Stratex International

stratex international plc

annual report 2010

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

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

Contents

Front cover: Silica rib at Megenta, Ethiopia
This page: Asal project, Djibouti

2010 Highlights

Acquired a number of exploration licences in Ethiopia and Djibouti covering 3,670 km^2 and carried out extensive mapping and sampling, identifying what is believed to be a number of major new low-sulphidation gold systems in the Afar region.

Option/joint venture agreed with Thani Ashanti Alliance for the development of certain of Stratex's interests in the Afar Depression of East Africa.

Entered into an agreement with Loz-Bez Mining securing an option over the AbiAdi gold project in Northern Ethiopia.

Finalised the joint venture agreement with Turkish company NTF Insaat Ticaret for the fast tracking to production of the Inlice and Altıntepe gold projects in Turkey. Inlice feasibility study completed in March 2011 with production planned to start in first half 2012.

Entered into a joint venture agreement with Turkish company Aydeniz Group for the Muratdere copper-gold-molybdenum project.

Further drilling with JV partner Centerra at Öksüt in Turkey has confirmed the potential for a large tonnage low-grade mineralisation with copper and molybdenum values supporting proximity to a gold-copper porphyry system.

Drilling at Hasançelebi in Turkey with JV partner Teck Resources Ltd, has confirmed the potential for a low-grade high-tonnage near-surface gold mineralisation over a distance of 1-2km.

Stratex discovering the future

Strategy and Objectives

Our strategic intent is to maximize shareholder value through the continuing development of a focused portfolio. Revenues will be generated by:-

- Developing defined gold resources into mines via production with our Turkish 46% owned joint-venture with Turkish civil engineering and contract mining company NTF; or
- Discovery of a major new gold project via joint-venture agreements with companies that have the technical and financial capabilities to put large resources into production. Those projects not meeting the +1 million oz gold resource requirements of major companies would be spun into our Turkish joint-venture company, thus ensuring growth of the company into a significant gold producer; or
- Ongoing go-it-alone exploration to define new targets in Turkey and East Africa using the innovative exploration models and techniques that have proved so successful to date and joint-venturing or selling resulting new discoveries to a third-party company whilst retaining a royalty payment based on future metal production

Major Projects – Turkey

Project	Status	Area (km²)	Drilled (m)	Gold resource (oz)	JV Partner
Inlice	Feasibility	43.0	10,713	262,300	NTF
Altıntepe	Scoping + feasibility	16.5	4,379	602,500	NTF
Öksüt	Advance exploration	111.6	7,596	317,256	Centerra
Hasançelebi	Advance exploration	352.1	2,524	-	Teck
Muratdere	Exploration	24.9	2,947	-	Aydeniz
Karaağaç	Exploration	12.7	2,368	156,798	-
Altunhisar	Early Exploration	455.1	-	-	Centerra

Major Projects – East Africa

Project		Status	Area (km²)	JV Partner
Ethiopia	Shehagne	Drilling in 2011	29.0	Sheba Exploration
	Tigray	Early exploration	923.4	Sheba Exploration
	Afar Tendaho	Drilling in 2011	2,174.3	Thani Ashanti
	AbiAdi	Early Exploration	967.0	Loz-Bez
Djibouti	Afar	Early Exploration	535.0	Thani Ashanti

Chairman's Statement

Christopher Hall

we are very excited by the discovery of outcropping epithermal mineralisation in the Afar region of the Rift Valley

As the newly appointed Chairman of Stratex it gives me great pleasure to report on the progress your Company has made during the period. Since being appointed to the Board in early 2008, I have enjoyed the challenge of being closely involved in the direction of a growing junior company. The success of our gold exploration efforts in Ethiopia has prompted a more formal division of executive responsibilities, and I was delighted to take up the position of Chairman, allowing David Hall to focus on the development of the East African portfolio in the new role of Executive Director for East Africa.

Before moving on to a review of the year, I would like to pay tribute to the work and commitment of your outgoing Chairman David Hall, who has combined the roles of co-founder, Director and Executive Chairman for more than five years. Together with your Chief Executive Officer Bob Foster and the rest of the Stratex team, he has helped steer the Company from a concept to a well-supported and successful exploration and development company with a solid portfolio of assets in Ethiopia, Djibouti and Turkey, where we are also moving towards production in 2012.

In his last statement, David noted that Stratex had emerged from the financial crisis as a stronger and better positioned company. I am pleased to say that we have continued to advance throughout 2010 and I look forward to updating shareholders on our developments both in Turkey and East Africa over the coming year.

Stratex has made great progress through its existing joint ventures with mining majors Centerra Exploration B.V. ("Centerra") and Teck Resources, and also with Turkish company NTF Insaat Ticaret Ltd Sti ("NTF"). The Company has also established two new joint ventures with Thani Ashanti, an AngloGold Ashanti Limited joint venture company, and Ayendiz Group ("Aydeniz"), a leading Turkish construction company. Additionally, we have a large and growing first-mover land position in Ethiopia and Djibouti, which is shaping up to be an exciting new gold province with similar geology to the epithermal gold mineralisation that is prevalent in the Santa Cruz gold district of southern Argentina and the Great Basin in Nevada, USA.

Developments at our Öksüt and Hasançelebi high-sulphidation gold projects in central Turkey are progressing well and we are confident

Chairman's Statement (continued)

that with further work they will add value to our Turkish portfolio. In March 2010, a maiden JORC compliant resource of 147,814oz of oxide gold was announced at our Öksüt joint venture with Centerra. Following further drilling during 2010 the total resource now stands at 317,256oz, of which 214,440oz is oxide and we are pleased that Centerra has approved a US$1.3 million work programme for the current year. Additionally, our JV partner Teck Madencilik Sanayi Ticaret A.S ("Teck") has approved a further 2,000 metre drill programme at our Hasançelebi project for 2011.

Recent drilling at our Muratdere porphyry copper-gold project in western Turkey has produced positive results and this project is being developed as part of an earn-in programme by Aydeniz. Drilling will now focus on the 1,500 metre-long central zone within the 4,000 metre-long porphyry complex that is of significant interest.

Stratex has built up a resource base of over 1.3 million oz of gold in Turkey, of which some 540,000oz is represented by oxide resources at Inlice and Altıntepe. As shareholders will be aware, in late 2009 we brought in a large and respected Turkish partner, NTF, to advance these projects. The agreement was completed in April 2010 and we received US$1.0 million from our partner. NTF is expected to earn into 54% of Inlice and Altıntepe and is now managing the programmes to move the projects towards production. The feasibility study at Inlice, an open pit heap leach project, is nearing completion and an early draft indicates that there are no fatal flaws although aspects of the cost assumptions require further definition. We are advised that first production is still expected in the first half of 2012. NTF is also funding a scoping study on the larger Altıntepe project which consists of infill drilling and a baseline environmental study. We expect to deliver a revised resource in the second quarter of 2011.

Throughout the year, we have also continued to add to our land position in the highly prospective Afar region in East Africa in response to positive exploration findings, including the discovery of previously unknown gold-bearing epithermal targets such as the Megenta hot spring project in eastern Ethiopia. Our total land position in the Afar region is 3,853 sq km, bringing our total land position in Ethiopia and Djibouti to 7,018 sq km. Although we are beginning to see the entry of some competition, we believe that we will maintain our first-mover advantage, having been delineating targets in the Afar region since 2009.

In spite of the attractive results in Ethiopia and our high hopes for the future, your Board considered it prudent to reduce exposure to the initial very high risk phase of drilling, and in October 2010 announced a joint venture with Thani Ashanti, an AngloGold Ashanti Limited joint venture company, which, to the best of our knowledge, signalled the first move by a gold-major into the region. The agreement was completed post-period end and resulted in a placement of US$500,000 into Stratex by Thani Ashanti. We look forward with great excitement to the first results from the 3,000m drill commitment at our Megenta discovery, expected mid 2011.

Stratex has made significant strides over the past year, buoyed by the strong and appreciating gold price, and we are now ideally positioned to capitalise on this by advancing our solid portfolio of exploration and development assets in Turkey and East Africa. Both the Inlice and Altıntepe gold projects in Turkey should provide us with near-term exposure to production, which will not only generate cash flow but will also increase our market visibility and prove our ability to progress our projects through from development to production. In Turkey, 2011 is likely to be a year of steady progress towards known goals. We look forward to regular news flow with drilling results from our four established joint ventures, and progress with additional low-cost, conceptual initiatives.

In contrast, if our work in the Afar region in Ethiopia and Djibouti generates results which are commensurate with the potential we see, the added value could be significant. Consequently, although we have minimised the early-stage risk with Thani Ashanti funding the initial drilling, Stratex has retained a growing land position outside the joint venture.

Finally it remains for me to extend my gratitude for the support we have received from our shareholders during the past year, and would also like to thank our excellent management team for its continued dedication as we progress as a leading gold exploration and development company in Turkey and East Africa.

Christopher Hall
Chairman

Business overview

Bob Foster, CEO

Since it was formed in 2004, Stratex has made huge strides in getting to where it is now, less than 12 months away from going into production. During 2010 we forged ahead on two fronts, the further development of our established projects in Turkey and a considerable increase in our reconnaissance exploration work in Ethiopia and Djibouti where we have found what we believe to be an extensive new gold district in the Afar Depression. This is a new gold district untouched by modern exploration.

We formed three new alliances in the year, probably the most notable being the agreement with Thani Ashanti Alliance for the fast tracking of certain of our projects in the Afar. The Thani Ashanti Alliance is the joint venture vehicle of AngloGold Ashanti with Thani Investments LLC to explore and develop opportunities in the Middle East / North and East Africa region. We consider this to be a major endorsement of our exciting projects in Ethiopia and Djibouti. We also entered into a joint venture agreement with a private Turkish company, Aydeniz Group, to fast-track a drilling programme at the Muratdere porphyry copper-gold project in Turkey, a project that has been reactivated in response to elevated metal prices. In Ethiopia we have signed a binding Heads of Terms agreement with the Ethiopian company Loz-Bez Mining Plc for an option on the Abi-Adi Gichke gold project in the Tigray province in the northern part of the country.

