Stratex International

stratex international plc

annual report 2008

Stratex International plc is an international exploration and development company focused on the search for quality mineral resources, primarily gold, copper, molybdenum, nickel and zinc.

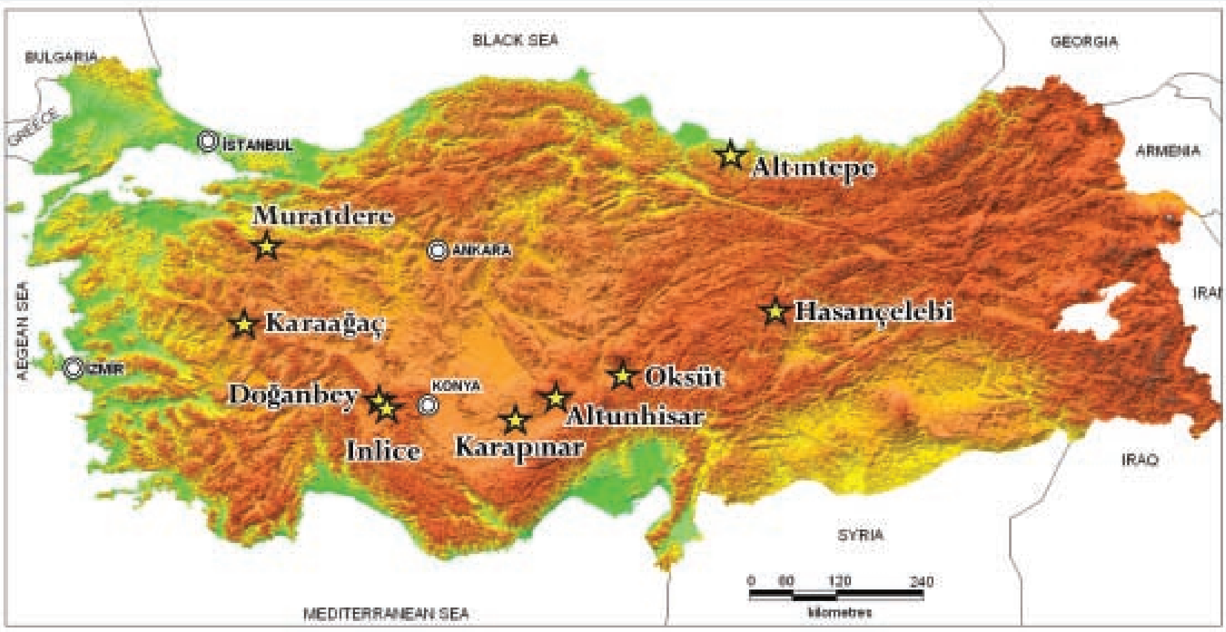
The business was founded in 2004 and admitted to AIM on 4 January 2006.

The Company has, in its own right, and through an agreement with Teck Cominco Limited, identified a number of excellent gold prospects in central and western Turkey. It now has a portfolio of 11 licence blocks in Turkey covering 1,724km² with declared gold resources exceeding 1million oz.

Front cover; Gavur Gölü, Konya Volcanic Belt

2008 Highlights

- Initial drilling results from Öksüt included an intersection of 270.2 metres averaging 1.22 g/t oxide gold, and confirmed the existence of a significant grass root gold discovery. Resource yet to be declared.
- In house JORC-compliant resource estimate of 602,500 oz gold declared at Altıntepe, including an oxide gold resource of 472,318 oz.
- Total gold and gold equivalent resource topped 1million oz in September 2008.
- Teck Cominco Limited fulfilled its commitment in respect of the Konya Volcanic Belt, which included an airborne survey, exploration expenditure of more than US$1million and 2,000m of scout drilling.
- Three new porphyry targets identified within the Konya Volcanic Belt with preliminary drilling completed at two of these, Gölcük and Karacaören.
- Additional licence areas acquired bringing the total area under licence in Turkey to 1,724 km^2.



Stratex's key projects in Turkey

Chairman's Statement

Dear Shareholders,

Stratex has seen a year of considerable advancement as it continues to build its position as a leading explorer and developer of gold projects in Turkey. Regretfully, the current economic turmoil and resulting wholesale sell-off of shares with no respect for their underlying value, has meant that this progress has not been reflected in the share price despite the favourable gold conditions. However, posing the question 'is the glass half empty or half full?', we prefer the latter position!

During the period under review, we increased Stratex's total declared gold resources to approximately 1 million oz as we advanced the Altıntepe and Inlice projects to a resource definition stage, and strengthened our portfolio by acquiring the 75.51 square kilometre Öksüt licence area to further consolidate our holding over new belts of gold mineralisation. Furthermore, we continued our exploration and development programmes across our portfolio, returning exciting new discoveries of gold mineralisation at Öksüt, Hasançelebi and Altunhisar.

Having fulfilled their initial obligations under the Konya Belt Option Agreement, Teck have decided not to exercise their option and all the Konya Belt projects are now back 100% in your Company's hands. We thank Teck for the excellent work they have undertaken, and we will seek the best way forward to explore this exciting early stage belt with it's known porphyry gold prospects. Teck remains a major (8.8 %) shareholder in Stratex.

Stratex's objective remains the same - we are a gold focused company committed to discovering and developing new projects through low cost exploration. Interestingly, gold is the only commodity that has held up through the current economic crisis and saw an overall rise in price of 5% during 2008. New gold projects are few and far between and those developed recently are often 're-cycled'. Moreover, companies unable to finance these projects are suspending work and even closing down completely. Stratex's Inlice and Altıntepe gold projects, though not large, have potential to be low-cost producers, as we have focused on identifying readily treatable oxide material in areas of good infrastructure to help rapidly develop these deposits.

Importantly, we maintain a healthy cash position and are well funded for the next 24 months based on current levels of expenditure. We believe this places Stratex in a strong and stable position as we continue to develop our exciting discoveries, seek new opportunities and search for joint venture partners to accelerate the development of Inlice and Altıntepe through feasibility and into production and develop our exploration portfolio.

On the theme of partnerships, our highest priority for 2009 is to search for new partners to accelerate the Inlice and Alintepe gold projects into production. Unfortunately, our agreement with Australian junior Syrah Resources became a casualty of the financial downturn. However, we are in discussion with a number of other key players and hope to be able to advise the market of a positive outcome in this respect in the near future.

In terms of exploration partnerships, Stratex is recognised within the industry for its discovery rate and quality of exploration in Turkey and has been approached by a number of companies with a view to working together. By forming partnerships, the portfolio can continue to be developed whilst reducing your Company's financial exposure. Meanwhile, we will also gain the flexibility to consider other opportunities. In line with this, we have been undertaking low-cost target generation with a view to identifying new potential areas of gold mineralisation in Turkey and further afield to add to our overall acreage.

The Öksüt discovery was a major development in 2008 for Stratex, and highlights our expertise in discovering new areas of gold mineralisation. Impressive intersections generated from this discovery included:

- 270.20 metres from surface grading 1.22 g/t Au in oxide and minor sulphide in hole ODD-8 – including 40.70 metres from 77.00 metres grading 2.77 g/t Au in oxide
- 62.45 metres grading 2.16 g/t Au in oxide in hole ODD-3
- 73.30 metres grading 1.36 g/t Au in oxide in hole ODD-4
- 93.60 metres grading 5.61 g/t Au in oxide in hole ODD-12

We are currently reviewing these intersections as the geology at Öksüt is not a simple lithologically controlled scenario as we first thought. We have explored the greater area of the project, some eight square kilometres and, whilst we do not have the excellent outcrop values observed at our first target, the Ortaçam Zone, there is considerable potential for expanding the gold mineralisation.

Our exploration teams have also continued to advance exploration at the Hasançelebi and Altunhisar prospects with encouraging results and further drilling is scheduled in 2009 to help determine the economic potential of the regions. It is likely that, in line with our strategy, we will seek joint venture partners to further explore Öksüt and potentially our other prospective early-stage gold projects at Hasançelebi and Altunhisar.

