forward the Muratdere project following finalisation of the feasibility study with a possible move towards construction of a mine. Our prime focus will be to assist Bahar in bringing Altıntepe into production and consideration will be given to further drilling of the Madina Bafé prospect in Dalafin.

We eagerly look forward to drilling being carried out by our joint venture partner Thani at the Pandora prospect in Djibouti.

The Board will continue to look for opportunities to invest in companies with established resources.

Financial Review

The loss after tax of the Group for the year was £2,543,623, which compares with a loss in 2013 of £3,628,385.

This year's financial results have been significantly impacted by a number of events at the corporate level, namely:

a) In October 2014 the 95% owned subsidiary Stratex East Africa Limited was transferred to the new joint venture with the Thani Group. The joint venture company, Thani Stratex Resources Limited is owned 40% by Stratex and 60% by Thani. As a result of the transfer £ 5,313,898 of assets were removed from the Group's statement of financial position including the investment in the Blackrock project, which amounted to £4,870,209. Added to the Group's statement of financial position was the Group's share of net assets in Thani Stratex Resources Limited amounting to £6,242,232.

b) Also in October the share subscription in Goldstone Resources Limited was finalised. Stratex's share ownership is 33.45% and under the provision of IFRS 10, Stratex is deemed to have control and the operational losses, asset and liabilities of Goldstone have been fully consolidated in this year's Group financial statements. The fair value of the net assets brought into the Group's statement of financial position is £3,736,921, which includes £2,559,997 for the Homase/Akrokerri exploration project.

The Board has considered the impairment of the Group's assets and the more significant adjustments made in this year's account are as follows:

a) the goodwill brought forward of £926,546, which arose on acquisition of Silvrex Limited (renamed Stratex West Africa Limited) in 2011, has been written-off. Silvrex provided an open door into West Africa and their then Chairman John Cole-Baker, who has extensive contacts in the region, joined the Board of Stratex. These factors combined to support the valuation of the goodwill. The Board believe that these benefits have now been exhausted, and the goodwill has been written-off and is included in Other Income/(losses) in the Income Statement.

b) the capitalised exploration costs of the Sinoe project in Liberia, amounting to £269,109, have been written off following the decision not to continue with the project. The £89,691 loan to Aforo Resources Limited, the owners of the Sinoe licence, has been converted into Aforo shares in accordance with the agreement date 6 February 2014.

Stratex had an obligation related to the acquisition of Silvrex Limited to pay further consideration to the Silvrex shareholders if a resource of at least 500,000 oz Au or equivalent was declared at Dalafin before 31 December 2014. A provision of £1,140,064 has been carried to cover this payment. The results from work done on Dalafin have not justified declaring a resource and the provision has been written back to the Income Statement and is included in Other Income/Losses.

The total cash balances for the Group at 31 December 2014 was £4,706,958, which compares with a balance of £10,574,966 at 31 December 2013. The major uses of cash in the year were; cash used in operations of £3,073,257, lower than the previous year by £634,713, exploration expenditure of £2,230,306 (net of receipts from partners) and investment in Thani Stratex Resources Limited of £625,069.

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:

- 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.

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 web site.

Events after the Reporting Period

There have been no material events occurring after the 31 December 2014.

This Strategic Report was approved by the Board of Directors on 10 March 2015.

P.C. Ashwood.

P C Ashwood
Company Secretary

10 March 2015

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 2014.

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 activities, future developments, principal risks and uncertainties and events after the end of the reporting period.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Under that law the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRS's) 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 and 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 judgements and accounting estimates that are reasonable and prudent;
- state whether the Financial Statements comply with IFRS's as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- 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.

David Hall resigned as Director on 24 October 2014. Emma Priestley was appointed to the Board on 28 November 2014. With these exceptions all Directors have been Directors of the Company for the full year.

In compliance with the Company's Articles of Association, Christopher Hall will retire by rotation and Emma Priestley, having been appointed since the last AGM, will retire and, being eligible, both 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 December 2014		As at December 2013	
	Ordinary 1p shares	Share options	Ordinary 1p shares	Share options
Christopher Hall	212,143	3,000,000	212,143	2,250,000
Dr Bob Foster	7,719,404	5,003,577	7,368,527	5,210,604
Perry Ashwood	1,744,485	4,723,567	1,744,485	4,754,857
John Cole-Baker	785,669	750,000	785,669	–
Emma Priestley	–	1,500,000	–	–
Peter Addison	217,857	3,000,000	217,857	2,250,000
Total	**10,679,558**	**17,977,144**	**10,328,681**	**14,465,461**

The remuneration paid to Directors was:

2014	Salary £	Fees £	Share option expense £	Benefits £	Total £
Christopher Hall	10,000	65,000	1,610	–	76,610
Dr Bob Foster	148,423	–	1,731	2,503	152,657
Perry Ashwood	128,312	–	1,245	2,994	132,551
David Hall (resigned 24/10/14)	114,974	–	1,272	–	116,246
John Cole-Baker	101,970	–	338	–	102,308
Emma Priestley (appointed 28/11/14)	6,538		676	–	7,214
Peter Addison	6,000	25,157	1,610	–	32,767
Total	**516,217**	**90,157**	**8,482**	**5,497**	**620,353**

2013	Salary £	Fees £	Share option expense £	Benefits £	Total £
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**

Substantial shareholdings

As at 9 March 2015, 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
Blackrock Investment Management	45,422,911	9.7
Exploration Capital Partners 2012 Limited Partnership	42,202,925	9.0
Teck Resources Limited	35,727,487	7.7
Forest Nominees Limited	27,188,800	5.8

Provision of information to Auditor

The Directors who held office at the date of this 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

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Approved by the Board and signed on its behalf.

P.C. Ashwood.

P C Ashwood
Company Secretary

10 March 2015

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 2014 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 2014 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

10 March 2015

Statement of consolidated comprehensive income

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Continuing operations			
Revenue		–	–
Administration expenses	10	(2,665,791)	(3,164,230)
Project impairment	17	(269,109)	(2,679,540)
Other income/(losses) – net	9	190,585	(761,437)
Operating loss		**(2,744,315)**	**(6,605,207)**
Finance income		44,727	138,679
Share of (losses)/profits of investments accounted for using the equity method	18	(85,585)	570,748
(Loss)/profit on sale of associate companies	7	(98,834)	2,314,903
Profit/(Loss) on sale of subsidiary company	8	303,294	(249,804)
Loss before income tax		**(2,580,713)**	**(3,830,681)**
Income tax credit	12	37,090	202,296
Loss for the year		**(2,543,623)**	**(3,628,385)**
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		104,711	(5,329)
Exchange differences on translating foreign operations		27,459	(240,124)
Other comprehensive income for the year, net of tax		**132,170**	**(245,453)**
Total comprehensive income for the year		**(2,411,453)**	**(3,873,838)**
Loss for the year attributable to:			
Owners of the Parent Company		(2,438,207)	(3,628,385)
Non-controlling interests		(105,416)	–
Loss for the year		**(2,543,623)**	**(3,628,385)**
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		(2,367,425)	(3,873,838)
Non-controlling interests		(44,028)	–
Total comprehensive income for the year		**2,411,453**	**(3,873,838)**
Earnings per share for losses from continuing operations attributable to the owners of the Company (expressed in pence per share).			
– basic	13	(0.52)	(0.78)
– diluted	13	(0.52)	(0.78)

