RNS Number: 2389M
Stratex International PLC
22 August 2013

Stratex International Plc
("Stratex" or "the Company")

Interim Results

Stratex International Plc, the AIM-quoted exploration and development company focused on gold and base metals in Turkey, East Africa and West Africa, announces its unaudited interim results for the six-month period ended 30 June 2013.

Operational highlights

Turkey

- Bahar Madencilik Sinayi ve Ticaret Ltd Sti ("Bahar") now vested at 55% in the Altıntepe project and has confirmed its decision to start production, subject to permits. On receipt of the Forestry Permit, Bahar confirms that construction will commence immediately.
- Initial production target has been identified at three million tonnes averaging 1.34 g/t Au, plus half million tonnes of low-grade material averaging 0.35 g/t Au, over 40 months.
- Lodos Maden Yatırım Sanayii ve Ticaret A.Ş. ("Lodos") now vested at 61% in the Muratdere project following completion of 7,900 metres of diamond drilling and the payment of US$500,000 to Stratex (please see press release dated 30 July 2013 for summary of drilling results).

East Africa

- Stage 2 drilling at Blackrock completed; anomalous gold intersected in every hole; vein continuity variable at depth. Discovery of new Saba Zone with grades of up to 33.70 g/t and 32.9 g/t Au from 50 cm-wide veins.
- New target area identified at Berahale with the potential for porphyry and skarn-style mineralisation.
- Drilling to start in Q4 of this financial year at Megenta as part of the Afar Project.

West Africa

- Initial drilling at Dalafin project completed with encouraging results (please see announcement from 25 July 2013 for summary of results). Stratex now has a 75% interest in the project.
- Work started at new project, North Suehn, in Liberia. Gold-in-soil anomaly >30 ppb Au identified over strike of at least 4.5 km.

Financial Overview

- Post-tax profit of £910,799 compared to the loss for the same period last year of £707,411.
- A gain of £2,083,977 recorded on the sale of the Inlice project.
- A gain of £396,019 on the transfer of 55% stake of the Altıntepe Madencilik project to Bahar.
- Cash balance of £14,992,545 at 30 June 2013, a 112% increase compared to the cash balance of £7,071,447 during the same period of last year.

Chairman's Statement

The first six months of 2013 have seen near paralysis in the market for exploration equity. More and more companies are seeing cash balances run down to dangerous levels and, in spite of rising interest in less traditional funding routes, the outlook shows no real signs of improvement.

Through a combination of foresight, good fortune and an appropriate business model, which has seen cash generated from three projects (Öksüt, Inlice and Muratdere), Stratex is finishing the half year with a very healthy cash balance of £15 million.

The Company recorded a post-tax profit of £910,799 compared with a loss of £707,411 in the first half of last year. This included a gain of £2,083,977 on the sale of our 45% interest in Inlice and a book profit of £396,019 resulting from the transfer of 55% of the Altıntepe project to Bahar Mining.

Exploration expenditure was £3 million in the first half of 2013 compared with £2.5 million in the same period in 2012 and £4 million for the full year. This primarily reflects major drill programmes in Senegal and Ethiopia as well as an increasing level of exploration expenditure as we strive to put our funds to good use.

Development of our first producing mine, Altıntepe in Turkey, continues to be delayed by the Forestry Permit process, which is similarly affecting all applicants, whether in mining or other sectors. Our partner, Bahar Mining, who now owns 55% of the project, has obtained environmental approval for the project after a successful public consultation, and remains confident of a six month construction period once the Forestry Permit is granted. The project, which will be fully funded by Bahar to first production, is planned to exploit approximately three million tonnes of oxide material averaging 1.34 g/t Au in the first phase of production over a 40 month period, plus about a half-million tonnes averaging 0.35 g/t Au. Additional resources are expected to be permitted and developed subsequently.

Activity has continued in all three hub regions to varying degrees which have been communicated via a series of regional updates in the past month. In particular, there has been notable success in West Africa with drilling confirming new positive intersection discoveries at three of five targets located within the Dalafin project in Senegal.

Overall, the Board has remained focused on identifying and structuring corporate opportunities that will benefit the Company by accelerating the usual exploration process. Negotiations continue on several fronts, the results of which will be announced when concrete progress is made. I am confident that our business strategy, backed by our financial resources, will enable us to succeed in meeting our objectives over the coming months.