Additionally, our Konya project continues to demonstrate the potential to host a major porphyry gold system following the discovery of the Karacaören, Kozlu, and Gölcük porphyry occurrences within the Konya Volcanic Belt. Preliminary drilling is now completed at the Gölcük and Karacaören occurrences and we look forward to updating the market in due course.

It is your Company's intention to come out of this financial downturn a stronger and better-positioned company than when we went into it in terms of projects, partners and an enlarged resource portfolio. The exploration and development business, along with mining, requires a long-term perspective. As the financial markets open up and money becomes available to develop new mining projects, then the demand for metals and the need to deliver new quality projects to increasingly 'hungry' mining companies will return. Companies such as Stratex, which are able to survive this downturn, will be well poised to benefit from this need for new quality projects and mines. This is your Board's objective, to fill that half full glass!

In the current depressed market conditions, the existing employee share option plan no longer provides any element of incentivisation for our employees. Accordingly, after consideration by the Remuneration Committee, the existing share options issued to employees will be cancelled and the Board intends to implement a new share option plan for employees which will reflect a premium over the current market valuation of the Company. This will ensure that all employees are suitably rewarded and incentivised for the additional efforts now required to rebuild the market value of your Company.

It remains for me to thank you for your support and to thank my fellow Board members and the entire Stratex team for their continued commitment, enthusiasm and energy, which will ensure your Company continues to make progress during difficult times.

David J. Hall
Chairman

Business Review

Introduction

Stratex International plc (Stratex) is an exploration and development company focusing on gold and high-value base metals. The Company's objective is to be a leading-edge and innovative explorer whilst creating revenue from gold and base metal production via well-managed joint-ventures.

Formed in 2004, Stratex has rapidly amassed a portfolio of high-potential exploration licences in central and western Turkey and made a number of significant new gold discoveries, including the Inlice and Öksüt deposits. The Company's total gold resource currently stands at slightly more than one million ounces contained within the Inlice, Altıntepe, and Karaağac deposits. A number of new projects are in the pipeline and multiple potential drill targets for gold have been identified in two particularly prospective volcanic belts in central Turkey – Hasançelebi and Altunhisar.

To date the focus of the Company's activities has been Turkey but it is constantly reviewing additional opportunities elsewhere.

Strategic Alliance

Stratex has a joint venture operating agreement with Teck Cominco Limited (Teck) whereby:

- Potential projects are evaluated by a joint advisory board before adoption, thus enabling Stratex to access specific expertise, knowledge and industry contacts within Teck, and

- Teck have the option to buy back into four Stratex exploration projects and jointly share the resultant revenue streams.

Following relinquishment of its interests in the Konya Volcanic Belt, Teck has the option to earn into one further Stratex project.

Strategic Intent

It is the Directors' intention that the activities of Stratex be channelled exclusively to the search for and delineation of high-value mineral resources, primarily gold, silver, copper, molybdenum, zinc, and nickel. The Directors believe that, despite the current economic malaise and its short-term impact on the demand for commodities, stabilization of the world order will lead to a strong resurgence in demand for metals to underpin the industrial growth of the emerging economies in Asia and South America. The Directors are also confident that gold will remain a key investment commodity during the ongoing financial crisis and as such will prove to be a value-adding core asset to the Company.

The intent of the Company is to maximize shareholder value through the continuing identification of new exploration opportunities and the development of its existing portfolio. Revenues will be generated by:

- Developing a defined resource into a mine via a production joint-venture agreement with a major or mid-tier mining company that has the technical and financial capabilities to put the resource into production; or

- Selling the resource to a third-party company whilst retaining a royalty payment based on future metal production.

Operational Summary

The Group's current mineral prospects are all located in central and western Turkey, a region in which a considerable number of volcanic-associated gold and gold-copper deposits have been discovered during the past decade.

All activities in Turkey are undertaken by the Company's wholly-owned Turkish subsidiary, Stratex Madencilik Sanayi ve Ticaret Ltd Şti., and are managed from a head office located in Ankara and regional offices in Beyşehir (south-west Turkey) and Develi in central Turkey.

During 2008, resource drilling was completed at Altıntepe and new resource estimates determined for both Altıntepe and Inlice. Reconnaissance drilling was completed at three prospects in the Konya area (Doğanbey, Gölcük, Karacaören) and a preliminary programme of drilling was undertaken on the newly discovered Öksüt prospect. Additionally, reconnaissance exploration (mapping and sampling) targeted key zones of alteration and mineralization in the Altunhisar and Hasançelebi project areas.

Core Projects

Konya - Inlice

The Inlice project is located 30 kilometres west-south-west of the city of Konya and 230 kilometres south of Ankara. The prospect was the first of multiple hydrothermal alteration zones recognised by Stratex in the Konya Volcanic Belt. The project is present in an area where, to the best of the Company's knowledge, no gold mineralization had previously been recognized and little or no exploration had been undertaken.

Stratex has now defined a JORC-compliant resource of 262,300 oz gold, 98,300 oz of which is in oxide material.

The initial resource estimate compiled by consultants ACA Howe in April 2007 identified a total resource of 6,751,595 t @ 1.72 g/t Au for 372,971 oz of which 39% was indicated and 61% was inferred.

This resource included 28,718 oz Au from talus blanketing the south-western slope of the Ana East Zone.

Following the completion of a further 4,806 metres of drilling, ACA Howe provided the Company with a CPR and revised resource estimate comprising a total gold resource of 262,300 oz. Whilst the overall resource demonstrated a decrease from the original figure of 372,971 oz, due to the narrowing of the projected mineralized zone at depth, the drilling has permitted some 12% of the total resource to be categorised as measured, and the combined measured and indicated categories now total 63%. This increases the Board's level of confidence in the production potential of Inlice.

Projects	Mineralisation style	Development stage (see diagram on page 10)	Licenced area km^2	Metres drilled in year	Total metres drilled	Resource oz Gold
Konya - Inlice	High-sulphidation Au	6	43.0	827	8,978	262,300
Altıntepe	High-sulphidation Au	6	16.5	4,188	4,753	602,500
Öksüt	High-sulphidation Au	5	111.6	2,678	2,678	to be determined
Konya - Other	Porphyry Au +/- Mo	5/3	367.0	2,001	2,986	to be determined
Karaağaç	Thrust-hosted Au and laterite Ni	5	145.2	–	2,315	156,798
Muratdere	Porphyry Cu-Au-Mo	5	34.5	–	1,212	to be determined
Hasançelebi	High-sulphidation Au	4	352.1	–	–	–
Altunhisar	High-sulphidation Au	4	455.1	–	–	–
Other	Various	2	199.1	–	–	–
Total			**1,724.1**	**9,694**	**22,922**	**1,021,598**

Inlice: crops growing on rehabilitated drill sites

Resource drilling has now been completed and it is the Company's intention to indentify a mining-capable partner to progress the project through scoping studies and feasibility, thus minimising risk and expenditure prior to any production decision. It is anticipated that the initial emphasis will be on the oxide material for which preliminary metallurgical test work has indicated that low-cost heap-leaching techniques should recover a high percentage of the contained gold. It is the Directors' belief that this project could be fast-tracked into production and for a relatively low capital cost.

Altıntepe

The Altıntepe ("Gold Hill") gold project is located near the town of Fatsa, close to the Black Sea coast of northern Turkey. In April 2007 Stratex entered into an option agreement to acquire 100 % of the Altıntepe project from Teck's Turkish subsidiary Teck Cominco Arama ve Madencilik (TCAM).

In August 2008 Stratex fully exercised the option by completing a total of 4,752.5 m of diamond drilling.

Altıntepe

Teck subsequently waived any right to earn-back into the project and merely retains an underlying 1.5 % Net Smelter Return ('NSR') royalty from any future production whilst Stratex, now the sole owner, has exclusivity of any decisions regarding future direction of the project.

Stratex has completed an in-house JORC-compliant resource based on the cross-sectional method, utilizing a combination of drill hole data and results of channel sampling at surface. The total in-house, JORC-compliant oxide resources for Altıntepe now stands at 472,318 oz gold, with 276,114 oz falling into the Measured and Indicated categories (see table below).

