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Stratex International PLC
16 August 2018

Stratex International Plc

("Stratex", the "Company" or the "Group")

Interim Results
for the six-month period ended 30 June 2018

Stratex International Plc, the AIM-quoted gold exploration and development company, announces its unaudited Interim Results for the six-month period ended 30 June 2018 (the "Period").

Operational Highlights:

- **Key management changes** including the appointment of Tim Livesey as the Group's CEO in March (Announcement dated 1 May 2018) and Bob Smeeton as its CFO in June (Announcement dated 30 May 2018). The Company had been in a process of refreshing the Board and further changes are to be announced imminently;

- **Senegal** - in Q1-18, Canadian mid-tier IAMGOLD Corporation signed an option agreement with the Company to earn up to a 70% interest in the Company's Dalafin gold project in Senegal by spending US$8m over 6 years (Announcement dated 1 March 2018). A 5,750m drilling programme commenced in June at the southernmost Madina Bafé prospect (Announcement dated 31 May 2018);

- **Cameroon** - In June the Company signed an option agreement with Bureau d'Etudes et d'Investigations Géologico-minières, Géotechniques et Géophysiques SARL ('BEIG3') to earn up to a 90% interest in BEIG3's early-stage gold projects in Cameroon by investing a total US$3.12m earn-in over 4 years;

- **Turkey** - In February the Company's wholly-owned subsidiary, Stratex Madencilik Sanayi ve Ticaret Limited Şirketi ('Stratex Madencilik'), signed an exploration agreement with TET Madencilik Ltd. Şti. ('TET') for the Hasançelebi and Dogala licences which will result in a US$500,000 success-based payment on delivery of a minimum 100,000 oz indicated and inferred JORC-compliant gold resource (Announcement dated 15 February 2018).

- **Thani Stratex Resources Limited ('TSR')** - At TSR's 50% owned Pandora project in Djibouti, drilling demonstrated broad zones of multi-gram gold mineralisation towards the north-western extent of the main outcropping Pandora vein, as well as on the related Pyrrha structure (Announcement dated 19 April 2018).

Financial Highlights:

- The Group's pre-tax loss for the 6 months to 30 June 2018 was £3.30m, which compares to a profit in the same period for 2017 of £0.88m;

- The increase in the pre-tax loss during the period arises primarily due to the cancellation of TSR's licences in Ethiopia which resulted in the impairment of the carrying value of the licences by TSR, and a write-off to its profit and loss of approximately US$8.7m. Stratex's share of this write-off was approximately US$2.7m;

- The Company completed a £1.15m fund raise (before expenses) in June 2018 (Announcement dated 13 June 2018);

- Repayment of a A$1.6m loan by Crusader Resources Limited;

- The Company has significantly reduced its administrative and operational costs during the period to £1.04m compared to £1.49m in the 6 months ended 30 June 2017;

- The cash balance of the Group as at 30 June 2018 was £2.31m.

Tim Livesey, CEO of Stratex, said: *"The first half of 2018 has been a time of significant change at Stratex. With a change to Executive Management and the Board, the Company has been busy consolidating its existing and well-developed portfolio in Turkey, executing agreements for the advancement of the Dalafin project and refocusing on new early stage exploration projects in Europe and Africa, including our exciting new project in under-explored Cameroon.*

The completion of a significant earn-in option agreement with IAMGOLD on the Dalafin Licence in March was excellent and we expect strong news flow over the coming months as the results of IAMGOLD's drill programme come through. The potential of this deal to lead to a defined resource, and ultimately commercial mining, is very real and we believe will add significant value for our shareholders.

As a management team we are confident that the clear strategic, operational and executive changes undertaken during the *last eight months leave us in a very strong position from which Stratex can start achieving its true potential."*

Chairman's Statement:
The first six months of 2018 have been a time for realignment on existing assets and for an organisational overhaul in the Group, following the failed bid for Crusader in 2017. We have a new CEO and CFO, new assets in Cameroon, and have signed a highly significant exploration earn-in agreement with IAMGOLD on the Dalafin licence in Senegal.

At Dalafin, IAMGOLD now have an option to take a 70% stake by spending a total of US$8 million, and have already begun a fast-tracked initial programme focused on the southernmost prospect, Madina Bafé, located within a few kilometres of IAMGOLD's 2.52 Moz Boto gold resource (Indicated and Inferred grading 1.61 g/t Au). A 5,750m drilling programme at Madina Bafé commenced in June and results from the first round of air-core drilling are expected towards the end of Q3-18.