The notes on pages 28 to 54 form part of these financial statements

Statement of consolidated financial position

Company number: 05601091

	Notes	As at 31 December 2014 £	As at 31 December 2013 £
ASSETS			
Non-Current Assets			
Property, plant and equipment	16	71,227	178,416
Intangible assets and goodwill	17	7,603,549	8,942,778
Investments accounted for using the equity method	18	8,806,548	2,545,207
Available-for-sale financial assets	19	227,082	137,391
Trade and other receivables	20	1,078,577	132,094
Deferred tax asset	21	154,998	202,041
		17,941,981	**12,137,927**
Current Assets			
Trade and other receivables	20	930,401	1,412,701
Cash and cash equivalents	22	4,706,958	10,574,966
		5,637,359	**11,987,667**
Held-for-sale assets	23	–	244,744
		5,637,359	**12,232,411**
Total Assets		**23,579,340**	**24,370,338**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	25	4,673,113	4,673,113
Share premium	25	20,426,431	20,426,431
Other reserves	27	(643,305)	(631,301)
Retained earnings		(4,415,707)	(2,070,378)
Total equity attributable to owners of the Company		**20,040,532**	**22,397,865**
Non-controlling interests	28	2,446,453	–
Total Equity		**22,486,985**	**22,397,865**
LIABILITIES			
Non-Current Liabilities			
Employee termination benefits		28,971	28,107
Deferred tax liabilities	21	526	89,343
		29,497	**117,450**
Current Liabilities			
Deferred consideration	31	–	1,140,064
Trade and other payables	29	1,062,858	714,959
		1,062,858	**1,855,023**
Total Liabilities		**1,092,355**	**1,972,473**
Total Equity and Liabilities		**23,579,340**	**24,370,338**

The notes on pages 28 to 54 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 10 March 2015 and were signed on its behalf by:

Christopher Hall
Non-Executive Chairman

Perry Ashwood
Chief Financial Officer

Statement of consolidated changes in equity

	Attributable to owners of the Company						
	Share capital £	Share premium £	Other reserves (see note 27) £	Retained earnings £	Total £	Non-controlling interests (see note 28) £	Total equity £
Balance at 1 January 2013	**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**
Share-based payments	–	–	10,092	–	10,092	–	10,092
Share options cancelled	–	–	(92,878)	92,878	–	–	–
Total contributions by and distributions to owners of the Company	**–**	**–**	**(82,786)**	**92,878**	**10,092**	**–**	**10,092**
Non-controlling interest arising on business combination	–	–	–	–	–	2,490,481	2,490,481
Total transactions with owners of the Company	**–**	**–**	**(82,786)**	**(92,818)**	**10,096**	**2,490,481**	**2,500,573**
Comprehensive income for the year:							
– loss for the year	–	–	–	(2,438,207)	(2,438,207)	(105,416)	(2,543,623)
– other comprehensive income	–	–	70,782	–	70,782	61,388	132,170
Total comprehensive income for the year	**–**	**–**	**70,782**	**(2,438,207)**	**(2,367,425)**	**(44,028)**	**(2,411,453)**
Balance at 31 December 2014	**4,673,113**	**20,426,431**	**(643,305)**	**(4,415,707)**	**20,040,532**	**2,446,453**	**22,486,985**

The notes on pages 28 to 54 form part of these financial statements

Statement of consolidated cash flows

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Cash flow from operating activities			
Net cash used in operating activities	32	**(3,073,257)**	**(3,707,970)**
Cash flow from investing activities:			
Cash acquired from acquisition of subsidiary-net	15	46,722	–
Purchase of property, plant and equipment	16	(30,825)	(82,736)
Purchase of available-for-sale financial assets	19	–	(137,391)
Purchase of intangible assets	17	(2,510,793)	(5,525,493)
Investment in associate company	18	(625,069)	(1,055,875)
Proceeds from sale of associate companies	7	–	15,475,156
Interest received		44,727	138,679
Net cash (used in)/generated from investing activities		**(3,075,238)**	**8,812,340**
Cash flow from financing activities			
Funds received from project partners	17	280,487	752,148
Net cash generated from financing activities		**280,487**	**752,148**
Net increase in cash and cash equivalents		**(5,868,008)**	**5,856,518**
Cash and cash equivalents at beginning of the period		10,574,966	4,718,448
Cash and cash equivalents at end of the period	22	**4,706,958**	**10,574,966**

Non-cash transactions

On 23 October 2014 the Group entered into an agreement with Thani Emirates Resource Holdings Limited under which Stratex East Africa Limited and Thani Stratex Djibouti Limited were transferred to a new company, Thani Stratex Resources Limited, in exchange for shares in that company (see note 18).

On 4 December 2014, the Group received 2,727,272 ordinary shares in Aforo Resources Ltd in repayment of a loan of £89,691 (see note 19).

The notes on pages 28 to 54 form part of these financial statements

Statement of company financial position

Company number: 05601091

	Notes	As at 31 December 2014 £	As at 31 December 2013 £
ASSETS			
Non-Current Assets			
Property, plant and equipment	16	24,511	42,490
Available-for-sale financial assets	19	227,082	137,391
Investments in associates	18	645,869	19,800
Investment in subsidiaries	14	14,564,158	20,141,243
		15,461,620	**20,340,924**
Current Assets			
Trade and other receivables	20	2,564,906	2,647,089
Cash and cash equivalents	22	3,629,801	10,367,159
		6,194,707	**13,014,248**
Total Assets		**21,656,327**	**33,355,172**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	25	4,673,113	4,673,113
Share premium	25	20,426,431	20,426,431
Other reserves	27	683,872	766,658
Retained earnings	34	(5,024,466)	5,621,116
Total equity attributable to owners of the Company		**20,758,950**	**31,487,318**
LIABILITIES			
Current Liabilities			
Deferred consideration	31	–	1,140,064
Trade and other payables	29	897,377	727,790
Total Liabilities		**897,377**	**1,867,854**
Total Equity and Liabilities		**21,656,327**	**33,355,172**

The notes on pages 28 to 54 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 10 March 2015 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				
		Share capital £	Share premium £	Share option reserve £	Retained earnings £	Total equity £
Balance at 1 January 2013		**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	34	–	–	–	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**
Share-based payments		–	–	10,092	–	10,092
Share options cancelled		–	–	(92,878)	92,878	–
Total contributions by and distributions to owners of the Company		**–**	**–**	**(82,786)**	**92,878**	**10,092**
Comprehensive income for the year:						
– loss for the year	34	–	–	–	(10,738,460)	(10,738,460)
Total comprehensive income for the year		**–**	**–**	–	**(10,738,460)**	**(10,738,460)**
Balance at 31 December 2014		**4,673,113**	**20,426,431**	**683,872**	**(5,024,466)**	**20,758,950**