Category	Tonnes	Grade (g/t Au)	Gold (oz)
Measured	287,333	1.78	16,453
Indicated	9,287,370	0.87	259,661
Inferred	3,523,434	1.73	196,204
Total	**13,098,137**	**1.12**	**472,318**

The oxide resource also includes 2,371,689 oz silver, equivalent to approximately 21,300 oz gold at spot prices of $800 for gold and $12 for silver and a silver recovery of 60 %, giving a total of approximately 493,600 oz of oxide Au + Au(eq). A further 101,695 oz Au and 7,300 oz Au(eq) have been identified in the unoxidized sulphide material, giving a total Altıntepe oxide plus sulphide resource of approximately 602,500 oz Au + Au(eq).

The Company is in discussion with a number of mining companies with the intention of progressing the project on a free-carry basis through scoping studies and feasibility, thus minimising risk and expenditure prior to any production decision.

Öksüt

Öksüt is Stratex's latest gold discovery in Central Anatolia, located 25 km south of Develi and 70 km south of Kayseri. It was acquired in October 2007 following identification of significant gold grades (including 0.93 g/t Au over 25 m) in outcropping rocks.

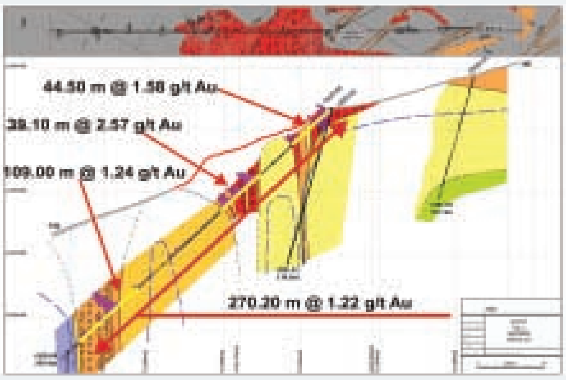
Mapping and sampling commenced in April 2008 and led to the identification of further significant gold grades from rock chip sampling. Drilling commenced on the Ortaçam Zone in mid-August and confirmed the importance of the discovery.

Öksüt: early drilling

A total of thirteen diamond drill holes have been drilled to date, with the best intersections in oxide material being:

- 19.30 m @ 2.96 g/t Au (ODD-2)
- 62.45 m @ 2.16 g/t Au (ODD-3)
- 73.30 m @ 1.36 g/t Au (ODD-4)
- 171.70 m @ 0.51 g/t Au (ODD-6)
- 105.70 m @ 0.59 g/t Au (ODD-7)
- 270.20 m @ 1.22 g/t Au (ODD-8)
- 15.70 m @ 1.82 g/t Au (ODD-11)
- 93.60 m @ 5.61 g/t Au (ODD-12)

The gold mineralization occupies mostly steeply dipping breccia zones but these flare out into wider, perhaps sub-horizontal, zones near surface. Some intersected zones have no surface expression, suggesting potential for discovery of additional hidden zones on the property.

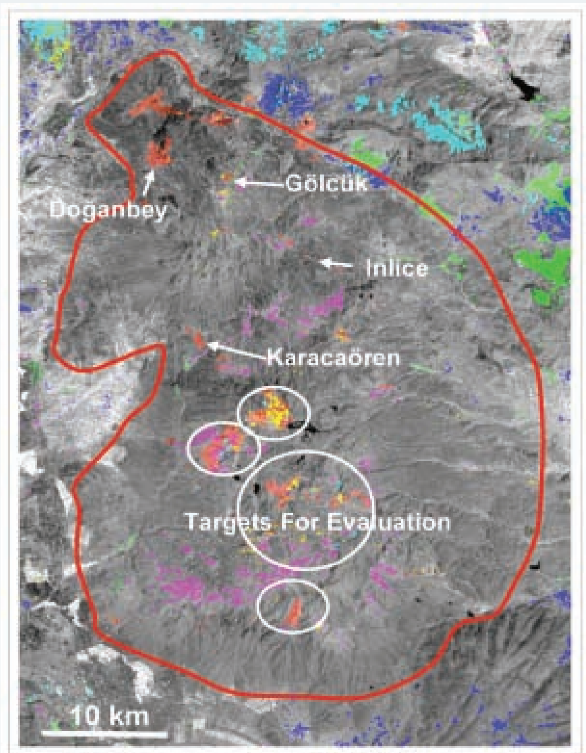


Öksüt: cross section of drill hole ODD-8

Geological mapping and rock sampling of the wider property has led to the identification of four additional zones of gold mineralization, and soil sampling has defined a gold-copper-molybdenum-bismuth anomaly (gold to 0.29 g/t) that may be indicative of a buried epithermal or porphyry gold zone. Further evaluation and ultimately drilling of one or more of these targets is anticipated during 2009.

Konya – Other

The Konya Project is located in the Konya Volcanic Belt, 245 km south of Ankara. The volcanic belt comprises a sequence of volcanic and intrusive rocks extending over an area of 60 km x 40 km and hosts Stratex's Inlice deposit (described above) and several other gold targets. Stratex has a total of 33 licences covering an area of 367 km^2 in addition to Inlice (43 km^2). During 2008 the Company identified three new porphyry gold targets (Karacaören, Gölcük, Kozlu) in addition to the previously identified Doğanbey porphyry target. A limited reconnaissance programme of reverse circulation drilling was undertaken on the Doğanbey (4 holes – 567 m), Karacaören (4 – 735 m), and Gölcük (2 – 376 m) prospects.



Konya Volcanic Belt with major projects indicated

No significant intersections were recorded on the Gölcük prospect but substantially long intersections averaging 0.1-0.2 g/t Au were reported from two Doğanbey drill holes and all four Karacaören drill holes. Whilst not economic intersections, they do demonstrate that the systems are gold bearing.

All exploration in the Konya area during 2008 was financed by Teck, with total 2007 + 2008 expenditure by Teck amounting to approximately $1.6 million.

Stratex is now evaluating results of the extensive programme of geological mapping and rock and soil sampling completed on nine of the altered and mineralized zones identified in the Konya project area with a view to prioritizing further exploration and drilling during 2009.

Teck has relinquished its option to earn into the project and Stratex is now in discussion with a number of companies that have expressed interest in Konya and the Company's other projects in Turkey.

Karaağaç

Karaağaç is one of a number of prospects identified within the Murat Daği licence block (145 km^2) situated 30 km north-east of the town of Uşak and 300 km west-south-west of Ankara. This block covers a thrust-faulted sequence of limestones and schists that have been intruded by, and now partly overlain by, volcanic rocks of Miocene age. A programme of diamond and RC drilling was completed in May 2007 which defined an inferred mineral resource of 156,798 oz Au.

During 2008 a review of the lateritic nickel potential of the area was undertaken and led to the identification of Ni values up to 0.8 % in palaeo-laterite and the recognition that more extensive nickel mineralization may underlie cover rocks. It is anticipated that the potential for additional gold resources hosted by steeply dipping fault zones will be investigated in 2009.

Muratdere

The Muratdere property comprises two licences covering a substantial granodiorite-porphyry system located 250 km west of Ankara.

A reconnaissance diamond drill programme of seven holes totaling 1,211.5 m was undertaken in 2007 and intersected typical porphyry-hosted quartz vein-type stockwork mineralization partially overprinted by faulting and associated silicification. Copper grades consistently averaged 0.2-0.3% over complete intersections, with a best high-grade value of 6.65 m @ 6.7 %. Best overall intersection was 284.7 m @ 0.13 g/t Au, 0.30 % Cu, 0.013 % Mo. During 2008, a review of all drill data and of the results of Stratex's magnetic and IP surveys highlighted the potential of the westernmost part of the granodiorite-porphyry complex and the Company is now seeking a JV partner to undertake further drilling.

Hasançelebi

Hasançelebi is located in a highly prospective volcanic belt 100 km north-west of the city of Malatya in central Turkey.

Hasançelebi: 22 m-wide silica zone averaging 1.16 g/t Au across outcrop

The licence package of 352 km^2 covers three extensive areas of alteration and mineralization and a number of smaller occurrences. The focus during 2008 was on a series of parallel silica zones that extend east-west for a distance of more than 5 km.

