



**Stratex**

International PLC



**Annual Report  
2016**

# Contents

	<i>Page</i>
• Company information	2
• Major projects	3
• Highlights	5
• Chairman's statement	7
• Strategic report	9
• Directors' report	13
• Independent Auditor's Report to the members of Stratex International plc	15
Financial statements:	
• Statement of consolidated comprehensive income	17
• Statement of consolidated financial position	18
• Statement of consolidated changes in equity	19
• Statement of consolidated cash flow	20
• Statement of company financial position	21
• Statement of company changes in equity	22
• Statement of company cash flows	23
• Notes to the financial statements	24
• Notice of AGM	46
• Advisors & offices	48

# Company information

## Who we are:

---

Stratex International plc is an exploration and development company focusing primarily on gold and high-value base metals.

The company is incorporated and domiciled in the UK. The Company's shares are quoted on the AIM market of the London Stock Exchange ("AIM") (company number: 05601091).

## Vision:

---

To grow into a >100,000oz per annum gold producer and explorer delivering substantial returns for shareholders.

## Our strategy:

---

The Board's strategic intent is first and foremost to maximise shareholder value through our current portfolio of exploration and development projects in Turkey and in Africa, either by means of further investment, focused exploration programmes or through seeking joint venture partnerships. We are also actively seeking value-accredited merger and acquisition opportunities of near- or in- production gold assets across a range of jurisdictions.

## Directors:

---

Peter Addison (*Non-Executive Chairman*)  
Marcus Engelbrecht (*Chief Executive Officer*)  
Perry Ashwood (*Chief Financial Officer*)  
Emma Priestley (*Non-Executive Director*)  
Chris Worcester (*Non-Executive Director*)

See Company's web site for the directors' biographies: [www.stratexinternational.com](http://www.stratexinternational.com)

# Major projects

## Homase-Akrokerri (Ghana):

- A gold exploration project in the Ashanti Gold Belt in Ghana, located near AngloGold Ashanti's Obuasi mine, and owned by Goldstone Resources Ltd ("Goldstone"). The project presently has a JORC compliant resource of 602,000oz gold at an average grade of 1.77g/t of which 100,000oz @ 1.3g/t is in oxide material.
- Stratex has a 33.45% shareholding in Goldstone and has control over the company's exploration through its board representation and continues to treat it as a controlled subsidiary.
- Goldstone successfully raised £1 million in July through an equity issue in order to fund further drilling at Homase-Akrokerri, focused on the identification of oxide resources. Stratex contributed to the fund raising in order to maintain its shareholding at 33.45%.
- Reverse Circulation ("RC") drilling at Akrokerri during 2016 has confirmed mineralisation at the AK02 prospect.
- Results of an infill auger drilling programme defined a new zone of gold enrichment 100-200m to the east of AK02.
- Diamond drilling beneath the historical pits at Homase has confirmed continuity of the mineralisation at depth and has identified a potential for parallel orebodies.
- A further auger drilling programme was undertaken at Akrokerri and at Homase in order to test three of nine initial targets identified from a review of the 2012 Versatile Time-Domain Electromagnetic survey. Assay results are encouraging with two zones of particular significance identified.
- Goldstone will undertake further drilling in 2017 to focus primarily on resource conversion and on expanding the existing resource, as well as targeting other areas of interest within the licences.

## Dalafin (Senegal):

- The Dalafin gold project lies in the Birimian-age Kédougou-Kéniéba gold belt in South-Eastern Senegal.
  - Stratex owns 85% in a joint-venture with local partner Energy & Mining Corporation S.A. ("EMC").
  - Initial Rotary Air Blast and Air core drilling identified four main geochemical targets at Dalafin. Follow-up trenching and drilling (RC and diamond) programmes have identified promising intersections across the
- licence area, particularly at the Faré and Madina Bafé prospects.
- During 2016 a soil sampling programme was undertaken across the Faré South zone to assess possible extensions to the defined gold-in-soil anomaly. This produced encouraging results with a 750m strike-extension of the Faré South anomaly and the identification of a further gold anomaly to the east. Grab sampling during detailed mapping at the Baytilaye zone, returned best grades of 1.6 g/t Au and 1.37 g/t Au from a brecciated quartz vein and sheared quartz-tourmaline vein respectively.
  - The Company and EMC, have recently concluded a significant in-country cost reduction initiative and will be jointly defining a strategic approach to funding and progressing the planned exploration programme.



#### Thani Stratex Resources Ltd (Djibouti and Egypt):

- In 2014 Thani Emirates Resources Holdings and Stratex combined their interests in North and East Africa. Each contributed US\$1 million of working capital. Stratex's initial share in the joint-venture was 40%.
- Various fundraising exercises during 2016 has diluted Stratex's share and as at 31 December 2016 was 30.4%.
- The Djibouti licences are located within the Afar epithermal province of the Rift Valley and cover a number of outcropping epithermal gold systems. During the year Thani Stratex Resources Ltd ("TSRL") has advanced exploration at the prospects of Pandora originally discovered by Stratex and Assaleyta. Early sampling at Pandora demonstrated bonanza grades and the project was prioritised for follow-up. However, the planned drilling had to be postponed until 2017 due to unprecedented flooding of the area; commencement of a 2,000m diamond drilling programme has recently been announced and results are awaited. At Assaleyta, a 7 hole diamond drilling programme was completed for 996m that confirmed vertical continuity of the system to a depth of at least 175m.
- TSRL's interest in Egypt is the Hodine concession within the Arabian Nubian Shield, which includes the Hutite project and the Anbat-Shakoosh project. Hutite has a non-JORC compliant gold resource of 520,000oz and the Anbat-Shakoosh district (comprising the Anbat, Anbat North and Shakoosh prospects) contains a non-JORC compliant gold resource of ~540,000oz. Drilling late in 2016 at the Anbat prospect has produced encouraging results and confirmed continuity of the mineralisation defined by historic drilling. Twelve drill holes were also completed at the newly discovered Anbat North zone, confirming Sukari-style intrusion hosted gold mineralisation.

#### Muratdere (Turkey):

- Muratdere is a substantial copper-gold porphyry system located west of Ankara with significant silver, molybdenum and rhenium credits.
- Turkish partner Lodos has earned into a majority interest in the project following completion of a feasibility study in May 2015 that demonstrated a NPV (7.6%) of US\$35.9 million. Stratex has retained a 14.87% interest.
- An Environmental Impact study was submitted to the Ministry of Environment and Urbanism on 20 October, 2016. Permit approval is expected within the next few months.
- Stratex no longer has a significant involvement in the management of the company and its classification in the accounts has changed from an associate company to an investment.

#### Tembo Gold (Tanzania):

- The Tembo gold project is located adjacent to Acacia Mining's 14 million oz Bulyanhulu mine, within the prospective gold belt of Tanzania. Stratex holds a 11.6% interest in TSX(V) quoted company Tembo Gold Corp.
- Drilling recommenced in 2016 following a successful US\$750,000 equity fund raising.
- Stratex no longer has a significant involvement in the management of the company and its classification in the accounts has changed from an associate company to an investment.

*More detail of the above projects and the other projects in the Stratex portfolio can be found on the Company's web site: [www.stratexinternational.com](http://www.stratexinternational.com)*

# Highlights in year

## Altintepe

The Altintepe mine in Turkey, which became operational towards the end of 2015, had production of circa 35,800oz gold and 41,600oz silver for 2016. Under an agreement with our Turkish partners, Stratex would have the right to a cash distribution once the operation was profitable. We had been frustrated in enforcing our rights under our agreement with our Turkish partners and coupled with the current changes occurring in country, and the potential for protracted legal action, we commenced discussions with our partners with a view to a sale of our 45% interest in the project. Negotiations were successful and the Board accepted an offer to sell our full interest in the Altintepe mine for an aggregate cash receipt of US\$8 million net of any taxes and costs.

## Goldstone Resources Ltd

Goldstone successfully raised £1 million during the year and Stratex followed its investment to maintain its interest at 33.45%. RC drilling at Akrokerrri confirmed mineralisation at the AK02 prospect, and auger drilling defined a new zone of gold enrichment 100-200m to the east of AK02. At Homase, a diamond drilling programme confirmed the depth continuity of the identified mineralised zone beneath the historic pit and also highlighted the potential for identifying further parallel orebodies within the broader structural corridor.