Together with our partners we have conducted resource drilling programmes during the year at the Inlice and Altıntepe projects. The Inlice drill programme was designed to provide information for the feasibility study that was commissioned in May 2010, and the Altıntepe drilling focused on two specific mineralized zones to facilitate a decision on whether to commence a feasibility study during 2011. Exploration drilling programmes were undertaken at the Öksüt and Hasançelebi gold prospects and the Muratdere copper-gold project in Turkey. In Ethiopia the Shehagne prospect has been advanced to drill stage and we anticipate adding it to our pipeline of drilling in 2011.

We remain committed to our strategy of moving forward towards production through joint venturing with experienced mining partners. This is very cost effective and minimises the financial and technical risks for the Company. We now have a range of projects that span the spectrum of exploration and development, from grass-roots projects through to feasibility and hopefully to production. This breadth of substantive and well-funded projects, with the potential for positive cash flow in the coming years, should provide the foundations for the sustainable and long-term development of our business and thus deliver a significant increase in the value of the Company as we go forward.

A review of operations at our more significant projects follows.

“2011 will see an exciting period of exploration and development for Stratex.”

Bob Foster

Bob Foster
CEO

Review of operations

Inlice & Altıntepe (Turkey)

The Inlice project is located 30 kilometres west-south-west of the city of Konya and 230 kilometres south of Ankara. A JORC-compliant resource of 262,300 oz gold has been defined of which 98,000oz is oxide material. Stratex has entered into a joint-venture agreement with NTF for the funding of a feasibility study at Inlice and an early stage scoping study for the Altıntepe project. The Inlice project has been vended into a separate joint venture company, NS Madencilik Sanayi ve Ticaret A.S. ('NSM'), with an ownership of 46% Stratex, 54% NTF and in return NTF have paid Stratex US$ 1m and committed to fund up to US$2m for the Inlice feasibility study. In addition NTF have funded an early scoping study on the Altıntepe project to an amount of US$500,000. Should NTF commit to feasibility-study expenditure of a further US$2 million, Altıntepe will then be transferred to NSM on the same 46%/54% basis. On fulfillment of all of their commitments in respect of Inlice and Altıntepe, NTF's ownership will be increased to 55%. The Inlice feasibility study has been completed and, although elements of the report remain in draft format at the time of writing, it is clear that the project is economically viable. The operating company NSM, with the considerable technical management capabilities of the former NTF mining team, continue to evaluate optimum planning strategies but first production is still projected for the first half of 2012. The company is also considering the option of processing the underlying sulphide material (160,000 oz gold) with a view to extending the life of the mine and the longer-term economic returns. The Altıntepe project is located near the town of Fatsa, close to the Black Sea in northern Turkey. An in-house JORC compliant resource of 602,500oz gold has been defined including 472,318oz oxide. NTF have funded a drilling programme that focused on infill drilling of two of the three main mineralised zones - Kayatepe and Extension Ridge – to provide increased confidence in the size of the total gold resource and the nature of the gold-bearing material, in particular the amount of oxide versus sulphide material in Extension Ridge. New resource estimates are being computed for these two zones and will allow NTF to make an informed decision mid-2011 whether or not to fund a full feasibility study. Successful completion of the feasibility study could lead to first production in early 2013.

Öksüt (Turkey)

Öksüt is located in Central Anatolia and was discovered by Stratex in 2007. Based on the early drilling results a preliminary in-house resource of 147,814 oz oxide gold was defined in the Ortaçam Zone. A further 4,204m was drilled in 2010 with a best intersection of 80.3m averaging 2.22 g/t Au. The later stages of the 2010 drilling indicate the presence of low grade mineralisation extending into the underlying sulphide zone and this is accompanied by relatively high copper content and elevated molybdenum, suggesting the possibility of a nearby copper-gold porphyry system. Drilling of the Ortaçam North Zone, some 500 m north of the Ortaçam Zone has also identified lower-grade mineralization that will be the target for further drilling in 2011 – the longest intersection to date being 104.70 m averaging 0.49 g/t Au. A recently completed JORC-compliant resource estimate by independent consultants

Inlice – key facts

Type:	High-sulphidation - gold
Resource:	262,300 oz Au
Area:	43 km^2
Drilled:	10,713 m
Partner:	NTF

Altıntepe – key facts

Type:	High-sulphidation - gold
Resource:	602,500 oz Au
Area:	16.5 km^2
Drilled:	4,379 m
Partner:	NTF

Wardell Armstrong International has identified an increased resource of 297,623 oz gold for the Ortaçam Zone, including 221,807 oz gold in oxide material, at a cut-off grade of 0.2 g/t gold. Additionally a preliminary inferred resource of 19,633 oz gold has been identified for the Ortaçam North Zone some 500 m north of Ortaçam but this is based on only the first five holes drilled into the target. The Ortaçam North Zone is open along strike and at depth and, for the first time at Öksüt, mineralisation has been observed to replace gently dipping volcanic units as well as occurring in steeply dipping breccia zones, suggesting enhanced potential for large-tonnages of material in a near-surface environment. Öksüt is the subject of a joint venture agreement with Centerra Gold Inc. Under the agreement Centerra can earn into 50% of the project by funding US$3million over three years. They can then increase their interest to 70% by funding a further US$3m over two years. Centerra incurred expenditure of US$1,725k in 2010, bringing the total incurred by Centerra on the project to US$2,555k. They have budgeted to spend a further US$1.3m in 2011, which includes 4,600m of diamond drilling.

Hasançelebi (Turkey)

Hasançelebi is located approximately 430km east of Ankara. Teck Madencilik Sanayi Ticaret A.S., a subsidiary of Teck Resources Ltd, is currently funding exploration of the project and has the option to fund US$2m, including 2,000m of drilling, to acquire 51% interest in the project. Thereafter, Teck can increase its interest to 70% by funding an additional US$3m by end 2015. Teck spent US$488k in 2010 and completed 2,564m of drilling. Best results included 15.35m averaging 1.35g/t Au and 20.7m averaging 0.63 g/t Au and 0.38% Cu. The results demonstrate the potential for low-grade, high-tonnage, near-surface gold mineralisation extending over a distance of 1,000m to 2,000m. Drilling is likely to commence in the second quarter of 2011 once the weather conditions improve and will focus on determining the full extent of the near-surface mineralisation as well as trying to identify higher grade feeder zones at depth.

Muratdere (Turkey)

Muratdere consists of two licences covering a substantial granodiorite-porphyry system located 250km west of Ankara. Initial mapping indicated that the system extended east-west for at least 4,000m with a width of between 200m and 400m. Drilling by Stratex in 2007 returned a best intersection of 284.7m averaging 0.30% Cu, 0.13 g/t Au, and 0.013% Mo. However the metal prices at that time were relatively low and further exploration was suspended.

In November 2010, Stratex signed a joint venture agreement with a Turkish company Aydeniz Group to fast-track new drilling with Aydeniz committing to a minimum of 1,200m of drilling and then having the option to undertake a further 1,300m of drilling to earn into 55% of the project. The drill programme was activated almost immediately and a number of good intersections were posted in January, with a best return of 82.45m averaging 0.54% Cu, 0.23 g/t Au, and 0.031% Mo, plus 0.76g/t rhenium. The drill programme continues to be progressed rapidly.

Öksüt – key facts

Type:	High-sulphidation - gold
Resource:	317,256 oz Au
Area:	111.6 km^2
Drilled:	7,596 m
Partner:	Centerra Gold Inc

Hasançelebi – key facts

Type:	High-sulphidation - gold
Resource:	To be determined
Area:	352.1 km^2
Drilled:	2,524 m
Partner:	Teck Resources Ltd

The Afar (Ethiopia and Djibouti)

Stratex's move into the Afar Depression within the Ethiopian Rift Valley followed the conception of an original exploration programme with leading independent economic geologist Dr. Richard Sillitoe using an exploration model based on the rifting environment of Western Nevada and the Deseado Massif of Patagonia.

Early work in October 2009 led to the discovery of significant new low-sulphidation gold mineralisation at the Megenta prospect in the Tendaho region of Eastern Ethiopia. The Company successfully applied for 5 licence blocks in Tendaho and 6 in the neighbouring Djibouti, covering a total of 2,709km^2, and immediately embarked upon a programme of detailed geological and structural mapping and sampling. Significantly this work showed the presence of gold at the high levels of the epithermal system exposed including hydrothermal breccias with grades up to 16.2 g/t Au. These results, combined with the recognition of new gold mineralization in an area where gold had not been defined before, attracted a great deal of attention and on 12th October 2010 an agreement was entered into with Thani Ashanti Alliance Ltd ('Thani'), an AngloGold Ashanti joint venture company with Thani Investments LLC. Under the terms of the agreement Thani can earn into 51% of the original 11 licences of the Afar Project by funding US$3m of exploration over a two year period, of which US$1m must be spent in the first 12 months and including 3,000m of drilling within the Megenta prospect. Subsequently, they can earn an additional 19% of any one of the 11 licence areas by spending a further US$4m within 4 years on that particular licence area.

As part of the agreement Thani Ashanti has also invested US$ 500,000 into Stratex International Plc via a private placement for 6.5million ordinary shares. Additionally, upon fulfilling the first US$500,000 of their exploration commitment they will acquire a 5% interest in Stratex East Africa Limited, currently the holding company for all of Stratex's assets in East Africa. Drilling is planned to start in April 2011 and will focus initially on the Megenta prospect. Early exploration in Djibouti has defined a number of targets for follow up, namely Asal and Dimola Khan. Since the end of the year the Company has acquired further licences covering 1,145km^2 of newly identified areas of mineralisation and alteration in the northern end of the main Ethiopian Rift. These licences are not subject to the agreement with Thani.

Shehagne (Ethiopia)

Shehagne was the Company's first venture into Ethiopia and was facilitated by a partnership with the PLUS-listed company Sheba Exploration (UK) plc. Sheba had undertaken a prospecting programme at Shehagne and had identified encouraging gold anomalies in soil and bedrock.