Multiple assay values exceeding 0.1 g/t Au have been recorded, the highest to date being 1.56 g/t Au and the best continuous average value to date is 640m x 8.5m wide @ 0.44 g/t Au. Further mapping and sampling is to be undertaken during 2009 leading to identification of potential sites for drilling.

Altunhisar and Karapınar

Altunhisar and Karapınar are two separate and substantial projects in Miocene volcanic belts in central Turkey that host a number of zones of alteration and mineralization. Six alteration zones were targeted for mapping and sampling in the **Altunhisar** area and revealed numerous gold anomalies, often accompanied by high molybdenum (up to 0.048 %).

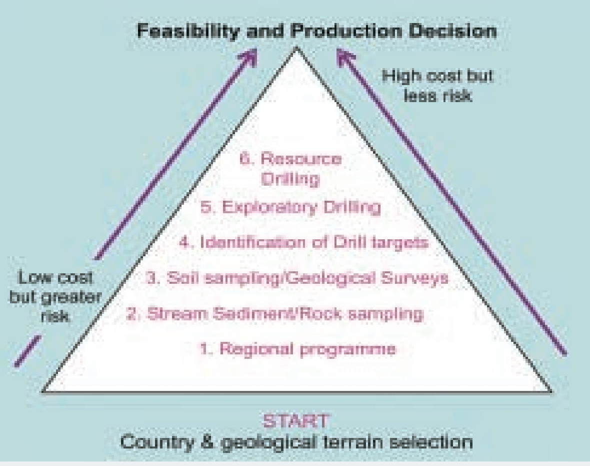
Porphyry-style veins were recorded in the Karanlikdere alteration zone and are the focus of follow-up studies. Alteration zones in the **Karapınar** area are less numerous and smaller in extent but host a number of breccia bodies containing anomalous levels of key elements.

Altunhisar: steeply dipping ledge of quartz and quartz-alunite

Both Altunhisar and Karapınar are further examples of the altered and mineralized volcanic belts already proven by Stratex to host gold mineralization elsewhere in Turkey – Konya, Öksüt, and Hasançelebi.

The potential to make significant discoveries in these volcanic belts is high and further mapping and sampling leading to drilling is planned for 2009.

Stages of exploration and development.



Development stages of Core Projects

Stage 6:	**Altıntepe**
	Konya – Inlice
Stage 5:	**Öksüt**
	Konya-Others (Doğanbey, Karacaören, Gölcük)
	Karaağaç
	Muratdere
Stage 4:	**Hasançelebi**
	Altunhisar
Stage 3:	**Konya – Others (4 sites)**
	Karapınar
Stage 2:	**Sehitler**
	Basdere

Directors’ & Management Biographies

David Hall, BSc, MSc
Executive Chairman (age 50)

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 26 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 Cominco. David has authored a number of papers on the management of Exploration and Development companies and risk management of exploration.

Dr Bob Foster, BSc, PhD, FIMMM, CEng, FGS, CGeol
Chief Executive Officer (age 60)

Bob Foster has 35 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 in Zimbabwe during 1994-1996. For six years prior to joining Stratex, Bob was Minerals Manager for UK-based international consultancy group Exploration Consultants Limited.

Perry Ashwood, FCA,
Chief Financial Officer (aged 61)

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.

Christopher Hall, BSc, MSc, MIMMM, CEng
Non-Executive Director (age 59)

Christopher Hall has over 35 years of wide ranging experience in the mining sector. He is currently the in-house mining adviser to Grant Thornton LLP, principally assisting the Capital Markets team with clients listed on 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.

Peter Addison,
Non-Executive Director (aged 66)

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 is currently non-executive chairman of Qualceram Shires plc, an Irish company, and of SiRViS IT plc, a UK company.

Mr Bahri Yildiz, BSc
General Manager Turkey (age 53)

Bahri Yildiz is a Turkish national with an industrial career spanning 27 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.

David Hall (Chairman), Bob Foster (CEO) and Perry Ashwood (CFO) at Mines & Money 2008

Stratex International

Directors' Report

The Directors submit their report and the audited financial statements of Stratex International plc for the year ended 31 December 2008.

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

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

Financial Review
The results of the Group are shown on pages 19 to 38.

The Group recorded a loss for the year of £909,083. The Directors are committed to keeping administration cost as low as possible; the percentage of administration costs to total of exploration and administration costs during the year was 17.4%, which compares to 24.1% last year.

As at 31 December 2008 the Group had cash reserves of £3.3m. After a detailed review of current expenditure and identification of cost savings going forward, the Directors are of the opinion that the Group has sufficient funds for the next two years.

The value of exploration assets carried on the balance sheet as at 31 December 2008 totalled £4.0m. The Directors believe that these investments are fully recoverable based on current conditions and information presently available.

The Directors do not recommend the payment of a dividend.

Corporate Responsibility
We are committed to building a sustainable and profitable business in order to maximize returns to our shareholders. In doing so we will not knowingly overlook our Corporate Responsibilities and in all situations we will endeavour to behave responsibly.

People
The health and safety of our employees is our first priority. We have well established policies on health and safety and these are set out in the Company's Health and Safety Booklet which is made available to all employees on joining the Group. Our philosophy is that safety must be considered in every task performed and every decision made.

We are committed to the development of our employees and we aim to provide an environment which will attract, retain and motivate people, to ensure they can maximise their potential and share in the Group's successes.

Social
We aim to be good corporate citizens in all communities in which we operate. We work as closely as possible with our host countries and communities, respecting their laws and customs. We employ local people at all levels and ensure fair and equitable transfer of benefits and enhancement of opportunities and support their communities where appropriate.

The Employees Handbook sets out the boundaries of acceptable business practice and the manner in which the activities of the Group are to be conducted.

Environment
We are totally committed to minimising any adverse impact of our activities on the natural environment and, as a minimum standard, to comply with any relevant legislation within the territories in which we operate.

Risk Management
Exploration Industry Risks
Mineral exploration is speculative in nature, involves many risks and is frequently unsuccessful. There can be no assurance that any mineralization discovered will result in proven and probable reserves. 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, in the cases of new properties, 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.

The interests of the Group are subject to licence requirements, which include, inter alia, certain financial and other commitments which, if not fulfilled, could result in the suspension or ultimate forfeiture of the relevant licences. 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 Turkey could adversely affect the value of the Group's interests.

Political Risks
All of the Group's properties and operations will be 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 area in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.

The Group's main focus at present is Turkey, a country that has a strong history of mining extending back to pre Roman times. The mining and investment laws in Turkey have in the opinion of the Directors created a positive environment for exploration and mining as exemplified by a number of discoveries in recent years progressing to feasibility studies and new mines entering production. The country possesses an excellent and modern infrastructure and is generally politically stable.

Dependence on Key Personnel

The Company is dependent upon its executive management team. Whilst it has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the Company's ability to recruit and retain high quality and experienced staff. The loss of the services of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on the Group's business, financial condition and trading results.

The Directors of the Company are covered by Directors and Officers insurance and the Company has taken out Key Man insurance where appropriate.

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

Share Capital

A statement of the changes in the share capital of the Company is set out in note 11.

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 Statements (IFRS) as adopted by the European Union.

United Kingdom company law requires that the Directors prepare financial statements for each financial year which 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 estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS 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 Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Directors and Director's interests

The current Directors and their biographies are set out on pages 11 and 12.

Paul Foord resigned from the Board of Directors on 20 February 2008. Christopher Hall was appointed as a Non Executive Director on 1 February 2008 and Peter Addison was appointed as a Non Executive Director on 9 June 2008. With these exceptions all the Directors of the Company were Directors throughout the year.