## Dalafin

A low-cost exploration programme was completed at the Dalafin gold project, comprising mapping, soil sampling, and outcrop and lag sampling. Further zones of mineralisation have been identified, including a 750m extension of the Faré South prospect soil anomaly.

## Thani Stratex Resources Ltd

Thani Stratex Resources Ltd has successfully raised US\$4.5 million during the year and as a result Stratex's shareholding interest had been diluted to 30.4% by the year-end. Drilling commenced at the Anbat- Shakoosh gold project in Egypt, and at the Assaleyta and Pandora gold projects in Djibouti.

## Muratdere

An Environmental Impact Study has been submitted for the Muratdere copper-gold project in Turkey and approval is awaited before construction of the mine can commence. Stratex had not contributed during the year to the development of the project, due to our view on value, based on low copper prices. Consequently Stratex's interest in the project has been diluted to 14.87%. As a result the investment is no longer accounted for as an associate.



Drill rig at Thani Stratex Resource's Anbat Shakoosh gold project



Work at Homase-Akrokerri including renovation of school building

# Chairman's statement

Over the last twelve months we have made strong operational and financial progress across the business as we continue to execute the Company's strategy of becoming a significant gold producing company. The focus of the period remained firmly on advancing our highly prospective exploration and development assets in Turkey and Africa as well as collaborating with our partner in Turkey to ramp up production at Altintepe. The period included the appointment of Marcus Engelbrecht as the Company's Chief Executive Officer and with his appointment has come renewed impetus and new capabilities that will enable the Company to grow and generate meaningful value for our shareholders.

The Company's strategy is to develop its existing exploration projects and seek to identify accretive acquisition opportunities that complement our existing portfolio of projects. Stratex continues to identify a number of opportunities to take this vision forward.

## Operations

### Altintepe

Our joint venture at Altintepe commenced production in November 2015 and during the year some 35,800 oz of gold and 41,000 oz of silver had been recovered.

Notwithstanding positive discussions with our partners in Turkey, we were continually frustrated in our attempts to enforce our contractual rights to receive a cash distribution. Although both UK and Turkish legal advice on the issue was very positive, given the changing climate in Turkey, we recommenced our discussions with our joint venture partners with a view to a sale of our 45% interest in the project. These discussions culminated in an offer by our joint venture partners to buy our 45% interest in the Altintepe project for an aggregate cash sum of US\$8 million, net of taxes and costs. This offer was accepted and the full amount of the consideration has now been received. Given that our financial investment in the project was less than US\$2 million, this outcome is regarded as highly accretive and fully reflects the inherent value of the Group's investment in Altintepe.

The Altintepe Gold Mine has played an important role in the historic growth of the Company and, the funds released from this sale now place Stratex in a strong position to develop its strategy with respect to its advancing discussions with other companies with near or in production assets.

### Thani Stratex Resources Limited ("Thani Stratex")

Thani Stratex continues to report encouraging exploration results at its Anbat gold project in Egypt. The Arabian Nubian Shield of Egypt represents a highly prospective yet relatively underexplored gold region that continues to be extremely positive with regard to Thani Stratex's progress at Anbat. The expectation is that this exploration programme will continue to be advanced during 2017. The Board is equally encouraged by Thani

Stratex's exploration activity in Djibouti and looks forward to further updates from the Assaleyta and the Pandora gold projects.

Marcus Engelbrecht has been appointed as Stratex's representative on the board of Thani Stratex.

### Goldstone Resources Limited ("Goldstone")

Emma Priestley has now been confirmed as Chief Executive Officer of Goldstone. This company raised £1 million during the year to enable it to progress its Homase-Akrokerrri project in Ghana. Stratex followed its investment to maintain its interest at 33.45%. This project hosts an existing 600,000 oz gold JORC compliant resource.

### Dalafin

Stratex is nearing completion of a review of its 85% owned Dalafin gold exploration project in Senegal. The Company and its Senegalese partner, Energy and Mining Corporation S.A., have concluded a significant in-country cost reduction initiative and will be jointly defining a strategic approach to funding and progressing the planned exploration programme. This follows a drilling programme earlier in the year, which showed encouraging results, Stratex remains committed to the project and believes the exploration carried out to date shows significant up-side potential.

### Muratdere Copper-Gold Project

In light of commodity price pressures, the Group's interest in this copper-gold project has been diluted to 14.87% following the Board's decision during the year not to commit further funds to the project. The Board will continue to monitor the Group's interest in Muratdere as the copper price changes.

## Board changes

The Period saw some significant changes in the management structure of Stratex.

In September our Chief Executive Officer, Dr Bob Foster, who had been a founder director of the Company, retired from the Board after more than ten years. Bob was instrumental in the development of the Company and Stratex owes him a huge debt of gratitude. The Board is fortunate that his knowledge and experience in the industry continue to be available on a consultancy basis. He has been replaced as Chief Executive Officer by Marcus Engelbrecht who brings a wealth of industry experience and contacts that will enable the Company to execute its next phase of stated growth strategy. Marcus is a senior executive with some 30 years' experience in the global mining industry and has demonstrated an ability to articulate a strong corporate vision and to build and motivate effective management teams. With his proven experience developing and building successful resource based companies, Marcus will lead Stratex's quest for rapid growth by acquisition.



Emma Priestley, who joined the executive Board in 2014, became non-executive in November 2016 upon taking up her role as Chief Executive Officer of Goldstone Resources Limited, a company in which Stratex holds a significant interest.

At the end of 2016 our former Chairman, Christopher Hall, announced his retirement. Christopher had been on the Board since 2008 and had been appointed Chairman in 2011. The Board is extremely grateful to Christopher for his leadership and the valuable contribution he has made to the Company.

As an experienced non-executive director and chairman, I replaced Christopher as Chairman on 1 January 2017, having joined the Board of the Company in 2008. I had practiced as a solicitor for some 20 years and subsequently provided corporate finance advice to a wide range of companies in the UK and Ireland.

## Outlook

---

Looking forward to the current year, Stratex is now well placed financially to take advantage of the opportunities available in the mining sector. The Company continues to work towards its strategic vision of acquiring high-quality near or in production mining projects and is currently advancing a number of discussions with companies and asset owners over prospective projects which would be complementary to Stratex's strategic goals. As and when these discussions reach fruition, appropriate announcements will be made to shareholders and the market.

On behalf of Stratex's executive and management team I would like to express my appreciation and thanks to all of our employees for their efforts and hard work during the past year.



**Peter Addison**  
**Non-Executive Chairman**  
15 May 2017

# Strategic report

## Stratex International plc

Company number: 05601091

Registered office: 180 Piccadilly, London, W1J 9HF, UK

The Directors present their strategic report on the Group for the year ended 31 December 2016.

## Strategic management

### Principal Activities:

The principal activity of the Group is the exploration and development of gold and other high-value base metals.

### Strategic approach:

The Board's strategic intent is to maximize shareholder value through the continuing development of a focused portfolio of exploration and development projects, while at the same time managing the significant risks faced by exploration companies. Information on specific projects is provided on pages 3 and 4.

Our risk management approach places a clear focus on discovering and developing mineral deposits across multiple jurisdictions, thus mitigating sovereign, technical and operational risks. We are actively seeking acquisition opportunities of near- or in- production gold assets.

The Group finances its activities through the monetisation of more advanced projects and through periodic capital raisings.

### Organisation overview:

The Chief Executive Officer, Marcus Engelbrecht joined the Company on 1 September 2016, replacing Dr. Bob Foster who has retired as part of the Board's succession planning. Bob was a founder member of Stratex back in 2005 and continues to provide consultancy services to the Group.

### The Board of Directors

The Board is responsible for providing strategic direction for the Group, setting objectives and management policies and agreement on performance criteria. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and monthly operation reviews.

The current composition of the Board is two Executive Directors and three Non-Executive Directors. The Board believes the present composition of the Board provides an appropriate mix to conduct the Group's affairs.

Christopher Hall resigned as Director and Non-Executive Chairman with effect from 31 December 2016 and was replaced as Non-Executive Chairman by Peter Addison. Emma Priestley ceased to be an executive director on 1 November and became a Non-Executive Director.

