

Client: Stratex International
Source: Investors Chronicle (Main)
Date: 16 November 2007
Page: 34
Circulation: 34919
Size: 177cm2
AVE: 1630.17

mining

STRATEX INTERNATIONAL (STI)



THE SEARCH FOR NEW METALS TO MINE IS stretching into the far corners of the globe these days as firms start digging under retreating glaciers in Greenland and sifting the streams of the Falkland Islands. And though not an especially prominent mining address, Turkey is shaping up well as a place for miners to do business.

There are already several large mining firms in Turkey, and several large mines, too. If Stratex has its way, there'll be a few more before too long. It has entered into a partnership with North American giant Teck Cominco, and is working up several promising targets in the centre and north of the country. Foremost among these are the Altintepe project to the north, and the Inlice project further south. Together, these two prospects have already delivered a resource base of nearly 700,000 ounces of gold to Stratex.

That's a nice solid foundation from which to work off, but chairman David Hall has much bigger ambitions. His aim is for Stratex

to deliver up several properties with at least 2m ounces each. It's a slightly arbitrary number based on an old calculation in which the price of gold was estimated at just \$500. At that price, 2m ounce resources could be given a back of the envelope valuation of \$1bn (£482m) – a nice pitch to take to the market.

Gold might well drop to \$500 by the time Stratex is up and mining, as the company is still years away from first production. On the other hand, at its current level at around \$800, if Mr Hall can deliver the ounces he's hoping for he'll be talking about a lot more than \$1bn. Heady stuff, but of course those numbers don't take any account of the cost of mining, and Stratex is still some way off its target in any case. Even so, the currently booked ounces were delivered from a standing start in a relatively amount space of time. So, with Stratex opening up more and more of its new Konya gold district every day, it looks like there'll be plenty more ounces to come. **Buy.**

BULL POINTS

- Good-looking exploration portfolio
- Decent track record
- Strong joint-venture partner

BEAR POINTS

- Shares difficult to trade
- Production still some years away

STRATEX		10p		
Aim				
OND PRICE: 10p	MARKET VALUE: £24m			
TOUCH: 10-10.25p	12-MONTH HIGH: 12p LOW: 7p			
DIVIDEND YIELD: nil	PE RATIO: na			
NET ASSET VALUE: 3.0p*	NET CASH: £7.4m			
*including intangible assets of \$1.27m, or 0.5p a share				
YEAR TO 31 DEC	TURNOVER (£M)	PRE-TAX PROFIT (£000)	EARNINGS PER SHARE (P)	DIVIDEND PER SHARE (P)
2005	-	-247.0	-0.3	nil
2006	-	-503.2	-0.3	nil
% change	-	-	-	-
Normal market size: 10,000		Market makers: 5		Beta: 0.3
Last IC view: Buy, 10.4p, 1 Jun 2007				