Muratdere – key facts

Type:	Porphyry- Cu,Au,Mo
Resource:	To be determined
Area:	24.9 km^2
Drilled:	2,947 m
Partner:	Aydeniz

Tendaho – key facts

Type:	Low-sulphidation -gold
Resource:	To be determined
Area:	2,174 km^2
Drilled:	planned for 2011
Partner:	Thani Ashanti

As well as taking a 5.6% stake in the company, Stratex committed to spend £350,000 of exploration in return for 60% of the project, with a possibility of increasing this to 80% by taking the project to completion of feasibility. As at the end of 2010, the Company had spent £225k. Recent road-cut and channel sample results, combined with the work previously carried out by Sheba, has delineated an anomalous zone of gold mineralisation extending over some 1,500m in length and up to 200m wide.Drilling is planned for mid-2011 to determine if the project has the potential to develop into a large-tonnage low-grade deposit that can be successfully exploited.

Tigray (Ethiopia)

As part of the agreement with Sheba, Stratex has undertaken to explore northern Ethiopia with Sheba having an option to fund 30% of costs for a 30% equity stake. This option has yet to be taken up by Sheba and in the absence of doing so their interest would revert to a 3% net profit interest. The Tigray area of northern Ethiopia forms part of the highly prospective Arabian-Nubian Shield (ANS) and the 923km^2 Tigray licence is contiguous with the Shehagne licence where encouraging gold mineralisation has already been defined. Exploration of the area has been undertaken using both Aster and Landsat EMT satellite imagery, followed by stream sediment sampling, rock sampling and mapping over the entire area. Further mapping and follow-up channel sampling is planned for 2011.

AbiAdi (Ethiopia)

In November 2010, the Company signed a binding heads of terms agreement with Ethiopian company Loz-Bez Mining PLC for the AbiAdi-Gichke gold project, also located in the prospective Tigray area of northern Ethiopia. Initial work by Loz-Bez had identified anomalous concentrations of gold over a distance of more than 5km. Under the terms of the agreement, following completion of the initial due diligence, Stratex can earn up to 75% of the project by funding US$1m of exploration work including 3,000m of diamond drilling over a 3 year period. A further 10% can be acquired by funding an additional US$1m of exploration. The due diligence has been successfully completed with confirmation of high-grade gold and silver values in quartz veining associated with granites, the mineralization extending over a distance of almost 3km. Detailed mapping and channel sampling is planned to start in Q2 of 2011 with the aim of rapidly defining drill targets.

Shehagne – key facts

Type:	High-sulphidation - gold
Resource:	To be determined
Area:	29 km^2
Drilled:	planned for 2011
Partner:	Sheba Exploration (UK)

AbiAdi – key facts

Type:	Intrusion-related gold
Resource:	To be determined
Area:	967 km^2
Drilled:	start date to be determined
Partner:	Loz-Bez Mining

Financial Review

Key financial data	Year to 31 December 2010 £	Year to 31 December 2009 £
Loss after tax	2,884,041	2,148,179
Exploration assets	2,522,766	3,607,182
Cash and cash equivalents	996,157	1,727,643
Net assets	4,557,276	6,405,021
Loss per share	1.02 pence	0.90 pence

Perry Ashwood, CFO

Stratex is in a strong financial position as it enters 2011.

Loss for the Year

The loss after tax for the year to 31 December 2010 of £2,884,041 compares with a loss for the corresponding period last year of £2,148,179. The major factors for the movement over last year are as follows:

- a loss of £1,095,880 on sale of 54% of the wholly-owned subsidiary NS Madencilik Sanayi ve Ticaret Anonim Sirketi AS ('NSM') to the Turkish company NTF Insaat Ticaret Ltd Sti ('NTF') in return for a payment of US$1 million (£656,863). The sale is part of the agreement with NTF covering the future development of the Inlice and Altıntepe projects. Under this agreement NTF have committed to fund Inlice up to a level of US$2million and to spend US$0.5million on a scoping study at Altıntepe, followed by a possible further US$2million. The loss is calculated in accordance with IAS27 and does not reflect these commitments.
- an increase of £554,785 in exploration related costs not capitalised, which includes the setting up of operations in Ethiopia and Djibouti.
- offsetting the increases is a reduction in overheads of £113,417; reduced impairment write-offs amounting to £434,999, and the cost of shares issued other than for cash in 2009 not repeated in 2010.

Cash and cash equivalents

The closing cash balance for the Group of £996,157 reflects a cash usage during 2010 of £731,486. The usage is £853,893 lower than the net cash used in 2009. The reduced usage is primarily driven by higher cash generation in the year resulting from a public share placing, which raised a net £1.3million, funding for exploration activites received from our partners amounting to £1.34 million and proceeds of £656,863 from the sale of NSM. During the year the expenditure on exploration and development over and above that funded by our partners amounted to £1.1m.

Net assets

The net assets of the Group at £4,557,276 have decreased by £1,847,745 during 2010. This reflects the sale of the Inlice project to NSM (see note 16 of the Notes to the financial statements) and the £731,486 reduction in cash balances.

Key performance indicators

As none of the Group's projects have yet entered production the key performance indicators (KPI's) monitored by the Board are mainly focused on exploration and development operations. These include the area under licence and drilling metres. See the Review of Operations. The major focus from a financial viewpoint is cash usage.

Perry Ashwood
CFO

Directors' and management biographies

Christopher Hall, BSc, MSc, MIMMM, CEng Non-Executive Chairman (age 61)

Christopher Hall has over 36 years of wide-ranging experience in the mining sector. He is currently the inhouse mining adviser to Grant Thornton LLP, principally assisting the Capital Markets team with clients listed on the London Stock Exchange and the AIM market. After graduating in geology, Christopher worked in exploration and as a mine geologist with Consolidated Goldfields in Australia, before returning to the UK to take an M.Sc. in Mining and Exploration Geology. This was followed by periods as a mining analyst with stockbroker Messel & Co, in the investment and mining divisions of Anglo American associate Charter Consolidated where he was involved in the acquisition and management of tin, tungsten, coal and quarrying companies, and in specialist resources fund management with Touche Remnant. He helped to establish European Mining Finance, an international mining finance and investment company, which was the first resource company to list on AIM, serving as CEO from 1991-97. After leaving EMF he worked as a consultant, spending three years managing the UK office of international mining consultants Behre Dolbear, before joining Grant Thornton in 2005. He has been a director of numerous private and listed companies and his experience enables him to make a contribution across the whole spectrum of technical, financial and corporate aspects of the mining business.

Dr Bob Foster, BSc, PhD, FIMMM, CEng, FGS, CGeol Chief Executive Officer (age 62)

Bob Foster has 36 years of experience as a professional economic geologist in exploration, mining, and applied academic posts and has particular expertise in the genesis of and exploration for gold deposits, having worked in Europe, Central Asia, North and South America, and throughout Africa. Following ten years in the mining industry in Rhodesia (now Zimbabwe) he joined Southampton University in 1984 where he subsequently devoted more than 15 years to lecturing and managing a large applied research group investigating ore-forming processes and mineral exploration strategies on regional and area scales and within operating mines. He has published numerous scientific and technical papers and has been an invited keynote speaker at very many international scientific and technical conferences around the world. During his time at Southampton University he also undertook numerous consultancy projects with major and junior mining companies and was a founding member of the management team of Pan-African Mining Pvt Ltd that developed the open pit Ayrshire gold mine in Zimbabwe in 1991-1996. He also directed a major gold exploration programme for associated company Pan-Reef Mining. Prior to joining Stratex, Bob was Minerals Manager for UK-based international consultancy group Exploration Consultants Limited.

David Hall, BSc, MSc, EuroGeol Director (age 52)

David Hall is a graduate in geology from Trinity College Dublin and holds a Masters Degree in Mineral Exploration from Queens University, Kingston, Ontario. He has 28 years of experience in the exploration sector and has worked on and assessed exploration projects and mines in over 50 countries including Turkey where he worked for four and half years. From 1992, he was Chief Geologist for Minorco responsible for Central and Eastern Europe, Central Asia and Middle East. He moved to South America in 1997 as Consultant Geologist for Minorco South America, subsequently becoming Exploration Manager for AngloGold South America in 1999. David is founder and Vice - Chairman of GoldQuest Mining Corporation which has Gold Fields of South Africa as equity and joint venture partner. David is also founder and Non-Executive Chairman of Horizonte Minerals plc, an AIM-listed company focused in Brazil and Peru. David co-founded Stratex in 2004 and played a key role in assembling the Board and management team that has led to the successful discovery of new gold mineralization in Turkey in partnership with Teck Resources. David has authored a number of papers on the management of Exploration and Development companies and risk management of exploration.

Perry Ashwood, FCA, Chief Financial Officer (aged 63)

Perry Ashwood qualified as a Chartered Accountant in 1971, training with Spain Brothers & Co. and KPMG. Shortly after qualifying he spent 5 years with British Oxygen Ltd in their Corporate Office before moving to Rank Xerox Ltd in 1978. Perry was with Xerox for 20 years and held various positions ranging from Group Chief Accountant to Finance Director, Central & Eastern Europe. During his time with Xerox, he held both technical accounting roles, including involvement in internal controls and audit, and operational roles with extensive involvement in Turkey, Egypt, India and Russia. He also spent 3 years on assignment in the USA at corporate headquarters as Manager, Xerox Business Arrangements where his major focus was on acquisitions, divestments and joint ventures. He joined Intermec International Inc in 1998 as Finance Director, Europe, Middle East & Africa before becoming an independent consultant in 2000 taking on various interim roles with small to medium sized businesses.

Peter Addison, Non-Executive Director (aged 68)

Peter Addison 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. He has been non-executive director and chairman of Irish and UK companies.

Mr Bahri Yildiz, BSc General Manager, Turkey (age 55)

Bahri Yildiz is a Turkish national with an industrial career spanning 30 years dedicated to mineral exploration and mining geology throughout Turkey. A geology graduate of the Middle East Technical University, Bahri commenced his career in 1980 with the government's General Directorate of Mineral Research and Exploration (MTA) where he spent ten years managing a wide range of projects relating to exploration for precious and base metals. This was followed by three years as Exploration Manager with Turkish company Yurttaslar Madencilik before he joined Dardanel Madencilik, the Turkish subsidiary of major Canadian mining company Inco Ltd in 1992 as Senior Geologist. During his final four years with Dardanel he was Exploration Manager and responsible for generating and supervising a wide range of exploration programmes throughout Turkey. Following closure of the Turkish office in 2003 he became an independent consultant before joining Stratex in April 2005.