### The Audit Committee

The Audit Committee provides a formal review of the effectiveness of the internal control systems, the Group's financial reports and results announcements, and the external audit process. It comprises Peter Addison (Non-Executive Chairman) and Christopher Worcester (Independent Non-Executive Director). The external auditors and Perry Ashwood, (Chief Financial Officer) attend by invitation when appropriate.

No internal control issues were identified during 2016 requiring disclosure.

### The Remuneration Committee

The Remuneration Committee provides a formal and transparent review of the remuneration of the Executive Directors and senior employees and to make recommendations to the Board on individual remuneration packages. This includes the award of non-contractual performance related bonuses and share options. Remuneration packages are designed to reward, motivate, retain and recruit individuals. Bonuses are only paid in recognition of performance.

It comprises Peter Addison (Non-Executive Chairman) and Christopher Worcester (Independent Non-Executive Director). No Director took part in discussions concerning the determination of their own remuneration.

## Business environment

### Economic environment:

Business sentiment in the mining industry remained mixed for most of 2016. Notwithstanding some significant transactions and successful fund raisings, it would be fair to say that the ability to fund exploration and more speculative mining investment opportunities remains challenging. This has been exacerbated in no small part by increasing protectionist policies with regard to allocation of mining licences, increased taxes on mining profits and restrictions on repatriation of profits.

We have however seen levels of confidence improving in the mid to small miners, with the larger mining companies increasingly on the look-out for acquisition opportunities. Most of the big miners have been doing little or no greenfields exploration and are now dependent on acquisitions to back-fill their project pipeline. We expect this trend to increase over the next few years. The outlook for the sector remains volatile but we have seen some encouraging signs during the early part of 2017. However, exploration companies will continue to face challenges in accessing capital and controlling costs, maintaining licences and dealing with increased regulation. The planned exit of the UK from the European Union will no doubt bring new challenges.

We have already seen a significant weakening of Sterling against the US\$ and an aggressive push by the tax authorities (HMRC) to target mining exploration companies in denying VAT recoveries; both of which will add significantly to the cost burden of funding exploration projects.

This is a significant disadvantage to those exploration companies with businesses operating out of the UK and can be expected to undermine London as a preferred listing destination for mining stocks involved in exploration in the future.

There does however remain significant opportunities for those companies with the ability to identify and attract funding for low cost development assets.

#### **Principal risks and uncertainties:**

The Group's operations are exposed to a variety of risks many of which are outside of the Company's control.

#### **Exploration Industry Risks:**

Mineral exploration is speculative in nature, involves many risks and is frequently unsuccessful. Following any discovery, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineral reserves and to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation. Government activity, which could include non-renewal of licences, may result in any income receivable by the Group being adversely affected. In particular, changes in the application or interpretation of mining and exploration laws and/or taxation provisions in the countries in which the Group operates could adversely affect the value of its interests.

These risks are mitigated as much as as possible by; building and maintaining a pipeline of projects at various stages of development, by employing highly experienced and highly trained geologists, both at Board level and at the operational level and by maintaining good relationships with the Governments of the countries in which we operate.

#### **Political risks:**

All of the Group's operations are located in a foreign jurisdiction. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, terrorism, nationalisation, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which these operations are conducted, as well as risks

of loss due to civil strife, acts of war, guerrilla activities and insurrection.

The Board only conducts operations in those countries with a stable political environment and which have established acceptable mining codes. The Company adheres to all local laws and is pays heed to local customs.

#### **Financial and liquidity risks:**

The main financial risks facing the Group are the availability of adequate funding, movements in interest rates and fluctuations in foreign exchange rates.

The Group's main source of finance is the monetisation of projects supported where necessary by the issue of share capital. Tight budgetary and financial controls are maintained across the Group. The Group only deals with high-quality banks. It does not hold derivatives, does not trade in financial instruments, does not engage in hedging arrangements and does not enter into commitments for exploration expenditure.

The use of interest-bearing deposit accounts is maximised and cash flow forecasts are constantly updated and reviewed by the Board. Cash forecasts are updated continuously.

The financial exposure of the Group for a number of its exploration projects is substantially reduced by partnering with third parties in exploration joint ventures.

#### **Foreign exchange risks:**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira, Euro and US Dollar.

We have already seen a significant weakening of Sterling against the US\$ and Euro as a result of Brexit. Most of the Group's assets are denominated in these two currencies and this has given rise to significant unrealised translation impacts in 2016.

The Group's exposure to foreign exchange movements is set out in Note 21 of the Accounts. Risks to exchange movements are mitigated by minimising the amount of funds held overseas. All treasury matters are handled centrally in the UK. All requests for funds from overseas operations are reviewed and authorised by Board members. The Group does not hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they arise.

#### **Liquidity risk:**

The Group's liquidity risk is considered to be insignificant.

The Group does not enter into commitments for exploration expenditure. Cash forecasts are updated continuously. The financial exposure of the Group is substantially reduced by partnering with third parties in exploration joint ventures.

## Corporate Governance

The Board has committed to the highest level of governance applicable to a Company of our size and to setting a culture that values the very highest of ethical standards in all territories in which we operate and that encourages personal and corporate integrity throughout the Group. To this end we fully support the principles set out in the UK Corporate Governance Code.

All Directors, management and staff are expected to consistently apply the highest ethical standards to their conduct to ensure that the Company's affairs and reputation are at all times maintained at the uppermost level. It does not tolerate any corrupt practices.

The Board has established a Code of Conduct incorporating the guidelines of the Bribery Act 2010 and compliance officers have been appointed with clearly defined roles of responsibility. Personnel are encouraged to be vigilant at all times and report any suspicions they may have. Implementation of the Code is monitored and contraventions are reported to the Board.

The Company has well established policies on health and safety and these are set out in the Company's Health and Safety Booklet, which is made available to all employees on joining the Group. Our philosophy is that safety must be considered in every task performed and every decision made.

We are committed to the development of our employees and we aim to provide an environment which will attract, retain and motivate people, to ensure they can maximise their potential and share in the Group's successes.

The Directors recognise the importance of building good relations with local communities situated close to the Group's operations and the Company readily contributes, where appropriate, to the development of the local infrastructure and to supporting community needs. The Employees' Handbook sets out the boundaries of acceptable business practise and the manner in which the activities of the Group are to be conducted.

We are totally committed to minimising any adverse impact of our activities on the natural environment and, as a minimum standard, to comply with any relevant legislation within the territories in which we operate. The Group adheres totally to all local environmental regulations.

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements, regular updates on the Company website and via its news subscription service, which is open to anyone. The Company readily responds to enquires from shareholders and the public, and Board members regularly present at such events

as the Proactive Investors Forum and Mines and Money events. The Board views the Annual General Meeting as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

## Business performance

### 2016 Operations:

In November 2015 Stratex moved from being just an exploration and development Company to a exploration company and gold producer. The first gold pour from the gold mine at **Altintepe**, Turkey was achieved on 5 November 2015. Stratex acquired the Altintepe licences in 2007 and did much of the early drilling and exploration work. The Company entered into a joint venture agreement in December 2011. Under the terms of the agreement, in return for a 55% interest in the mine, our partners were responsible for all pre-production costs, which they would recover from future production. Up to the end of 31 December 2016, 36,469oz gold and 41,591oz silver had been produced since start of production. Due to operational differences with our partners, coupled with the changing climate in Turkey, the Board decided to dispose of its 45% interest in the mine and on 24 April 2016 it signed an agreement with our partners to sell its interest for US\$ 8million net of tax and costs. The Board considers the transaction to fully reflect the inherent value of the investment in Altintepe and the proceeds from the sale places the Company in a strong position with respect to achieving its longer term goal of acquiring and developing gold assets.

In February 2016 Emma Priestley assumed the CEO role in **Goldstone** and remains on the Stratex Board as a Non-Executive Director. Goldstone successfully raised £1 million through equity funding, in which Stratex contributed its share to maintain its shareholding interest at 33.45%. A drilling programme comprising 3,000m of auger and some 1,500m Reverse Circulation drilling was completed in the year. The results confirmed mineralisation at depth in the Akrokerrri licence and included the discovery of a new zone of gold enriched saprolite. A diamond drilling programme commenced in November to evaluate high-grade ore shoots beneath the known Homase oxide resource. Results confirm the continuity of the identified mineralised zone to depths of 120-180 metres beneath the base of the historic pit. A short auger programme at the end of the year demonstrated some degree of gold anomalism in the area parallel to the existing 602,000oz JORC Code compliant gold resource.

