RNS Number : 2258X
Stratex International PLC
27 August 2015

Stratex International Plc

(“Stratex” or “the Company”)

Interim Results
For the six-month period ended 30 June 2015

Stratex International Plc, the AIM-quoted exploration and development company focused on gold and base metals in Turkey and Senegal and with strategic interests in East Africa and Ghana, announces its unaudited interim results for the six-month period ended 30 June 2015.

Operational Highlights:

- **Altintepe -** construction of the mine at the Altintepe gold project in Turkey is on track to be completed later this month with first production anticipated by end of Q3 2015, as per the announcement on 5 August 2015;
- **Muratdere –** the feasibility study funded by our partner, Lodos Maden Yatrim Sanayii ve Ticaret A.Ş. (“Lodos”), has been completed at the Muratdere copper-gold project in Turkey. A 16 year life of mine has been defined with total metals production in concentrate of 68,139 tonnes copper (150 million pounds), 32,300 oz gold, and 954,677 oz silver, as per the announcement on 5 May 2015;
- **Homase/Akrokerri –** an auger sampling programme at the Homase/Akrokerri gold project in Ghana has been successfully completed and two new zones of mineralisation have been identified. Further auger sampling is underway and potential drill locations have been defined. Goldstone Resources Limited (“Goldstone”) has increased its interest in the Homase gold licence in Ghana from 65% to 90% (see release dated 4 June 2015); and
- **Dalafin –** trench mapping and sampling work at the Madina Bafé prospect within the Dalafin gold project in Senegal has confirmed the presence of a sizable mineralised zone. Further exploration is anticipated for 2016, as per the announcement on 11 August 2015.

Financial Overview:

- Operating loss for the first six months is £1,182,009 and compares to an operating loss for the same period last year of £1,257,803. Pre-tax loss of £1,388,082 compares to a pre-tax loss for the same period last year of £1,414,518;
- Operating losses in the two periods are not directly comparable as the 2014 results included the East African operations, which were sold to the Thani-Stratex joint venture in October 2014 and the Company’s 40% share of the joint venture losses are now included in “share of losses of investments accounted for using the equity method”. In addition, the 2015 results

include Goldstone following the Company's 34% acquisition in October 2014. After adjusting for these two events Operating losses have reduced by 14% like-for-like; and

- Cash balance at 30 June 2015 was £2,533,278.

Chairman's Statement

In common with most exploration companies, Stratex reported a loss for the six months to 30 June 2015. However, your management has continued to bear down on administrative costs without undermining the Company's operational capability. Administration costs were £1.14 million in the six months to 30 June 2015; £1.31 million in the same period in 2014 and £1.68 million in the first half of 2013.

Progress during the period has been predominantly driven by our operations in Turkey where construction has continued at our 45% owned Altintepe gold mine, where production is expected before the end of Q3, and at Muratdere where our partners have completed a feasibility study on the copper-gold porphyry project. Whilst Muratdere has attractive economics, Stratex is assessing whether to contribute to the continuing development costs, sell its interest, or accept dilution to a royalty position.

On the subject of royalties, the Öksüt project, where Stratex has a 1% NSR royalty capped at US$20 million, now has a completed feasibility study that demonstrates robust economics. Production is expected to commence in 2017 and could give us another source of regular cash flow in the mid-term. Alternatively, we are also considering sale of the royalty in order to release funds in the near-term for investment in other advanced projects with a view to developing a more active source of cash flow.

Our search for more advanced projects, which we could acquire and accelerate towards production, has continued. Despite engaging with several targets, we have yet to acquire the right asset at the right price. This task continues and, with the commencement of sustainable operating cash flow, Stratex's hand should be strengthened in future negotiations.