Daniel James, BSc, Manager, East Africa (age 35)

Daniel James graduated from the University of Portsmouth in 1997. Following graduation he joined Ashanti Goldfields in East Africa, working on a wide variety of gold exploration projects in the Lake Victoria Goldfields. Following three years of field work, and collapse of the industry in 2000, he returned to the UK. He spent the following 5 years working in the City for Bloomberg and Yahoo, working on LSE initial public offerings, and was involved with many of the biggest IPO's at the time. Daniel returned to mineral exploration in 2005, joining independent consultants, ACA Howe. He worked on a variety of projects, including Competent Person's Reports, independent visits, and desktop research. Key long-term projects, involving extended field trips, included the Democratic Republic of Congo and Zambia, working in the Central African Copperbelt. Daniel joined Stratex in January 2007 working initially as a project geologist on the Inlice Project in Turkey.

Directors' report

Principal activities

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

Business Review & Future Developments

A review of the activities of the Group, information on future developments and certain key performance indicators are provided in the Chairman's Statement, Business Overview, Review of Operations and Financial Review.

Going concern

It is the prime responsibility of the Board to ensure the Company and the Group remain a going concern. At 31 December, 2010 the Group had cash and cash equivalents of £996,157 and no borrowings. A further £315,093 has been received in January 2011 as part of the agreement with the Thani Ashanti Alliance Ltd. The majority of the exploration costs in Turkey for the next 12 months and a significant portion of the exploration costs in Ethiopia will be borne by our exploration partners. During 2011 the Company will be required to fund its share of the capital cost of the proposed mine at Inlice. The amount is expected to be approximately $6m and the Directors have a reasonable expectation that they will secure the necessary funding when required. Further exploration work is planned for Ethiopia but no formal commitment has been entered into. The Board considers the present funds sufficient to maintain the working capital of the Group for a period of at least 12 months from the date of signing the annual report and accounts and for these reasons the Directors continue to adopt the going concern basis in the preparation of the financial statements.

Financial Review

The results of the Group are shown on pages 19 to 25. A review of the financial results is provided on page 12. The Directors do not recommend the payment of a dividend.

Corporate Governance & Responsibility

The Company's statement on Corporate Governance is available on the Company's web site.

Directors & Directors' interests

The current Directors and their biographies are set out on pages 13 and 14.

David Hall resigned as Chairman of the Company on 14 January 2011 but remains on the Board as an executive Director with responsibility for East Africa. Christopher Hall was appointed Non-Executive Chairman of Stratex having previously served as a Non-Executive Director. All the Directors of the Company were Directors throughout the year.

In compliance with the Company's Articles of Association, Perry Ashwood will retire by rotation and, being eligible, offers himself for re-election.

The remuneration of Directors is set out in Note 8.

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

	As at 31 December 2010		As at 31 December 2009	
	Ordinary 1p shares	Options	Ordinary 1p shares	Options
Christopher Hall	107,143	1,500,000	50,000	1,500,000
Dr Bob Foster	7,031,277	3,787,500	6,974,134	3,787,500
Perry Ashwood	1,534,485	3,472,500	1,477,342	3,472,500
David Hall	12,522,374	3,445,000	12,522,374	3,445,000
Peter Addison	142,857	1,500,000	0	1,500,000
Total	21,338,136	13,705,000	21,023,850	13,705,000

No Director sold shares in the Company during the year and no Director-held share options were exercised or lapsed during the year.

Share Capital

A statement of the changes in the share capital of the Company is set out in note 21.

Substantial shareholdings

As at 22 March 2011, in addition to those mentioned above, the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

	Number of ordinary shares	% of issued share capital
Teck Resources Limited	35,727,487	12.0
Forest Nominees	25,963,800	8.7
Mr N Graham	23,477,300	7.9
Richmond Partners	21,595,000	7.2
Kairos Eurasia Fund	21,950,000	7.4
Hunter (CI) Nominees	10,074,956	3.4

Teck Resources Limited's interest includes 8,751,903 (3.4%) held by Teck Madencilik Sanayi Ticaret AS, a wholly owned subsidiary of Teck Resources Limited.

Risk Management

Exploration Industry Risks
Mineral exploration is speculative in nature, involves many risks and is frequently unsuccessful. Following any discovery, it can take a number of years from the initial phases of drilling and identification of mineralization until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineral reserves through drilling, to determine metallurgical processes to extract minerals from rock and other natural resources and to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation.

Government activity, which could include non-renewal of licences, may result in any income receivable by the Group being adversely affected. In particular, changes in the application or interpretation of mining and exploration laws and/or taxation provisions in the countries in which the Group operates could adversely affect the value of its interests.

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

Financial Risks
Details of the Group's financial risk management objectives are set out in note 3 to the financial statements.

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 account 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.

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

Group's policy on payment of creditors

The Group seeks to maintain good relations with all of its trading partners. In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers.

At 31 December 2010 the number of creditor days in respect of trade creditors was 29 (2009: 28).

Post year end events

No significant events have taken place since 31 December 2010.

Auditors

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

Approved by the Board and signed on its behalf.

P C Ashwood
Company Secretary
180 Piccadilly London,
W1J 9HF
31 March 2011

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 2010, which comprise the Statement of Consolidated Comprehensive Income, the Statements of Consolidated and Company Financial Position, the Statements of Consolidated and Company Cash Flows, the Statements of Consolidated and 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 Directors' Statement of 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's and the Parent Company's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements.

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 2010 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 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

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.

We have nothing to report in respect of the above matters.

Mark Ling (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

31 March 2011

Statement of Consolidated Comprehensive Income

	Notes	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Continuing operations			
Revenue		-	-
Administration expenses	11	(1,733,837)	(1,292,469)
Project impairment	13	(58,656)	(491,655)
Other income/(losses)	6	125,045	(2,294)
Issue of shares other than for cash		-	(401,474)
Operating loss	6	**(1,667,448)**	**(2,187,892)**
Finance income		21,965	42,966
Share of loss of associate company	14	(134,305)	-
Loss on sale of subsidiary company	16	(1,095,880)	-
Loss before income tax		**(2,875,668)**	**(2,144,926)**
Income tax	9	(8,373)	(3,253)
Loss for the year		**(2,884,041)**	**(2,148,179)**
Other comprehensive income for the year			
Exchange differences on translating foreign operations		(257,552)	(404,148)
Other comprehensive income for the year, net of tax		**(257,552)**	**(404,148)**
Total comprehensive income for the year attributable to equity owners of the Company		**(3,141,593)**	**(2,552,327)**
Loss attributable to equity holders of the Company		**(2,884,041)**	**(2,148,179)**
Loss per share for losses from continuing operations attributable to the equity holders of the Company (expressed in pence per share) – basic and diluted	10	(1.02)	(0.90)

The notes on pages 26 to 46 form part of these financial statements

Statement of Consolidated Financial Position

	Notes	As at 31 December 2010 £	As at 31 December 2009 £
Assets			
Non-Current Assets			
Furniture, fittings and equipment	12	257,984	156,201
Intangible assets	13	2,522,766	3,607,182
Investment accounted for using the equity method	14	376,645	-
Investments	15	72,167	40,000
Trade and other receivables	17	160,877	128,625
Deferred tax asset	18	165,067	126,101
		3,555,506	**4,058,109**
Current Assets			
Trade and other receivables	17	1,223,577	726,266
Cash and cash equivalents	20	996,157	1,727,643
		2,219,734	**2,453,909**
Intangible assets held for sale	19	198,619	70,000
Total assets		**5,973,859**	**6,582,018**

Equity			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	21	2,873,264	2,495,469
Share premium	21	9,323,382	8,443,778
Other reserves		37,009	282,253
Accumulated losses		(7,676,379)	(4,816,479)
Total equity		**4,557,276**	**6,405,021**
Liabilities			
Non-Current Liabilities			
Employee termination benefits		9,470	8,001
Deferred tax liabilities	18	47,656	1,097
		57,126	**9,098**
Current Liabilities			
Trade and other payables	24	1,359,457	167,899
Total equity and liabilities		**5,973,859**	**6,582,018**

The notes on pages 26 to 46 form part of these financial statements
The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2011 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 the equity holders of the Company.

	Notes	Share Capital £	Share Premium £	Merger Reserve £	Share Option Reserve £	Accumu-lated Loss £	Translation Reserve £	Total Equity £
Balance at 31 December 2008		2,342,394	8,192,829	(485,400)	462,982	(2,677,289)	537,349	8,372,865
Issue of ordinary shares		152,225	249,249	-	-	-	-	401,474
Share-based payments	22	-	-	-	180,459	-	-	180,459
Share options exercised and forfeited		850	1,700	-	(8,989)	8,989	-	2,550
Comprehensive income for the year								
- loss for the year		-	-	-	-	(2,148,179)	-	(2,148,179)
- exchange differences on translating foreign operations		-	-	-	-	-	(404,148)	(404,148)
Balance at 31 December 2009		2,495,469	8,443,778	(485,400)	634,452	(4,816,479)	133,201	6,405,021
Issue of ordinary shares	21	372,295	930,736	-	-	-	-	1,303,031
Cost of share issue		-	(62,132)	-	-	-	-	(62,132)
Share-based payments	22	-	-	-	36,449	-	-	36,449
Share options exercised and cancelled		5,500	11,000	-	(24,141)	24,141	-	16,500
Comprehensive income for the year								
- loss for the year		-	-	-	-	(2,884,041)	-	(2,884,041)
- exchange differences on translating foreign operations		-	-	-	-	-	(257,552)	(257,552)
Balance at 31 December 2010		2,873,264	9,323,382	(485,400)	646,760	(7,676,379)	(124,351)	4,557,276

The notes on pages 26 to 46 form part of these financial statements

Statement of Consolidated Cash Flows

	Notes	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Cash flow from operating activities			
Net cash used in operating activities	27	**(2,121,339)**	**(1,084,252)**
Cash flow from investing activities:			
Purchase of furniture, fittings and equipment	12	(185,797)	(44,692)
Purchase of investment	15	(32,167)	(40,000)
Purchase of intangible assets		(1,687,448)	(1,009,613)
Proceeds from sale of subsidiary company	16	656,863	-
Interest received		21,965	42,966
Net cash used in investing activities		**(1,226,584)**	**(1,051,339)**
Cash flow from financing activities			
Net proceeds from issue of share capital		1,257,399	2,550
Funds received from project partners	5,13	1,359,038	547,662
Net cash inflow from financing activities		**2,616,437**	**550,212**
Net decrease in cash and cash equivalents		**(731,486)**	**(1,585,379)**
Cash and cash equivalents at beginning of the year		1,727,643	3,313,022
Cash and cash equivalents at end of the year	**20**	**996,157**	**1,727,643**

Non-cash transaction
During 2009 15,222,481 shares were issued to Teck Resources Limited with a value of £401,474 in consideration for the relinquishment of certain of their rights under a strategic alliance agreement.