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

The interests in the issued share capital of the Company of the Directors who have been in office during the year were as follows:

	Number of shares held at 31 December 2008	Number of shares held at 31 December 2007
D J Hall	12,522,374	12,522,374
Dr. R Foster	6,914,611	6,914,611
P C Ashwood	1,450,021	1,450,021
C R J Hall	50,000	–

The interests of the Director's in options to subscribe for ordinary shares of the Company at 31 December 2008 were as follows:

	Exercise price	Vesting period after date of grant	Latest exercise date	As at 31 December 2007	Granted during the year	As at 31 December 2008
David Hall	5.0 p	1 year	4 January 2016	345,000	–	345,000
	8.5 p	1 year	8 August 2016	800,000	–	800,000
	8.75 p	1 year	12 March 2017	800,000	–	800,000
	10.0 p	3 years	6 June 2017	1,500,000	–	1,500,000
Dr. Bob Foster	5.0 p	1 year	4 January 2016	687,500	–	687,500
	8.5 p	1 year	8 August 2016	800,000	–	800,000
	8.75 p	1 year	12 March 2017	800,000	–	800,000
	10.0 p	3 years	6 June 2017	1,500,000	–	1,500,000
Perry Ashwood	5.0 p	1 year	4 January 2016	572,500	–	572,500
	8.5 p	1 year	8 August 2016	700,000	–	700,000
	8.75 p	1 year	12 March 2017	700,000	–	700,000
	10.0 p	3 years	6 June 2017	1,500,000	–	1,500,000
Christopher Hall	8.625 p	3 years	1 February 2018	–	1,500,000	1,500,000
Peter Addison	6.5 p	3 years	9 June 2018	–	1,500,000	1,500,000

No options granted to the Directors in office at 31 December 2008 were exercised during the year.

The market price of the Company's shares as at 31 December 2008 was 2.3 pence per share and the range during the year was 1.5 pence per share to 9.25 pence per share.

Disclosure of information to Auditors

The Directors who held office at the date of approval of this Report of the Directors 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.

Substantial shareholdings

As at 25 February 2009, 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 shares in Stratex International plc	% of issued share capital
Kairos Eurasian Fund	33,900,000	14.47%
Orion Trust Limited	25,844,300	11.03%
Mr N Graham	23,000,000	9.82%
Teck Cominco Limited	20,505,006	8.76%
Cenkos CI Nominee Co Ltd	9,566,456	4.08%

Teck's interest includes 8,751,903 (5.7%) held by Teck Cominco Arama ve Madencilik Sanayi Ticaret A.S. a wholly owned subsidiary of Teck Cominco Limited.

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. As at 31 December 2008 the number of creditors days in respect of trade creditors was 28 (2007:29).

Charitable and political donations

The Company made no charitable or political donations during the year (2007: nil).

Auditors

Littlejohn have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the Annual General Meeting.

By order of the Board

P C Ashwood
Company Secretary
212 Piccadilly
London, W1J 9HG
9 March 2009

Corporate Governance Report

Introduction
The Board supports the principles set out in the Combined Code on Corporate Governance ("the Code") and intends to comply with the Code wherever possible, given both the size and resources available to the Group.

Details of the Group's compliance are provided below:

The Board
The Board is responsible for providing strategic direction for the Company and guiding management in the execution of this strategy for the benefit of shareholders.

Composition of the Board is three Executive Directors, David Hall, Dr. Bob Foster and Perry Ashwood, and two Non-Executive Directors, Christopher Hall and Peter Addison, which the Board believes provides an appropriate mix to conduct the Company's affairs.

Biographies of the Directors are provided on pages 11 and 12.

The Board meets regularly during the year. Seven full meetings were held in 2008 in addition to one telephone meeting. Financial and operational performance of the Group is monitored on a monthly basis and results are reviewed against budgets and operational plans.

The Audit Committee
The role of the Audit Committee is to provide a formal review of the effectiveness of the internal control systems; the Groups financial reports and results announcements, and the external audit process.

During the year the Audit Committee comprised Christopher Hall (Chairman), Perry Ashwood and Peter Addison. The external auditors attended by invitation. Two meetings of the Audit Committee have been held during 2008.

The Remuneration Committee
The role of the Remuneration Committee is to provide a formal and transparent review of the remuneration of the executive directors and senior employees and to make recommendations to the Board on individual remuneration packages.

During the year the Remuneration Committee comprised Christopher Hall (Chairman), and Peter Addison. No Director took part in discussions concerning the determination of his own remuneration. Two meetings of the Remuneration Committee have been held during 2008.

Internal Control and Risk Management
The Board is responsible for the Group's system of internal control and for monitoring and reviewing its effectiveness. These systems are designed to manage and minimise the risk of failure rather than eliminate such risks and can only provide reasonable, and not absolute, assurance against material financial misstatement or loss. The Audit Committee reviews the effectiveness of these systems on behalf of the Board and reports its findings back to the Board.

The Board encourages a culture of integrity and openness and has established an organisation structure with clear lines of accountability and authority across its operations. The Group does not currently have an internal control function due to the small size of the administration function.

Comprehensive annual budgets are produced once a year and submitted to the Board for approval. Reviews of the annual budget are regularly undertaken in line with significant changes in the underlying operations and conditions. Such revisions are put forward to the Board for approval. Actual results and forecasts are compared to budget and reported, along with key operational results, to the Board members on a monthly basis.

The Group and Teck have established a joint Advisory Committee to formally screen all potential exploration site prospects before any significant financial commitment is made to proceed. This process ensures an unbiased and professional approach is adopted for all major project decisions. The Advisory Committee comprises David Hall and Dr Bob Foster and two of Teck's senior managers, and is chaired by an independent internationally acknowledged consulting geologist.

The Group maintains appropriate insurance cover in respect of legal actions against the Directors as well as against material loss or claims against the Group.

Shareholder Relations
The Directors are committed to maintaining good relations with the Company's shareholders and have a formal policy whereby disclosure of information that could have a material impact on the Company's share price is released to the market as soon as possible. This information is also made available on the Company's website and is delivered to all persons who have requested to be added to the distribution list.

Corporate and Social Responsibility
All Directors, management and staff are expected to consistently apply the highest ethical standards to their conduct to ensure that the Company's affairs and reputation are at all times maintained at the uppermost level.

The Directors recognise the importance of building good relations with local communities situated close to the Group's operations and readily contributes, where appropriate, to the development of the local infrastructure and community needs.

The Group adheres totally to all local environmental regulations.

Independent Auditors Report to the Shareholders of Stratex International Plc

We have audited the Group and Parent Company Financial Statements of Stratex International plc for the period ended 31 December 2008 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statement of Changes in Equity, the accounting policies and the related notes 1 to 26. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors
The Directors' responsibilities for preparing the Annual Report and Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, information given in the Directors' Report is consistent with the Financial Statements. The information given in the Directors' Report includes specific information given in the Chairman's Statement and the Business Review that is cross referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Chairman's Statement, the Directors' Report, the Business Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion
In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the Parent Company Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 December 2008;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

Littlejohn
Chartered Accountants and Registered Auditors

1 Westferry Circus
Canary Wharf
London E14 4HD
9 March 2009

Consolidated Income Statement

	Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Continuing Operations			
Revenue		**29,102**	–
Cost of sales		–	–
Gross profit		**29,102**	–
Administrative expenses	15	(1,287,774)	(1,270,654)
Exchange gains/(losses) – net		(11,266)	(5,678)
Operating loss		**(1,269,938)**	**(1,276,332)**
Finance income	18	274,735	247,014
Loss before income tax		**(995,203)**	**(1,029,318)**
Income tax credit	19	86,120	3,559
Loss for the year attributable to equity holders of the Company		**(909,083)**	**(1,025,759)**
Loss per share for losses from continuing operations attributable to the equity holders of the Company during the year (expressed in pence per share)			
- basic and diluted	20	(0.39)	(0.51)

The notes on pages 25 to 38 form part of these financial statements.