In Cameroon, the Group is earning-in to two early-stage gold projects in what we believe to be an exciting new gold exploration district. These licenses are held by BEIG3, a well-connected and well-respected local technical logistics company and were previously explored by Reservoir Minerals Inc, until their takeover by Nevsun Resources in 2016. We have committed to spend US$0.56m within the first year of the option and, subject to ongoing results, would expect to spend a total of US$3.12m over 4 years to earn-in to a 90% interest in the projects.

Cameroon and Senegal will be the main exploration operations for the Company over the next 6-12 months and we expect significant news flow towards the latter part of the year as both programmes ramp-up in October after the seasonal rains. We continue to review other early stage opportunities throughout Europe and Africa.

The Group has posted a pre-tax loss for the period of £3,301k (2017 - profit of £880k). This has largely resulted from TSR's US$8.7m write-off its Ethiopia portfolio following a cancellation of its licences by the relevant authorities, and a pro-rated write-off of US$2.7m for Stratex.

Administrative and operational costs of £1,048k compare to £1,488k in the prior year, with the reduction in part due to the successful sub-contracting of the Turkish team to the partners who are advancing our historic projects in the region.

We had a net cash inflow of £272k (2017: £4,396k), following the repayment of the Crusader loan (approximately £885k including compound interest of 12%, and the £1.15m fund raise (before expenses) which was undertaken in part to support our most recent venture in Cameroon. As disclosed in our 2017 Financial Statements we are in continuing discussions with HMRC regarding our VAT recovery position. During the period, as a protective, without prejudice measure, we have paid the £557k provided for in the 2017 Financial Statements.

In Q1-2018, we increased our investment in TSR from 30.1% to 30.4% for its projects in Egypt (100%-owned) and Djibouti (50%-owned) by committing further funding of £156k. This enabled the completion of the latest phase of drilling (3,036.50m in 18 holes) at the Pandora project in Djibouti, where drilling results announced in April reaffirmed our view of the potential of the region. In February TSR announced its intention to spin-off of its Djibouti portfolio (Announcement dated 1 February 2018) and we await an update in this regard.

In Turkey, the Group has delivered on its strategy to realise value from existing, lower priority projects by signing an exploration agreement with TET on its Hasançelebi and Doğala projects. Following an initial payment of US$50,000 to Stratex, the licences were transferred to TET, who are now spending US$1.5m on exploration and drilling over 2 years. TET will pay Stratex US$500,000 on delivery of a minimum JORC-compliant measured and indicated gold resource of 100,000 oz at Hasançelebi and Stratex retains a 1.5% net smelter returns ('NSR') royalty on both licences. As with a number of our other investments in Turkey, we continue to manage the exploration programmes at Hasançelebi and Doğala whilst recharging our costs to our partners.

During the period, the Group has also gained exposure to a further two gold projects in Burkina Faso through its 7.84% holding in private Australian company Aforo. The projects include a non-JORC gold resource of 98,000 oz @ 1.36 g/t Au. We look forward to further updates.

With the Group now carving a new path for itself following the events of last year, I would like to take this opportunity to thank those that have supported and continue to support the Group on this journey, and also the entire team at Stratex. Having joined the Company in 2008, and experienced both the highs and lows that ensued, it is with mixed emotions that I announce my retirement from the Company and its Board with effect from 3 September 2018. Chris Worcester has also decided to step down at this time after great service to the Group for which I thank him. We have undertaken a thorough search process and identified our replacements, who will be announced imminently to commence their appointments simultaneously with our departures. I wish them and the Executive Directors all the best for the exciting times that lie ahead for the Group.

Peter Addison
Non-Executive Chairman
15 August 2018

Statement of Consolidated Comprehensive Income

	Notes	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross Profit		-	-
Administration expenses		(1,039)	(1,488)
Exchange losses - net		(297)	(415)
Operating loss		**(1,336)**	**(1,903)**
Finance income		65	4
Share of losses of investments accounted for using the equity method		(2,030)	(34)
Loss on change of ownership status		-	(70)
Profit on sale of other financial assets		-	2,883
(Loss)/profit before income tax		**(3,301)**	**880**
Income tax		-	-
(Loss)/profit for the period		**(3,301)**	**880**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		327	(368)
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of other financial assets		(114)	-
Other comprehensive income net of tax		**213**	**(368)**
Total comprehensive income for the period		**(3,088)**	**512**
(Loss)/profit for the period attributable to:			
Owners of the Parent Company		(3,280)	926
Non-controlling interest		(21)	(46)
(Loss)/profit for the period		**(3,301)**	**880**
Total comprehensive income attributable to:			
Owners of the Parent Company		(3,067)	700
Non-controlling interest		(21)	(188)
Total comprehensive income for the period		**(3,088)**	**512**
Earnings per share - continuing operations:			
Basic (pence)	8	(0.68)	0.20
Diluted (pence)	8	(0.68)	0.19

