

Regulatory Announcement

[Go to market news section](#)



Company	Stratex International PLC
TIDM	STI
Headline	Interim Results
Released	07:01 30-Jul-07
Number	0549B

RNS Number:0549B
 Stratex International PLC
 30 July 2007

Stratex International Plc / Index: AIM / Epic: STI / Sector: Mining

30 July 2007

Stratex International Plc, ('Stratex' or 'the Company')

Interim Results

Stratex International Plc, the AIM-quoted international exploration and development company currently focusing on gold and base metal opportunities in Turkey, announces its results for the period ended 30 June 2007.

Overview

- Continued to build on early successes in Turkey, with strategic control over a major emerging gold belt
- Advanced flagship Inlice gold discovery to an initial mineral resource estimation of 372,971 contained ounces of gold
- Continuing exploration on the Inlice property with further drilling and the completion of prospect-wide soil geochemistry and ground geophysics surveys
- Strategic partners, Teck Cominco Limited, optioning Altintepe gold project near the Black Sea coast
- Defined gold-silver mineralisation present at Altintepe in large zone of alteration extending over an area in excess of 8 sq km
- Advanced strategic association with Teck Cominco through earn-in into three further projects to fast-track exploration and identification of drilling targets in the Konya Volcanic Belt
- Raised £7 million following an oversubscribed new share placing in early June 2007
- Strengthened technical team to support growing portfolio with appointment of two senior Turkish geologists
- Well positioned to respond to demand of majors looking to grow resource bases

Stratex CEO Bob Foster said, "This has been a great six months for Stratex as it continues to develop its extensive portfolio of exploration assets in Turkey. A gold resource has been declared at our flagship Inlice discovery and we have secured Teck Cominco's agreement to fund the next steps of the Konya exploration programme; we have optioned the exciting Altintepe gold project from Teck Cominco; we have commenced drilling the Muratdere porphyry prospect; and we have secured substantial funding that will allow us to fast-track exploration of the other licence areas in our excellent portfolio."

Chairman's statement

The first half of 2007 has been an excellent one for your Company as we have

continued to build on our early successes in Turkey, where we have strategic control over a major emerging gold belt which we believe has multi-million oz potential.

During the period we advanced the flagship Inlice gold discovery to an initial mineral resource estimation of 372,971 contained ounces of gold in May. This resource relates to only a small area of the prospect (the Ana Zone) and as we drill the prospect, we believe this resource estimate has the potential to be increased significantly. Importantly, the discovery rate and cost at Inlice of, 97 ounces per metre drilled and an overall discovery cost of less than US\$2 per ounce is something we are very proud of.

We are continuing our exploration on the Inlice property with further drilling and also the completion of prospect-wide soil geochemistry and ground geophysics surveys. Completion of the ground geophysical surveys will enable us to determine whether the extensive soil-covered areas of the prospect are concealing gold-bearing material similar to the gold-rich silica ledge identified beneath the "Gap" portion of the Ana Zone. We have already commissioned environmental baseline studies and further metallurgical tests on the gold-bearing material as part of a scoping study of the economics of exploitation. As we evaluate the resource further, we intend to deliver regular news on the project.

The second major event of the year to date was agreeing, with our strategic partners Teck Cominco Limited, the optioning of the exciting Altintepe gold project near the Black Sea coast. We have already reviewed in detail the existing drill core from the project in tandem with leading consultant Dr. Richard Sillitoe and as a result have defined gold-silver mineralisation as being present in a very large zone of alteration extending over an area in excess of 8 square kilometres. The mineralisation consists of juxtaposed high-sulphidation silica zones similar to Inlice and intermediate-sulphidation quartz veins that tend to contain higher concentrations of gold. We are confident that we have been able to put the existing defined resource, estimated by Teck Cominco, of 311,543 ounces of gold, into a coherent geological model that will drive our exploration of the property. In addition, there is also geological evidence to suggest the potential for the discovery of porphyry gold-copper mineralisation.