No cash or cash equivalents were included in the subsidiary sold during the year.

The notes on pages 26 to 46 form part of these financial statements

Statement of Company Financial Position

Company number: 5601091

	Notes	As at 31 December 2010 £	As at 31 December 2009 £
Assets			
Non-Current Assets			
Furniture, fittings and equipment	12	2,556	31,954
Intangible assets	13	-	100,769
Investments	15	72,167	40,000
Investment in subsidiaries	16	4,944,796	4,924,938
		5,019,519	**5,097,661**
Current Assets			
Trade and other receivables	17	3,347,970	2,412,400
Cash and cash equivalents	20	912,811	1,686,211
		4,260,781	**4,098,611**
Total assets		**9,280,300**	**9,196,272**
Equity			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	21	2,873,264	2,495,469
Share premium	21	9,323,382	8,443,778
Other reserves		646,760	634,452
Accumulated losses		(3,659,421)	(3,037,578)
Total equity		**9,183,985**	**8,536,121**
Liabilities			
Non-Current Liabilities			
Loan from subsidiary company	25	-	539,213
		-	**539,213**
Current Liabilities			
Trade and other payables	24	96,315	120,938
Total equity and liabilities		**9,280,300**	**9,196,272**

The notes on pages 26 to 46 form part of these financial statements
The financial statements were approved and authorised for issue by
the Board of Directors on 31 March 2011 and were signed on its behalf by:

Christopher Hall
Non-Executive Chairman

Perry Ashwood
Chief Financial Officer

Statement of Company Changes in Equity

	Notes	Share Capital £	Share Premium £	Share Option Reserve £	Accumulated Loss £	Total Equity £
Balance at 31 December 2008		2,342,394	8,192,829	462,982	(1,777,817)	9,220,388
Issue of ordinary shares		152,225	249,249	-	-	401,474
Share-based payments	22	-	-	180,459	-	180,459
Share options exercised and forfeited		850	1,700	(8,989)	8,989	2,550
Loss for the year		-	-	-	(1,268,750)	(1,268,750)
Balance at 31 December 2009		2,495,469	8,443,778	634,452	(3,037,578)	8,536,121
Issue of ordinary shares	21	372,295	930,736	-	-	1,303,031
Cost of share issue		-	(62,132)	-	-	(62,132)
Share-based payments	22	-	-	36,449	-	36,449
Share options exercised and cancelled		5,500	11,000	(24,141)	24,141	16,500
Loss for the year		-	-	-	(645,984)	(645,984)
Balance at 31 December 2010		2,873,264	9,323,382	646,760	(3,659,421)	9,183,985

The notes on pages 26 to 46 form part of these financial statements

Statement of Company Cash Flows

	Notes	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Cash flow from operating activities			
Net cash used in operating activities	27	**(840,492)**	**(741,711)**
Cash flow from investing activities:			
Purchase of furniture, fittings and equipment	12	(54,554)	(29,015)
Purchase of investment	15	(32,167)	(40,000)
Purchase of intangible assets	13	-	(100,769)
Acquisition of subsidiary company, net of cash acquired	16	(1,000)	(2,087)
Investment in subsidiary		-	(540,018)
Funding of subsidiary		(699,018)	(798,486)
Interest received		135,645	116,964
Net cash used in investing activities		**(651,094)**	**(1,393,411)**
Cash flow from financing activities			
Net proceeds from issue of share capital	21	1,257,399	2,550
Borrowing from subsidiary	25	(539,213)	539,213
Net cash inflow from financing activities		**718,186**	**541,763**
Net decrease in cash and cash equivalents		(773,400)	(1,593,359)
Cash and cash equivalents at beginning of the year		**1,686,211**	**3,279,570**
Cash and cash equivalents at end of the year	**20**	**912,811**	**1,686,211**

Non-cash transaction
During 2009 15,222,481 shares were issued to Teck Resources Limited with a value of £401,474 in consideration for the relinquishment of certain of their rights under a strategic alliance agreement.

The notes on pages 26 to 46 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 listed 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 the investment in associated undertakings to fair value.

Going Concern

For the reasons set out in the Going Concern note in the Directors' Report on page 15, the Directors continue to adopt the going concern basis in preparation of the financial statements.

Accounting Policies

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as of 1 January 2010:

IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28 'Investments in associates' and IAS 31 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IFRS 3 (revised) has had no impact on the current period.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and the transactions will no longer result in gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. As explained further in note 16 below, IAS 27 (revised) has had an impact on the current period whereby an interest in an entity was retained after the loss of control of that entity.

(b) New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but not currently relevant to the Group.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" addressed concerns that retrospectively determining the cost of an investment in separate financial statements and applying the cost method in accordance with IAS 27 on first-time adoption of IFRSs cannot, in some circumstances, be achieved without undue cost or effort. These amendments were effective for periods beginning on or after 1 July 2009.

Further amendments to IFRS 1 addressed the retrospective application of IFRSs to particular situations (oil and gas assets and leasing contracts), and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process. These amendments were effective for periods beginning on or after 1 January 2010.

Amendments to IFRS 2 "Share-based Payment" clarified the accounting for group cash-settled share-based payment transactions. These amendments were effective for periods beginning on or after 1 January 2010.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" provided additional guidance on what can be designated as a hedged item. These amendments were effective for periods beginning on or after 1 July 2009.

IFRIC 17 "Distributions of Non-cash Assets to Owners" standardised practice in the measurement of distributions of non-cash assets to owners. This interpretation was effective for periods beginning on or after 1 July 2009.

IFRIC 18 "Transfers of Assets from Customers" clarified the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). This interpretation was effective for periods beginning on or after 1 July 2009.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

The Group and Parent Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 "Financial Instruments" specifies how an entity should classify and measure financial instruments, including some hybrid contracts, with the aim of improving and simplifying the approach to classification and measurement compared with IAS 39. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's Financial Statements.

A revised version of IAS 24 "Related Party Disclosures" simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. This revision is effective for periods beginning on or after 1 January 2011 and is not expected to have an impact on the Group's or Parent Company's Financial Statements.

An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" relieves first-time adopters of IFRSs from providing the additional disclosures introduced in March 2009 by "Improving Disclosures about Financial Instruments" (Amendments to IFRS 7). This amendment is effective for periods beginning on or after 1 July 2010 and is not expected to have an impact on the Group's or Parent Company's Financial Statements.

Further Amendments to IFRS 1 replace references to a fixed date of 1 January 2004 with "the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs, and provide guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. This amendment is effective for periods beginning on or after 1 July 2011, subject to EU endorsement, and is not expected to have an impact on the Group's or Parent Company's Financial Statements.

Amendments to IFRS 7 "Financial Instruments: Disclosures" are designed to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. These amendments are effective for periods beginning on or after 1 January 2011, subject to EU endorsement. The Directors are assessing the possible impact of these amendments on the Group's or Parent Company's Financial Statements.

Amendments to IAS 12 "Income Taxes" introduce a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 "Investment Property" will normally be through sale. These amendments are effective for periods beginning on or after 1 January 2012, subject to EU endorsement, and are not expected to have an impact on the Group's or Parent Company's Financial Statements.

Amendments to IAS 32 "Financial Instruments: Presentation" address the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. These amendments are effective for periods beginning on or after 1 February 2010, and are not expected to have an impact on the Group's or Parent Company's Financial Statements.

"Improvements to IFRSs" are collections of amendments to IFRSs resulting from the annual improvements project, a method of making necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project. These improvements have various implementation dates; for May 2010 improvements, the earliest is effective for periods beginning on or after 1 July 2010 subject to EU endorsement. The Directors are assessing the possible impact of these improvements on the Group's or Parent Company's Financial Statements.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" clarifies the treatment required when an entity renegotiates the terms of a financial liability with its creditor, and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. This interpretation is effective for periods beginning on or after 1 July 2010. The Directors are assessing the possible impact of this interpretation on the Group's or Parent Company's Financial Statements.

An amendment to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", on prepayments of a minimum funding requirement, applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. This amendment is effective for periods beginning on or after 1 January 2011, and is not expected to have an impact on the Group's or Parent Company's Financial Statements.

2.2 Basis of consolidation

Stratex International Plc was incorporated on 24 October 2005. On 21 November 2005 Stratex International Plc acquired the entire issued share capital of Stratex Exploration Ltd by way of a share for share exchange. The transaction has been treated as a Group reconstruction and has been accounted for using the merger accounting method.

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at fair value of the assets and equity instruments acquired, and the liabilities incurred or assumed at the date of exchange.

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, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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 in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the profit and loss.

References to various joint venture arrangements in the Chairman's Statement, the Business Overview and Review of Operations do not meet the definition of joint ventures under IAS 31 "Interests in Joint Ventures" and therefore these financial statements do not reflect the accounting treatments required under IAS 31.