Further trenching, mapping, and soil sampling at the **Dalafin** project in Senegal has delivered encouraging results and merits further investigation. All data including previous drill results are currently being reviewed ahead of further exploration.

**Thani Stratex Resources Ltd** successfully raised some US\$4.50 million during 2016. Stratex decided not to follow its investment in the fund raising exercises and as a result its interest has been diluted to 30.4%. The funds have been used for drilling programmes at Anbat in Egypt and Assaleyta and Pandora in Djibouti. Extensive near surface gold mineralisation has been defined at Anbat and subsequent drilling confirmed significant high grade gold potential, including 23.55 metres grading 4.38g/t Au from 69.65m and 227g/t Au over 1.25 metres from 128m. Results from the first drilling at the Assaleyta were also very encouraging, including 6.79g/t Au over 3.16 metres. Drilling finally commenced at the Stratex discovered Pandora epithermal gold project following delays due to unprecedented flooding. Results are awaited.

The **Turkish Strategic Alliances** with Centerra and Antofagasta have been terminated as a result of these companies cutting back on exploration.

In February 2016 the Board took the decision not to contribute its pro rata share of financing in the **Muratdere Madencilik** copper-gold project and as a result its interest has been reduced to 14.87%. The decision was based on our valuation of the project based on the depressed copper market.

On 5 May 2016, Dr. Bob Foster, the Company's representative on the board of **Tembo Gold Corporation** resigned from the Tembo board and Stratex is no longer involved in the management of the company.

### Financial Review

The Group's loss after tax for the year was £2,662,253, which compares with a loss in 2015 of £637,556.

The loss in 2015 included a £3,036,659 profit from the sale of the Óksút royalty. Adjusting for this one-off gain the loss in 2015 would have been £3,674,215, more than £1 million worse than 2016.

Administration costs, which includes all costs associated with exploration operations not capitalised, as well as office overheads, amounted to £2,807,931, an increase of £662,803 over 2016. The amount for 2016 includes certain non-cash accounting adjustments. On a like-for-like cash basis administration cost have reduced year-over-year by £684,253, reflecting the continued focus on cost controls.

The owners of Altintepe Madencilik have agreed to pay US\$2 million (£1,626,016) for services related to the operation of the mine provided by the Company's geological team based in Turkey. This has been reported as Other Income.

The Company's investment in Altintepe, Muratere and Tembo, has been recategorised as it no longer meets the criteria for equity accounting. This, together with the dilution of the Company's investment in Thani Stratex

Resources, has given rise to an accounting loss of £743,323 (see note 7).

The value of the Company's operations in Goldstone and Dalafin, which are denominated in US\$ and Euro respectively, have increased significantly in sterling terms due to the weakening of Sterling against the US\$ and Euro following the UK vote on Brexit. This has resulted in an unrealised currency translation gain of £3,371,047, which in accordance with International Financial Reporting Standards has been taken directly to equity and is not reflected in the loss for the year.

### Future developments

The Company continues to progress its strategic vision of seeking to acquire high-quality near or in production mining projects and is currently advancing a number of discussions with companies and asset owners over prospective projects, which would be complementary to Stratex's strategic goals.

### Key performance indicators

The Board monitors the following KPI's on a regular basis:

#### Finance related:

- Share price versus its peer group
- Funding and cash flow forecasts
- Overheads as a percentage of total expenditure

#### Project related:

- Metres drilled
- Acquisition of new licence areas
- Exploration expenditure by project.

### Events after the Reporting Period

Due to continued frustration in our attempts to enforce our contractual rights to receive cash distributions from our joint venture at the Altintepe gold mine, coupled with the changing situation in Turkey, on 24 April 2017 the Company announced that it had completed the disposal of its 45% interest in Altintepe Madencilik Sanayi ve Ticaret AS for an aggregate cash amount of US\$8 million, net of taxes and costs.

This Strategic Report was approved by the Board of Directors on 15 May 2017



**P C Ashwood**  
Company Secretary

15 May 2017

# Directors' report

**Stratex International plc**  
**Company number: 05601091**

The Directors present their report, together with the Financial Statements and auditor's report, for the year ended 31 December 2016.

## General Information

Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors' Report is set out in the Group Strategic Report and includes: principal activities, future developments, principal risks and uncertainties and events after the end of the reporting period.

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Under that law the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit and loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Financial Statements comply with IFRS's as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The beneficial interests of the Directors in the issued share capital and share options of the Company are as follows:

	As at December 2016		As at December 2015	
	Ordinary 1p shares	Share options	Ordinary 1p shares	Share options
Peter Addison	217,857	3,500,000	217,857	3,000,000
Marcus Engelbrecht	–	6,000,000	–	–
Perry Ashwood	1,744,485	5,223,567	1,744,485	4,723,567
Emma Priestley	–	2,000,000	–	1,500,000
Chris Worcester	–	1,500,000	–	–
Christopher Hall (resigned 31 December 2016)	–	–	212,143	3,000,000
Dr Bob Foster (resigned 31 August 2016)	–	–	7,719,404	5,003,577
<b>Total</b>	<b>1,962,342</b>	<b>18,223,567</b>	<b>9,893,889</b>	<b>17,227,144</b>

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the Financial Statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

## Directors and their interests

The current Directors are listed on page 2.

Dr Bob Foster resigned as Director on 31 August 2016 and Christopher Hall resigned as Director on 31 December 2016. Marcus Engelbrecht was appointed to the Board on 1 September 2016. With these exceptions all Directors have been Directors of the Company for the full year.

In compliance with the Company's Articles of Association, Perry Ashwood will retire by rotation and Marcus Engelbrecht, having been appointed since the last AGM, will retire and, being eligible, both offer themselves for re-election.

The remuneration paid to Directors was:

2016	Short term benefits					Share based payments	Total
	Salary	Fees	Severance pay	Taxable benefits			
	£	£	£	£	£	£	
Peter Addison	29,062	2,081	–	–	1,017	32,160	
Marcus Engelbrecht (appointed 1 September 2016)	66,667	–	–	–	11,234	77,901	
Perry Ashwood	128,312	–	–	3,841	1,017	133,170	
Emma Priestley	67,000	–	–	–	1,017	68,017	
Chris Worcester	22,583	–	–	–	3,052	25,635	
Christopher Hall (resigned 31 December 2016)	10,000	65,000	18,750	–	1,017	94,767	
Dr Bob Foster (resigned 31 August 2016)	174,739	–	75,790	1,887	–	252,416	
<b>Total</b>	<b>498,363</b>	<b>67,081</b>	<b>94,540</b>	<b>5,728</b>	<b>18,354</b>	<b>684,066</b>	

2015	Short term benefits					Share based payments	Total
	Salary	Fees	Taxable benefits				
	£	£	£	£	£	£	
Christopher Hall	10,000	65,000	–	–	4,528	79,528	
Dr Bob Foster	148,423	–	3,135	–	6,793	158,351	
Perry Ashwood	128,312	–	4,015	–	5,157	137,484	
Emma Priestley	75,000	–	–	–	9,057	84,057	
Peter Addison	6,180	24,977	–	–	4,528	35,685	
John Cole-Baker (resigned 31 March 2015)	25,493	–	–	–	1,132	26,625	
<b>Total</b>	<b>393,408</b>	<b>89,977</b>	<b>7,150</b>	<b>31,195</b>	<b>521,730</b>		

### Substantial shareholdings

As at 8 May 2017, the Company was aware of the following holdings of 3% or more in the Company's issued share capital:

Shareholder	Number of shares	% of issued share capital
AngloGold Ashanti	53,710,219	11.5
Blackrock Investment Management	37,150,904	8.0
Teck Resources Limited	35,727,487	7.7
Orion Trust	26,469,925	5.7

### Provision of information to Auditor

The Directors who held office at the date of this report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Approved by the Board and signed on its behalf.