The notes on pages 28 to 54 form part of these financial statements

Statement of company cash flows

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Cash flow from operating activities			
Net cash used in operating activities	32	**(1,083,647)**	**(1,760,051)**
Cash flow from investing activities:			
Purchase of property, plant and equipment	16	(1,910)	(52,718)
Purchase of available-for-sale financial asset	19	–	(137,391)
Purchase of subsidiary company	15	(1,250,000)	–
Funding of subsidiary companies		(3,833,866)	(4,774,726)
Investment in associate company	18	(625,040)	–
Interest received		41,377	64,938
Dividend from subsidiary company		–	11,062,711
Net cash (used in)/generated from investing activities		**(5,669,439)**	**6,162,814**
Cash flow from financing activities			
Increase in intercompany indebtedness		15,728	2,602,179
Net cash generated from financing activities		**15,728**	**2,602,179**
Net (decrease)/increase in cash and cash equivalents		**(6,737,358)**	**7,004,942**
Cash and cash equivalents at beginning of the period		10,367,159	3,362,217
Cash and cash equivalents at end of the period	22	**3,629,801**	**10,367,159**

The notes on pages 28 to 54 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 Alternative Investment 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 2014 the Group had cash and cash equivalents of £4,706,958 and no borrowings. Altıntepe is planned to complete the mine construction in Q2 2015 and the Group should start to see income generation in the second half of the year. The major item of spend in 2015 is likely to be the further exploration on the Homase/Akrokerri project and consideration is being given to further drilling at Dalafin. Muratdere continues to be funded by our partner Lodos. 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 2014 and have been applied in preparing these financial statements.

New standards

- 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.
- 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.
- 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.
- 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 11.

Amendments to standards

Amendment to IAS 36, 'Impairment of Assets', require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments also incorporate the 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.

b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2014, 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 2014, 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.

- Amendment to IAS 32, 'Financial Instruments: Presentation', 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.
- 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.

2. Summary of significant accounting policies (continued)

- 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.
- Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 12, 'Disclosure of Interests in Other Entities' and IAS 27, 'Separate Financial Statements', define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 'Financial Instruments', in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.
- IFRIC 21, 'Levies', addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. The interpretation also addresses the accounting for a liability to pay a levy whose timing and amount is certain.
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' introduce a narrow-scope exception to the requirement for the discontinuation of hedge accounting. The amendments allow hedge accounting to continue in a situation where a derivative that has been designated as a hedging instrument is novated from one counterparty to a central counterparty, as a consequence of new laws or regulations if specific conditions are met. This relief has been introduced in response to legislative change across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives.

c) New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 January 2014 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.

IFRS 9 (2014) 'Financial Instruments' supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). The finalised version of IFRS 9 contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. The content of IFRS 9 (2014) includes:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The standard introduces a fair value through other comprehensive income category for certain debt instruments. Financial liabilities are classified in a similar manner to that under IAS 39 however there are differences in the requirements applying to the measurement of an entity's own risk.
- Impairment. The standard introduces an expected credit loss model for the measurement of the impairment of financial assets. so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- Hedge accounting – The standard introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition – the requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Group intends to adopt the amended standards no later than the annual period beginning on or after 1 January 2018, subject to EU endorsement.

'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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

- 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.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets': Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments clarify that a deprecation method which is based on revenue that is generated by an activity which includes the use of an asset is not appropriate for property, plant and equipment. The amendments also introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances. The Group intends to adopt the amended standard no later than the annual period beginning on or after 1 January 2016, subject to EU endorsement.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (2011) in order to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The Group intends to adopt the amended standard no later than the annual period beginning on or after 1 January 2016, subject to EU endorsement.

Amendments to IAS 27 "Separate Financial Statements": Equity Method in Separate Financial Statements. The amendments to IAS 27 permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in the separate financial statements. The Group intends to adopt the amended standard no later than the annual period beginning on or after 1 January 2016, 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.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The acquisition method is used to account for the acquisition of subsidiaries.

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 fairvalue of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

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 IFRS 11 "Joint Arrangements" and therefore these Financial Statements do not reflect the accounting treatments required under IFRS 11.

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.

2.4 Property, plant and equipment

Property, plant 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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(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 not ready for use 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.

In assessing the carrying values of its major exploration and evaluation assets, the Directors have used cash flow projections for each of the projects where a JORC – compliant resource has been calculated.

Certain of the other exploration projects are at an early stage of development and no JORC-compliant resource estimate has been completed. In these cases 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.

Finance income comprises bank interest receivable.

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.

- 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.

- 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.

- 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.

2. Summary of significant accounting policies (continued)

(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 is 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

- 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.

- 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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

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 within equity.

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 monetisation of exploration assets and 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, 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.

The Group 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.

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 judgements

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 judgement 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).

The Group considers that it controls Goldstone Resources Limited even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Goldstone Resources Limited with a 33.45% equity interest; the Group holds warrants which, on exercise, would increase ownership to 50.13%; and through the Group's representation on the Board providing it with control over that company's exploration and evaluation activities. Since the date of acquisition, there have been no instances of the other shareholders of Goldstone Resources Limited collaborating to exercise their votes collectively or to outvote the Group.

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 £154,998 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.

5. Segment reporting

The Group's main exploration operations are located in Turkey and 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 &	Group
	Turkey	East Africa	West Africa	other	Total
	£	£	£	£	£
At 31 December 2014					
Intangible assets	–	–	7,603,549	–	7,603,549
Property, plant and equipment	10,880	–	35,836	24,511	71,227
Investment in associate companies	823,817	7,982,731	–	–	8,806,548
Cash and other assets	673,754	–	1,997,718	4,426,544	7,098,016
Liabilities	(496,291)	–	(283,810)	(312,254)	(1,092,355)
Inter-segment	(2,851,657)	–	(8,918,108)	11,769,765	–
Net assets/(liabilities)	**(1,839,497)**	**7,982,731**	**435,185**	**15,908,566**	**22,486,985**
Additions to property, plant and equipment	2,106	3,265	23,544	1,910	30,825

Notes to the financial statements (continued)

5. Segment reporting (continued)

	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
Property, plant 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 property, plant and equipment	7,764	9,335	12,919	52,718	82,736

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

	Capitalised cost		Additions in year	
	2014 £	2013 £	2014 £	2013 £
Turkey				
Hasançelebi	–	–	–	50,998
East Africa				
Blackrock	–	4,870,209	116,473	1,574,699
Other	–	17,519	423	756,222
Total	–	4,887,728	116,896	2,330,921
West Africa				
Dalafin	4,920,721	3,128,504	1,786,153	1,725,830
Sinoe	–	–	269,109	–
Homase/Akrokerri	2,662,567	–	38,080	
Other	20,261	–	20,068	665,596
Total	7,603,549	3,128,504	2,113,410	2,391,426
Total Intangible assets	**7,603,549**	**8,016,232**	**2,230,306**	**4,773,345**

Intangible assets are net of funds received from the Company's partners under various joint venture agreements which amount to £280,487 (2013: £752,148).