Christopher Hall
Non-Executive Chairman
22 August 2013

Statement of Consolidated Comprehensive Income

	6 months to 30 June 2013 Unaudited	6 months to 30 June 2012 Unaudited
	£	£
Continuing operations		
Revenue	123,753	-
Cost of sales	(81,972)	-
Gross profit	41,781	-
Administration expenses	(1,688,351)	(1,006,979)
Exchange profits/(losses) – net	304,117	(59,919)
Operating loss	**(1,342,453)**	**(1,066,898)**
Finance income	33,150	22,221
Share of losses of associate	(56,072)	(105,924)
Profit on sale of investment	-	23,644
Net gain on sale of subsidiary company	396,019	419,546
Net gain on sale of associate company	2,083,977	-
Project impairment costs	(380,953)	-
Profit/(Loss) before income tax	**733,668**	**(707,411)**
Income tax	177,131	-
Profit/(Loss) for the period	**910,799**	**(707,411)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	326,905	179,406
Other comprehensive income, net of tax	**326,905**	**179,406**
Total comprehensive income for the period	**1,237,704**	**(528,005)**
Profit/(Loss) attributable to:		
Owners of the Company	910,799	(692,468)
Non-controlling interests	-	(14,943)
Profit/(Loss) for the period	**910,799**	**(707,411)**
Total comprehensive income attributable to:		
Owners of the Company	1,067,697	(513,062)
Non-controlling interests	-	(14,943)
Total comprehensive income for the period	**1,067,697**	**(528,005)**
Profit/(Loss) per share – continuing operations		
Basic and diluted earnings per share attributable to equity holders of the Company (pence)	0.19	(0.17)

Statement of Consolidated Financial Position

	30 June 2013 Unaudited £	30 June 2012 Unaudited £	31 December 2012 Audited £
ASSETS			
Non-current assets			
Furniture, fittings and equipment	239,281	228,583	217,285
Intangible assets and goodwill	9,726,863	7,220,842	7,983,362
Investments in associates	1,079,595	1,412,561	1,091,471
Trade and other receivables	182,306	299,910	242,785
Deferred tax asset	217,787	191,749	220,803
	11,445,832	9,353,645	9,755,706
Current assets			
Trade and other receivables	2,228,106	546,651	13,531,305
Cash and cash equivalents	14,992,545	7,071,447	4,718,448
	17,220,651	7,618,098	18,249,753
Held-for-sale assets	94,305	110,433	508,061
	17,314,956	7,728,531	18,757,814
Total assets	**28,760,788**	**17,082,176**	**28,513,520**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	4,673,113	4,667,582	4,673,113
Share premium	20,426,431	20,423,097	20,426,431
Other reserves	(70,275)	(444,032)	(414,374)
Retained earnings	2,460,847	(8,623,904)	1,550,048
Total attributable to owners of the Company	27,490,116	16,022,743	26,235,218
Non-controlling interests	-	118,589	-
Total equity	**27,490,116**	**16,141,332**	**26,235,218**
LIABILITIES			
Non-current liabilities			
Employee termination benefits	27,935	12,626	28,322
Deferred consideration	375,313	361,797	370,842
Deferred tax liabilities	90,737	98,652	90,766
	493,985	473,075	489,930
Current liabilities			
Trade and other payables	776,687	467,769	1,615,356
Current income tax liabilities	-	-	173,016
	776,687	467,769	1,788,372
Total equity and liabilities	**28,760,788**	**17,082,176**	**28,513,520**