Exploration work has been concentrated on trenching and sampling at the Madina Bafé target on the Dalafin licence in Senegal where we continue to be encouraged by results with gold mineralisation defined over 1.2 km. Elsewhere in West Africa, Goldstone Resources, where we have a 34% interest, has re-evaluated its soil sampling results at Homase-Akrokerri in Ghana and followed it up with an auger drilling programme. The positive results, which include new zones of mineralisation, are being prioritised ahead of a planned drilling programme.

In East Africa, Thani Stratex Resources, in which Stratex has a 40% interest, has focused on cost reduction across its operations in line with current market conditions. However, low cost exploration has advanced the Anbat project, within Hodine concession in Egypt, to drill stage. In Djibouti a new target at Asaleyta has been defined.

Looking ahead, Stratex is on the cusp of a major change in its status; from a cash-consuming company, to one with significant operating cash flow from a fully carried 45% interest in a low-cost, open pit heap leach project at Altintepe. Most recent indications are that, subject to the usual formalities for commencing production at a mine in Turkey, we should see production commence in September.

The financing environment within the mining industry remains hostile, particularly for companies wishing to raise cash to stay afloat. Commodity prices are depressed along with corporate results and share prices. However, Stratex expects to benefit from its fortunate position of having operating cash flow, something that should continue to distinguish it from its peers. Your Board looks forward to reporting that Stratex's gold mine has finally achieved production and to the improved market perception that we hope this will bring.

Christopher Hall
Non-Executive Chairman
26 August 2015

Statement of Consolidated Comprehensive Income

	6 months to 30 June 2015 Unaudited	6 months to 30 June 2014 Unaudited
	£	£
Continuing operations		
Revenue	-	-
Cost of sales	-	-
Gross Profit	-	-
Administration expenses	(1,142,625)	(1,314,419)
Exchange (losses)/gains – net	(39,384)	56,616
Operating loss	**(1,182,009)**	**(1,257,803)**
Finance income	25,923	24,473
Share of losses of investments accounted for using the equity method	(235,573)	(68,052)
Net loss on sale of related companies	-	(98,834)
Other gains/(losses)	3,577	(14,302)
Loss before income tax	**(1,388,082)**	**(1,414,518)**
Income tax	-	-
Loss for the period	**(1,388,082)**	**(1,414,518)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Share of comprehensive income of investments accounted for using the equity method	92,260	26,523
Exchange differences on translating foreign operations	(695,427)	(244,183)
Other comprehensive losses, net of tax	**(603,167)**	**(217,660)**
Total comprehensive income for the period	**(1,991,249)**	**(1,632,178)**
Loss for the period attributable to:		
Owners of the Parent Company	(1,232,594)	(1,414,518)
Non-controlling interest	(155,488)	-
Loss for the period	**(1,388,082)**	**(1,414,518)**
Total comprehensive income attributable to:		
Owners of the Parent Company	(1,803,639)	(1,632,178)
Non-controlling interest	(187,610)	-
Total comprehensive loss for the period	**(1,991,249)**	**(1,632,178)**
Earnings per share – continuing operations		
Basic and diluted earnings per share attributable to equity holders of the Company (pence)	(0.26)	(0.30)