5. Segment reporting (continued)

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

	Exploration			UK support &	Group
	Turkey £	East Africa £	West Africa £	other £	Total £
2014					
Administration expenses	(518,525)	(768,842)	(673,345)	(612,507)	(2,573,219)
Depreciation charge	(8,444)	(60,212)	(4,027)	(19,889)	(92,572)
Impairment losses	–	–	(269,109)	–	(269,109)
Other income/(losses)	(240,926)	–	213,518	–	(27,408)
Finance income	–	–	3,350	41,377	44,727
Share of losses in associate companies	(57,315)	(28,270)	–	–	(85,585)
Exchange gains/(losses)	(92,081)	18,632	(33,328)	324,770	217,993
Net gain on sale of subsidiary	–	204,460	–	–	204,460
Inter-segment charges	(100,391)	(257,055)	(369,559)	727,005	–
Income tax	(41,433)	–	88,681	(10,158)	37,090
Profit/(Loss) for year	**(1,059,115)**	**(891,287)**	**(1,043,819)**	**450,598**	**(2,543,623)**
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)**

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.

Notes to the financial statements (continued)

6. Services provided by the Company's auditor

During the year the Group obtained the following services from the Company's auditor:

	2014 £	2013 £
Auditor's remuneration		
Fees payable for the audit of parent and consolidated financial statements	37,537	42,063
Fees payable for tax compliance	7,300	4,250
	44,837	**46,313**

7. (Loss)/profit on sale of associates

In 2014

During the year Tembo Gold Corporation issued additional share capital thereby reducing Stratex's shareholding interest from 14.23% at 31 December 2013 to 12.8%. This has resulted in a loss of £98,834 for the Group.

In 2013

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 their sole licence, the Inlice licence, for US$10 million and the company was subsequently liquidated. Stratex's share 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 fulfilment of certain commitments under the Agreement signed on 21 November 2012. The Group recorded a gain on disposal of £230,926.

8. Profit/(loss) on sale of subsidiary

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

	2014 £	2013 £
Profit/(loss) on disposal of subsidiary undertaking	303,294	(454,190)
Retained interest in former subsidiary undertaking	–	204,386
Net profit/(loss)	**303,294**	**(249,804)**

On 23 October 2014 the Group entered into an agreement with Thani Emirates Resource Holdings Limited under which Stratex East Africa Limited and Thani Stratex Djibouti Limited were transferred to a new company, Thani Stratex Resources Limited, in exchange for shares in that company (see note 18).

On 30 January 2013, Bahar Madencilik Sanayi ve Ticaret Ltd Sti exercised its right to acquire 55% of Altıntepe Madencilik Sanayi ve Ticaret AŞ having fulfilled its commitments under the Heads of Agreement dated 1 December 2011.

9. Other income/(losses)

	2014 £	2013 £
Income from technical and management services	–	306,554
Exchange gains and (losses)	217,993	(277,419)
Change in value of deferred consideration (see note 31)	1,140,064	(769,222)
Change in value of held-for-sale assets (see note 23)	(240,926)	(21,350)
Impairment of goodwill (see note 17)	(926,546)	–
Total for year	**190,585**	**(761,437)**

10. Expenses by nature

Administration expenses comprise:

	2014 £	2013 £
Personnel expenses (see note 11)	1,174,159	1,112,525
Contract staff wages	152,255	305,314
Other exploration related expenses	53,230	163,384
Legal and professional expenses	293,974	285,646
Depreciation expense	92,572	74,958
Other expenses	899,601	1,222,403
Total for year	**2,665,791**	**3,164,230**

11. Personnel expenses

	2014 £	2013 £
Wages and salaries	1,007,083	978,511
Social security costs	105,542	72,398
Share options granted to Directors and employees	10,092	36,485
Employee benefits-in-kind	49,801	19,071
Employee termination benefits	1,641	6,060
Total for year	1,174,159	1,112,525
Average number of employees, including Directors	44	55

The amount of wages and salaries capitalised during the year as part of intangible assets and not included above is £145,595 (2013: £206,735).

Employee termination benefits relate to Stratex Madencilik Sanayi Ve Ticaret Ltd. Şti and have 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 (2013: nil).

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

12. Income tax

Analysis of income tax (expense)/credit:

	2014 £	2013 £
UK Corporation tax charge for the year	–	–
Foreign tax:		
Current tax (charge)/credit for the year	(10,159)	175,145
Deferred tax credit for the year	47,249	27,151
Total tax on loss for the year	**37,090**	**202,296**

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 £3,016,000 (2013: £3,193,000). These were in respect of UK losses amounting to approximately £13,453,000 (2013: £12,506,000), losses in Turkey of approximately £1,303,000 (2013: £671,000), and losses in Djibouti (2013: £356,000). These losses can be carried forward and used against future taxable income at rates of 20% and 25% respectively.

Notes to the financial statements (continued)

12. Income tax (continued)

	2014 £	2013 £
Loss before tax	**(2,580,713)**	**(3,830,681)**
Current tax credit at 21.5% (2013: 23.75%)	(554,853)	(909,787)
Effects of:		
Expenses not deductible for tax purposes	3,065	8,401
Non-taxable income	(101,232)	(382,341)
Capital allowances in excess of depreciation	10,350	(7,354)
Tax losses carried forward – UK	462,661	1,247,219
Tax losses carried forward – outside UK	180,010	43,862
Overseas tax charge	10,158	(175,145)
Origination and reversal of temporary differences	(47,249)	(27,151)
Tax credit	**(37,090)**	**(202,296)**

13. Earnings per share

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

	2014 £	2013 £
Loss attributable to owners of the Company	(2,438,207)	(3,628,385)
Weighted average number of ordinary shares in issue	467,311,276	467,311,276
Basic and diluted loss per share (pence per share)	**(0.52)**	**(0.78)**

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

At the year end there were 24,316,144 (2013: 20,720,471) share options that could potentially dilute the earnings per share in the future.

14. Investments in subsidiaries

The cost of shares in subsidiary companies is as follows:

Company	2014 £	2013 £
At 1 January	2,699,761	2,699,761
Disposal of cost of investment	(1,000)	–
Additions to cost of investment (see note 15)	1,250,000	–
	3,948,761	2,699,761
Loans to subsidiary companies	10,615,397	17,441,482
At 31 December	**14,564,158**	**20,141,243**

Investments in subsidiaries are stated at cost.

Stratex East Africa Limited was transferred to a new company, Thani Stratex Resources Limited in exchange for shares in that company (see note 18).

14. Investments in subsidiaries (continued)

	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
Goldstone Resources Limited	Jersey	33.45	–	Exploration
Stratex Madencililk Sanayi Ve Ticaret Ltd. Şti	Turkey	–	100	Exploration
Stratex Djibouti SARL	Djibouti	–	100	Exploration
Stratex EMC SA	Senegal	–	85	Exploration
Stratex Liberia Inc	Liberia	–	100	Exploration

15. Business combinations during the year

On 30 October 2014, the Group acquired 33.45% of the share capital of Goldstone Resources Limited ("Goldstone") for a cash consideration of £1.25 million. Goldstone issued new share capital to the Group in exchange for the cash consideration. Goldstone is a Jersey registered AIM quoted company whose principal activity is the exploration and evaluation of gold projects in Ghana, Gabon and Senegal. The Group also received a matching number of warrants which, if exercised, would increase its shareholding to 50.1%.