Post reporting period we announced the advancing of the strategic association with Teck Cominco which I believe is a strong endorsement of the greater potential of the Konya Volcanic Belt that hosts Inlice and numerous other exciting targets. The Inlice project, being well advanced, has been excluded from the agreement, although Teck Cominco retains the right to earn-back in, once Stratex has expended US\$2.5 million. The Konya Volcanic Belt hosts a number of lithocaps, confirmed following exploration work conducted by Stratex for a cost of circa £100,000. This deal potentially values the project at £3 million and advances the strategic association considerably, allowing Teck Cominco to earn back into a further three projects. Exploration and Development ('E&D') is about adding value. Rather than expending US\$2.5 million on three projects before reaching the exercise point, this deal has allowed your Company to achieve an uplift in value for far less expenditure, while remaining exposed to the high upside potential of the project.

We will work closely with Teck Cominco in applying state-of-the-art airborne geophysics and more importantly their high level of in-house processing and interpretation expertise. We are also applying regional minus 200 mesh stream sediment sampling, to integrate with the geophysics, to achieve rapid target identification. In addition, we have agreed to a 1,000 metre reconnaissance drill programme at Doganbey, which will add to our geological understanding and porphyry potential of the belt.

However more importantly, this agreement allows your Company to focus on where it can achieve maximum added value in the short and medium term - resource

drilling at Inlice and Altintepe and definition of porphyry grade at Muratdere.

Last but not least, it is clear that our successes in making new discoveries and adding value in this critical E&D business is being recognised by the market place. We raised £7 million following an oversubscribed new share placing in early June, to enable us to fast-track the quality portfolio put together by our technical team. We believe that this reflects the market's acceptance of our two-pronged business model:

- (i) that Stratex is a true E&D company that adds value at the low-cost end of the resource sector; and
- (ii) that significant discoveries will be recognised by our strategic partner (Teck Cominco), which has the capability to accept the increased financial exposure and technical risk to take the projects through feasibility and into production. If a new discovery does not have the potential to meet the grade/tonnage criteria that fits Teck Cominco's corporate vision, then there is a large number of other resource-hungry mid-tier mining companies ready and waiting to take on new mining opportunities.

We are adding to our excellent technical team led by Bahri Yildiz in Turkey in order to support our growing portfolio. In line with this, we have just recruited two senior Turkish geologists with excellent exploration credentials to assist with managing our exploration programmes.

Having firmly established ourselves in Turkey, we now plan to look at new areas outside the country where your management believes it can repeat its early successes. This of course will not be a simple task. Areas of genuine geological potential that also have favourable logistical and legal/fiscal regimes are a challenge. However, working with our strategic partners Teck Cominco, we are diligently reviewing where and how Stratex can best operate and achieve rapid success. Rest assured, however, that our major focus will remain on Turkey and on taking forward the excellent projects already established in our portfolio.

As we enter the second half of 2007, the strong demand for metals continues. I believe this is not a boom-or-bust cycle. The continuing consolidation of companies within the mining sector is very much a reflection of their need to grow their resource base. However the bottom line is that new discoveries of gold, silver, zinc, copper, and nickel deposits are urgently needed to supply this continuing and increasing demand. Stratex is extremely well positioned with its current discoveries and portfolio to respond to this demand, and has the funds and vision to develop new ideas and projects - the lifeblood of the mining business.

I would like to thank wholeheartedly my fellow board members and management of the Company for their superb efforts and, most importantly, you the shareholder for your continuing support for Stratex.

