

Stratex International plc / Index: AIM / EPIC: STI / Sector: Mining

**Stratex International plc**

("Stratex" or the "Company")

**Proposed Acquisition of Crusader Resources Limited**

Stratex International plc, the AIM-quoted gold exploration and development company is pleased to announce that it has signed a non-binding Heads of Agreement ("Agreement" or "HoA") to acquire the entire issued and to be issued share capital of ASX listed Crusader Resources Limited ("Crusader") by way of an Australian Scheme of Arrangement on a share exchange basis (the "Proposed Transaction"). Any acquisition will be contingent on, *inter alia*, the completion of successful due diligence, the agreement of definitive offer documentation and court, regulatory and shareholder approvals, and re-admission of Stratex's enlarged issued share capital to trading on the AIM market of the London Stock Exchange ("AIM").

**Key Highlights:**

- Stratex has signed a non-binding Heads of Agreement to acquire the entire issued and to be issued share capital of Crusader. Listed on the Australian Stock Exchange (ASX:CAS), Crusader is a specialised mineral producer focussed on precious metals and bulk commodities in Brazil with more than 12 years of experience of operating in the country;
- Crusader has two advanced gold projects in Brazil, Borborema and Juruena, with combined JORC-compliant resources of 2.7Moz Au, as well as the Posse Iron Ore Mine;
- Under the Agreement, Crusader shareholders will be entitled to receive 6.60 Stratex ordinary shares of 1 pence each ("Ordinary Shares") for every Crusader share held (the "Exchange Ratio") on the basis of deemed share prices of 1.56 pence for Stratex, which is a 15 day volume weighted average price ("VWAP") as of market close on 17 May 2017, and A\$0.18 for Crusader, which values the total ordinary share capital of Crusader at approximately A\$54.2 million (being equivalent to £31.1 million);
- Immediately following the Proposed Transaction becoming effective, Crusader shareholders would hold approximately 81.0% of the enlarged company;
- The Board considers the Proposed Transaction to be value accretive for both companies' shareholders, and underpins Stratex's vision of becoming a near-term gold production and exploration company.

**Commenting on the transaction, Stratex's Chief Executive Officer, Marcus Engelbrecht, said:** *"We are delighted to have entered into this Agreement with Crusader which, if successfully implemented, will see Stratex acquire substantial and highly prospective gold projects to add to our already exciting asset portfolio. This development is aligned with our long-term strategy of becoming a significant gold production, development and exploration company, and we believe it has the potential to provide significant value to our shareholders and take us a step closer to operating highly deliverable gold mines."*

**Commenting on the transaction, Crusader's Chairman, Stephen Copulos, said:** *"We are very pleased to be exploring joining forces with Stratex as Marcus Engelbrecht and his team look to create a pre-eminent mid-tier gold producer, developer and explorer. The Proposed Transaction should, if implemented, provide for an uplift in value for Crusader shareholders and with Stratex's existing cash balance of over A\$12 million, funding to progress the Borborema and Juruena projects. The combined company will be able to leverage off its significant balance sheet, strong portfolio of gold development and exploration assets and highly regarded combined management team to move forward to project development in the near-term."*

#### **About Crusader Resources Ltd**

Crusader is a minerals exploration and mining company listed on the Australian Securities Exchange. Crusader has explored, developed and operated in Brazil for over 12 years; a country that it believes is vastly underexplored and which offers high potential for the discovery of world class mineral deposits within a favourable taxation regime.

#### **Borborema Gold Project**

The Borborema Gold Project is located in the Seridó area of the Borborema province in north eastern Brazil. It is 100% owned by Crusader and consists of three mining leases covering a total area of 29 km<sup>2</sup> plus freehold title to the property over the main prospect area. The project benefits from existing on-site facilities and excellent infrastructure and proximity to major cities.

In 2012, Crusader reported a JORC-compliant, Measured, Indicated and Inferred Resource of 2.43Moz @ 1.10 g/t Au, comprising a Proven and Probable Ore Reserve of 1.61Moz @ 1.18 g/t Au (0.4 & 0.5 g/t cut-offs for oxide & fresh ore). The Mineral Resource remains open in all directions.

#### **Juruena Gold Project**

The Juruena Gold Project is located in the highly prospective Juruena-Alta Floresta Gold Belt of central Brazil that extends east-west for more than 400km and has historically produced more than 7Moz of gold from 40 known gold deposits. Juruena has been worked by artisanal miners (garimpeiros) since the 1980's, producing an estimated 500Koz of gold to date. Since

acquiring 100% of the project in 2014, Crusader has completed more than 15,000 meters of diamond and reverse circulation (RC) drilling leading to a JORC-compliant Mineral Resource estimate of 1.3Mt @ 6.3 g/t for 261koz Au over three key prospects.

### **Posse**

The 100%-owned Posse Iron Ore Mine is located 30 km from Belo Horizonte within Brazil's world famous Iron Quadrilateral in Minas Gerais state. When open-pit mining began in March 2013, Posse contained an Indicated and Inferred Resource of 36Mt at 43.5% Fe.

For further information about Crusader, please visit Crusader's website at [www.crusaderresources.com](http://www.crusaderresources.com).

### **Details of the Heads of Agreement**

The Agreement is, for the most part, non-binding and there is no certainty that the parties will be able to agree the formal Scheme Implementation Agreement, or that the Proposed Transaction will proceed.