Statement of Consolidated Financial Position

	30 June 2015 Unaudited £	30 June 2014 Unaudited £	31 December 2014 Audited £
ASSETS			
Non-current assets			
Furniture, fittings and equipment	51,397	149,768	71,227
Intangible assets and goodwill	7,676,288	10,012,173	7,603,549
Investments accounted for using the equity method	8,425,567	2,323,587	8,806,548
Available-for-sale financial assets	227,082	137,391	227,082
Trade and other receivables	1,210,238	174,809	1,078,577
Deferred tax asset	133,362	196,833	154,998
	17,723,934	**12,994,561**	**17,941,981**
Current assets			
Trade and other receivables	788,133	1,960,304	930,401
Cash and cash equivalents	2,533,278	7,398,483	4,706,958
	3,321,411	**9,358,787**	**5,637,359**
Held-for-sale assets	**-**	238,435	**-**
	3,321,411	**9,597,222**	**5,637,359**
Total assets	**21,045,345**	**22,591,783**	**23,579.340**
EQUITY			
Capital and reserves attributable to owners of the Company			
Ordinary shares	4,673,113	4,673,113	4,673,113
Share premium	20,426,431	20,426,431	20,426,431
Other reserves	(1,207,436)	(845,083)	(643,305)
Retained earnings	(5,637,666)	(3,484,896)	(4,415,707)
Total equity attributable to owners of the Company	**18,254,442**	**20,769,565**	**20,040,532**
Non-controlling interests	2,258,843	-	2,446,453
Total Equity	**20,513,285**	**20,769,565**	**22,486,985**
LIABILITIES			
Non-current liabilities			
Employee termination benefits	25,644	29,796	28,971
Deferred tax liabilities	453	89,326	526
	26,097	**119,122**	**29,497**
Current liabilities			
Deferred consideration	-	1,154,366	-
Trade and other payables	505,963	548,730	1,062,858
	505,963	**1,703,096**	**1,062,858**
Total liabilities	**532,060**	**1,822,218**	**1,092,355**
Total equity and liabilities	**21,045,345**	**22,591,783**	**23,579,340**

Statement of Consolidated Changes in Equity

	Share Capital £	Share Premium £	Merger Reserve £	Shares option reserve £	Retained earnings £	Translation reserve £	Total £	Non-controlling Interest £	Total equity £
As at 1 January 2015	**4,673,113**	**20,426,431**	**(485,400)**	**683,872**	**(4,415,707)**	**(841,777)**	**20,040,532**	**2,446,453**	**22,486,985**
Share based payments	-	-	-	17,549	-	-	**17,549**	-	**17,549**
Share options cancelled	-	-	-	(10,635)	10,635	-	-	-	-
Total contributions by and distributions to owners of the Company	-	-	-	**6,914**	**10,635**		**17,549**	-	**17,549**
Comprehensive income for the period:									
- Loss for the period	-	-	-	-	(1,232,594)	-	**(1,232,594)**	(155,488)	**(1,388,082)**
- Other comprehensive income	-	-	-	-		(571,045)	**(571,045)**	(32,122)	**(603,167)**
Total comprehensive income for the period	-	-	-	-	**(1,232,594)**	**(571,045)**	**(1,803,639)**	**(187,610)**	**(1,991,249)**
As at 30 June 2015	**4,673,113**	**20,426,431**	**(485,400)**	**690,786**	**(5,637,666)**	**(1,412,822)**	**18,254,442**	**2,258,843**	**20,513,285**
As at 1 January 2014	**4,673,113**	**20,426,431**	**(485,400)**	**766,658**	**(2,070,378)**	**(912,559)**	**22,397,865**	-	**22,397,865**
Share based payments	-	-	-	3,878	-	-	**3,878**	-	3,878
Total contributions by and distributions to owners of the Company	-	-	-	**3,878**	-	-	**3,878**	-	**3,878**
Comprehensive income for the period									
- Profit for the period	-	-	-	-	(1,414,518)	-	**(1,414,518)**	-	(1,414,518)
- Other comprehensive income	-	-	-	-	-	(217,660)	**(217,660)**	-	(217,660)
Total comprehensive income for the period	-	-	-	-	**(1,414,518)**	**(217,660)**	**(1,632,178)**	-	**(1,632,178)**
As at 30 June 2014	**4,673,113**	**20,426,431**	**(485,400)**	**770,536**	**(3,484,896)**	**(1,130,219)**	**20,769,565**	-	**20,769,565**