**P C Ashwood**  
Company Secretary

15 May 2017

# Independent auditor's report to the members of Stratex International Plc

We have audited the financial statements of Stratex International Plc for the year ended 31 December 2016 which comprise the Statement of Consolidated Comprehensive Income, the Statements of Consolidated and Parent Company Financial Position, the Statements of Consolidated and Parent Company Cash Flows, the Statements of Consolidated and Parent Company Changes in Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;

- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



## Joseph Archer (Senior statutory auditor)

For and on behalf of PKF Littlejohn LLP  
Statutory auditor  
1 Westferry Circus  
Canary Wharf  
London, E14 4HD

15 May 2017





Inspecting the core at the Dalafin Gold project

# Statement of consolidated comprehensive income

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 £
<b>Continuing operations</b>			
<b>Revenue</b>		–	–
Administration expenses	9	(2,807,931)	(2,145,128)
Project impairment		(121,019)	–
Other income	8	1,174,174	2,770,522
<b>Operating (loss)/profit</b>		<b>(1,754,776)</b>	<b>625,394</b>
Finance income		16,185	22,839
Share of losses of associates	15	(162,261)	(1,368,351)
Loss on change of ownership status	7	(743,323)	(70,818)
<b>Loss before income tax</b>		<b>(2,644,175)</b>	<b>(790,936)</b>
Income tax (charge)/credit	11	(18,078)	153,380
<b>Loss for the year</b>		<b>(2,662,253)</b>	<b>(637,556)</b>
<b>Other comprehensive income for the year</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Share of comprehensive income of investments accounted for using the equity method		–	246,457
Exchange differences on translating foreign operations		3,371,047	286,492
<b>Other comprehensive income for the year, net of tax</b>		<b>3,371,047</b>	<b>532,949</b>
<b>Total comprehensive income for the year</b>		<b>708,794</b>	<b>(104,607)</b>
<b>Loss for the year attributable to:</b>			
Owners of the Parent Company		(2,105,671)	(402,050)
Non-controlling interests		(556,582)	(235,506)
<b>Loss for the year</b>		<b>(2,662,253)</b>	<b>(637,556)</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Parent Company		727,807	90,114
Non-controlling interests		(19,013)	(194,721)
<b>Total comprehensive income for the year</b>		<b>708,794</b>	<b>(104,607)</b>
Earnings per share for losses from continuing operations attributable to the owners of the Company (expressed in pence per share).			
– basic	23	(0.45)	(0.09)
– diluted	23	(0.45)	(0.09)

The notes on pages 24 to 45 form part of these financial statements

# Statement of consolidated financial position

Company number: 05601091

	Notes	As at 31 December 2016 £	As at 31 December 2015 £
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	14	13,874	32,240
Intangible assets	13	10,490,725	8,323,340
Investments in equity-accounted associates	15	5,757,578	7,645,184
Available-for-sale financial assets	16	2,912,829	227,082
Trade and other receivables	17	1,358,639	1,322,135
Deferred tax asset	18	257,380	274,907
		<b>20,791,025</b>	<b>17,824,888</b>
<b>Current Assets</b>			
Trade and other receivables	17	1,740,208	873,697
Cash and cash equivalents	19	1,688,619	4,132,073
		<b>3,428,827</b>	<b>5,005,770</b>
<b>Total Assets</b>		<b>24,219,852</b>	<b>22,830,658</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	22	4,673,113	4,673,113
Share premium	22	20,426,431	20,426,431
Other reserves	25	2,588,762	(125,714)
Retained earnings		(6,757,042)	(4,807,122)
<b>Total equity attributable to owners of the Company</b>		<b>20,931,264</b>	<b>20,166,708</b>
Non-controlling interest	26	2,860,169	2,251,732
<b>Total equity</b>		<b>23,791,433</b>	<b>22,418,440</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Employee termination benefits		35,710	27,013
Deferred tax liabilities	18	2,691	275
		<b>38,401</b>	<b>27,288</b>
<b>Current Liabilities</b>			
Trade and other payables	27	390,018	384,930
<b>Total Liabilities</b>		<b>428,419</b>	<b>412,218</b>
<b>Total equity and liabilities</b>		<b>24,219,852</b>	<b>22,830,658</b>

The notes on pages 24 to 45 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 15 May 2017 and were signed on its behalf by:



**Peter Addison**  
Non-Executive Chairman



**Perry Ashwood**  
Chief Financial Officer

# Statement of consolidated changes in equity

	Attributable to owners of the Company				Total £	Non- controlling interests £	Total equity £
	Share capital £	Share premium £	Other reserves (see note 25) £	Retained earnings £			
<b>Balance at 1 January 2015</b>	<b>4,673,113</b>	<b>20,426,431</b>	<b>(643,305)</b>	<b>(4,415,707)</b>	<b>20,040,532</b>	<b>2,446,453</b>	<b>22,486,985</b>
Share-based payments	-	-	36,062	-	36,062	-	36,062
Share options cancelled	-	-	(10,635)	10,635	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>25,427</b>	<b>10,635</b>	<b>36,062</b>	<b>-</b>	<b>36,062</b>
Loss for the year	-	-	-	(402,050)	(402,050)	(235,506)	(637,556)
Other comprehensive income	-	-	492,164	-	492,164	40,785	532,949
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>492,164</b>	<b>(402,050)</b>	<b>90,114</b>	<b>(194,721)</b>	<b>(104,607)</b>
<b>Balance at 31 December 2015</b>	<b>4,673,113</b>	<b>20,426,431</b>	<b>(125,714)</b>	<b>(4,807,122)</b>	<b>20,166,708</b>	<b>2,251,732</b>	<b>22,418,440</b>
Share-based payments	-	-	36,749	-	36,749	-	36,749
Share options cancelled	-	-	(155,751)	155,751	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(119,002)</b>	<b>155,751</b>	<b>36,749</b>	<b>-</b>	<b>36,749</b>
<b>Transactions with Non- controlling interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>627,450</b>	<b>627,450</b>
Profit/(Loss) for the year	-	-	-	(2,105,671)	(2,105,671)	(556,582)	(2,662,253)
Other comprehensive income	-	-	2,833,478	-	2,833,478	537,569	3,371,047
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2,833,478</b>	<b>(2,105,671)</b>	<b>727,807</b>	<b>(19,013)</b>	<b>708,794</b>
<b>Balance at 31 December 2016</b>	<b>4,673,113</b>	<b>20,426,431</b>	<b>2,588,762</b>	<b>(6,757,042)</b>	<b>20,931,264</b>	<b>2,860,169</b>	<b>23,791,433</b>

The notes on pages 24 to 45 form part of these financial statements

# Statement of consolidated cash flows

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 £
<b>Cash flow from operating activities:</b>			
<b>Net cash used in operating activities</b>	28	<b>(2,089,929)</b>	<b>(2,774,182)</b>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment	14	(2,436)	(8,149)
Purchase of intangible assets	13	(780,139)	(816,962)
Investment in associate company	15	(189,208)	(35,090)
Investment in available-for-sale financial assets	16	(25,377)	–
Interest received		16,185	22,839
<b>Net cash used in investing activities</b>		<b>(980,975)</b>	<b>(837,362)</b>
<b>Cash flow from financing activities:</b>			
Funds from the issue of shares by subsidiary company	26	627,450	–
Funds received from the sale of royalty interests		–	3,036,659
<b>Net cash generated from financing activities</b>		<b>627,450</b>	<b>3,036,659</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,443,454)</b>	<b>(574,885)</b>
Cash and cash equivalents at beginning of the period		4,132,073	4,706,958
<b>Cash and cash equivalents at end of the period</b>	19	<b>1,688,619</b>	<b>4,132,073</b>

The notes on pages 24 to 45 form part of these financial statements

# Statement of company financial position

Company number: 05601091

	Notes	As at 31 December 2016 £	As at 31 December 2015 £
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	14	213	5,620
Available-for-sale financial assets	16	227,082	227,082
Investments in equity-accounted associates	15	850,366	680,958
Investment in subsidiaries	12	17,140,454	16,587,029
		<b>18,218,115</b>	<b>17,500,689</b>
<b>Current Assets</b>			
Trade and other receivables	17	3,703,683	2,572,323
Cash and cash equivalents	19	1,528,363	3,928,211
		<b>5,232,046</b>	<b>6,500,534</b>
<b>Total assets</b>		<b>23,450,161</b>	<b>24,001,223</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	22	4,673,113	4,673,113
Share premium	22	20,426,431	20,426,431
Other reserves	25	590,297	709,299
Retained earnings	32	(2,996,822)	(2,636,045)
<b>Total equity</b>		<b>22,693,019</b>	<b>23,172,798</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	27	757,142	828,425
		<b>757,142</b>	<b>828,425</b>
<b>Total equity and liabilities</b>		<b>23,450,161</b>	<b>24,001,223</b>

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The Parent Company loss for the year was £516,528 (2015: £2,377,786).