Statement of Consolidated Changes in Equity

	Share Capital £	Share Premium £	Merger Reserve £	Shares option reserve £	Retained earnings £	Translation reserve £	Transaction with non-controlling interest £	Total £	Non-Controlling interests £	Total equity £
	Attributable to owners of the Company									
As at 1 January 2013	**4,673,113**	**20,426,431**	**(485,400)**	**738,132**	**1,550,048**	**(667,106)**	**-**	**26,235,218**	**-**	**26,235,218**
Share based payments	-	-	-	17,194	-	-	-	17,194	-	17,194
Total contributions by and distributions to owners of the Company	**-**	**-**	**-**	**17,194**	**-**	**-**	**-**	**17,194**	**-**	**17,194**
Comprehensive income for the period	-	-	-	-	910,799	326,905	-	1,237,704	-	1,237,704
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**910,799**	**326,905**	**-**	**1,237,704**	**-**	**1,237,704**
As at 30 June 2013	**4,673,113**	**20,426,431**	**(485,400)**	**755,326**	**2,460,847**	**(340,201)**	**-**	**27,490,116**	**-**	**27,490,116**
As at 1 January 2012	**3,508,972**	**13,233,163**	**(485,400)**	**676,367**	**(8,050,236)**	**(860,867)**	**118,800**	**8,140,799**	**133,532**	**8,274,331**
Issue of ordinary shares	1,158,610	7,615,552	-	-	-	-	-	8,774,162	-	8,774,162
Cost of share issue	-	(425,618)	-	-	-	-	-	(425,618)	-	(425,618)
Share based payments	-	-	-	46,462	-	-	-	46,462	-	46,462
Total contributions by and distributions to owners of the Company	**1,158,610**	**7,189,934**	**-**	**46,462**	**-**	**-**	**-**	**8,395,006**	**-**	**8,395,006**
Comprehensive income for the period	-	-	-	-	(692,468)	179,406	-	(513,062)	(14,943)	(528,005)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(692,468)**	**179,406**	**-**	**(513,062)**	**(14,943)**	**(528,005)**
Decrease in ownership interest	-	-	-	-	118,800	-	(118,800)	-	-	-
Total decrease in ownership interest	**-**	**-**	**-**	**-**	**118,800**	**-**	**(118,800)**	**-**	**-**	**-**
As at 30 June 2012	**4,667,582**	**20,423,097**	**(485,400)**	**722,829**	**(8,623,904)**	**(681,461)**	**-**	**16,022,743**	**118,589**	**16,141,332**

Statement of Consolidated Cash Flows

	6 months to 30 June 2013 Unaudited £	6 months to 30 June 2012 Unaudited £	12 months to 31 December 2012 Audited £
Cash flow from operating activities			
Profit/(Loss) before income tax	733,668	(707,411)	9,696,795
Issue of share options	17,194	46,462	82,656
Depreciation	52,810	48,942	104,633
Project impairment write-offs	380,953	-	114,292
Fixed asset write-offs	1,218	502	506
Share of losses of associated companies	56,072	105,924	192,133
Net gain on sale of subsidiary company	(396,019)	(419,546)	(12,870,166)
Net gain on sale of associate company	(2,083,977)	-	-
Profit on sale of financial asset	-	(23,644)	(23,644)
Change in value of held-for-sale assets	-	-	16,257
Change in value of deferred consideration	4,471	-	9,045
Increase in employee termination benefit fund	-	-	15,959
Interest income on short term deposits	(33,150)	(22,221)	(60,126)
Foreign exchange movements on operating activities	210,662	(9,990)	228,834
Changes in working capital, excluding the effects of exchange differences on consolidation:			
Trade and other receivables	12,700,384	594,168	(641,723)
Trade and other payables	(838,669)	(774,629)	434,424
Cash flow from operating activities	**10,805,617**	**(1,161,443)**	**(2,700,125)**
Cash flows from investing activities			
Purchase of intangible assets	(3,662,444)	(3,043,816)	(5,245,992)
Purchase of furniture, fittings and equipment	(73,064)	(83,867)	(130,385)
Purchase of investments	(38,657)	(77,821)	(203,363)
Proceeds from sale of subsidiary company	-	241,110	1,055,209
Proceeds from sale of associate company	2,602,179	-	-
Proceeds from sale of investments	-	-	241,110
Interest received	33,150	22,221	60,126
Net cash used in investing activities	**(1,138,836)**	**(2,942,173)**	**(4,223,295)**
Cash flows from financing activities			
Proceeds from the issue of share capital	-	8,030,796	8,050,300
Share capital issues costs	-	(425,617)	(436,253)
Funds from project partners	607,316	545,319	1,227,576
Funds from non-controlling interests	-	-	(224,320)
Net cash inflow from financing activities	**607,316**	**8,150,498**	**8,617,303**
Net increase in cash and cash equivalents	10,274,097	4,046,882	1,693,883
Cash and cash equivalents at beginning of the period	4,718,448	3,024,565	3,024,565
Cash and cash equivalents at end of the period	**14,992,545**	**7,071,447**	**4,718,448**