Consolidated Balance Sheet

	Notes	As at 31 December 2008 £	2007 £
ASSETS			
Non-current assets			
Tangible assets	7	186,123	99,728
Intangible assets	8	4,044,363	1,970,931
Trade and other receivables	9	114,488	79,813
Deferred tax assets	13	150,320	56,327
		4,495,294	**2,206,799**
Current assets			
Trade and other receivables	9	667,226	481,216
Cash and cash equivalents	10	3,313,022	6,274,553
		3,980,248	**6,755,769**
Total Assets		**8,475,542**	**8,962,568**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	11	2,342,394	2,340,669
Share premium	11	8,192,829	8,185,929
Other reserves	12	514,931	141,732
Accumulated losses		(2,677,289)	(1,816,093)
Total equity		**8,372,865**	**8,852,237**
LIABILITIES			
Non-current liabilities			
Employee termination benefits		7,179	2,477
Deferred tax liabilities	13	10,566	33,843
		17,745	**36,320**
Current liabilities			
Trade and other payables	14	84,932	74,011
		84,932	**74,011**
Total equity and liabilities		**8,475,542**	**8,962,568**

The notes on pages 25 to 38 form part of these financial statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 9 March 2009 and were signed on its behalf by

David Hall
Chairman

Perry Ashwood
Chief Financial Officer

Consolidated Statement of Changes in Equity

	Notes	Share Capital £	Share Premium £	Merger Reserve £	Share Option Reserve £	Accumulated Loss £	Translation Reserve £	Total Equity £
Balance at 31 December 2006		**1,536,167**	**2,101,342**	**(485,400)**	**157,932**	**(808,224)**	**(49,256)**	**2,452,561**
Issue of ordinary shares		804,502	6,346,622	–	–	–	–	7,151,124
Share based payments	12	–	–	–	243,909	–	–	243,909
Share options exercised		–	33,674	–	(51,564)	17,890	–	–
Costs of share issue		–	(295,709)	–	–	–	–	(295,709)
Consolidated loss for the year		–	–	–	–	(1,025,759)	–	(1,025,759)
Movement on translation reserve	12	–	–	–	–	–	326,111	326,111
Balance as 31 December 2007		**2,340,669**	**8,185,929**	**(485,400)**	**350,277**	**(1,816,093)**	**276,855**	**8,852,237**
Issue of ordinary shares	11	1,725	6,900	–	–	–	–	8,625
Share based payments	12	–	–	–	160,592	–	–	160,592
Share options exercised and forfeited	12	–	–	–	(47,887)	47,887	–	–
Consolidated loss for the year		–	–	–	–	(909,083)	–	(909,083)
Movement on translation reserve	12	–	–	–	–	–	260,494	260,494
Balance as 31 December 2008		**2,342,394**	**8,192,829**	**(485,400)**	**462,982**	**(2,677,289)**	**537,349**	**8,372,865**

The notes on pages 25 to 38 form part of these financial statements.

Consolidated Cash Flow Statement

	Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Cash flows from operating activities			
Net cash used in operating activities	21	(1,299,084)	(1,208,592)
Cash flows from investing activities			
Purchases of property, plant and equipment		(123,389)	(80,586)
Purchases of intangible assets		(2,218,232)	(1,209,505)
Interest received		274,735	247,014
Net cash used in investing activities		(2,066,886)	(1,043,077)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		8,625	6,855,415
Funds received from related party	8	395,814	107,637
Net cash from financing activities		404,439	6,963,052
Net (decrease)/increase in cash and cash equivalents		**(2,961,531)**	**4,711,383**
Cash and cash equivalents at beginning of the year		6,274,553	1,563,170
Cash and equivalents at end of the year	10	**3,313,022**	**6,274,553**

The notes on pages 25 to 38 form part of these financial statements.

Company Balance Sheet

	Notes	As at 31 December 2008 £	2007 £
ASSETS			
Non-current assets			
Tangible fixed assets	7	11,723	15,456
Investment in subsidiaries	23	3,576,717	2,376,545
		3,588,440	**2,392,001**
Current assets			
Trade and other receivables	9	2,388,977	1,134,654
Cash and cash equivalents	10	3,279,570	6,212,512
		5,668,547	**7,347,166**
Total Assets		**9,256,987**	**9,739,167**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	11	2,342,394	2,340,669
Share premium	11	8,192,829	8,185,929
Shares under option	12	462,982	350,277
Accumulated losses		(1,777,817)	(1,183,951)
Total equity		**9,220,388**	**9,692,924**
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	13	–	–
		–	–
Current liabilities			
Trade and other payables	14	36,599	46,243
Total liabilities		**36,599**	**46,243**
Total equity and liabilities		**9,256,987**	**9,739,167**

The notes on pages 25 to 38 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 9 March 2009 and were signed on its behalf by

David Hall
Chairman

Perry Ashwood
Chief Financial Officer

Company Cash Flow Statement

	Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Cash flows from operating activities			
Net cash used in operating activities	21	(853,971)	(843,005)
Cash flows from investing activities			
Purchases of property, plant and equipment		(4,497)	(17,783)
Funding of Subsidiary operations		(2,491,101)	(1,599,674)
Interest received		408,002	322,509
Net cash used in investing activities		(2,087,596)	(1,294,948)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		8,625	6,855,415
Net cash from financing activities		8,625	6,855,415
Net (decrease)/increase in cash and cash equivalents		**(2,932,942)**	**4,717,462**
Cash and cash equivalents at beginning of the period		6,212,512	1,495,050
Cash and equivalents at end of the period	10	**3,279,570**	**6,212,512**

The notes on pages 24 to 37 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 address of its registered office is 212 Piccadilly, London, W1J 9HG.

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, 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. A summary of the more important group accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

At the date of approval of these Financial Statements the following standards and interpretations were in issue but not yet effective, or not yet relevant:

IFRIC 13	Customer loyalty programmes
IFRS 2 (amended)	Share based payments
IAS 1 (amended)	Presentation of financial statements
IFRS 8	Operating segments
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges for net investment in a foreign operation

The Directors anticipate that the future adoption of these standards and interpretations will have no material impact on the financial statements of the Group when the relevant standards come into effect.

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.

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.

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 the income statement.

(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 that balance sheet;

(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 as a separate component of equity. 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 shareholders' equity. When a foreign operation is sold, such exchange differences 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 or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Furniture & fittings	20%
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.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of any asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units which are based on geographical areas.

2.5 Intangible assets (continued)

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.

2.6 Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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, unless the relevant asset is land or buildings at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.8 Financial instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Interest receivable and payable is accrued and credited/charged to the profit and loss account 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 are recognised initially at fair value and subsequently measured at amortised cost.

2.9 Deferred income tax

Deferred tax is accounted for using the balance sheet 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 basis 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 the income statement, 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.

2.10 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 balance sheet date 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 the income statement, 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.

2.11 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. Financial risk management

The Group's operations expose it to a number of financial risks, the main ones being 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 Directors are of the opinion that the Company has sufficient working capital for the foreseeable future.

The Group's only exposure to interest rate fluctuations is restricted to the rates earned on its short term deposits. These deposits returned an average interest rate of between 3.4 % and 6.7 % 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 and the UK pound. 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.

4. 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 date of the balance sheet. Actual results may vary from the estimates used to produce these financial statements.

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. Segmental Analysis

In the opinion of the Directors, the Group has only one business segment, mining and exploration, and this is considered to be the primary reporting segment for the Group. The Group's main geographic area of operation as at 31 December 2008 is Turkey and support services are provided from the UK, and these are considered to be the secondary reporting segments for the Group.

	Total assets		Additions to exploration assets		Additions to tangible assets	
	2008 £	2007 £	2008 £	2007 £	2008 £	2007 £
Turkey						
Exploration projects:						
Konya - Inlice	1,348,913	1,065,560	214,029	640,421	–	–
Altıntepe	940,448	179,573	692,675	161,824	–	–
Öksüt	639,802	–	589,095	–	–	–
Muratdere	336,228	289,621	30,175	202,731	–	–
Karaağaç	328,742	295,754	17,365	5,579	–	–
Altunhisar	63,994	59,975	58,922	54,047	–	–
Konya - other	123,983	66,214	50,278	3,796	–	–
Hasançelebi	96,936	14,234	75,522	12,827	–	–
Other	165,318	–	94,357	20,642	–	–
Tangible assets	174,400	84,272	–	–	118,892	62,804
Cash and other assets	927,588	604,867	–	–	–	–
	5,146,352	**2,660,070**	**1,822,418**	**1,101,867**	**118,892**	**62,804**
UK support services						
Tangible assets	11,723	15,456	–	–	4,497	17,782
Cash and other assets	3,317,467	6,287,042	–	–	–	–
	3,329,190	**6,302,498**	**–**	**–**	**4,497**	**17,782**
Total	**8,475,542**	**8,962,568**	**1,822,418**	**1,101,867**	**123,389**	**80,586**

Total assets are allocated based on where the assets are located.