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 5; in addition note 3 to the Financial Statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

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 and 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 balance sheet presented are translated at the closing rate at the date of the reporting period

(ii) income and expenses for each income statement 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 the income statement as part of the gain or loss on sale.

2.4 Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation.

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%
Furniture & fittings	20% - 33%
Office and computer equipment	25% - 33%
Software	33%

2.5 Intangible assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to 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 Impairment

Exploration and evaluation assets 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 the Income Statement.

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.

In assessing the carrying values of its major exploration and evaluation assets, the Directors have used five year cash flow projections for each of the projects where a JORC compliant resource has been calculated, namely Altıntepe (602,500 oz Au) and Öksüt (317,256 oz Au). The projections are based on a market value for gold of $1,200 per ounce, recovery rates of 80%-90% and cash operating costs of $335 -$385 per ounce and the calculations have been tested for sensitivity to changes in the key assumptions. The headroom in the cash flow projections would be removed for both projects at a gold price of approximately $500 per ounce.

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 economical 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.

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. No financial assets were considered to be impaired at 31 December 2010.

2.7 Cash and cash equivalents

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

2.8 Financial instruments

Financial assets are recognised in the balance sheet at cost. Provision is made for diminution in value where appropriate. Interest receivable and payable is accrued and credited/charged to the statement of consolidated comprehensive income in the period to which it relates.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Trade payables and trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost.

2.9 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 fair value. Movements in fair values are taken directly to equity, with the exception of impairment losses which are recognised in profit and loss. When disposed, any cumulative gains and losses previously recognised in equity are recognised in profit and loss.

2.10 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 and loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

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.

2.11 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 and 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.

2.12 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.

3. Risk management

The Group's operations exposes it to a number of risks. The Directors' approach to the management of these risks is as follows:

3.1 Financial risk management

The main financial risks facing the Group are the availability of adequate funding, movements in interest rates and fluctuations in foreign exchange rates. Constant monitoring of these risks ensures that the Group is protected against any potential adverse effects of such risks so far as it is possible and foreseeable. The Group only deals with high-quality banks. It does not hold derivatives, does not trade in financial instruments and does not engage in hedging arrangements.

In keeping with similar sized mineral exploration groups, its continued future operations depend on the ability to raise sufficient working capital. The Group finances itself through the issue of equity share capital and has no borrowings. Management monitors its cash and future funding requirements through the use of ongoing 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 0.9% and 1.9% during the past year.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira, Ethiopian Birr 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. The Group does not enter into commitments for exploration expenditure. Other expenditure is monitored through cash flow forecasts.

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

3.2 Capital risk management

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

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

4. Critical accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date. Actual results may vary from the estimates used to produce these financial statements. The most significant 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 2.6.

The Group is subject to income taxes in numerous jurisdictions. Judgment 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 £165,067 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

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 are based in two geographical areas, namely Turkey and East 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 capitalised cost of the principal projects and the additions during the year are as follows:

	Capitalised cost		(Reductions)/Additions in year	
	2010 £	2009 £	2010 £	2009 £
Turkey				
Altıntepe	898,432	1,060,030	(171,696)	198,514
Öksüt	617,017	586,593	28,951	-
Muratdere	335,927	334,399	145	26,206
Hasançelebi	133,441	133,119	-	44,418
Altunhisar	92,649	71,655	21,407	13,031
Inlice	-	1,236,876	-	-
Konya	-	82,688	45,503	64,883
Other	-	1,053	59,336	14,130
Total	**2,077,466**	**3,506,413**	**(16,354)**	**361,182**
East Africa				
Shehagne	193,631	95,305	98,326	95,305
Tigray	108,334	-	108,334	-
Tendaho	95,036	5,464	89,572	5,464
Abi Adi	13,269	-	13,269	-
Djibouti	18,496	-	18,729	-
Other	16,534	-	16,534	-
Total	**445,300**	**100,769**	**344,764**	**100,769**
Total Intangible assets	2,522,766	3,607,182	328,410	461,951

Intangible assets are net of funds received from the Group's partners under various joint venture agreements and amounting to £1,359,038 (2009: £547,662).

The reduction in the carrying value of Altıntepe in 2010 results from the reimbursement of prior year expenditures under the agreement with NTF.

5. Segment reporting (continued)

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

	Turkey £	East Africa £	UK £	Offset £	Group £
At 31 December 2009					
Assets					
Intangible assets	3,506,413	100,769	-	-	3,607,182
Furniture, fittings and equipment	124,248	26,633	5,320	-	156,201
Other assets	4,366,992	16,084	1,800,961	(3,365,402)-	2,818,635
Total Assets	**7,997,653**	**143,486**	**1,806,281**	**(3,365,402)**	**6,582,018**
Liabilities	**(3,416,869)**	**(2,250)**	**(123,280)**	**3,365,402**	**(176,997)**
Net assets	**4,580,784**	**141,236**	**1,683,001**	**-**	**6,405,021**
At 31 December 2010					
Assets					
Intangible assets	2,077,466	445,300	-	-	2,522,766
Furniture, fittings and equipment	91,667	163,761	2,556	-	257,984
Other assets	1,968,264	162,517	4,444,522	(3,382,194)	3,193,109
Total Assets	**4,137,397**	**771,578**	**4,447,078**	**(3,382,194)**	**5,973,859**
Liabilities	**(3,659,116)**	**(1,038,190)**	**(101,471)**	**3,382,194**	**(1,416,583)**
Net assets	**478,281**	**(266,612)**	**4,345,607**	**-**	**4,557,276**

Additions to furniture, fittings and equipment by business segment are:

	2010 £	2009 £
Turkey	20,783	15,677
East Africa	164,612	27,821
UK	402	1,194
Group	**185,797**	**44,692**

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

	Exploration activities			UK Support & other	Group Total
	Turkey £	East Africa £	Total £	£	£
2009					
Administration expenses before depreciation	(408,709)	(96,791)	(505,500)	(762,940)	(1,268,440)
Depreciation	(15,850)	(500)	(16,350)	(7,679)	(24,029)
Impairment losses	(491,655)	-	(491,655)	-	(491,655)
Other income/(losses)	3,716	-	3,716	(6,010)	(2,294)
Finance income	-	-	-	42,966	42,966
Shares issued other than for cash	-	-	-	(401,474)	(401,474)
Intercompany charges	(74,285)	-	(74,285)	74,285	-
Income tax	(3,153)	-	(3,153)	(100)	(3,253)
At 31 December 2009	**(989,936)**	**(97,291)**	**(1,087,227)**	**(1,060,952)**	**(2,148,179)**
2010					
Administration expenses before depreciation	(800,834)	(324,834)	(1,125,668)	(575,352)	(1,701,020)
Depreciation	(18,196)	(4,932)	(23,128)	(9,689)	(32,817)
Impairment losses	(58,656)	-	(58,656)	-	(58,656)
Other income/(losses)	57,991	(8,783)	49,208	75,837	125,045
Finance income	-	-	-	21,965	21,965
Share of losses of associate company	(134,305)	-	(134,305)	-	(134,305)
Loss on sale of subsidiary company	-	-	-	(1,095,880)	(1,095,880)
Intercompany charges	(120,284)	(68,521)	(188,805)	188,805	-
Income tax	(8,373)	-	(8,373)	-	(8,373)
At 31 December 2010	**(1,082,657)**	**(407,070)**	**(1,489,727)**	**(1,394,314)**	**(2,884,041)**

Costs and liabilities are allocated based on the nature of the underlying transactions. Assets are allocated based on their location and usage. Transactions between segments are recorded at cost.

6. Operating loss

The Group's operating loss for the year is stated after the following:	2010 £	2009 £
Auditors' remuneration		
Audit fees	31,075	16,776
Tax and other services	2,926	20,050
Depreciation of tangible assets	32,817	24,029
Impairment losses on intangible assets	58,656	491,655
Other Income:		
Exchange gains/(losses)	63,556	(2,294)
Other income	61,489	-
Total	**125,045**	**(2,294)**

Notes to the financial statements (continued)

7. Staff costs

Staff costs including Directors, comprise the following

	2010 £	2009 £
Wages and salaries	422,775	427,405
Social security costs	31,766	40,922
Share options granted to directors and employees	36,449	180,459
Employee benefits-in-kind	3,658	3,729
Employee termination benefits	1,482	4,789
Total for year	**496,130**	**657,304**
Average number of employees, including Directors	17	15

The amount of wages and salaries capitalised during the year as part of Intangible assets and not included above is £93,817 (2009: £63,856).

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

8. Directors' remuneration

	Salary £	Fees £	Bonus £	Share options £	Benefits £	Total £
2010						
C Hall	5,700	20,675	-	9,164	-	35,539
Dr R Foster	101,614	-	-	4,075	1,768	107,457
P C Ashwood	82,982	-	-	4,079	1,890	88,951
D J Hall	73,221	-	-	4,093	-	77,314
P Addison	5,700	15,300	-	9,943	-	30,943
Total	**269,217**	**35,975**	**-**	**31,354**	**3,658**	**340,204**

	Salary £	Fees £	Bonus £	Share options £	Benefits £	Total £
2009						
C Hall	5,350	16,900	-	24,676	-	46,926
Dr R Foster	99,194	-	15,241	34,282	1,685	150,402
P C Ashwood	81,007	-	12,447	32,178	1,723	127,355
D J Hall	71,477	-	10,983	32,216	-	114,676
P Addison	5,350	15,150	-	23,006	-	43,506
Total	**262,378**	**32,050**	**38,671**	**146,358**	**3,408**	**482,865**

The Group does not operate a pension scheme and no contributions have been made to pensions schemes during the year (2009: nil).

9. Income Tax

Analysis of income tax expense:

	2010 £	2009 £
UK Corporation tax charge for the year	-	-
Foreign tax:		
Current tax charge for the year	-	(100)
Deferred tax (expense)/credit for the year	(8,373)	(3,153)
Total tax on loss for the year	**(8,373)**	**(3,253)**

The Group does not anticipate a corporation tax charge for the year due to the availability of tax losses. The Group did not recognise deferred income tax assets of £1,176,545 (2009: £810,665) in respect of UK losses amounting to £3,616,122 (2009: £2,744,962) and losses in Turkey amounting to £975,639 (2009: £ 210,373) and losses in Djibouti of £92,579 (2009: nil). These can be carried forward and used against future taxable income at a rate of 26.5%, 20% and 25% respectively.