The Directors believe that the combination of Goldstone's assets, particularly the advanced Homase-Akrokerri property in Ghana, together, with the financial and technical strengths of Stratex, will significantly benefit both companies.

Goldstone has been treated as a controlled subsidiary company in accordance with the provision of International Financial Reporting Standard 10.

The fair value of the intangible assets and non-controlling interest in Goldstone were estimated by using the purchase price paid for acquisition of the 33.45% stake, which in turn was adjusted for the lack of voting control and the early stage of development of the operation projects that market participants would consider.

The following table summarises the consideration paid for Goldstone and the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date:

	Reported values £	Fair values £
Cash consideration	**–**	**1,250,000**
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	1,296,722	1,296,722
Property, plant and equipment	20,424	20,424
Intangible assets	–	2,559,997
Trade and other receivables	4,808	4,808
Trade and other payables	(145,030)	(145,030)
Total identifiable net assets at fair value	**1,176,924**	**3,736,921**
Non-controlling interest measured at fair value (see note 28)	**–**	**2,486,921**
Purchase consideration transferred	**–**	**1,250,000**

Acquisition-related costs of £23,322 have been charged to administrative expenses in the Group Statement of Comprehensive Income for the year ended 31 December 2014.

The revenue included in the Group Statement of Comprehensive Income since 30 October 2014 contributed by Goldstone Resources Limited was nil and losses for the same period amounted to £152,962.

Notes to the financial statements (continued)

15. Business combinations during the year (continued)

Had Goldstone Resources Limited been consolidated from 1 January 2014, the Group Statement of Comprehensive Income would show nil revenue and a loss before tax of £3,093,675.

Analysis of cash flows on acquisition:	£
Transaction costs (included in cash flows from operating activities)	(23,322)
Cash acquired with subsidiary (included in cash flows from investing activities)	46,722
Net cash flow on acquisition	**23,400**

16. Property, plant and equipment

	Group					Company
Group and Company	Gold Samples £	Motor Vehicles £	Field Equipment £	Office furniture and equipment £	Total £	Office furniture and equipment £
Cost						
At 1 January 2013	**–**	**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**
Exchange movements	70	2,894	1,189	(657)	3,496	–
Additions	–	–	15,026	15,799	30,825	1,910
Acquisition of subsidiary	2,858	12,508	35,164	100,721	151,251	–
Disposals	–	(216,682)	(68,316)	(74,773)	(359,771)	–
At 31 December 2014	**2,928**	**55,421**	**53,504**	**347,486**	**459,339**	**85,976**
Depreciation						
At 1 January 2013	**–**	**(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)**
Exchange movements	–	(125)	(1,040)	670	(495)	–
Additions	–	(41,866)	(10,950)	(48,166)	(100,982)	(19,889)
Acquisition of subsidiary	–	(5,733)	(35,164)	(89,930)	(130,827)	–
Disposals	–	175,616	61,324	62,374	299,314	–
At 31 December 2014	**–**	**(51,684)**	**(42,034)**	**(294,394)**	**(388,112)**	**(61,465)**
Net Book Value						
at 1 January 2013	–	133,162	27,759	56,364	217,285	4,532
at 31 December 2013	–	77,125	14,237	87,054	178,416	42,490
At 31 December 2014	**2,928**	**3,737**	**11,470**	**53,092**	**71,227**	**24,511**

During the year £8,410 (2013: £33,026) of the charge for depreciation was transferred to Intangible Assets. Depreciation expense of £92,572 (2013: £79,880) was included in profit or loss for the year.

17. Intangible Assets and Goodwill

Group	Goodwill £	Exploration assets £	Total £
Cost or valuation			
At 1 January 2013	**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	–	(200,308)	(200,308)
Impairment	–	(2,679,540)	(2,679,540)
At 31 December 2013	**926,546**	**8,016,232**	**8,942,778**
Exchange movements	–	71,317	71,317
Additions	–	2,230,306	2,230,306
Acquisition of subsidiary (see note 15)	–	2,559,997	2,559,997
Disposals	–	(5,005,194)	(5,005,194)
Impairment	(926,546)	(269,109)	(1,195,655)
At 31 December 2014	**–**	**7,603,549**	**7,603,549**

The Directors have assessed the value of the goodwill which arose from the acquisition of Stratex West Africa Limited (formerly Silvrex Limited) in December 2011 and have concluded that the benefits to the business underlying the value of the goodwill have now largely diminished and the goodwill brought forward has therefore been written-off in full.

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 £280,487 (2013: £752,148). 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.

18. Investment in associates accounted for using the equity method

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
At 1 January	2,545,207	1,091,471	19,800	19,800
Exchange movements	199,367	(137,150)	–	–
Additions	6,242,261	1,221,604	626,069	–
Disposals	(94,702)	(201,466)	–	–
Share of (losses)/profits	(85,585)	570,748	–	–
At 31 December	**8,806,548**	**2,545,207**	**645,869**	**19,800**

a) On 14 May 2014 the Company entered into a joint venture agreement with the Thani Group based in Dubai for the continued exploration of Stratex's existing licences in Djibouti. Thani Stratex Djibouti Limited was incorporated for this purpose at a cost to the Group of £29, with Stratex holding 49% and Thani Emirates Resource Holdings Ltd ("Thani") 51%. Thani Stratex Djibouti Limited was acquired by Thani Stratex Resources Ltd on 24 October 2014 (see b) below).

b) Stratex entered into a new agreement with Thani on 23 October 2014 under which Stratex East Africa Limited, Thani Stratex Djibouti Limited and Thani's wholly-owned subsidiary in Egypt, Thani Dubai Mining Limited, were transferred to a new company, Thani Stratex Resources Limited in exchange for shares in that company. Additionally, both Thani and Stratex contributed US$ 1million to the new company. The shareholdings in Thani Stratex Resources Limited are 60% Thani and 40% Stratex International PLC.

Notes to the financial statements (continued)

18. Investment in associates accounted for using the equity method (continued)

The cost of investment in Thani Stratex Resources Limited comprises the following elements:

	£
Cash consideration of $1million	625,040
Net assets of Stratex East Africa Limited	5,294,112
Investment in Thani Stratex Djibouti Limited	19,786
Total cost disposed	5,938,938
40% Share of net assets of Thani Stratex Resources Limited	6,242,232
Profit on sale of subsidiary	303,294

c) The Directors have determined that they have significant influence over the financial and business operations of Tembo Gold Corporation ("Tembo") and have classified the Group's interest in Tembo as an associate company to be accounted for using the equity method. During the year Tembo issued additional share capital thereby reducing Stratex's shareholding interest from 14.23% at 31 December 2013 to 12.8%. This has resulted in a loss of £98,834 being recognised in the profit and loss of the Group.

d) The following entities have been included in the consolidated financial statements using the equity method:

	Ownership	Country of incorporation	Reporting date	Carrying value	Group share of profits/(losses)
	%			£	£
At 31 December 2014					
Altıntepe Madencilik Sanayi ve Ticaret AŞ	45.0	Turkey	31 December	145,562	(15,881)
Muratdere Madencilik Sanayi ve Ticaret AŞ	39.0	Turkey	31 December	678,255	(41,434)
Rift Resources Ltd	49.5	UK	30 November	–	–
Tembo Gold Corporation	12.8	Canada	31 December	1,572,118	(88,119)
Thani Stratex Resources Limited	40.0	BVI	31 December	6,410,613	64,010
Thani Stratex Djibouti Limited	49.0	BVI	31 December	–	(4,161)
Total				**8,806,548**	**(85,585)**
At 31 December 2013					
Altıntepe Madencilik Sanayi ve Ticaret AŞ	45.0	Turkey	31 December	157,432	(7,076)
Muratdere Madencilik Sanayi ve Ticaret AŞ	39.0	Turkey	31 December	739,156	(13,220)
Rift Resources PLC	49.5	UK	30 November	–	(69,632)
Tembo Gold Corporation	14.23	Canada	31 December	1,648,619	660,676
Total				**2,545,207**	**570,748**

18. Investment in associates accounted for using the equity method (continued)

e) Summarised financial information for investments accounted for using the equity method is shown below. This information reflects the amounts presented in the financial statements of the associates (and not Stratex International PLC's share of those amounts) adjusted for differences in accounting policies between the Group and associates:

Statement of financial position

Group	Altıntepe Madencilik Sanayi ve Ticaret AŞ £	Muratdere Madencilik Sanayi ve Ticaret AŞ £	Rift Resources Ltd £	Tembo Gold Corporation £	Thani Stratex Resources Limited £	Total £
As at 31 December 2014						
Current assets						
Cash and cash equivalents	53,532	110	20,679	228,464	886,818	1,189,603
Other current assets	178,858	107,592	–	54,735	332,475	673,660
Total current assets	**232,390**	**107,702**	**20,679**	**283 ,199**	**1,219,293**	**1,863,263**
Other liabilities	**(1,780,929)**	**(504,882)**	**(191,665)**	**(62,528)**	**(732,811)**	**(3,272,815)**
Non-current assets						
Property, plant and equipment	1,916	17,144	–	133,912	241,279	394,251
Intangible assets	2,287,615	2,252,734	70,000	11,931,081	18,759,764	33,501,194
Receivables	188,306	31,379	–	–	–	219,685
Total non-current assets	**2,477,837**	**2,301,257**	**70,000**	**12,064,993**	**19,001,043**	**35,915,130**
Non-current liabilities	**(356,387)**	**(1,002,964)**	**–**	**–**	**(3,460,989)**	**(4,820,340)**
Net assets/(liabilities)	**572,911**	**901,113**	**(100,986)**	**12,285,664**	**16,026,536**	**29,685,238**
As at 31 December 2013						
Current assets						
Cash and cash equivalents	3,206	138	20,679	2,443,687	–	2,467,710
Other current assets	80,314	209,917	–	92,834	–	383,065
Total current assets	**83,520**	**210,055**	**20,679**	**2,536,521**	–	**2,850,775**
Other liabilities	(494,626)	**(307,086)**	**(191,665)**	**(253,955)**	–	**(1,247,332)**
Non-current assets						
Property, plant and equipment	–	2,721	–	175,553	–	178,274
Intangible assets	1,407,201	1,594,812	70,000	9,125,328	–	12,197,341
Receivables	–	–	–	–	–	–
Total non-current assets	**1,407,201**	**1,597,533**	**70,000**	**9,300,881**	–	**12,375,615**
Non-current liabilities	**(371,445)**	**(466,476)**	**–**	**–**	–	**(837,921)**
Net assets/(liabilities)	**624,650**	**1,034,026**	**(100,986)**	**11,583,447**	**–**	**13,141,137**

Notes to the financial statements (continued)

18. Investment in associates accounted for using the equity method (continued)

Statement of comprehensive income

Group	Altıntepe Madencilik Sanayi ve Ticaret AŞ £	Muratdere Madencilik Sanayi ve Ticaret AŞ £	Rift Resources Ltd £	Tembo Gold Corporation £	Thani Stratex Resources Limited £	Total £
Period ended 31 December 2014						
Depreciation	–	(4,589)	–	(36,480)	(25,311)	(66,380)
Administration expenses	(15,594)	(98,647)	(62,925)	(776,023)	(313,138)	(1,266,327)
Other income	–	–	–	–	514,826	514,826
Exchange gains/(losses)	(19,679)	(2,952)	–	–	(3,004)	(25,635)
Interest income/(finance costs)	–	–	–	4,110	(13,347)	(9,237)
(Loss)/profit from continuing operations	**(35,273)**	**(106,188)**	**(62,925)**	**(808,393)**	**160,026**	**(852,753)**
Income tax	–	–	–	274,887	–	274,887
(Loss)/profit after tax for continuing operations	**(35,273)**	**(106,188)**	**(62,925)**	**(533,506)**	**160,026**	**(577,866)**
Other comprehensive income						
Exchange differences on translating foreign operations	–	–	–	1,221,464	(131,197)	1,090,267
Total comprehensive income	**(35,273)**	**(106,188)**	**(62,925)**	**687,958**	**28,829**	**512,401**
Period ended 31 December 2013						
Depreciation	–	(665)	–	(38,899)	–	(39,564)
Administration expenses	(16,319)	(23,060)	(168,906)	(1,454,380)	–	(1,662,665)
Exchange gains/(losses)	(998)	(6,042)	–	(11,244)	–	(18,284)
Interest income	–	–	–	1,149	–	1,149
Loss from continuing operations	**(17,317)**	**(29,767)**	**(168,906)**	**(1,503,374)**	**–**	**(1,719,364)**
Income tax	–	–	–	49,465	–	49,465
Loss after tax for continuing operations	**(17,317)**	**(29,767)**	**(168,906)**	**(1,453,909)**	**–**	**(1,669,899)**
Other comprehensive income						
Exchange differences on translating foreign operations	**–**	**–**	**–**	**341,613**	**–**	**341,613**
Total comprehensive income	**(17,317)**	**(29,767)**	**(168,906)**	**(1,112,296)**	**–**	**(1,328,286)**

19. Available-for-sale financial assets

Group and Company	2014 £	2013 £
At 1 January	137,391	–
Additions	89,691	137,391
At 31 December	**227,082**	**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. A further 2,727,272 shares were acquired on 4 December 2014 in payment of the outstanding loan due to Stratex of £89,691 in accordance with the agreement dated 6 February 2014.

Available-for-sale financial assets are valued under level 3 of the fair value hierarchy, taking into account the early stage of development of the exploration projects and lack of a JORC-compliant resource to enable a value-in-use calculation to be performed.

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	
	2014 £	2013 £	2014 £	2013 £
Receivables from exploration partners	1,462,653	1,095,657	–	–
Deposits and guarantees given	181,483	132,094	–	–
Amounts due from Group companies	–	–	2,354,376	2,354,262
VAT recoverable	66,627	58,976	15,355	4,894
Pre-payments and other current assets	298,215	258,068	195,175	287,933
Total	**2,008,978**	**1,544,795**	**2,564,906**	**2,647,089**
Non-current	1,078,577	132,094	–	–
Current	930,401	1,412,701	2,564,906	2,647,089
Total	**2,008,978**	**1,544,795**	**2,564,906**	**2,647,089**

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

	2014 £	2013 £
UK pounds	215,437	223,573
US dollars	924,805	478,746
Turkish lira	862,378	474,487
Other currencies	6,358	367,989
Total	**2,008,978**	**1,544,795**

There were no receivables past due but not impaired in 2014 (2013: £478,746).