6. Operating Loss

The operating loss before taxation is stated after charging:

	2008 £	2007 £
Auditors' remuneration		
Fees payable for the audit of Parent and consolidated financial statements	9,842	9,000
Tax and other services	6,195	4,100
Depreciation of tangible fixed assets	47,843	18,908

7. Tangible Assets

	Group Furniture, fittings and equipment £	Company Furniture, fittings and equipment £
Cost or valuation		
At 1 January 2007	**33,815**	**5,823**
Exchange movements	12,247	–
Additions	80,586	17,783
Disposals	–	–
At 31 December 2007	**126,648**	**23,606**
Exchange movements	15,155	–
Additions	123,389	4,497
Disposals	–	–
At 31 December 2008	**265,192**	**28,103**
Depreciation		
At 1 January 2007	**(5,854)**	**(1,740)**
Exchange movements	(2,158)	–
Charge for year	(18,908)	(6,410)
Disposals	–	–
At 31 December 2007	**(26,920)**	**(8,150)**
Exchange movements	(4,306)	–
Charge for year	(47,843)	(8,230)
Disposals	–	–
At 31 December 2008	**(79,069)**	**(16,380)**
Net Book Value		
At 1 January 2007	**27,961**	**4,083**
At 31 December 2007	**99,728**	**15,456**
At 31 December 2008	**186,123**	**11,723**

8. Intangible Assets

Intangible assets represent internally generated exploration and evaluation costs. Additions are net of funds received from Teck Cominco Arama ve Madencilik San. Tic. under the Konya Option Agreement, amounting to £395,814. (2007:£107,637). No amortization has been charged on the intangible assets in 2008 (2007: nil).

	Group Cost £
Cost or valuation	
At 1 January 2007	**731,701**
Exchange movements	255,364
Additions	1,101,867
Write offs	(118,001)
At 31 December 2007	**1,970,931**
Exchange movements	251,014
Additions	1,822,418
Write offs	–
At 31 December 2008	**4,044,363**

9. Trade and other receivables

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Deposits and guarantees given	109,981	79,813	–	–
Amounts due from subsidiary company	–	–	2,351,845	1,060,916
VAT recoverable	587,041	334,743	6,837	12,691
Prepayments and other current assets	84,692	146,473	30,295	61,047
	781,714	561,029	2,388,977	1,134,654
Less: non current portion at 31 December	**114,488**	**79,813**	**–**	**–**
Current portion at 31 December	**667,226**	**481,216**	**2,388,977**	**1,134,654**

All non-current receivables are due within five years from the balance sheet date.

10. Cash and cash equivalents

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Cash at bank and on hand	51,865	93,847	18,414	31,806
Short term deposits	3,261,157	6,180,706	3,261,156	6,180,706
At 31 December	**3,313,022**	**6,274,553**	**3,279,570**	**6,212,512**

11. Share capital – Group and Company

	Number of shares	Nominal Value £
a) Authorised share capital		
At 31 December 2008 and 31 December 2007 – Ordinary shares of £0.01 each	300,000,000	3,000,000

b) Issued share capital and share premium

Changes for the year ended 31 December 2008	Number of Shares	Ordinary Shares £	Share Premium £	Total £
At 31 December 2007	**234,066,942**	**2,340,669**	**8,185,929**	**10,526,598**
Exercise of share options on 15 April 2008	172,500	1,725	6,900	8,625
At 31 December 2008	**234,239,442**	**2,342,394**	**8,192,829**	**10,535,223**

12. Other reserves

Group	Merger Reserve £	Share Option Reserve £	Translation Reserve £	Total £
At 31 December 2006	**(485,400)**	**157,932**	**(49,256)**	**(376,724)**
Share options – fair value of options granted	–	243,909	–	243,909
Share options – exercise of options	–	(51,564)	–	(51,564)
Movement on translation reserve	–	–	326,111	326,111
At 31 December 2007	**(485,400)**	**350,277**	**276,855**	**141,732**
Share options – fair value of options granted	–	160,592	–	160,592
Share options – exercise of options	–	(2,904)	–	(2,904)
Share options – forfeiture of options	–	(44,983)	–	(44,983)
Movement on translation reserve	–	–	260,494	260,494
At 31 December 2008	**(485,400)**	**462,982**	**537,349**	**514,931**

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.

12. Other reserves (continued)

Share options

The Company operates an unapproved Share Option scheme for its employees. Under the scheme the Directors have discretion to grant options to subscribe for Ordinary Shares up to a maximum of 10% of the Company's issued share capital. The exercise price of the granted options is equal to the market price on the date of the grant. As at 31 December 2008, the Company had issued 17,298,500 (2007: 16,155,000) options to employees. In addition, the Company issued 4,372,000 options to third parties for the provision of services, of which 2,372,000 were outstanding at 31 December 2008. The options are exercisable from one to three years from the grant date and lapse on the tenth anniversary of the grant date or on the holder ceasing to be an employee of the Company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

	2008		2007	
	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
Outstanding at beginning of period	18,527,000	8.3	10,642,000	6.3
Granted during the year	3,816,000	7.7	12,057,500	8.6
Forfeited during the year	(2,500,000)	9.5	(1,500,000)	10.6
Exercised during the year	(172,500)	5.0	(2,672,500)	5.7
Outstanding at 31 December	**19,670,500**	**8.0**	**18,527,000**	**8.3**
Exercisable at 31 December	12,229,500	7.6	7,969,500	6.5

Details of share options outstanding at 31 December 2008 is as follows:

Number of options					Exercisable period	
Outstanding 31 December 2007	Exercised in year	Granted/ (forfeited) in year	Outstanding 31 December 2008	Option Price (pence)	Grant date	Expiry date
4,449,500	(172,500)	–	4,277,000	5.0	4 January 2006	4 January 2016
20,000	–	–	20,000	7.0	1 March 2006	1 March 2016
3,500,000	–	(500,000)	3,000,000	8.5	8 August 2006	8 August 2016
57,500	–	–	57,500	8.25	8 February 2007	8 February 2017
3,500,000	–	(500,000)	3,000,000	8.75	12 March 2007	12 March 2017
7,000,000	–	(1,500,000)	5,500,000	10.0	6 June 2007	6 June 2017
–	–	780,000	780,000	8.5	26 January 2008	26 January 2018
–	–	1,500,000	1,500,000	8.625	1 February 2008	1 February 2018
–	–	1,500,000	1,500,000	6.6	9 June 2008	9 June 2018
–	–	36,000	36,000	5.25	11 July 2008	11 July 2018
18,527,000	**(172,500)**	**1,316,000**	**19,670,500**	**8.0**		

12. Other reserves (continued)

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.

The weighted average fair value and input assumptions made in applying the Black–Scholes pricing model are as follows:

	2008 Options Granted	2007 Options Granted
Fair value of options at measurement date (pence)	2.34 – 3.75	2.98 - 3.50
Share price at date of grant (pence)	5.25 - 8.625	8.50 - 11.875
Expected volatility	43%	25%
Option life	10 years	10 years
Expected dividends	nil	nil
Risk-free interest rate	3.0%	5.0%

13. Deferred tax assets and liabilities

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Deferred tax assets:				
Temporary timing difference arising on:				
Intangible assets	132,393	55,881	–	–
Employee termination benefits	1,436	446	–	–
Provisions	16,491	–	–	–
	150,320	**56,327**	**–**	**–**
Deferred tax liabilities:				
Temporary timing difference arising on tangible and intangible assets	(10,566)	(33,843)	–	–
Net deferred tax asset	**139,754**	**22,484**	**–**	**–**

The deferred tax asset and liability arise in Stratex Madencilik Sanayi Ve Ticaret Ltd. Sti.

14. Trade and other payables

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Trade payables	11,943	29,342	9,737	19,160
Amounts due to related parties and employees	8,117	14,677	8,117	11,855
Social security and other taxes	41,924	18,728	8,475	6,963
Accrued expenses	22,948	11,264	10,270	8,265
At 31 December	**84,932**	**74,011**	**36,599**	**46,243**

15. Expenses by nature

	2008 £	2007 £
Employee benefit expense (note 17)	549,016	509,739
Fees paid to related parties (note 22)	23,770	60,303
Consultant geologist services	98,526	93,465
Depreciation, amortisation and impairment charges (see note)	14,579	125,643
Other expenses	601,883	481,504
Total cost of sales, distribution costs and administrative expenses	**1,287,774**	**1,270,654**

Note:
Depreciation charge for the year is £47,843 (2007:£18,908) of which £33,264 (2007: £4,994) has been treated as exploration and evaluation costs and has been capitalised.