Notes to the unaudited financial statements

1. Basis of preparation
The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Financial Information
The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Except as described below, the accounting policies applied in preparing the interim financial information are consistent with those that have been adopted in the Group's 2012 audited financial statements. Statutory financial statements for the year ended 31 December 2012 were approved by the Board of Directors on 20 March 2013 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified.

Risks and uncertainties

The key risks that could affect the Group's short and medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2012 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.stratexinternational.com . The Group's key financial risk is foreign exchange risk.

Accounting Policies.

Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2012 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period. The condensed consolidated interim financial statements have been prepared under the historical cost convention as modified by the measurement of certain investments at fair value.

Changes in accounting policy and disclosures.

New and amended standards adopted by the Group:

IAS 1 (Amended), "Presentation of Items of Other Comprehensive Income" became effective during the period. Items in the statement of consolidated comprehensive income that may be reclassified to profit or loss in subsequent periods are now presented separately from items that will not be reclassified to profit or loss in subsequent periods.

IFRS 13, "Fair value measurement" became effective during the period. The standard requires specific disclosures on fair values, some of which replace existing disclosure requirements in IFRS 7, "Financial instruments: Disclosures". The fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate to their book values due to the short maturity periods of these financial instruments.

The financial information for the 6 months ended 30 June 2013 and the 6 months ended 30 June 2012 has not been audited.

3. Operating Segments

Operating segments are reported in a manner which is consistent with internal reports provided to the Board and are used by the Directors to make strategic decisions. The management structure reflects these segments. The Company's exploration operations are based in three geographical areas, namely Turkey, East Africa and West Africa. The Group's head office is located in the UK and provides corporate and support services to the Group and researches new areas of exploration opportunities.

The allocation of losses, assets and liabilities by operating segment is as follows:

(Profit)/Loss for the period:

	Turkey	East Africa	West Africa	UK	Total
6 months to 30 June 2013					
Operational costs	498,904	466,376	59,369	590,639	**1,615,288**
Inter-segment charges	53,799	204,793	87,432	(346,024)	**-**
Interest receivable	-	-	-	(33,150)	**(33,150)**
Depreciation	4,797	20,683	-	5,802	**31,282**
Project impairment	-	-	380,953	-	**380,953**
Exchange (gains)/losses	66,750	(64,156)	7,741	(314,452)	**(304,117)**
Associate companies	56,072	-	-	-	**56,072**
Gain on sale of investment	(2,083,977)	-	-	-	**(2,083,977)**
Gain on sale of subsidiary	(396,019)	-	-	-	**(396,019)**
(Profit)/loss before Income Tax	**(1,799,674)**	**627,696**	**535,495**	**(97,185)**	**(733,668)**
6 months to 30 June 2012					
Operational costs	325,317	345,099	28,772	287,631	**986,819**
Inter-segment charges	55,000	87,500	-	(142,500)	**-**
Interest receivable	-	-	-	(22,221)	**(22,221)**
Depreciation	6,954	12,334	-	872	**20,160**
Exchange (gains)/losses	3,877	54,899	(1,250)	2,393	**59,919**
Associate companies	105,924	-	-	-	**105,924**
Gain on sale of investment	-	-	-	(23,644)	**(23,644)**
Gain on sale of subsidiary	(419,546)	-	-	-	**(419,546)**
Loss before Income Tax	**77,526**	**499,832**	**27,522**	**102,531**	**707,411**

Assets and liabilities:

	Turkey	East Africa	West Africa	UK	Total
6 months to 30 June 2013					
Exploration assets	196,501	5,869,492	2,734,324	-	8,800,317
Goodwill	-	-	926,546	-	926,546
Furniture, fittings and equipment	29,896	152,841	11,250	45,294	239,281
Associate companies	1,079,595	-	-	-	1,079,595
Inter-segment	(2,769,318)	(9,047,370)	(3,339,391)	15,156,079	-
Cash and other assets	2,008,670	520,026	352,898	14,833,455	17,715,049
Liabilities	(402,049)	(152,766)	(183,228)	(532,629)	(1,270,672)
Net Assets	**143,295**	**(2,657,777)**	**502,399**	**29,502,199**	**27,490,116**