David J. Hall
Chairman
30 July 2007

Consolidated Income Statement

	6 months to 30 June 07 Unaudited £	6 months to 30 June 06 Unaudited £	Restated 12 months to 31 December 2006 Audited £
Turnover	-	-	-
Other operating expenses	(573,605)	(255,803)	(652,474)
	-----	-----	-----

Loss from operations	(573,605)	(255,803)	(652,474)
Finance income	43,809	28,726	66,351
	-----	-----	-----
Loss from ordinary activities before tax	(529,796)	(227,077)	(586,123)
Tax credit on profit on ordinary activities	-	-	16,158
	-----	-----	-----
Retained loss for the period attributable to shareholders	(529,796)	(227,077)	(569,965)
	-----	-----	-----
Loss per share - basic and diluted	(0.33)p	(0.17)p	(0.40)p

Consolidated balance sheet	30 June 07 Unaudited £	30 June 06 Unaudited £	Restated 31 December 06 Audited £
ASSETS			
Non-current assets			
Property, plant & equipment	47,252	16,594	27,961
Intangible assets	1,268,849	205,283	731,701
Trade and other receivables	67,912	23,842	41,457
Deferred tax assets	17,075	-	16,151
	-----	-----	-----
	1,401,088	245,719	817,270
	-----	-----	-----
Current assets			
Trade and other receivables	192,593	11,729	140,550
Bank balances and cash	7,425,210	1,337,011	1,563,170
	-----	-----	-----
	7,617,803	1,348,740	1,703,720
	-----	-----	-----
Total assets	9,018,891	1,594,459	2,520,990
	-----	-----	-----
EQUITY & LIABILITIES			
Equity			
Issued capital	2,335,669	1,374,000	1,536,167
Share premium account	8,151,326	1,166,060	2,101,342
Other reserves	(219,423)	(541,151)	(368,012)
Accumulated losses	(1,346,732)	(461,454)	(816,936)
	-----	-----	-----
	8,920,840	1,537,455	2,452,561
	-----	-----	-----
Non-current liabilities			
Employee termination benefits	1,218	-	1,152
Deferred tax liabilities	626	-	593
	-----	-----	-----
	1,844	-	1,745
	-----	-----	-----
Current liabilities			
Trade and other payables	96,207	57,004	66,684
	-----	-----	-----
	96,207	57,004	66,684
	-----	-----	-----
Total equity and liabilities	9,018,891	1,594,459	2,520,990
	-----	-----	-----

Consolidated Statement of Changes in Equity

	Share Capital £	Share Premium £	Merger Reserve £	Shares under option £	Accumul- ated loss £	Translation reserve £	Total £
As at 1 January 2007 as previously stated	1,536,167	2,170,743	(485,400)	14,304	(733,997)	(49,256)	2,452,561
Share options - value of employee services	-	-	-	82,939	(82,939)	-	-
Share options - expenses of share issue	-	(69,401)	-	69,401	-	-	-
As at 1 January 2007 as restated	1,536,167	2,101,342	(485,400)	166,644	(816,936)	(49,256)	2,452,561
Issue of ordinary shares	799,502	6,309,122	-	-	-	-	7,108,624
Share options - value of employee services	-	-	-	117,922	-	-	117,922
Share options - value of shares issued	-	36,571	-	(36,571)	-	-	-
Costs of share issue	-	(295,709)	-	-	-	-	(295,709)
Consolidated loss for the period	-	-	-	-	(529,796)	-	(529,796)
Movement on translation reserve	-	-	-	-	-	67,238	67,238
As at 30 June 2007	2,335,669	8,151,326	(485,400)	247,995	(1,346,732)	17,982	8,920,840

Consolidated cash flow statement

	6 months to 30 June 07 Unaudited	6 months to 30 June 06 Unaudited	Restated 12 months to 31 December 2006 Audited
--	--	--	---