Reconciliation of current tax:

	2010 £	2009 £
Loss before tax	(2,875,668)	(2,144,926)
Current tax credit at 28% (2009: 28%)	(805,187)	(600,579)
Effects of:		
Expenses not deductible for tax purposes	347,866	238,203
Capital allowances in excess of depreciation	(25,559)	(6,658)
Tax losses carried forward - UK	244,656	310,054
Tax losses carried forward - outside UK	238,224	58,880
Origination and reversal of temporary differences	(8,373)	(3,153)
Tax charge	**(8,373)**	**(3,253)**

10. Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, as follows:

	2010 £	2009 £
Loss attributable to equity holders of the Company	2,884,041	2,148,179
Weighted average number of ordinary shares in issue	284,130,351	239,450,373
Basic loss per share (pence per share)	**(1.02)**	**(0.90)**

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 18,725,030 share options and 2,342,399 share warrants outstanding that could potentially dilute the earnings per share in future. Since the year end the Company has issued 11,098,068 shares - which will also dilute earnings per share in the future.

11. Expenses by Nature

	2010 £	2009 £
Employee benefit expense	496,130	657,304
Exploration related expenses	776,206	221,421
Legal and professional fees	232,917	199,386
Other	228,584	214,358
Total administrative expenses	**1,733,837**	**1,292,469**

12. Furniture, fittings and equipment

Group	Motor Vehicles £	Field Equipment £	Office furniture and equipment £	Total £
Cost				
At 1 January 2009	**69,739**	**2,073**	**193,380**	**265,192**
Exchange movements	(5,792)	(172)	(13,792)	(19,756)
Additions	-	12,425	32,267	44,692
Disposals	-	-	(719)	(719)
At 31 December 2009	**63,947**	**14,326**	**211,136**	**289,409**
Exchange movements	(380)	(22)	(75)	(477)
Additions	129,354	16,898	39,545	185,797
Disposals	-	(116)	(1,064)	(1,180)
At 31 December 2010	**192,921**	**31,086**	**249,542**	**473,549**
Depreciation				
At 1 January 2009	**(10,394)**	**(461)**	**(68,214)**	**(79,069)**
Exchange movements	916	39	4,463	5,418
Additions	(12,842)	(775)	(46,659)	(60,276)
Disposals	-	-	719	719
At 31 December 2009	**(22,320)**	**(1,197)**	**(109,691)**	**(133,208)**
Exchange movements	389	(191)	1,025	1,223
Additions	(24,427)	(6,677)	(52,840)	(83,943)
Disposals	-	42	321	363
At 31 December 2010	**(46,358)**	**(8,023)**	**(161,184)**	**(215,565)**
Net Book Value				
at 1 January 2009	59,345	1,612	125,166	186,123
at 31 December 2009	41,627	13,129	101,445	156,201
at 31 December 2010	146,563	23,063	88,358	257,984

£51,126 of the charge for depreciation was transferred to Intangible Assets in the year ended 31 December 2010 (2009: £36,247).

12. Furniture, fittings and equipment (continued)

Company	Motor Vehicles £	Field Equipment £	Office Furniture and Equipment £	Total £
Cost				
At 1 January 2009	**-**	**-**	**28,103**	**28,103**
Additions	-	12,425	16,590	29,015
Disposals	-	-	(719)	(719)
At 31 December 2009	**-**	**12,425**	**43,974**	**56,399**
Additions	43,125	3,346	8,083	54,554
Transfer to subsidiary company	(43,125)	(15,771)	(23,077)	(81,973)
Disposals	-	-	-	-
At 31 December 2010	**-**	**-**	**28,980**	**28,980**
Depreciation				
At 1 January 2009	**-**	**-**	**(16,380)**	**(16,380)**
Additions	-	(584)	(8,200)	(8,784)
Disposals	-	-	719	719
At 31 December 2009	**-**	**(584)**	**(23,861)**	**(24,445)**
Additions	(898)	(2,460)	(6,363)	(9,721)
Transfer to subsidiary company	898	3,044	3,800	7,742
Disposals	-	-	-	-
At 31 December 2010	**-**	**-**	**(26,424)**	**(26,424)**
Net Book Value				
at 1 January 2009	-	-	11,723	11,723
at 31 December 2009	-	11,841	20,113	31,954
at 31 December 2010	-	-	2,556	2,556

13. Intangible Assets

Intangible assets represent internally generated exploration and evaluation costs. Additions are net of funds received from the Group's strategic partners under various joint venture agreements, amounting to £1,359,038 (2009: £547,662).

	Group £	Company £
Cost		
At 1 January 2009	**4,044,363**	**-**
Exchange movements	(337,477)	-
Additions	461,951	100,769
Impairment write-offs	(491,655)	-
Transfer to intangible assets held for sale	(70,000)	-
At 31 December 2009	**3,607,182**	**100,769**
Exchange movements	89,141	-
Additions	328,410	-
Impairment write-offs	(58,656)	-
Disposals	(1,316,288)	-
Transfer to intangible assets held for sale	(127,023)	-
Transfer to subsidiary company	-	(100,769)
At 31 December 2010	**2,522,766**	**-**

The impairment write-offs represent, a) 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 no longer considered economically viable, and b) the writing down to expected realisable values for projects held for sale.

14. Associates

During the year the Group sold 54% of its previously wholly-owned subsidiary, NS Madencilik Sanayi ve Ticaret AS and its subsidiary companies ('NSM') - see note 16 (b). NSM is now an associated company and is accounted for using the equity method. The associate is included in the Turkey business segment.

Movement in year:	
1 January 2010	-
Additions at fair value	542,526
Exchange movements	(31,576)
Share of losses since acquisition	(134,305)
31 December 2010	**376,645**

Summary financial information of NSM, not adjusted for the percentage ownership held by the Group, is:

	Ownership	Exploration Assets TRY	Net current liabilities TRY	Loss for period TRY
NSM Group	46%	4,087,226	(1,508,010)	(586,664)

15. Investments

Group and Company	2010 £	2009 £
Cost of shares in Sheba Exploration (UK) Plc	40,000	40,000
Cost of shares in Silvrex Limited	32,167	-
At 31 December 2010	**72,167**	**40,000**

The shares in Sheba Exploration (UK) plc were acquired on 3 September 2009, together with 5,333,333 warrants entitling the Company to subscribe for ordinary shares in Sheba Exploration (UK) plc at 0.75 pence per share. The warrants are exercisable for a period of two years. As the market value of the shares was not significantly different to the exercise price at the end of the year, a financial asset has not been recognised in respect of the warrants. The shares in Silvrex Limited were acquired on 2 January 2010.

16. Investments in Subsidiaries

Company	2010 £	2009 £
Cost of shares in subsidiary companies:		
At 1 January	1,561,435	1,000,000
Additions	1,000	561,435
At 31 December	**1,562,435**	**1,561,435**
Loans to subsidiary company	3,382,361	3,363,503
At 31 December	**4,944,796**	**4,924,938**

Investments in subsidiaries are stated at cost.

Subsidiary and associated companies in the Group at 31 December 2010 are:

	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 East Africa Limited	UK	100	-	Exploration
Stratex Madencililk Sanayi Ve Ticaret Ltd. Sti	Turkey	-	100	Exploration
Öksüt Madencilik Sanayi ve Ticaret AS	Turkey	-	100	Exploration
Stratex Djibouti SARL	Djibouti	-	100	Exploration
NS Madencilik Sanayi ve Ticaret AS	Turkey	-	46	Holding company

(a) Stratex East Africa Limited was incorporated as a wholly-owned subsidiary on 24 May 2010. Stratex Djibouti SARL was incorporated as a wholly-owned subsidiary on 4 September 2010.

(b) On 27 January 2010, 54% of the wholly-owned subsidiary NS Madencilik Sanayi ve Ticaret AS ("NSM") was sold to NTF Insaat Ticaret Ltd Sti ("NTF") in return for an immediate payment of US$1million (£656,863). The book value of the net assets sold to NTF amounted to £1.3million. Under the provisions of IAS 27 (revised) "Consolidated and Separate Financial Statements", any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit and loss. On this basis the total loss on disposal amounted to £1,095,880 and the portion of the loss which is attributable to re-measuring the Group's remaining 46% interest to fair value amounted to £556,238. Net exchange losses of £17,024 recorded in equity prior to the date of disposal have been reclassified and are recognised in the profit and loss as part of the loss on disposal.

16. Investments in Subsidiaries (continued)

The sale was part of an agreement with NTF for fast-tracking of the development the Inlice and Altıntepe gold projects in Turkey. Under the terms of the agreement, in addition to the payment of US$1miilion, NTF have committed up to US$2million of funding for a feasibility study at Inlice and US$0.5million for a scoping study at Altıntepe, with an option to earn 54% of the Altıntepe project by spending up to a further US$2million on a feasibility study. These future commitments have not been taken into account in calculating the loss on sale. On fulfillment of all of their commitments under the agreement, NTF's share of NSM will increase to 55%.

(c) The Company acquired 100% of the share capital of Stratex Gold AG on 23 July 2009 for £21,417. The only asset of Stratex Gold AG at the time of acquisition was cash amounting to £19,330. The goodwill element has been fully written-off in the year of acquisition.

17. Trade and other receivables

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

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Receivables from exploration partners	550,558	-	-	-
Deposits and guarantees given	160,878	128,625	-	-
Amounts due from Group companies	-	-	3,308,376	2,359,215
VAT recoverable	561,076	630,573	7,816	7,880
Pre-payments and other current assets	111,942	95,693	31,778	45,305
Total	**1,384,454**	**854,891**	**3,347,970**	**2,412,400**
Non-current portion	**160,877**	**128,625**	**-**	**-**
Current portion	**1,223,577**	**726,266**	**3,347,970**	**2,412,400**

The receivables from exploration partners and the Deposits and guaranties given are all denoted in Turkish Lira. Of the VAT recoverable, £552,837 is denoted in Turkish Lira and the balance in sterling.