6 months to 30 June 2012

Exploration assets	1,853,643	3,360,337	1,080,316	-	6,294,296
Goodwill	-	-	926,546	-	926,546
Furniture, fittings and equipment	42,757	182,247	-	3,579	228,583
Associate companies	1,412,561	-	-	-	1,412,561
Inter-segment	(3,459,951)	(5,046,153)	(874,843)	9,380,947	-
Cash and other assets	1,046,380	649,322	83,930	6,440,558	8,220,190
Liabilities	(189,098)	(161,803)	(88,788)	(501,155)	(940,844)
Net Assets	**706,292**	**(1,016,050)**	**1,127,161**	**15,323,929**	**16,141,332**

Other assets include cash and cash equivalents amounting to £14,992,545 at 30 June 2013, (2012: £7,071,447).

4. Sale of subsidiary company:

On 30 January 2013, Bahar Madencilik Sanayi ve Ticaret Ltd Sti exercised their right to acquire 55% of Altintepe Sanayi ve Ticaret AS having completed their commitments under the Heads of Agreement dated 1 December 2011. This resulted in a net gain to the Group of £396,019.

5. Sale of associate company:

Following the strategic decision by JV partner NTF İnşaat Ticaret Limited Şirketi ("NTF") not to proceed with the development of the Inlice project, terms were agreed with a third party on 6 March 2013 for the sale of the licence for US$10 million. Stratex's share before taxes is US$4.5 million. This resulted in a gain on disposal of £2,083,977.

6. Related party transactions

Directors of the Company received total remuneration of £292,050 for the six months ended 30 June 2013 (six months ended 30 June 2012 - £265,041).

7. Profit per share

The calculation of profit per share is based on the profit attributable to equity holders of the Company of £910,799 for the period ended 30 June 2013 (30 June 2012: £692,468 loss) and the weighted average number of shares in issue in the period ended 30 June 2013 of 467,311,276 (30 June 2011: 407,192,727). There is no difference between the diluted loss per share and the loss per share shown.

8. Approval of interim financial statements

The interim financial statements were approved by the Board of Directors on 20 August 2013.

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For further information please visit www.stratexinternational.com, email info@stratexplc.com, or contact:

Stratex International Plc Tel: +44 (0)20 7830 9650
Bob Foster / Christopher Hall / Claire Bay

Grant Thornton UK LLP Tel: +44 (0)20 7383 5100
Philip Secrett / Melanie Frean / Jen Clarke

Northland Capital Partners Limited Tel: +44 (0)20 7796 8800
Gavin Burnell / Luke Cairns / Alice Lane /John Howes

SP Angel Corporate Finance LLP Tel: +44 (0)20 3463 2260
Ewan Leggat / Tercel Moore

Yellow Jersey PR Limited Tel: +44 (0)20 3664 4087
Dominic Barretto / Philip Ranger / Anna Legge

Notes to editors:
Stratex International is a well-funded AIM-quoted exploration and development company focussed on gold and high-value base metals in Turkey, East Africa and West Africa. Since listing on AIM in 2006, Stratex has had an impressive track record of successful exploration supported by joint-venture partnerships, both with major international mining companies and local companies to maximise the potential of its discoveries.

In December 2012 the Company announced the sale of its 30% interest in the Öksüt gold project for cash of 20 times its original US$1 million investment and retained a royalty of 1% up to a maximum additional value of US$20 million.

It currently has a substantial portfolio of projects, with Altıntepe in Turkey scheduled for gold production in late 2013 or early 2014. To date Stratex has discovered more than 2.2 million ounces of gold and 7.9 million ounces of silver, as well as 186,000 tonnes of copper. The Company has a robust cash balance and is therefore well-placed to advance its existing exploration programmes. Stratex is also actively seeking to acquire advanced projects that are at the drill-ready stage or even have identified resources, particularly in East Africa and West Africa.

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