£ £ £

Cash inflow from operating activities

Loss before tax	(529,796)	(227,077)	(586,123)
Interest income	(43,809)	(28,726)	(66,351)
Depreciation	6,742	2,555	4,600
Employee services for grant of share options	117,922	12,594	97,243
Exchange (loss)/gain	7,913	(17,673)	(5,504)
	-----	-----	-----
Operating loss before changes in working capital	(441,028)	(258,327)	(556,135)
(Increase)/decrease in other receivables and prepayments	(78,498)	7,139	(139,297)
Increase in trade payables	29,588	22,336	33,168
	-----	-----	-----
Net cash outflow from operating activities	(489,938)	(228,852)	(662,264)
	-----	-----	-----
Cash flows from investing activities			
Purchase of intangible assets	(480,333)	(163,275)	(644,592)
Purchase of property, plant and equipment	(24,413)	(17,625)	(30,612)
Interest received	43,809	28,726	66,351
	-----	-----	-----
Net cash used in investing activities	(460,937)	(152,174)	(608,853)
	-----	-----	-----
Cash flows from financing activities			
Proceeds from the issue of shares	6,812,915	1,540,060	2,656,310
	-----	-----	-----
Net cash inflow from financing activities	6,812,915	1,540,060	2,656,310
	-----	-----	-----
Net increase in cash and cash equivalents	5,862,040	1,159,034	1,358,193
Cash and cash equivalents at the beginning of the period	1,563,170	177,977	177,977
	-----	-----	-----
Cash and cash equivalents at the end of the period	7,425,210	1,337,011	1,563,170
	-----	-----	-----

Notes to the unaudited financial statements

1. General information

The principal activity of Stratex International plc ('the Company') and its subsidiaries (together 'the Group') is base metal exploration and development. The Company completed a listing on AIM on 4 January 2006.

The address of its registered office is 212 Piccadilly, London, W1J 9HG.

2. Financial information

The financial information set out above does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. It has been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS). The accounting policies applied in preparing the financial information are consistent with those that have been adopted in the Group's 2006 statutory accounts.

The financial information for the 6 months ended 30 June 2007, the 6 months ended 30 June 2006 has not been audited.

3. Accounting policies

A summary of the principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

Basis of preparation

This financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and IFRIC interpretations. The financial information has been prepared under historical cost convention.

The preparation of this financial information 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 information 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.

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 enterprises are eliminated on consolidation.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Foreign currency translation

- 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.

- 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.

- 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:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- 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
- 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.

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 explore topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Exploration and evaluation asset 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.

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 Company has decided to discontinue such activities at that unit, the associated expenditures will be written off to the Income Statement.

Share based incentives

The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. 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.

4. Dividends

No dividend is proposed for the period.

5. Loss per share

The calculation of loss per share is based on a retained loss of £529,796 for the period ended 30 June 2007 (30 June 2006: £227,077; 31 December 2006: £569,965) and the weighted average number of shares in issue in the period 30 June 2007 of 160,127,317 (30 June 2006: 137,400,000; 31 December 2006: 142,811,781). There is no difference between the diluted loss per share and the loss per share shown.

The number of shares used to calculate the loss per share for the period ended 30 June 2005 is based on the 100,000,000 shares, which were issued as part of the business combination, weighted in accordance with the dates of issue of the underlying shares which were exchanged.

6. Restatement in prior period

The amounts previously reported as at 31 December 2006 have been restated in respect of share based payments to employees and for certain expenses in relation to the issue of shares. In carrying out the initial calculation, certain information was incorrectly applied and this has given rise to the restatement.

The correction of this is reflected in operating expenses, share premium and accumulated reserves of 31 December 2006.

Independent review report to the Directors of Stratex International plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement and the related notes to the accounts and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the Company for the purpose of the AIM Rules of the London Stock Exchange and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the AIM Rules of the London Stock Exchange which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the annual accounts except where any changes, and the reasons for them, are disclosed.

Review Work Performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4; the review of interim financial information issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

CLB Littlejohn Frazer
Chartered Accountants
1 Park Place
Canary Wharf
London E14 4HJ

* * ENDS * *

For further information please visit www.stratexinternational.com or contact:

David Hall	Stratex International Plc	Tel: +44 (0)20 7830 9650
Bob Foster	Stratex International Plc	Tel: +44 (0)20 7830 9650
Anita Ghanekar	Hanson Westhouse Limited	Tel: +44(0)20 7601 6100
Hugo de Salis	St Brides Media & Finance Ltd	Tel: +44 (0)20 7242 4477

This information is provided by RNS

The company news service from the London Stock Exchange

END

Close

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2007 London Stock Exchange plc. All rights reserved