Statement of Consolidated Cash Flows

	6 months to 30 June 2015 Unaudited £	6 months to 30 June 2014 Unaudited £	12 months to 31 December 2014 Audited £
Cash flow from operating activities			
Loss before income tax	(1,388,082)	(1,414,518)	(2,580,713)
Issue of share options	17,549	3,878	10,092
Depreciation	21,413	44,006	100,982
Impairment write-offs on intangible assets and held-for-sale assets	-	-	510,035
Share of losses of associates	235,573	68,052	85,586
Net gain/(loss) on sale of related companies	-	98,834	(204,460)
Goodwill write-off	-	-	926,546
Change in value of deferred consideration	-	14,302	(1,140,064)
Increase in employee termination benefit fund	753	2,477	1,641
Interest income on short term deposits	(25,923)	(24,473)	(44,727)
Foreign exchange movements on operating activities	14,085	(140,357)	(133,062)
Changes in working capital, excluding the effects of exchange differences on consolidation:			
Trade and other receivables	10,607	(590,317)	(534,962)
Trade and other payables	(556,896)	(166,258)	(70,151)
Net cash used in operating activities	**(1,670,921)**	**(2,104,374)**	**(3,073,257)**
Cash flows from investing activities			
Cash acquired from acquisition of subsidiary - net		-	46,722
Purchase of furniture, fittings and equipment	(4,727)	(26,593)	(30,825)
Purchase of intangible assets	(528,198)	(1,192,128)	(2,510,793)
Investment in associate company	-	-	(625,069)
Interest received	25,923	24,473	44,727
Net cash used in investing activities	**(507,002)**	**(1,194,248)**	**(3,075,238)**
Cash flows from financing activities			
Funds received from project partners	4,243	122,139	280,487
Net cash generated from financing activities	**4,243**	**122,139**	**280,487**
Net decrease in cash and cash equivalents	**(2,173,680)**	**(3,176,483)**	**(5,868,008)**
Cash and cash equivalents at beginning of the period	4,706,958	10,574,966	10,574,966
Cash and cash equivalents at end of the period	**2,533,278**	**7,398,483**	**4,706,958**

Notes to the unaudited financial statements

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Financial Information

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Except as described below, the accounting policies applied in preparing the interim financial information are consistent with those that have been adopted in the Group's 2014 audited financial statements. Statutory financial statements for the year ended 31 December 2014 were approved by the Board of Directors on 10 March 2015 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

Risks and uncertainties

The key risks that could affect the Group's short and medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2014 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.stratexinternational.com. The Group's key financial risks are the availability of adequate funding and foreign exchange movements.

Accounting Policies.

Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2014 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period. The condensed consolidated interim financial statements have been prepared under the historical cost convention as modified by the measurement of certain investments at fair value.

Changes in accounting policy and disclosures.

New and amended standards adopted by the Group:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year commencing 1 January 2015 that would be expected to have a material impact on the Group.

The financial information for the 6 months ended 30 June 2015 and the 6 months ended 30 June 2014 has not been audited.

3. Operating Segments

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

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

(Profit)/Loss for the period:

6 months to 30 June 2015	**Turkey**	**East Africa**	**West Africa**	**UK**	**Total**
Administrative costs	269,137	7,842	344,538	499,984	**1,121,501**
Inter-segment charges	114,712	-	378,362	(493,074)	**-**
Finance income	-	-	(11,108)	(14,815)	**(25,923)**
Depreciation	2,187	4,099	1,756	9,505	**17,547**
Exchange losses	1,347	-	4,573	33,464	**39,384**
Share of losses of associates	46,230	189,343	-	-	**235,573**
Loss before Income Tax	**433,613**	**201,284**	**718,121**	**35,064**	**1,388,082**

6 months to 30 June 2014					
Administrative costs	290,991	234,126	199,562	546,761	**1,271,440**
Inter-segment charges	46,986	241,405	151,975	(440,366)	**-**
Finance income	-	-	-	(24,473)	**(24,473)**
Depreciation	3,504	27,617	1,902	9,956	**42,979**
Exchange (gains)/losses	(109,260)	662	8,497	43,485	**(56,616)**
Share of losses of associates	31,415	36,637	-	-	**68,052**
Other losses	-	-	14,302	-	**14,302**
Loss on part-disposal of Associate	-	98,834	-	-	**98,834**
Loss before Income Tax	**263,636**	**639,281**	**376,238**	**135,363**	**1,414,518**