Notes to the financial statements (continued)

21. Deferred tax assets and liabilities

Group	2014 £	2013 £
Deferred tax assets		
Temporary timing differences arising on:		
Intangible assets	136,595	184,787
Employee termination benefits	5,794	5,622
Non-accrued financial expenses	12,513	9,559
Other	96	2,073
Total	**154,998**	**202,041**
Deferred tax liabilities		
Temporary timing differences arising on:		
Other	(179)	–
Acquisition of subsidiary	–	(88,681)
Tangible and intangible assets	(347)	(662)
Total	**(526)**	**(89,343)**
Net deferred tax asset	**154,472**	**112,698**

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

	2014 £	2013 £
At 1 January	112,698	130,037
Exchange movements	(5,475)	(44,490)
Charge for the year	47,249	27,151
At 31 December	**154,472**	**112,698**

22. Cash and cash equivalents

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Cash at bank and on hand	1,445,416	558,396	368,259	350,588
Short – term deposits	3,261,542	10,016,570	3,261,542	10,016,571
At 31 December	**4,706,958**	**10,574,966**	**3,629,801**	**10,367,159**

23. Held-for-sale assets

The assets are stated at fair value less costs to sell.

The movement in the year is:

Group	2014 £	2013 £
At 1 January	244,744	508,061
Exchange movements	(3,818)	(51,175)
Disposal	–	(412,450)
Change in value	(240,926)	–
Reclassification from exploration assets	–	200,308
At 31 December	**–**	**244,744**

The change in value during the year has been included in Other income/(losses) in profit or loss.

24. Financial instruments by category and credit quality

By category:	2014		2013		
Group	Available-for-sale financial assets £	Loans and receivables £	Available-for-sale financial assets £	Loans and receivables £	Held-for-sale assets £
Assets per Statement of Financial Position at 31 December					
Available-for-sale financial assets	227,082	–	137,391	–	–
Held-for-sale assets	–	–	–	–	244,744
Trade and other receivables excluding pre-payments	–	1,586,626	–	1,271,833	–
Deposits and guarantees given	–	181,483	–	132,094	–
Cash and cash equivalents	–	4,706,958	–	10,574,966	–
Total	**227,082**	**6,475,067**	**137,391**	**11,978,893**	**244,744**

	2014		2013	
Company	Loans and receivables £	Available-for-sale financial assets £	Loans and receivables £	Available-for-sale financial assets £
Assets per Statement of Financial Position at 31 December				
Available-for-sale financial assets	–	227,082	–	137,391
Trade and other receivables excluding pre-payments	2,369,731	–	2,594,832	–
Cash and cash equivalents	3,629,801	–	10,367,159	–
Total	**5,999,532**	**227,082**	**12,961,991**	**137,391**

By quality:

Trade receivables:

Trade receivables includes VAT due from Turkish and UK governments of £66,627 (2013: £58,976) and receivables from exploration partners of £1,462,653 (2013: £1,095,657). None of the exploration partners have external credit ratings.

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

	2014 £	2013 £
AA	–	21,623
A	401,121	3,532,318
BB & BBB	4,274,757	6,985,081
Other	10,370	23,426
Cash-in-hand	20,710	12,518
Total	**4,706,958**	**10,574,966**

Notes to the financial statements (continued)

25. Share Capital and Share Premium

Group and Company	Number of shares	Ordinary shares £	Share premium £	Total £
At 31 December 2013 and 2014	**467,311,276**	**4,673,113**	**20,426,431**	**25,099,544**

No shares were issued in 2013 or 2014.

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 2014, the Company had in issue 18,171,144 (2013: 12,187,144) options to Group employees granted under the Enterprise Management Incentive scheme and 6,145,000 (2013: 8,533,327) 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.

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 £10,092 (2013: £36,485). 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:

	2014		2013	
Group and Company	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
Outstanding at 1 January	20,720,471	4.1	20,984,849	4.1
Cancelled	(2,388,327)	8.2	(500,000)	5.3
Forfeited	–	–	(64,378)	9.3
Granted	5,984,000	2.7	300,000	4.4
Exercised	–	–	–	–
Outstanding at 31 December	**24,316,144**	**3.2**	**20,720,471**	**4.1**
Exercisable at 31 December	**18,132,144**	**3.6**	**18,778,804**	**3.8**

The weighted average contractual life of the outstanding options at 31 December 2014 was 5.9 years (2013: 5.8 years).

Details of share options outstanding at 31 December 2014 are as follows:

Life of option			
Start date	Expiry date	Outstanding 31 December 2014	Option price pence
30 April 2009	30 April 2019	15,373,500	3.0
28 September 2009	28 September 2019	41,500	4.3
1 June 2011	1 June 2021	2,617,144	7.0
12 March 2013	12 March 2023	300,000	5.3
5 December 2014	5 December 2024	5,984,000	2.7
Total options outstanding		**24,316,144**	**3.2**

During the year 5,984,000 share options were issued at a price of 2.72p per option share. The fair value was 1.035p per option based on a price volatility of 34%, a risk-free interest rate of 3% and a 10 year life.

No share warrants were issued or exercised during the year. The number of share warrants outstanding at 31 December 2014 was 2,072,130 (2013: 2,072,130). Each share warrant entitles the holder to subscribe for one 1p Ordinary share at 14 pence per share before 19 April 2015.

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.

27. Other reserves

Group	Merger reserve £	Share option reserve £	Translation reserve £	Total £
At 1 January 2013	(485,400)	738,132	(667,106)	(414,374)
Share-based payments	–	36,485	–	36,485
Share options forfeited and cancelled	–	(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)**
Share-based payments	–	10,092	–	10,092
Share options cancelled	–	(92,878)	–	(92,878)
Exchange differences from investments accounted for using the equity method	–	–	104,711	104,711
Other comprehensive income	–	–	(33,929)	(33,929)
At 31 December 2014	**(485,400)**	**683,872**	**(841,777)**	**(643,305)**

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. Non-controlling interests

The Non-controlling interest as at 31 December 2014 amounts to £2,446,453 (2013: £ nil) and relates entirely to Goldstone Resources Limited. Summarised financial information in relation to Goldstone Resources Limited is presented below:

For year ended 31 December 2014	Goldstone Resources Limited £
Revenue	–
Administration expenses	(156,312)
Finance income	3,350
Loss before tax	(152,962)
Income tax	–
Loss after tax and total comprehensive income	**(152,962)**
Attributable to non-controlling interests	**(101,796)**

	£
Intangible assets	2,682,828
Property, plant and equipment	13,779
Current assets	1,012,110
Current liabilities	(32,603)
Net assets	**3,676,114**
Attributable to non-controlling interests	**2,446,453**

