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Stratex International PLC
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Stratex International Plc

(“Stratex” or the “Company”)

Shareholder Requisition Update

Stratex International Plc, the AIM-quoted gold exploration and development company, provides the below update, further to the press release on 15 September 2017 in which the Company announced that it had received a valid notice from a group of investors (“Requisitioning Shareholders”) proposing resolutions to be considered at a general meeting.

The purpose of the resolutions proposed by the Requisitioning Shareholders is to consider the appointment of two new directors, David Hall and Paul Foord, both of whom are members of the Requisitioning Shareholders, in place of the current CEO and Chairman, and for the proposed merger with Crusader Resources Limited (“Crusader”) to be terminated. David Hall and Paul Foord are both former directors of Stratex, who each resigned from the board of the Company (the “Board”) some time ago to pursue other career opportunities.

David Hall is the CEO and Paul Foord the CFO of Thani Stratex Resources Limited (“TSRL”), in which the Company holds an ownership interest of approximately 30%. The Company's joint venture partner in TSRL is Thani Emirates Resources Holdings Limited, which is also one of the Requisitioning Shareholders.

Stratex and Crusader boards’ response to requisition

The Board does not welcome the proposed resolutions, considers them without merit and firmly believes that they are not in the best interest of the Company or its shareholders.

The principal concerns and proposed resolutions of the Requisitioning Shareholders would see the Company abandon its strategy of building a substantial gold producer and explorer, and revert to the previous strategy which focussed solely on early stage gold exploration with the subsequent sale of all or part of projects. Whilst this strategy historically enjoyed some early success, the Board believes that it failed to deliver long term value as demonstrated by the current depressed market value of Stratex.

The boards of both Stratex and Crusader remain fully committed to the proposed merger.

Stratex: creating a diversified gold explorer and near term producer

The Company has negotiated a transformational merger that will create a significant gold junior with a substantial resource base and a globally diversified project portfolio. The enlarged company would have a resource base of 3.2 Moz gold and assets in Brazil, Africa and Turkey across the entire spectrum of the development curve from early exploration to advanced stage development, providing a clear path to production and earnings. It is the Board’s belief that this strategy will set the Company apart from the large group of London-listed junior exploration-only companies, resulting in an improved capital markets profile and enhanced liquidity.

The Board believes that the incorporation of Crusader’s two gold projects at Borborema and Juruena adds highly prospective, low-risk and undervalued assets to the Stratex portfolio, with a clear and highly achievable path to near-term production and earnings. Borborema has an

established proven and probable ore reserve of 1.61 Moz gold and an estimated NPV of US\$120m (refer to Crusader's announcement of 24 July 2017). The Company's announcement on 7 September 2017 highlights the potential for the enlarged company to optimise significantly the Borborema gold project and extract the underlying and unrealised value inherent in the project. The Board intends the merger with Crusader to be the first stage in the transformation of Stratex into a company with funded development and producing assets.

Requisitioning shareholders' plans for Stratex

In July 2017, in his capacity as CEO of TSRL David Hall proposed to the Chairman of Stratex a transaction whereby Stratex would merge with TSRL. The Board rejected the proposal at the time and it is not, and has not since been, the intention of the Board to pursue any such proposal. It remains the view of the Board that a proposed merger with TSRL would have been the wrong route for Stratex, putting the Company on a path to continued focus on solely exploration assets.

It is the Requisitioning Shareholders' belief that greatest value accretion in the development cycle is when assets reach the point at which resources are converted to reserves. The Board believes that whilst historically this has been true in previous market cycles, the current market is attributing very little value to companies which are exploration-focussed.

Proposed Crusader merger: a route to realising market value for Stratex and Crusader shareholders

The Board believes that in the current market, the greatest growth in market value is exhibited by companies turning an exploration asset into a funded development and then producing asset, the strategy that Stratex is adopting via the Crusader merger. As a consequence, the Board expects to benefit from the premium at which producing mining companies currently trade when compared with exploration-focussed peers.

The Company's analysis suggests a significant disparity in attributed value between exploration and production companies:

- Exploration peers⁽¹⁾ currently trade at a median EV/Resource multiple of c.US\$15/oz and typically at depressed P/NAV multiples of <0.3x;
- Production peers⁽²⁾ currently trade at a median EV/Resource multiple of c.US\$44/oz and a median P/NAV multiple of 0.6x.

Delivering on the new strategy was a key criterion in the selection and composition of the current Board which has highly relevant experience. Following the acquisition of Crusader, the enlarged Company would be led directly by the Stratex management team and current CEO Marcus Engelbrecht, with the addition of Crusader's Brazilian expertise in-country.

Marcus Engelbrecht has a wealth of experience in leading global gold-miners, building and operating gold mines, and delivering shareholder value, having worked for BHP and grown London-listed Archipelago Resources into one of the largest gold mining companies by market capitalisation on AIM, before it was taken private in 2013. Peter Addison, Stratex's Chairman, would be Chairman of the enlarged company. Peter is an experienced company chairman and has been on the Board since 2008.

Stratex Board recommendation to Stratex shareholders

The Board strongly believes the proposed resolutions would deprive Stratex of the combined expertise and assets that it requires to transform the Company into a truly unique, London-quoted gold producer, as well as remove the potential value uplift from the acquisition of Crusader.

The Board has engaged fully with the shareholders of both Stratex and Crusader on the proposed merger and has received strong support from independent shareholders from both companies. As such, the Board intends to proceed with the transaction and, when the general meeting is convened by the Company, intends to strongly recommend all shareholders to vote against the proposed resolutions which are based upon a regressive approach to delivering value.

The date of the proposed general meeting will be announced shortly and further updates will be made as the Crusader merger progresses. Shareholders are advised to take no action at this time.

Marcus Engelbrecht, CEO of Stratex International, said:

“Whilst it is disappointing to have received this requisition, we remain convinced as a Board that the acquisition of Crusader is the right direction for the Company to take. This merger is in keeping with our long-term strategy of creating a substantial gold producer and explorer, with the near-term potential of Borborema providing a clear path to production and earnings, and potentially an opportunity to substantially increase Stratex’s valuation. The market today is focussed on development projects, production and cash flow and it is here where the greatest value accretion lies for the Company. We are confident that this acquisition will proceed, which we hope will put the Company on a path to become one of the premier junior mining companies on AIM.”

**** ENDS ****

Notes:

⁽¹⁾ Sources: Bloomberg, S&P Global Market Intelligence, company filings. Exploration peers: West African Resources, Orezone Gold Corporation, Thor Exploration, Ariana Resources, Goldstone Resources, Sarama Resources, African Gold Group, Carbine Resources, Azumah Resources. Resources are inclusive of reserves.

⁽²⁾ Sources: Bloomberg, S&P Global Market Intelligence, company filings. Producing peers: Resolute Mining, Highland Gold Mining, Guyana Goldfields, Alacer Gold, Pan African Resources, Petropavlovsk, Perseus Mining, Golden Star Resources, Teranga Gold, Asanko Gold, Avesoro Resources. Resources are inclusive of reserves.

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Notes to Editors:

Since listing in 2006, Stratex has discovered more than 2.2 million ounces of gold and 7.09 million ounces of silver, as well as 186,000 tonnes of copper. The Company owns 15% of a copper-gold project at feasibility stage and an exciting exploration project in Senegal. The Company also has significant interests in Goldstone Resources Ltd, Thani Stratex Resources Ltd and Tembo Gold Corp. for their exploration projects in Ghana, Djibouti and Egypt, and Tanzania respectively.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

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