The notes on pages 24 to 45 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 15 May 2017 and were signed on its behalf by:



**Peter Addison**  
Non-Executive Chairman



**Perry Ashwood**  
Chief Financial Officer

# Statement of company changes in equity

	Notes	Attributable to owners of the Company				Total equity £
		Share capital £	Share premium £	Other Reserves (see note 25) £	Retained earnings £	
<b>Balance at 1 January 2015</b>		<b>4,673,113</b>	<b>20,426,431</b>	<b>683,872</b>	<b>(5,024,466)</b>	<b>20,758,950</b>
Share-based payments		–	–	36,062	–	36,062
Share options cancelled		–	–	(10,635)	10,635	–
<b>Total contributions by and distributions to owners of the Company</b>		<b>–</b>	<b>–</b>	<b>25,427</b>	<b>10,635</b>	<b>36,062</b>
Comprehensive income for the year:						
– profit for the year	32	–	–	–	2,377,786	2,377,786
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>2,377,786</b>	<b>2,377,786</b>
<b>Balance at 31 December 2015</b>		<b>4,673,113</b>	<b>20,426,431</b>	<b>709,299</b>	<b>(2,636,045)</b>	<b>23,172,798</b>
Share-based payments		–	–	36,749	–	36,749
Share options cancelled		–	–	(155,751)	155,751	–
<b>Total contributions by and distributions to owners of the Company</b>		<b>–</b>	<b>–</b>	<b>(119,002)</b>	<b>155,751</b>	<b>36,749</b>
Comprehensive income for the year:						
– loss for the year	32	–	–	–	(516,528)	(516,528)
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(516,528)</b>	<b>(516,528)</b>
<b>Balance at 31 December 2016</b>		<b>4,673,113</b>	<b>20,426,431</b>	<b>590,297</b>	<b>(2,996,822)</b>	<b>22,693,019</b>

The notes on pages 24 to 45 form part of these financial statements

# Statement of company cash flows

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 £
<b>Cash flow from operating activities</b>			
<b>Net cash used in operating activities</b>	28	<b>(1,202,928)</b>	<b>(1,313,296)</b>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment	14	(829)	(483)
Investment in subsidiary company	12	(315,375)	–
Funding of subsidiary exploration companies		(659,449)	(1,388,755)
Investment in associated company	15	(189,208)	(35,090)
Interest received		14,366	14,488
<b>Net cash used in investing activities</b>		<b>(1,150,495)</b>	<b>(1,409,840)</b>
<b>Cash flow from financing activities</b>			
Funds received from the sale of royalty interests		–	3,036,659
Decrease in intercompany indebtedness		(46,425)	(15,113)
<b>Net cash generated in financing activities</b>		<b>(46,425)</b>	<b>3,021,546</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,399,848)</b>	<b>298,410</b>
Cash and cash equivalents at beginning of the period		3,928,211	3,629,801
<b>Cash and cash equivalents at end of the period</b>	19	<b>1,528,363</b>	<b>3,928,211</b>

The notes on pages 24 to 45 form part of these financial statements



# Notes to the financial statements

## 1. General information

The principal activity of Stratex International Plc ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of precious and high-value base metals. The Company's shares are quoted on the AIM Market of the London Stock Exchange. The Company is incorporated and domiciled in the UK.

The address of its registered office is 180 Piccadilly, London, W1J 9HF.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements were prepared under the historical cost convention as modified by the measurement of certain investments at fair value.

### Going Concern

It is the prime responsibility of the Board to ensure the Company and the Group remains a going concern. At 31 December 2016 the Group had cash and cash equivalents of £1,688,619 and no borrowings. In April 2017, the Group received US\$8 million from the sale of the Altintepe mine, which together with the existing cash in the Group, will ensure sufficient funds are available to meet expenditure over the coming 12 months based on the forecast prepared by the Directors. The Company and Group has minimal contractual expenditure commitments. For these reasons the Directors continue to adopt the going concern basis in the preparation of the financial statements.

### Changes in Accounting Policies

#### a) New and amended standards adopted by the Group

The following IFRSs or IFRIC interpretations were effective the first time for the financial year beginning 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standards	Application
IFRS 11 amendment	Accounting for acquisitions of interest in Joint Operations
IAS 16 & IAS 18	Clarification of acceptable methods of depreciation and amortisation
IAS 27 amendment	Equity method in separate financial statements
Annual Improvement Cycle 2012-2014	Amendments to: IFRS 5 Non-current assets held for sale and Discontinued Operations, IFRS 7 Financial instruments: Disclosures, IAS19 Employee benefits and IAS34 Interim Financial Reporting.
IAS1	Disclosure initiative

#### b) New and amended standards not yet adopted by the Company

Standards	Application
IAS 7 amendments	Results of the Disclosure Initiative: Effective 1 January 2017*
IAS 12 amendments	Recognition of Deferred tax assets for Unrealised losses: Effective 1 January 2017*
IFRS 2 amendments	Measurement of share based payment transactions: Effective 1 January 2018*
IFRS 9 amendments	Financial Instruments: Effective 1 January 2018*
IFRS 15	Revenue from contracts with customers: Effective 1 January 2018*
IFRS 16	Leases: Effective 1 January 2019*
Annual Improvements	2014 – 2016 Cycle: Effective 1 January 2017/1 January 2018*

\*Subject to EU endorsement

IFRS 15 requires a quantitative impact of the application of IFRS 15 to be included within the financial statements. The Directors are reviewing the impact of IFRS 15 and will report accordingly thereon in the interim statements.

There are no other IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

### 2.2 Basis of preparation

Stratex International plc was incorporated on 24 October 2005. On 21 November 2005 Stratex International plc acquired the entire issued share capital of Stratex Exploration Ltd by way of a share for share exchange. The transaction was treated as a Group reconstruction and was accounted for using the merger accounting method.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

## 2. Summary of significant accounting policies (continued)

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. The acquisition method is used to account for the acquisition of subsidiaries.

Any contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with IAS 39 either in profit or loss or as a change in other comprehensive income. The unwinding of the discount on contingent consideration liabilities is recognised as a finance charge within profit or loss.

Acquisition related costs are expensed as incurred.

The Group measures goodwill at the acquisition date as the excess of the fair value of the consideration transferred, plus the recognised amount of any non-controlling interests, less the recognised amount of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between group entities are eliminated on consolidation.

Associates are all entities over which the Group has significant influence but not control over the financial and operating policies.

References to joint venture agreements do not refer to arrangements which meet the definition of joint ventures under IFRS 11 "Joint Arrangements" and therefore these Financial Statements do not reflect the accounting treatments required under IFRS 11.

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an equity-accounted investee the carrying amount of the investment, including any other unsecured receivables, is reduced to zero, and the recognition of further losses is discontinued, unless the Group has incurred obligations or made payments on behalf of the investee.

Unrealised gains on transactions between the Group and equity-accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in equity-accounted investees are recognised in profit or loss.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are recorded in equity.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carry amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal. In addition the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

### 2.3 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in sterling, which is the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

# Notes to the financial statements (continued)

## 2. Summary of significant accounting policies (continued)

### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- income and expenses in profit or loss for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

### 2.4 Intangible assets – Exploration and evaluation assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources.

Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to undertake topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and other activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive Board of Directors.

### 2.6 Impairment of non-financial assets

Exploration and evaluation assets not ready for use are assessed for impairment annually. The assessment is carried out by allocating exploration and evaluation assets to cash-generating units, which are based on specific projects or geographical areas. Where the exploration for and evaluation of

mineral resources in cash-generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities at that unit, the associated expenditures will be written off to profit or loss.

In assessing the carrying values of its major exploration and evaluation assets, the Directors have used cash flow projections for each of the projects where a JORC – compliant resource has been calculated.

Certain of the other exploration projects are at an early stage of development and no JORC-compliant resource estimate has been completed. In these cases the Directors have assessed the impairment of the projects based on future exploration plans and estimates of geological and economic data. The Board does not believe that the key assumptions will change so as to cause the carrying values to exceed the recoverable amounts.