At 31 December 2014	£
Summarised cash flow information for year ended 31 December 2014:	
Cash used in operating activities	(230,997)
Cash used in investing activities	(59,973)
Net decrease in cash and cash equivalents	**(290,970)**

Notes to the financial statements (continued)

28. Non-controlling interests (continued)

Effect on equity of transactions with Non-controlling interests:

Balance attributable to non-controlling interests:	Goldstone Resources Limited £	Stratex EMC SA £	Total £
Initial investment	2,486,921	3,562	2,490,483
Losses for the period	(101,796)	(3,948)	(105,744)
Currency movements	61,328	58	61,386
Provision for losses	–	328	328
As at 31 December 2014	**2,446,453**	**–**	**2,446,453**

29. Trade and other payables

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Trade payables	223,576	193,751	31,890	35,656
Amounts due from subsidiary company	–	–	604,398	633,338
Amounts due to related parties and employees	428,692	336,001	–	12,665
Social security and other taxes	224,611	38,724	195,991	20,304
Accrued expenses	185,979	146,483	65,098	25,827
At 31 December	**1,062,858**	**714,959**	**897,377**	**727,790**

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

30. Related party transactions

Transactions with operational partners:

	Transaction value for the year ended 31 December		Receivable/(Payable) as at 31 December	
	2014 £	2013 £	2014 £	2013 £
Centerra Exploration B.V.	164,028	140,344	(75,306)	(71,924)
Lodos Maden Yatirim Sanayi ve Ticaret A.Ş.	8,760	110,440	114,108	105,348
Antofagasta Minerals S.A.	7,804	187,632	(318,612)	(245,067)
Energy and Mining Corporation SA	418,347	975,851	897,093	478,746
Thani Ashanti Alliance Ltd	–	424,172	–	47,485

Centerra Exploration B.V., Antofagasta Minerals S.A. and Lodos Maden Yatırım Sanayii ve Ticaret A.Ş. are operational partners for certain Turkish projects, Energy & Mining Corporation SA is the operational partner for the Dalafin project in Senegal.

Transactions with Director:

	Transaction value for the year ended 31 December		Payable as at 31 December	
	2014 £	2013 £	2014 £	2013 £
Bob Foster Associates Limited	(1,115)	45,925	455	471

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

30. Related party transactions (continued)

Transactions with non-controlling interests:

There have been no transactions with non-controlling interests during the year.

Parent company and ultimate controlling party

During the year the Company provided funds amounting to £3,833,866 (2013: £4,774,726) to its subsidiary companies for exploration activities and charged its subsidiary companies £172,000 (2013: £192,000) for the provision of management services. The total receivable from subsidiaries at 31 December 2014 was £12,969,774 (2013: £19,795,744).

31. Deferred consideration

On 22 December 2011 the Company acquired Silvrex Limited (subsequently renamed Stratex West Africa Ltd). The terms of the purchase agreement included the payment of additional sums to the Silvrex shareholders if a JORC-compliant resource of not less than 500,000 oz gold was identified at any of the Silvrex licences areas by 31 December 2014. A fair value of £1,140,064 had been attributed to the deferred consideration at 31 December 2013. The results of extensive drilling and exploration has failed to support the declaring of such a resource within the contracted time-frame under the purchase agreement and the deferred consideration was fully released on 31 December 2014. This has been recognised in Other income/(losses) within profit or loss (see note 9).

32. Cash flow from operating activities

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
(Loss)/profit before income tax	**(2,580,713)**	**(3,830,681)**	**(10,738,460)**	**10,045,026**
Adjustments for:				
Issue of share options	10,092	36,485	10,092	36,485
Depreciation	100,982	112,916	19,889	14,760
Impairment write-offs on intangible assets and held-for-sale assets	510,035	2,679,540	–	–
Fixed asset write-offs	–	1,803	–	–
Share of losses/(profits) of associates	85,586	(570,748)	–	–
Net gain on sale of related companies	(204,460)	(2,043,751)	–	–
Goodwill write-off	926,546	–	–	–
Change in value of deferred consideration	(1,140,064)	769,222	(1,140,064)	769,222
Dividend receivable from subsidiary company	–	–	–	(11,062,711)
Increase in Employee termination benefit fund	1,641	(5,384)	–	–
Interest income on short term deposits	(44,727)	(138,679)	(41,377)	(64,938)
Interest income on intercompany indebtedness	–	–	(581,137)	(672,767)
Intercompany management fees	–	–	(172,000)	(192,000)
Write-off intercompany balances	–	–	11,353,054	–
Foreign exchange on operating activities	(133,062)	12,214	–	–
Changes in working capital, excluding the effects of exchange differences on consolidation:				
Trade and other receivables	(534,962)	169,489	(7,394)	(184,515)
Trade and other payables	(70,151)	(900,396)	213,750	(448,613)
Cash used in operations	**(3,073,257)**	**(3,707,970)**	**(1,083,647)**	**(1,760,051)**

Notes to the financial statements (continued)

33. Contingencies and capital commitments

Various warranties have been given under the Muratdere Madencilik Sanayi ve Ticaret A.Ş. sale agreement and the Thani Emirates Resource Holdings Limited shareholders agreement but no issues have arisen to date.

34. 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	2014 £	2013 £
At 1 January	**5,621,116**	**(4,431,869)**
(Loss)/profit for the year	(10,738,460)	10,045,026
Share options forfeited and cancelled	92,878	7,959
At 31 December	**(5,024,466)**	**5,621,116**

35. Events after the reporting period

There have been no material events after the reporting period.

Notice of annual general meeting

The Annual General Meeting of Stratex International Plc (the "Company") will be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU, on 5 May 2015, 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 2014.
2. To re-elect Christopher Hall who has retired by rotation.
3. To re-elect Emma Priestley, who was appointed during the period and retires in accordance with the Company's Articles of Association and, being eligible, offers herself for re-appointment.
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

10 March 2015

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 30 April 2015.

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 30 April. 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 30 April.
    - 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 5 May 2015 until the end of the meeting:

    - the auditor's consolidated accounts of the Company for the financial period ended 31 December 2014; 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 at date of signing

C R J Hall
Dr R P Foster
P C Ashwood
J Cole-Baker
E K Priestley
G P L Addison

Secretary

P C Ashwood

Company number

05601091

Registered Office

180 Piccadilly
London
W1J 9HF
United Kingdom

UK Exploration Office

Stratex International PLC
Wessex House
Upper Market Street
Eastleigh
Hampshire, SO50 9FD
United Kingdom

Turkey Office

Stratex Madencilik Sanayi ve
Ticaret Ltd. Sti.
Çukurambar Mah.
1458 Sk. Elit Apt. 17/6
Çankaya-Ankara,
Turkey

West Africa Office

Stratex West Africa Limited
c/o Energy & Mining Corporation S.A.
Sacré Coeur 111/VON
No 9231
Dakar BP. 45.409
Senegal

Bankers

Lloyds TSB Bank plc
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Slough
Berkshire,
SL1 1DH

Auditors

PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London,
E14 4HD

Co-Brokers

Northland Capital Partners Limited
131 Finsbury Pavement
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SP Angel
Prince Frederick House
35-39 Maddox Street
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Nominated advisor

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Solicitors

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