



4 April 2011

Price

7.13p

WESTHOUSE**BUY**

Target price

11p

Stratex International plc – Inlice FS details*Mining**Flash update –**Retain Buy recommendation***Key data**

Ticker	STI
Listing	AIM
No. of shares (m)	296.1
Market cap (£m)	21.1

Relative performance

Over:	1mn	3mn	12mn
Perf (%)	-5.4	-23.0	63.2

Price/AIM rebased to STI

Unless otherwise stated, all pricing in this report is from Fidessa, as of 1st April 2011.

Marketing communication

Westhouse Securities acts as nomad and broker to Stratex International

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Inlice – Feasibility Study

Stratex International plc (“Stratex” or “the Company”) has released details of the Feasibility Study at its Inlice project in Turkey. Total cash costs are estimated at \$412 oz, setting Stratex up to be a relatively low-cost gold producer, with Inlice due to enter production in mid 2012. Against that, the conversion of mineral resource to reserve was marginally below the Company’s expectation, although the potential to exploit additional resources remains.

Operational evaluation work is still being carried out, which would improve the economics of the project further. We retain our BUY recommendation and maintain our target price of 11p.

Key points

- Estimated total cash costs at \$412 oz; Stratex due to become relatively low-cost gold producer by mid 2012.
- Total mineral reserve of 629kt in-situ averaging 2.36g/t and 466kt of talus material (aka scree) averaging 0.79g/t for 59.6koz contained gold.
- Projected after-tax IRR at Inlice, with a \$1,100 oz gold price, is 22.9%.
- NTF Construction Co., Stratex’s JV partner at Inlice and Altintepe, has the ability to provide use of its mining fleet at Inlice which is projected to lead to an after-tax IRR of 36.9% at \$1,100 oz gold and 47.9% at \$1,200 oz gold.
- Metallurgical test work is yet to be carried out on the 164koz sulphide resource.
- Evaluation work is continuing to optimise the economics, including increasing the number of shifts to be employed to increase the effective operational capacity.
- The potential upside from a larger resource base and operational improvements are yet to be factored in.

Inlice is now owned and managed by NS Madencilik, in which Stratex has a 45% interest. The move to production should assist in the development of future projects. We retain our BUY recommendation.

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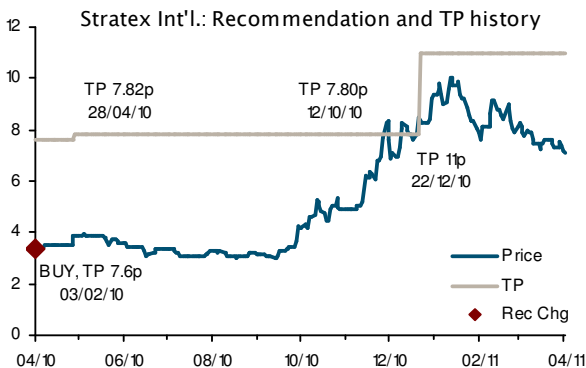
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Recommendation and target price history



SOURCE: Bloomberg, Westhouse Securities estimates.

Valuation basis

In attributing a value to Stratex International we have completed a sum-of-the-parts valuation utilising NPV calculations to proposed projects and value attributed to projects by JV partners' contributions to the project.

Risks to our valuation

Exploration is speculative and the announcement of a resource does not indicate that the resource is economic. Other risks include Currency risk and fluctuations in the gold price.

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BUY: Forecast absolute total return in excess of +15%.
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HOLD: Forecast absolute total return of between -5% to +5%.
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Equities recommendation breakdown: 31 Mar 2011	BUY	ACC.	HOLD	RED.	SELL
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Companies to which Westhouse has supplied investment banking services	94.7%	0.0%	5.3%	0.0%	0.0%