Statement of Consolidated Financial Position

	Notes	30 June 2018 Unaudited £'000	30 June 2017 Unaudited £'000	31 December 2017 Audited £'000
ASSETS				
Non-current assets				
Property, plant and equipment		8	8	8
Intangible assets	4	6,463	6,419	6,484
Investments in equity-accounted associates	5	3,650	6,689	5,524
Other financial assets		467	1,118	581
Trade and other receivables		66	1,388	29
Deferred tax asset		167	244	198
		10,821	**15,866**	**12,824**
Current assets				

Trade and other receivables	66	231	976
Cash and cash equivalents	2,311	6,085	2,039
	2,377	**6,316**	**3,015**
Total assets	**13,198**	**22,182**	**15,839**
EQUITY			
Capital and reserves attributable to owners of the Company			
Ordinary share capital	4,908	4,673	4,673
Share premium	21,253	20,427	20,427
Other reserves	2,044	2,390	1,683
Retained earnings	(15,247)	(5,831)	(11,853)
Total equity attributable to owners of the Company	**12,958**	**21,659**	**14,930**
Non-controlling interests	(37)	48	(16)
Total equity	**12,921**	**21,707**	**14,914**
LIABILITIES			
Non-current liabilities			
Employee termination benefits	29	38	35
	29	**38**	**35**
Current liabilities			
Trade and other payables	248	437	890
			925
Total liabilities	**277**	**475**	
Total equity and liabilities	**13,198**	**22,182**	**15,839**

Statement of Consolidated Changes in Equity

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Share option reserve £'000	Retained Earnings £'000	Translation reserve £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
As at 1 January 2018	**4,673**	**20,427**	**(485)**	**476**	**(11,853)**	**1,692**	**14,930**	**(16)**	**14,914**
Share based payments	-	**(32)**	-	**34**	-	-	**2**	-	**2**
Issue of share capital net of expense	**235**	**858**	-	-	-	-	**1,093**	-	**1,093**
Comprehensive income for the period:									
- Loss for the period	-	-	-	-	(3,280)	-	(3,280)	(21)	(3,301)
- Other comprehensive income	-	-	-	-	(114)	327	213	-	213
Total comprehensive income for the period	-	-	-	-	**(3,394)**	**327**	**(3,067)**	**(21)**	**(3,088)**
As at 30 June 2018	**4,908**	**21,253**	**(485)**	**510**	**(15,247)**	**2,019**	**12,958**	**(37)**	**12,921**
As at 1 January 2017	**4,673**	**20,427**	**(485)**	**590**	**(6,757)**	**2,484**	**20,932**	**2,860**	**23,792**
Share based payments	-	-	-	**27**	-	-	**27**	-	**27**
Disposal of Non-controlling interest	-	-	-	-	-	-	-	**(2,624)**	**(2,624)**
Comprehensive income for the period:									
- Profit for the period	-	-	-	-	926	-	926	(46)	880
- Other comprehensive income	-	-	-	-	-	(226)	(226)	(142)	(368)
Total comprehensive income for the period	-	-	-	-	**926**	**(226)**	**700**	**(188)**	**512**
As at 30 June 2017	**4,673**	**20,427**	**(485)**	**617**	**(5,831)**	**2,258**	**21,659**	**48**	**21,707**

