

Stratex basks in Turkish sunshine

OCTOBER heat and sunshine are always good for the morale and there was plenty of both on offer as part of a Stratex International site visit to Turkey.

While the weather and Turkish hospitality kept visitors cheerful, there appeared to be lots for Stratex to smile about as it provided updates on its partnership with the Canadian major Teck Cominco Ltd (TCL) and on its Inlice and Doğanbey prospects, both of which are located in what is now considered the highly prospective Konya Volcanic Belt in western Turkey.

Drilling at the Doğanbey prospect



Following a £7 million fund raising in June – before the market correction – and the continuing strategic partnership with TCL, which will spend US\$1 million on Stratex's Konya programme over the next year, the company appears to be well-placed by any standards. Add to this the location of its key projects, Turkish infrastructure, local management and, perhaps most important of all, the quality and enthusiasm of the senior team and it is not difficult to see why investors – certainly those spoken to by WMS on

the site visit – remain committed to the company.

In a country where mining dates back to 7000 BC,

there is good reason to get excited about a new high-sulphidation gold discovery like Inlice, which

“Stratex will maintain its focus on exploration, seeking to build its resource at Inlice and Doğanbey as well as developing other prospects in Turkey”

somehow failed to attract past attention and where the company has already defined a JORC-compliant initial gold resource of 372,971 oz. Multiple new targets at Inlice and in the surrounding area look likely to move things on and up towards (and beyond) the 2 Moz mark. Considering the company's unexplored, 100%-owned slice of the Konya Belt, it is easy to see why Teck Cominco is a) expressing itself very happy

with progress and the relationship so far; and b) thinks it very likely that further investment will be forthcoming for the next phase.

“They are interested in us because we can bring projects onto their radar,” is how Stratex's ebullient

THE TEAM

DAVID HALL Executive chairman

David Hall is a graduate in geology from Trinity College Dublin and holds a Masters in mineral exploration from Queens University, Ontario. He has 25 years' experience in the exploration sector and has worked on and assessed exploration projects and mines in over 40 countries, including Turkey, where he worked for over four years. He is a founder and non-executive of GoldQuest Mining Corp, a TSX-listed company that has strategic partnership with Gold Fields in the Dominican Republic. He is also non-executive chairman of Horizonte Minerals plc. He founded Stratex in 2004.



BOB FOSTER CEO

Bob Foster has 33 years' experience as a professional economic geologist in exploration, mining, and applied academic posts and has worked in Europe, Central Asia, North and South America, and throughout Africa. Following ten years in the mining industry in Rhodesia, he joined Southampton University in 1984 where he subsequently devoted more than 15 years to lecturing and managing a large applied research group. He has undertaken numerous consultancy projects and prior to joining Stratex was minerals manager for Exploration Consultants Ltd.



BAHRI YILDIZ General manager, Turkey

Bahri Yildiz is a Turkish national and geology graduate of the Middle East Technical University. He began his career in 1980 with the government's General Directorate of Mineral Research and Exploration, where he spent ten years managing a wide range of projects relating to exploration. This was followed by three years as exploration manager with Yurttaşlar Madencilik before he joined Dardanel Madencilik, the Turkish subsidiary of Inco. During his final four years there, he was exploration manager. Following closure of the Turkish office, he became an independent consultant before joining Stratex in April 2005.



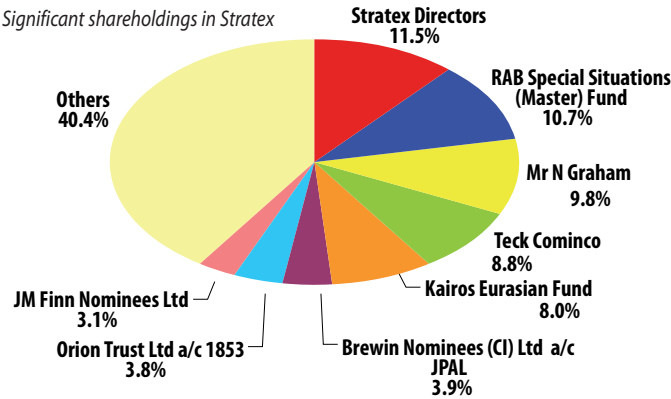
CEO Bob Foster sums it up. "They've got the technical and financial expertise to reduce our financial exposure and risk when a project reaches that stage." The stage in question, it seems, could be an indicated resource which tops the 2 Moz mark and would have TCL seriously considering the prospect of a mine.

According to TCL's exploration manager for Turkey, Tayfun Cerrah, the country's prospects are currently more important to them than those in either Chile or Peru – one reason why it will invest US\$20 million in Turkey this year with Konya remaining an important part of the equation.

While Inlice and its silica zones and surrounding alteration are impressive, so too are those at nearby Doğanbey where Stratex and TCL are currently drilling the first three holes on this porphyry gold-molybdenum prospect and where new targets are likely to emerge following an imminent (at the time of writing) airborne magnetic survey over the surrounding Konya Belt. "This will provide a geological framework," says chairman David Hall, "helping to highlight potential intrusions and focus our exploration."

Like Dr Foster, Mr Hall is an economic geologist who knows Turkey well, having previously worked in the country as exploration manager for South African company Minorco. He stresses both the importance of the strategic partnership which involves genuine plan-

Significant shareholdings in Stratex



ning and the sifting of opportunities in both directions and the value of Stratex's contribution as a specialist exploration company.