16. Directors' remuneration

	2008 £	2007 £
Emoluments	245,597	196,328
Social security	33,675	17,440
	279,272	**213,768**

Remuneration of the highest paid director was £93,856 (2007: 77,273). The Company does not operate a pension scheme and no contributions were made to pension schemes during the year on behalf of the directors (2007: nil).

17. Employee benefit expense (including Directors)

	2008 £	2007 £
Wages and salaries	337,620	240,237
Social security costs	43,443	21,490
Share options granted to Directors and employees (note 12)	160,592	243,909
Employee benefits in kind	3,140	3,107
Employee termination benefits	4,221	996
	549,016	**509,739**
Number of employees including directors	17	15

Employee termination benefit relates to the Group company Stratex Madencilik Sanayi Ve Ticaret Ltd Sti and has been calculated using the projected unit credit method.

The share based payment charge for key management personnel was £142,266.

18. Finance income

	2008 £	2007 £
Interest income on short-term bank deposits	274,735	247,014

19. Income tax expense

Analysis of tax charge	2008 £	2007 £
UK Corporation tax charge for the year	–	–
Foreign Tax		
Current tax charge for the year	(20,867)	–
Deferred tax credit for the year	106,987	3,559
Tax on losses for the year	86,120	3,559

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 £456,263 in respect of losses amounting to £1,629,511 that can be carried forward against future taxable income.

Reconciliation of current tax	2008 £	2007 £
Loss before income tax	(995,203)	(1,029,318)
Current tax credit at 28% (2007:30%)	(278,657)	(308,795)
Effects of:		
Expenses not deductible for tax purposes, timing differences	124,199	72,142
Tax losses carried forward - Turkish	–	68,957
Tax losses carried forward - UK	133,591	167,696
Total current tax	(20,867)	–

20. Loss per share

Undiluted

Undiluted loss per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2008 £	2007 £
Loss attributable to equity holders of the Company	909,083	1,025,759
Weighted average number of ordinary shares in issue	234,189,609	200,490,050
Basic loss per share (pence per share)	(0.39)	(0.51)

No diluted loss per share is presented as the effect on the exercise of the options would be to decrease the loss per share.

A total of 19,670,500 share options were outstanding at the year end that could potentially dilute the earnings per share in future.

21. Cash used in operations

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Loss before income tax	(995,203)	(1,029,318)	(641,753)	(708,286)
Adjustments for:				
— Issue of share options	160,592	243,909	160,592	243,909
— Depreciation	47,843	18,908	8,230	6,410
— Write off exploration projects	–	118,001	–	–
— Interest income on short term bank deposits	(274,735)	(247,014)	(274,730)	(246,949)
— Interest income on intercompany indebtedness	–	–	(133,272)	(75,561)
— Foreign exchange movements on operating activities	(9,855)	57,292	–	–
Changes in working capital (excluding the effects of exchange differences on consolidation)				
— Trade and other receivables	(220,685)	(379,022)	36,606	(49,551)
— Trade and other payables	(7,041)	8,652	(9,644)	(12,977)
Cash used in operations	**(1,299,084)**	**(1,208,592)**	**(853,971)**	**(843,005)**

22. Related party transactions

The Company had the following transactions with related parties other than Directors.

Bob Foster Associates Limited provides certain administration services to the Company and Dr. Bob Foster is a director and shareholder of both companies. During the year £21,270 (2007: £26,124) was charged for the provision of services to the Company. As at 31 December 2008 £2,067 (2007: £2,351) was owed to Bob Foster Associates Limited.

Jamesford Management Consulting Limited provided consultancy services to the Company. Paul Foord is shareholder in Jamesford Management Consulting Limited and was a Non Executive Director in the Company up until 20 February 2008. During the year £2,500 (2007: £24,131) was charged for the provision of services to the Company. Nothing was owed to Jamesford Management Consulting Limited as at 31 December 2008 (2007: £5,833).

During the year Teck Cominco Arama ve Madencilik Sanayi Ticaret A.S. (TCA) has paid £395,814 (2007: £107,637) to Stratex Madencilik Sanayi Ve Ticaret Ltd Sti under the terms of the Konya Option Agreement dated 30 June 2007. TCA is a significant shareholder in the Company and is the wholly owned subsidiary of Teck who is a significant shareholder in the Company and party to the Strategic Alliance Agreement.

The Directors consider that there is no ultimate controlling party.

23. Subsidiary companies

	Country of incorporation	Class of share	% held
Stratex Exploration Ltd	UK	Ordinary	100
Stratex Madencililk Sanayi Ve Ticaret Ltd. Sti.	Turkey	Ordinary	100

23. Subsidiary companies (continued)

Investments

	Company 2008 £	Company 2007 £
Cost of shares in subsidiary company	1,000,000	1,000,000
Loans to group entity	2,576,717	1,376,545
Total	**3,576,717**	**2,376,545**

Investment in Group undertakings are stated at cost.

24. Contingencies and capital commitments

The Group has no contingent liabilities or capital commitments.

25. Post balance sheet events

No material events have occurred after the balance sheet date.

26. Parent company profit and loss account

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company loss for the year was £641,753 (2007: £708,286).

The movements in accumulated losses during the year were as follows:

	£
Balance at 31 December 2007	(1,183,951)
Loss for year	(641,753)
Share options exercised and forfeited	47,887
Balance at 31 December 2008	**(1,777,817)**

Notice of Annual General Meeting

The Annual General Meeting of Stratex International plc will be held at the offices of Hanson Westhouse LLP, One, Angel Court, London, EC2R 7HJ on 29 April 2009 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 2008.

2 To re-elect Mr David Hall who has retired by rotation

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

4 THAT the Directors of the Company be and hereby generally and unconditionally authorised and empowered in accordance with section 80 of the Companies Act 1985 ("the Act") to allot any relevant securities (as defined in section 80(2) of the Act) of the Company up to an aggregate nominal amount of the authorised but unissued share capital of the Company to such persons at such times and on such terms as they think proper, such authority to expire (unless previously renewed, varied or revoked by the Company in General Meeting) at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or if sooner 15 months after the date of this resolution, save that the Company may prior to such expiry make any offer or such agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement notwithstanding the expiry of the authority given by this resolution and so that all previous authorities of the Directors pursuant to Section 80 of the Act be and they are hereby revoked.

Special resolutions

5 THAT, subject to and conditional upon the passing of resolution (4), the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94 of the Act) in the capital of the Company for cash pursuant to the authority conferred on them in accordance with Section 80 of the Act by resolution 4 as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £1,000,000 and shall expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution (or if sooner 15 months after the date of this resolution), save that the Company may prior to such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

6 THAT with effect from the passing of this resolution the amended Articles of Association contained in the document produced to the meeting and signed by the Chairman for the purposes of identification be and are approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

By order of the Board

P C Ashwood
Company Secretary
9 March 2009
212 Piccadilly
London, W1J 9HG

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 27 April 2009.

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 7BR, 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 apply 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 29 April 2009 until the end of the meeting:

a. the auditor's consolidated accounts of the Company for the financial period ended 31 December 2008;

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

c. the proposed amended Articles of Association of the Company, proposed to be adopted pursuant to Special Resolution 6.

Corporate Information

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

Secretary
P C Ashwood

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London
W1J 9HG
United Kingdom

Company number
5601091

Turkey Office
Stratex Madencilik Sanayi ve Ticaret Ltd. Sti.
Iran caddesi No 53/6
G.O.P. Ankara
Turkey

Bankers
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Slough
Berkshire, SL1 1DH

Solicitors
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2 Stone Buildings
Lincolns Inn
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Littlejohn
1 Westferry Circus
Canary Wharf
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Joint Brokers:
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Nominated advisor
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