Statement of Consolidated Cash Flows

	6 months to 30 June 2018 Unaudited £'000	6 months to 30 June 2017 Unaudited £'000	12 months to 31 December 2017 Audited £'000
Cash flow from operating activities			
Profit/(loss) before income tax	**(3,301)**	**880**	**(5,382)**
Share based payments	2	27	72
Depreciation	1	2	4
Share of losses of associates	2,030	375	151
Net loss on sale of associates	-	(2,534)	(1,674)
Fixed assets write-off	-	-	2
Other income and deductions	(65)	(4)	4,549
Foreign exchange movements on operating activities	533	(75)	(404)
Changes in working capital:			
Trade and other receivables	(103)	1,582	188
Trade and other payables	(648)	48	(99)
Net cash flow from operating activities	**(1,551)**	**301**	**(2,593)**
Cash flows from investing activities			
Purchase of property, plant, and equipment	(1)	(2)	(7)
Purchase of intangible assets	-	(32)	(32)
Investment in related companies	(156)	(302)	(451)
Costs related to aborted acquisition	-	-	(1,621)
Loan repayment from/(loan to) third party	822	-	(906)
Tax paid on former joint venture	-	-	(796)
Proceeds from sale of available-for-sale financial assets	-	-	6,047
Proceeds from disposal of discontinued operations	-	-	547
Interest received	65	4	46
Net cash flow from investing activities	**730**	**(332)**	**2,827**
Cash flows from financing activities			
Net funds received from issue of shares	1,093	-	-
Funds received from partners	-	-	116
Funds received from sale of associate	-	4,427	-
Net cash flow from financing activities	**1,093**	**4,427**	**116**
Net increase in cash and cash equivalents	**272**	**4,396**	**350**
Cash and cash equivalents at beginning of the period	2,039	1,689	1,689
Cash and cash equivalents at end of the period	**2,311**	**6,085**	**2,039**

Notes to the unaudited financial statements

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared used accounting policies which are consistent with International Financial Reporting Standards (IFRS). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS as adopted by the European Union.

2. Financial Information

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Except as described below, the accounting policies applied in preparing the interim financial information are consistent with those that have been adopted in the Group's 2017 audited financial statements and are expected to be applied in the preparation of the 2018 financial statements. Statutory financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 16 March 2018 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified but contained a material uncertainty with regard to going concern.

<u>Going concern</u>

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue into operational existence for the foreseeable future and therefore it is appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended 30 June 2018.

<u>Risks and uncertainties</u>

The key risks that could affect the Group's short and medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2017 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.stratexinternational.com. The Group's key financial risks are the availability of adequate funding and foreign exchange movements.

Accounting Policies.

Critical accounting estimates and judgements

The preparation of condensed consolidated interim 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 end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2017 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period. The condensed consolidated interim financial statements have been prepared under the historical cost convention as modified by the measurement of certain investments at fair value.

With effect from 1 January 2018, the Group adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts*, the impact of which is set out below. There have been no other changes in accounting policy during the period.

IFRS 9 *Financial Instruments*
IFRS 9 provides a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. The Group's financial assets are classified as measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income. Investments in equity instruments are classified as measured at fair value through profit or loss unless the Group elects, on an instrument-by-instrument basis, on initial recognition to recognize fair value gains and losses in other comprehensive income.

Under IFRS 9, impairments of financial assets classified as measured at amortized cost are recognized on an expected loss basis which incorporates forward-looking information when assessing credit risk. Movements in the expected loss reserve are recognized in profit or loss.

The overall impact on transition to IFRS 9 on profit or loss is nil because the Group has elected to recognise the fair value gains and losses from investments in equity instruments through other comprehensive income. As permitted by IFRS 9 comparatives were not restated.

IFRS 15 *Revenue from contracts*
The Group does not currently have revenue and therefore there is no impact from adopting this new accounting standard.

The financial information for the 6 months ended 30 June 2018 and the 6 months ended 30 June 2017 has not been audited.

The business is not subject to seasonal variations. No dividends have been paid in the period (2017: £nil)

3. Operating Segments
Operating segments are reported in a manner which is consistent with internal reports provided to the Board and are used by the Directors to make strategic decisions. The management structure reflects these segments. The Group's exploration operations and investments are based in three geographical areas, namely Turkey, East Africa and West Africa. The Group's head office is located in the UK and provides corporate and support services to the Group and researches new areas of exploration opportunities.