The HoA is binding in respect of the following material provisions:

- **Exclusivity:** The parties have entered into a binding 4 week period of exclusivity (subject to customary fiduciary and other carve outs) during which time they intend to conduct due diligence and negotiate final offer documentation.
- **Cost reimbursement:** If either party indicates it wishes to proceed with the Proposed Transaction on substantially the same terms as the HoA, and the other party decides not to proceed (other than by virtue of discovery, through due diligence, of information which, in the opinion of that party and acting reasonably, if announced, would be likely to have a material adverse impact on the fair value of the other party's shares), then the other party is obliged to reimburse that party's reasonable external costs incurred between the date of execution of the HoA and the date of termination of discussions between the parties, capped at A\$500,000.

Other standard provisions such as governing law (Western Australia), further action, and variations, are also binding.

### **Proposed Transaction Details**

The Proposed Transaction, if implemented, will be structured as a scheme of arrangement under the Corporations Act 2001 in Australia ("Scheme") and will be subject to court, regulatory and shareholder approvals (including Australian Foreign Investment Review Body approval, if applicable). The Proposed Transaction will also constitute a reverse takeover under the AIM Rules for Companies and will require, *inter alia*, the approval of Stratex shareholders and re-admission of Stratex's Ordinary Shares to trading on AIM. It is also intended that Stratex would consider the need to apply for a listing of depositary interests

representing Stratex shares ("Stratex CDIs") on the ASX. It is expected that Stratex's Ordinary Shares will continue to trade on AIM.

Both Stratex and Crusader acknowledge that the Scheme will be implemented through a Scheme Implementation Agreement which will contain customary conditions, terms, representations, warranties, and other conditions, as are typical for a transaction of this nature.

In addition, should a final offer be made by Stratex, the Proposed Transaction will be conditional upon, *inter alia*, the independent expert engaged by Crusader for the purposes of the Proposed Transaction providing a report to Crusader which concludes that the Proposed Transaction is in the best interests of Crusader shareholders.

### **Consideration**

Crusader currently has 301.1 million shares in issue. Stratex has 467.3 million Ordinary Shares in issue. On the basis of the Exchange Ratio, Stratex intends to issue a total of 1,988.1 million Ordinary Shares to Crusader shareholders as consideration for the Proposed Transaction. Therefore, immediately following the Transaction (and prior to any potential share consolidation or equity raising, and assuming that Stratex issues no further Ordinary Shares before the Proposed Transaction completes) there will be approximately 2,455.4 million Stratex Ordinary Shares or Stratex CDIs on issue.

The offer price of A\$0.18 per Crusader share represents:

- A premium of 56.5% over the closing price of Crusader Shares on 17 May 2017 of A\$0.115;
- A premium of 65.6% over the 15 day VWAP of Crusader Shares as of market close on 17 May 2017 of A\$0.109; and
- A premium of 68.9% over the 30 day VWAP of Crusader Shares as of market close on 17 May 2017 of A\$0.107.

Further, Crusader has 44.5 million options ("Crusader Options") in issue with various exercise prices and expiry dates. The outstanding Crusader Options will be exchanged for options over Stratex Ordinary Shares, issued on comparable terms. This will be effected by either option cancellation deeds entered into between Stratex and the holders of Crusader Options or a separate Crusader Options scheme of arrangement, as may be agreed between the parties in the Scheme Implementation Agreement.

### **Due Diligence**

The parties and their representatives will immediately undertake a targeted and confirmatory mutual due diligence on each other, and their respective group companies, assets and operations.

It should be noted that both Stratex and Crusader regularly review a range of opportunities to enhance their businesses through acquisitions, joint ventures and other combinations with companies, in line with their stated objectives and there can be no certainty at this point in time that the Proposed Transaction will proceed.

**\*\* ENDS \*\***

For further information please visit [www.stratexinternational.com](http://www.stratexinternational.com), email [info@stratexplc.com](mailto:info@stratexplc.com), or contact:

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#### **Notes to Editors:**

Since listing in 2006, Stratex has discovered more than 2.2Moz of gold and 7.09Moz 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.

#### **Important information**

This announcement is for information purposes only and not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

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Hannam and Partners (Advisory) LLP ("H&P"), which is authorised and regulated in the United Kingdom by the FCA, , are acting exclusively as financial adviser to Stratex and no one else in connection with the matters described in this announcement. In connection with such matters, H&P, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person other than Stratex for providing the protections afforded to clients of H&P or for

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**Overseas shareholders**

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**Cautionary Note Regarding Forward-Looking Statements**

This announcement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable securities laws, including, without limitation, as it relates to a potential merger between Crusader and Stratex, as well as certain expectations with respect to the same. Forward-looking statements can, but may not always, be identified by the use of words such as "may", "will", "potential", "intend", "would", "objective" and similar references to future periods or the negatives of these words and expressions. These statements, other than statements of historical fact, are based on management's current expectations, assumptions and estimates, which it believes are reasonable, but which are subject to a number of risks and uncertainties that could cause actual results and outcomes to differ materially, including risks associated with the entry into and consummation of a potential merger, ability to realise expected synergies and successfully integrate the companies in the event of a merger or other transaction, market and economic conditions, business prospects or opportunities, future plans and projections, technological and business developments, and regulatory trends and changes. Other applicable risks and uncertainties include those identified in filings and documents that Crusader and Stratex have made and may make publicly available. Investors are cautioned not to put undue reliance on forward-looking statements. Any forward-looking statement speaks only as of the date hereof, and neither Crusader nor Stratex undertake any obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

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