Assets and liabilities:

6 months to 30 June 2015	**Turkey**	**East Africa**	**West Africa**	**UK**	**Total**
Intangible assets	-	-	7,676,288	-	**7,676,288**
Furniture, fittings and equipment	11,582	-	24,487	15,328	**51,397**
Associate companies	708,061	7,717,506	-	-	**8,425,567**
Cash and other assets	519,515	-	1,642,284	2,730,294	**4,892,093**
Liabilities	(381,124)	-	(34,212)	(116,724)	**(532,060)**
Inter-segment	(3,178,994)	-	(8,907,644)	12,086,638	**-**
Net Assets	**(2,320,960)**	**7,717,506**	**401,203**	**14,715,536**	**20,513,285**

6 months to 30 June 2014					
Intangible assets	-	4,954.091	4,131,536	-	**9,085,627**
Goodwill	-	-	926,546	-	**926,546**
Furniture, fittings and equipment	13,720	74,769	26,836	34,443	**149,768**
Associate companies	842,461	1,481,126	-	-	**2,323,587**
Cash and other assets	1,235,701	201,264	1,177,660	7,491,630	**10,106,255**
Liabilities	(337,375)	(27,759)	(1,346,788)	(110,296)	**(1,822,218)**
Inter-segment	(2,571,605)	(11,002,823)	(6,756,613)	20,331,041	-
Net Assets	**(817,098)**	**(4,319,332)**	**(1,840,823)**	**27,746,818**	**20,769,565**

Other assets include cash and cash equivalents amounting to £2,533,278 at 30 June 2015, (2014: £7,398,483).

4. Related party transactions

Directors of the Company received total remuneration of £254,439 for the six months ended 30 June 2014 (six months ended 30 June 2013 - £309,986).

5. Earnings per share

The calculation of earnings per share is based on the loss attributable to equity holders of the Company of £1,232,594 for the period ended 30 June 2015 (30 June 2014: profit of £1,414,518) and the weighted average number of shares in issue in the period ended 30 June 2015 467,311,276 (30 June 2014: 467,311,276). There is no difference between the basic and diluted earnings per share.

6. Events after the reporting period

The are no reportable events at the time of the approval of the interim financial statements.

7. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 26 August 2015.

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For further information please visit www.stratexinternational.com, email info@stratexplc.com, or contact:

Stratex International Plc Tel: +44 (0)20 7830 9650
Bob Foster / Christopher Hall / Claire Bay

Grant Thornton UK LLP Tel: +44 (0)20 7383 5100
Philip Secrett / Melanie Frean / Jen Clarke

Northland Capital Partners Limited Tel: +44 (0)20 7382 1100
Gerry Beaney / David Hignell
Abigail Wayne /John Howes (Broking)

Yellow Jersey PR Limited Tel: +44 (0)7768 537739
Dominic Barretto

Notes to Editors:

Focused on the exploration and development of gold and high-value base metals, Stratex International is active in Turkey and Senegal and has strategic interests in East Africa and Ghana. Since listing on AIM in 2006, Stratex has had an impressive track record of successful exploration supported by joint-venture partnerships, both with major international mining companies and local companies to maximise the potential of its discoveries.

To date Stratex has discovered more than 2.2 million ounces of gold and 7.09 million ounces of silver, as well as 186,000 tonnes of copper. The Company is looking to completion of construction of its 45%-owned Altintepe gold project in Turkey in August 2015 and anticipates gold production before year-end. Additionally a 1% production royalty capped at US$20 million will be due from the Öksüt project, also in Turkey, with first production provisionally targeted for Q2-2017 by owners Centerra Gold. With its current cash position and projected cash returns, the Company is well-placed to advance its existing exploration programmes and is also actively seeking to acquire advanced projects that are at the drill-ready stage or even have identified resources.

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