The allocation of profits, losses, assets and liabilities by operating segment is as follows:

(Loss)/Profit for the period:

	Turkey £'000	East Africa £'000	West Africa £'000	UK £'	Total £'000
6 months to 30 June 2018					
Administrative costs	(173)	-	(148)	(717)	**(1,038)**
Inter-segment charges	(126)	-	(85)	211	**-**
Finance income	-	-	-	65	**65**
Depreciation	-	-	-	(1)	**(1)**
Exchange losses	(377)	-	(25)	105	**(297)**
Share of losses of associates	-	(2,030)	-	-	**(2,030)**
Loss before Income Tax	**(676)**	**(2,030)**	**(258)**	**(337)**	**(3,301)**
6 months to 30 June 2017					
Administrative costs	(184)	(122)	(185)	(995)	**(1,486)**
Inter-segment charges	(116)	-	(335)	451	**-**
Finance income	-	-	-	4	**4**
Depreciation	(1)	-	(1)	-	**(2)**
Exchange losses	(64)	-	(35)	(316)	**(415)**
Share of profits/(losses) of associates	-	107	(211)	-	**(104)**
Net loss on disposal of associates	2,883	-	-	-	**2,883**
Profit before Income Tax	**2,518**	**(15)**	**(767)**	**(856)**	**880**

Assets and liabilities:

		East	West

	Turkey £'000	Africa £'000	Africa £'000	UK £'000	Total £'000
6 months to 30 June 2018					
Intangible assets	-	-	6,463	-	**6,463**
Property, plant and equipment	2	-	1	5	**8**
Equity-accounted associates	-	3,650	-	-	**3,650**
Cash and other assets	236	240	234	2,367	**3,077**
Liabilities	(33)	-	(13)	(231)	**(277)**
Inter-segment	(2,316)	-	(1,704)	4,020	**-**
Net Assets	**(2,111)**	**3,890**	**4,981**	**6,161**	**12,921**

6 months to 30 June 2017					
Intangible assets	-	-	6,419	-	**6,419**
Property, plant and equipment	6	-	-	2	**8**
Equity-accounted associates	-	5,737	952	-	**6,689**
Cash and other assets	995	407	1,471	6,193	**9,066**
Liabilities	(50)	-	(20)	(405)	**(475)**
Inter-segment	(1,134)	-	(10,496)	11,630	**-**
Net Assets	**(183)**	**6,144**	**(1,674)**	**17,420**	**21,707**

Cash and other assets include cash and cash equivalents amounting to £2,311k at 30 June 2018 (2017: £6,085k).

4. Intangible assets

	2018 £'000	2017 £'000
At 1 January	6,484	10,491
Exchange movements	(21)	(64)
Disposal due to change in ownership status	-	(4,040)
Additions	-	32
At 30 June	**6,463**	**6,419**

5. Investments in equity-accounted associates

	2018 £'000	2017 £'000
At 1 January	5,524	5,758
Exchange movements	(34)	(313)
Share of (losses)/profits	(2,030)	(34)
Addition due to change in ownership status	10	1,319
Additions	156	301
Disposals	-	(671)
Share of new capital from third parties	24	329
At 30 June	**3,650**	**6,689**

Stratex's shareholding interest in Thani Stratex Resources Limited increased during the period to 30.4%.

6. Related party transactions

Directors of the Company received total remuneration of £259,212 for the six months ended 30 June 2018 (six months ended 30 June 2017 - £364,004).

7. Earnings per share

The calculation of earnings per share is based on the following:

	2018	2017
(Loss)/profit attributable to equity holders (£'000)	(3,280)	926
Weighted average number of shares basic	481,641,220	467,311,276
Earnings per share basic (pence)	(0.68)	0.20
Weighted average number of shares diluted	481,641,220	497,316,420
Earnings per share diluted (pence)	(0.68)	0.19

As the Group incurred a loss for the period to 30 June 2018, no options or warrants are potentially dilutive in accordance with IAS 33 and hence basic and diluted earnings per share are the same.

8. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 15 August 2018.

The information contained within this announcement is deemed by Stratex to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

**** ENDS ****

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Notes to Editors:

The Company is focused on early-stage gold exploration in Cameroon and more advanced exploration in Senegal, where IAMGOLD is spending US$8m at the Dalafin project to earn up to a 70% interest. It also continues to review early-stage exploration opportunities in Africa and Europe. In Turkey, the Company owns 14.87% of a copper-gold project at feasibility stage, which will likely default to a 1.2% (post-Turkish tax) royalty position during 2018, and it is managing its royalty interests in a number of other projects. The Company also has interests in Thani Stratex Resources Ltd, Tembo Gold Corp. and Aforo Resources Limited for their exploration projects in Djibouti and Egypt, Tanzania and Burkina Faso respectively.