The age of receivables that are past due but are not impaired is:

	2010	2009
	£	£
0-120 days	105,890	-
120-360 days	211,693	-
Over 360 days	105,929	
Total	**423,512**	

18. Deferred tax assets and liabilities

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Deferred tax assets				
Temporary timing differences arising on:				
Intangible assets	155,465	118,681	-	-
Employee termination benefits	1,894	1,600	-	-
Non-accrued financial expenses	7,708	5,820	-	-
Total	**165,067**	**126,101**	**-**	**-**
Deferred tax liabilities				
Temporary timing differences arising on:				
Tangible and intangible assets	(5,534)	-	-	-
Payables	(42,122)	(1,097)	-	-
Total	**(47,656)**	**(1,097)**	**-**	**-**
Net deferred tax asset	**117,411**	**125,004**	**-**	**-**

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

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
At 1 January	125,004	139,754	-	-
Exchange movements	780	(11,597)	-	-
Charge for the year	(8,373)	(3,153)	-	-
At 31 December	**117,411**	**125,004**	**-**	**-**

19. Intangible assets held for sale

The intangible assets held for sale relate to project licences in Turkey previously included in non-current intangible assets. The Company has entered into negotiations with third parties for the sale of these licences and these negotiations are expected to be finalised in 2011. The assets are stated at the lower of cost and fair value less selling costs and are included in the Turkey business segment.

The movement in the year is:

	Group 2010 £	Group 2009 £
At 1 January	70,000	-
Exchange movements	1,596	-
Additions	127,023	70,000
At 31 December	**198,619**	**70,000**

20. Cash and cash equivalents

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Cash at bank and on hand	252,473	528,351	169,127	486,919
Short - term deposits	743,684	1,199,292	743,684	1,199,292
At 31 December	**996,157**	**1,727,643**	**912,811**	**1,686,211**

21. Share Capital

Group and Company Issued and fully paid	Number of shares	Ordinary shares £	Share premium £	Total £
At 31 December 2009	**249,546,923**	**2,495,469**	**8,443,778**	**10,939,247**
Share placing	37,229,443	372,295	930,736	1,303,031
Cost of share placing	-	-	(62,132)	(62,132)
Exercise of share options	550,000	5,500	11,000	16,500
At 31 December 2010	**287,326,366**	**2,873,264**	**9,323,382**	**12,196,646**

On 27 January 2010, £1,303,031 was raised through a placing of 37,229,443 new 1p Ordinary Shares. The cost of the placing was £62,132. A further £16,500 was raised on 3 December 2010 though the exercise of 550,000 share options at an exercise price of 3pence per share.

22. Share options

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, one which conforms to the Enterprise Management Incentive regulations, and an Unapproved Share Option scheme.

As at 31 December 2010, the Company had in issue 10,570,000 (2009: 10,570,000) options to Group employees granted under the Enterprise Management Incentive scheme and 5,730,000 (2009: 6,620,000) 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. A further 2,425,030 options are in issue to third parties granted for the provision of services (2009: 2,425,030).

The granting of share options has been accounted for as equity-settled share-based payment transactions. The total expenses recognised in the loss for the year arising from share-based payments was £36,449 (2009: £180,459). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

22. Share options (continued)

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

Group and Company	2010 Number of options	2010 Weighted average exercise price pence	2009 Number of options	2009 Weighted average exercise price pence
Outstanding at beginning of period	**19,615,030**	**3.3**	**19,670,500**	**8.0**
Cancelled	(272,500)	3.3	(17,248,500)	8.4
Forfeited	(67,500)	3.3	(315,000)	3.0
Granted	-	-	17,593,030	3.0
Exercised	(550,000)	3.0	(85,000)	3.0
Outstanding at 31 December	**18,725,030**	**3.3**	**19,615,030**	**3.3**
Exercisable at 31 December	17,809,000	3.2	15,186,500	3.3

The share price on the date of exercise of the options in 2010 was 7.15pence per share.

The weighted average contractual life at 31 December 2010 was 7.2 years.

Details of share options outstanding at 31 December 2010 are as follows:

Exercisable period		Number of options				
Start date	Expiry date	Outstanding 1 January 2010	Exercised	Granted/ (cancelled)	Outstanding 31 December 2010	Option price pence
04 January 2007	04 January 2017	2,122,000	-	-	2,122,000	5.0
30 April 2009	30 April 2019	17,148,500	(550,000)	(340,000)	16,258,500	3.0
28 September 2009	28 September 2019	41,500	-	-	41,500	4.3
01 December 2009	01 December 2019	303,030	-	-	303,030	4.0
Total options outstanding		**19,615,030**	**(550,000)**	**(340,000)**	**18,725,030**	**3.3**

The fair value of the share options has been measured by use of 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. No options were granted in 2010.

	2009 Options Granted
Share price at date of grant	3.0p – 4.25p
Expected volatility	53%
Option life	10 years
Expected dividends	Nil
Risk-free interest rate	3.0%

At 31 December 2010 there were 2,342,399 share warrants outstanding which expire on 3 October 2013. The warrants were exercised in full on 24 February 2011 at a price of 4pence per share.

23. Other reserves

Merger reserve

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.

24. Trade and other payables

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Trade payables	130,770	62,544	53,738	49,645
Amounts due to related parties and employees	1,154,908	59,699	18,943	44,495
Social security and other taxes	25,588	26,111	10,553	9,947
Accrued expenses	48,191	19,545	13,081	16,851
At 31 December 2010	**1,359,457**	**167,899**	**96,315**	**120,938**

25. Non-current liabilities

On 7 December 2009, the Company entered into a loan agreement with its wholly owned subsidiary Stratex Gold AG for a three year loan of £539,213 at an annual interest rate of 2.5%. The loan was repaid in full on 31 March 2010.

26. Related party transactions

Trading transactions

	Refund of exploration costs in year		Receivable/(Payable) at 31 December	
	2010 £	2009 £	2010 £	2009 £
Teck Madencilik Sanayi Ticaret A.S.	245,224	24,520	-	-
Thani Ashanti Alliance Ltd	127,046	-	127,046	-
NS Madencilik Sanayi ve Ticaret A.S.	-	-	(1,110,826)	-

Both Teck Madencilik Sanayi Ticaret A.S. and Thani Ashanti Alliance Ltd are significant shareholders in the Company. NS Madencilik Sanayi ve Ticaret A.S. is an associated company and the amount payable at 31 December 2010 is unpaid share capital.

Transactions with Director

	Purchase services		Payables at 31 December	
	2010 £	2009 £	2010 £	2009 £
Bob Foster Associates Limited	26,112	24,426	2,356	2,855

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

26. Related party transactions (continued)

Parent company transactions with its subsidiary companies

During the year the Company had the following transactions with its subsidiary companies.

	Total transactions in year	
	2010 £	2009 £
Funding of exploration activities	760,301	704,870
Management and service fees	94,000	15,000
Interest on loans	113,720	74,284

The total receivable from subsidiaries at 31 December 2010 was £6,690,737 (2009: £5,722,716).

The Directors believe that there is no ultimate controlling party.

27. Cash used in operations

	Group		Company	
	2010 £	2009 £	2010 £	2009 £
Loss before income tax	**(2,875,668)**	**(2,144,926)**	**(645,984)**	**(1,268,750)**
Adjustments for:				
Issue of share options	36,449	180,459	36,449	180,459
Depreciation	83,943	60,276	9,721	8,784
Project impairment write-offs	58,656	491,655	-	-
Fixed asset write-offs	817	-	-	-
Share of losses of associated company	134,305	-	-	-
Loss on sale of subsidiary company	1,095,880	-	-	-
Interest income on short term deposits	(21,965)	(42,966)	(21,925)	(42,680)
Interest income on intercompany indebtedness	-	-	(113,720)	(74,284)
Intercompany management fees	-	-	(94,000)	(15,000)
Foreign exchange movements on operating activities	(186,594)	(40,836)	-	-
Issue of shares other than for cash	-	401,474	-	401,474
Changes in working capital, excluding the effects of exchange differences on consolidation:				
Trade and other receivables	(529,562)	(73,177)	13,590	(16,053)
Trade and other payables	82,400	83,789	(24,623)	84,339
Cash used in operations	**(2,121,339)**	**(1,084,252)**	**(840,492)**	**(741,711)**

28. Contingencies and capital commitments

The Group has no contingent liabilities or capital commitments.

29. 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.

	2010	2009
Company	£	£
At 1 January	(3,037,578)	(1,777,817)
Loss for the year	(645,984)	(1,268,750)
Share options granted, exercised, forfeited and cancelled	24,141	8,989
At 31 December	**(3,659,421)**	**(3,037,578)**

30. Post year end events

No significant events have taken place since 31 December 2010 other than those referred to in the Review of Operations and the Directors' Report.

Notice of Annual General Meeting

The Annual General Meeting of Stratex International Plc (the "Company") will be held at the offices of Westhouse Securities Ltd, One, Angel Court, London, EC2R 7HJ on 5 May 2011 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 Director's Report and Financial Statements for the year ended 31 December 2010.

2 To re-elect Perry Ashwood who has retired by rotation

3 To re-appoint Littlejohn LLP as auditors and to authorise the Directors to fix their remuneration.

4 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) five years after the passing of this resolution 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

5 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 as a general meeting) five years after the passing of this resolution 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 or agreement as if the power conferred hereby had not expired.

By order of the Board

P C Ashwood
Company Secretary
31 March 2011
180 Piccadilly London, W1J 9HF

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 5 May 2011.

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.

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 48 hours before the time of the Annual General Meeting.

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 48 hours before the time of the Annual General Meeting. 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 to 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 2011 until the end of the meeting:

a. the auditor's consolidated accounts of the Company for the financial period ended 31 December 2010; and

b. the Register of Directors' interests in the capital of the Company and copies of the service contracts of the Directors of the Company.

Corporate Information

Directors

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

Secretary

P C Ashwood

Company number

5601091

Registered Office

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United Kingdom

Turkey Office

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Mahallesi
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