"There has been no major discovery of gold since the market picked up and the market needs to understand the importance of exploration," he says. "The lack of supply will ensure the price of gold remains high – even if demand falls off."

The upshot is that Stratex will maintain its focus on exploration, seeking to build its resource at Inlice and Doğanbey as well as developing other prospects in Turkey. Drilling has started, for example, at Muratdere, a porphyry copper-gold-molybdenum project to the west of Konya where the company will drill four to five holes before making a decision on whether to push forward

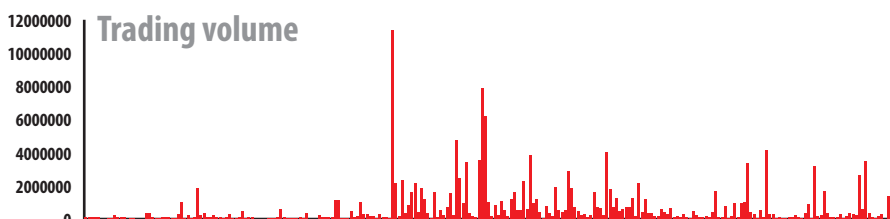
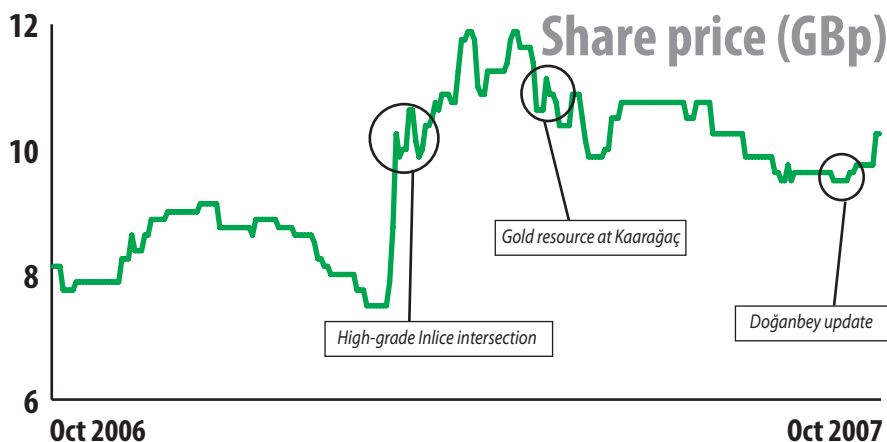
or seek a joint-venture partner. To the north-east and close to the Black Sea coast, the company is exercising a 100% option from TCL on Altintepe, where it can get a 100% earn-in by doing 5,000 m of drilling. "It gives us a base in a whole new mineral province," says Dr Foster. "Cominco, as it then was, did a substantial amount of drilling on the project in the late 1990s and around three years ago a signed-off resource (NI 43-101) of almost 312,000 oz was identified."

The company's financial strength – £7 million in the bank plus exploration funding from TCL – provides a springboard to look elsewhere, says Dr Foster. "We're not going to lose our focus on the Turkish assets

but we're just beginning to look elsewhere, including a look at some mineral-rich and politically 'sensible' jurisdictions in Africa." Like Turkey, Africa plays to the strengths of the Foster-Hall double act and in Dr Foster's case this includes 10 years in what was then Rhodesia and a resulting sound knowledge of the mineral potential and operating requirements for working in the under-explored continent. Looking ahead, "I'd like to think that we could widen our project portfolio in terms of mineral assets and country bases," says Dr Foster.

Turkey, though, remains the top priority and the target, ideally over the next couple of years or so, says Dr Foster, is to see Stratex start to share in some production success. "By 2009, I'd like to think that we've identified a major project and are working with Teck Cominco to take this forward to feasibility. As a company focused on the discovery of new projects and adding immediate value by drilling, we've got the best kind of pipeline. We're drilling at Inlice, Doğanbey, and Muratdere. We've got a resource in the ground at Altintepe and will shortly commence drilling on the property. And we also have new Konya-like areas under licence that we are beginning to evaluate, and that should generate new drill targets for 2008."

Tayfun Cerrah for one believes that Teck Cominco has every reason to bask in the warmth of this particular partnership.



VITAL STATISTICS

Name: Stratex International plc
Address: 212 Piccadilly, London W1J 9HG
Tel: +44 (0)207 830 9650
Fax: +44 (0)207 830 9651
E-mail: info@stratexplc.com
Website: www.stratexinternational.com

CONTACTS
Chief executive: Bob Foster
Tel: +44 (0) 207 830 9650
Executive chairman: David Hall
Tel: +44 (0)207 830 9650

SHARE INFORMATION
Listed: AIM
Ticker: STI
Market cap: US\$48 million
Shares in issue: 234.067 million
Net cash: £7 million
Shareholders: RAB Capital 13.9%, Teck Cominco 8.8%, Nick Graham 9.8%, Kairos Investment 7.1%, David Hall 5.4%, Brewin Nominees 3.9%, Orion Trust 3.8%, J M Finn Nominees 3.1%, Bob Foster 3%, Paul Foord 2.5%. As far as the management is aware, 11.5% of the shares are not in public hands and the free float is therefore 88.5%.