To date impairment losses recognised have followed the decision of the Board not to continue exploration and evaluation activity on a particular project licence area where it is no longer considered an economically viable project or where the underlying exploration licence has been relinquished.

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash-generating units). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, and demand deposits with banks and other financial institutions.

### 2.8 Financial instruments

#### (a) Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

## 2. Summary of significant accounting policies (continued)

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loan and receivables comprise Trade and Other Receivables and Cash and Cash Equivalents in the Statement of Financial Position.

- Available-for-sale financial asset

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the end of the reporting period.

(b) Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Group commits to purchasing or selling the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as “gains and losses from investment securities”.

(c) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Impairment of Financial Assets

- Assets Carried at Amortised Cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

- Assets Classified as Available-for-Sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss are not reversed through profit or loss.

### 2.9 Deferred taxation

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

# Notes to the financial statements (continued)

## 2. Summary of significant accounting policies (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. No liability to UK corporation tax arose on ordinary activities for the current period or prior periods. The Group has losses to be carried forward on which no deferred tax asset is recognised. Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Current and deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity.

### 2.10 Share-based payments

The fair value of the services received from employees and third parties in exchange for the grant of share options is recognised as an expense. The fair value of the options granted is calculated using the Black-Scholes pricing model and is expensed over the vesting period. At each reporting period the Group revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### 2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

### 2.12 Finance income

Finance income comprises bank interest receivable. Interest revenue is recognised using the effective interest method.

### 2.13 Other income

Other income represents income from activities other than normal business operations. Royalty payments, arising from the involvement of exploration partners, are recognised as other income once payment has been received.

### 2.14 Post-employment benefits

Retirement benefit costs are calculated by applying the Projected Unit Credit Method and the resulting adjustments are recognised in profit or loss.

### 2.15 Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

## 3. Risk management

### 3.1 Financial risk management

The main financial risks facing the Group are the availability of adequate funding, movements in interest rates and fluctuations in foreign exchange rates. Constant monitoring of these risks ensures that the Group is protected against any potential adverse effects of such risks so far as it is possible and foreseeable. The Group only deals with high-quality banks. It does not hold derivatives, does not trade in financial instruments and does not engage in hedging arrangements.

In keeping with similar sized mineral exploration groups, its continued future operations depend on the ability to raise sufficient working capital. The Group finances itself through the monetisation of exploration assets and the issue of equity share capital and has no borrowings. Management monitors its cash and future funding requirements through the use of on-going cash flow forecasts. All cash, with the exception of that required for immediate working capital requirements, is held on short term deposit.

The Group's only exposure to interest rate fluctuations is restricted to the rates earned on its short term deposits. These deposits returned an interest rate of between 0.1% and 1.15% during the past year.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Turkish Lira, Euro and US Dollar, (see note 21). Foreign exchange risk arises from future commercial transactions and net investments in foreign operations. The Group does not hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they arise.

The Group will continue to make substantial expenditures related to its exploration and development activities. The financial exposure of the Group has been substantially reduced as a result of entering into agreements with third parties.

### 3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

## 4. Critical accounting estimates and judgements

The preparation of the 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 reporting date, most importantly the carrying values assigned to intangible assets, associates, and available-for-sale assets. Actual results may vary from the estimates used to produce these financial statements. The most significant judgement for the Group is the assumption that exploration at the various sites will ultimately lead to a commercial mining operation. Failure to do so could lead to the write-off of the intangible assets relating to the particular site (see Note 2.6).

#### 4. Critical accounting estimates and judgements (continued)

The Stratex Board considers that it controls Goldstone Resources Limited even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Goldstone Resources Limited with a 33.45% equity interest, and through the Group's representation on the Board providing it with control over that company's exploration and evaluation activities. Since the date of acquisition, there have been no instances of the other shareholders of Goldstone Resources Limited collaborating to exercise their votes collectively or to outvote the Group.

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision

for such taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made. A deferred tax asset of £235,381 has been recognised in respect of temporary timing differences relating to the Group's intangible assets. Should these timing differences not reverse, the Group may need to revise the carrying value of this asset.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 5. Segment reporting

The Group's main exploration operations are located in 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 management structure and the management reports received by the Directors and used to make strategic decisions reflect the split of operations.

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

	Exploration			UK support & other £	Group Total £
	Turkey £	East Africa £	West Africa £		
<b>At 31 December 2016</b>					
Intangible assets	–	–	10,490,725	–	10,490,725
Property, plant and equipment	7,020	–	6,641	213	13,874
Investment in associate companies	–	5,757,578	–	–	5,757,578
Cash and other assets	4,378,490	406,868	1,562,867	1,609,450	7,957,675
Liabilities	(128,634)	–	(49,373)	(250,412)	(428,419)
Inter-segment	(2,530,803)	–	(10,345,516)	12,876,319	–
<b>Net assets</b>	<b>1,726,073</b>	<b>6,164,446</b>	<b>1,665,344</b>	<b>14,235,570</b>	<b>23,791,433</b>
Additions to property, plant and equipment	787	–	820	829	2,436

	Exploration			UK support & other £	Group Total £
	Turkey £	East Africa £	West Africa £		
<b>At 31 December 2015</b>					
Intangible assets	–	–	8,323,340	–	8,323,340
Property, plant and equipment	10,706	–	15,914	5,620	32,240
Investment in associate companies	549,524	7,095,660	–	–	7,645,184
Cash and other assets	696,389	–	1,378,997	4,754,508	6,829,894
Liabilities	(115,920)	–	(42,355)	(253,943)	(412,218)
Inter-segment	(3,353,103)	–	(9,285,166)	12,638,269	–
<b>Net assets/(liabilities)</b>	<b>(2,212,404)</b>	<b>7,095,660</b>	<b>390,730</b>	<b>17,144,454</b>	<b>22,418,440</b>
Additions to property, plant and equipment	7,666	–	–	483	8,149

# Notes to the financial statements (continued)

## 5. Segment reporting (continued)

The capitalised cost of the principal projects and the additions during the year are as follows:

	Capitalised cost		Additions in year	
	2016 £	2015 £	2016 £	2015 £
<b>West Africa</b>				
Dalafin	6,283,126	5,138,892	323,787	469,120
Homase-Akrokkerri	4,207,599	3,075,349	456,352	262,758
Other	–	109,099	–	85,084
<b>Total Intangible assets</b>	<b>10,490,725</b>	<b>8,323,340</b>	<b>780,139</b>	<b>816,962</b>

The allocation of profits and losses for the year by segment is as follows:

	Exploration			UK support & other £	Group Total £
	Turkey £	East Africa £	West Africa £		
<b>2016</b>					
Revenue	–	–	–	–	–
Administration expenses	(171,376)	(1,793)	(966,603)	(1,649,990)	(2,789,762)
Depreciation charge	(4,655)	–	(8,084)	(5,430)	(18,169)
Other income/(losses)	2,784,431	(1,901,739)	(106,827)	13,480	789,345
Share of associate company profits/(losses)	7	(162,268)	–	–	(162,261)
Exchange gains/(losses)	(249,426)	–	(37,944)	(175,958)	(463,328)
Inter-segment charges	(232,759)	–	(631,625)	864,384	–
Income tax	(18,078)	–	–	–	(18,078)
<b>Profit/(loss) for year</b>	<b>2,108,144</b>	<b>(2,065,800)</b>	<b>(1,751,083)</b>	<b>(953,514)</b>	<b>(2,662,253)</b>
<b>2015</b>					
Administration expenses	(258,274)	(124,049)	(551,220)	(1,175,888)	(2,109,431)
Depreciation charge	(5,156)	–	(11,699)	(18,842)	(35,697)
Other income/(losses)	42,777	–	11,552	3,060,070	3,114,399
Share of associate company losses	(119,371)	(1,248,980)	–	–	(1,368,351)
Exchange gains/(losses)	(375,527)	–	11,624	(27,953)	(391,856)
Inter-segment charges	(193,244)	–	(457,631)	650,875	–
Income tax	153,380	–	–	–	153,380
<b>Profit/(loss) for year</b>	<b>(755,415)</b>	<b>(1,373,029)</b>	<b>(997,374)</b>	<b>2,488,262</b>	<b>(637,556)</b>

## 6. Services provided by the Company's auditor

During the year the Group obtained the following services from the Company's auditor:

	2016 £	2015 £
Auditor's remuneration		
Fees payable for the audit of parent and consolidated financial statements	36,250	35,750
Fees payable for other services	3,750	4,545
Fees payable for tax compliance	5,250	4,500
<b>Total for year</b>	<b>45,250</b>	<b>44,795</b>

## 7. Loss on change of ownership status

	2016 £	2015 £
Carrying value at date of change of ownership	(3,349,527)	(70,818)
Fair value of interest retained in former associates	2,606,204	-
<b>Net loss for year</b>	<b>(743,323)</b>	<b>(70,818)</b>

- (a) The Company's shareholding interest in Muratdere Madencilik Sanayi ve Ticaret AS was reduced from 30% to 14.87% as a result of not participating in the share placing of 22 February 2016. The Company's investment no longer meets the requirements for equity accounting. A fair value of £429,826 equal to the original cost of the investment has been attributed to the remaining investment. The resulting net loss is £319,414.
- (b) Dr Bob Foster, the former CEO of Stratex, resigned from the board of the Tembo Gold Corporation on 5 May 2016 and Stratex is no longer involved in the management of the company and the investment no longer meets the requirements for equity accounting. A fair value of £381,492 has been attributed to its 11.6% investment based on the market price of the Tembo shares at the time of the change in accounting treatment. The resulting net loss is £1,069,267.
- (c) Thani Stratex Resources Limited has undertaken share placings during the year in which the Company has not participated, and has issued shares to employees. As a result, the Company's shareholding interest has reduced from 40% to 30.4%. This has given rise to a net loss of £832,472.
- (d) During the year the Company ceased to have a significant influence in the operating of the Altintepe mine and as such the investment no longer meets the requirements for equity accounting. A fair value of £1,794,886 has been attributed to the Company's 45% interest in Altintepe Madencilik Sanayi ve Ticaret AS, the owners of the mine. This is based on an evaluation of operations since it commenced production in November 2015. This has given rise to a net gain for the Company of £1,477,830.

## 8. Other income/(losses)

	2016 £	2015 £
Exchange losses	(463,328)	(391,856)
Profit from sale of royalty	-	3,036,659
Geological services provided to exploration partners	1,626,016	106,942
Other gains	11,486	18,777
<b>Total for year</b>	<b>1,174,174</b>	<b>2,770,522</b>



# Notes to the financial statements (continued)

## 9. Expenses by nature

Administration expenses comprise:

	2016 £	2015 £
Personnel expenses (see note 10)	1,409,944	1,075,827
Contract staff wages	31,682	23,148
Other exploration related expenses	166,845	116,309
Legal and professional expenses	508,915	578,573
Depreciation expense	18,169	35,697
Other expenses	672,376	315,574
<b>Total for year</b>	<b>2,807,931</b>	<b>2,145,128</b>

## 10. Personnel expenses

	2016 £	2015 £
Wages and salaries	958,375	885,621
Social security costs	122,077	129,891
Share options granted to Directors and employees	36,749	36,063
Employee benefits-in-kind	95,749	23,545
Employee termination benefits	9,101	707
Compensation for loss of office	187,893	–
<b>Total for year</b>	<b>1,409,944</b>	<b>1,075,827</b>
Average number of employees, including Directors	19	19

The amount of wages and salaries capitalised during the year as part of intangible assets and not included above is £126,918 (2015: £184,551).

Employee termination benefits relate to Stratex Madencilik Sanayi Ve Ticaret Ltd. Şti and has been calculated using the projected unit credit method.

The Company did not operate a pension scheme in 2016 and no contributions have been made to pension schemes during the year (2015: nil).

Detail of the Directors' remuneration is shown in the Directors' Report.

## 11. Income tax

Analysis of income tax (expense)/credit:

	2016 £	2015 £
<b>UK Corporation tax charge for the year</b>	–	–
<b>Foreign tax:</b> Deferred tax (charge)/credit for the year	(18,078)	153,380
<b>Tax (charge)/credit on loss for the year</b>	<b>(18,078)</b>	<b>153,380</b>

The Group does not anticipate a UK corporation tax charge for the year due to the availability of tax losses. The Group did not recognise deferred income tax assets of approximately £3,058,741 (2015: £2,534,493). Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. These were in respect of UK losses amounting to approximately £11,929,303 (2015: £11,412,775), and losses in Turkey of approximately £2,691,529 (2015: £1,007,752). These losses can be carried forward and used against future taxable income at rates of 20% and 25% respectively.

## 11. Income tax (continued)

Reconciliation of tax charge:

	2016 £	2015 £
<b>Loss before tax</b>	<b>(2,644,175)</b>	<b>(790,936)</b>
Current tax credit at 20% (2015: 20.2%)	(532,451)	(160,164)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	12,025	7,424
Non-taxable income	(205,528)	(47,253)
Capital allowances in excess of depreciation	–	5,320
Tax utilised and (losses) carried forward – UK	199,494	(413,247)
Tax losses carried forward – outside UK	544,538	607,920
Origination and reversal of temporary differences	–	(153,380)
<b>Tax charge/(credit)</b>	<b>18,078</b>	<b>(153,380)</b>

## 12. Investment in subsidiaries

The cost of shares in subsidiary companies is as follows:

Company	2016 £	2015 £
Cost of investment at 1 January	3,948,761	3,948,761
Additions	315,375	–
	4,264,136	3,948,761
Loans to subsidiary companies	12,876,318	12,638,268
<b>At 31 December</b>	<b>17,140,454</b>	<b>16,587,029</b>

During the year the Company injected further funds into Goldstone Resources Ltd in order to maintain its investment at 33.45%.

There are no significant restrictions in relation to the subsidiaries.

Investments in subsidiaries are stated at cost and are as follows:

	Country of incorporation	% owned by Company	% owned by subsidiary	Nature of business
Stratex Exploration Ltd	London, UK	100	–	Holding company
Stratex Gold AG	St Gallen, Switzerland	100	–	Holding company
Stratex West Africa Limited	London, UK	100	–	Exploration
Goldstone Resources Limited	Jersey, UK	33.45	–	Exploration
Stratex Madencilik Sanayi Ve Ticaret Ltd. Şti	Ankara, Turkey	–	100	Exploration
Stratex EMC SA	Dakar, Senegal	–	85	Exploration

# Notes to the financial statements (continued)

## 13. Intangible assets

The Group's Intangible assets comprise entirely of exploration assets (see Note 5).

Cost	2016 £	2015 £
Cost at 1 January	8,323,340	7,603,549
Exchange movements	1,508,265	(97,171)
Additions	780,139	816,962
Impairment	(121,019)	–
<b>At 31 December</b>	<b>10,490,725</b>	<b>8,323,340</b>

The exploration asset impairment write-offs represent the writing down to nil carrying value for those projects where the Directors have decided that no further exploration or evaluation work will be undertaken as these projects are not thought to be economically viable. The write-offs have been recognised in profit or loss for the year.

## 14. Property, plant, and equipment

Group and Company	Group				Total £	Company Office furniture and equipment £
	Gold Samples £	Motor Vehicles £	Field Equipment £	Office furniture and equipment £		
Cost						
<b>At 1 January 2015</b>	<b>2,928</b>	<b>55,421</b>	<b>53,504</b>	<b>347,486</b>	<b>459,339</b>	<b>85,976</b>
Exchange movements	156	(6,176)	846	(17,407)	(22,581)	–
Additions	–	–	–	8,149	8,149	483
Disposals	–	–	–	(1,275)	(1,275)	(786)
<b>At 31 December 2015</b>	<b>3,084</b>	<b>49,245</b>	<b>54,350</b>	<b>336,953</b>	<b>443,632</b>	<b>85,673</b>
Exchange movements	632	2,655	10,400	23,459	37,146	–
Additions	–	–	–	2,436	2,436	829
Disposals	–	–	–	(6,006)	(6,006)	(6,006)
<b>At 31 December 2016</b>	<b>3,716</b>	<b>51,900</b>	<b>64,750</b>	<b>356,842</b>	<b>477,208</b>	<b>80,496</b>
Depreciation						
<b>At 1 January 2015</b>	<b>–</b>	<b>(51,684)</b>	<b>(42,034)</b>	<b>(294,394)</b>	<b>(388,112)</b>	<b>(61,465)</b>
Exchange movements	–	6,272	(1,641)	15,517	20,148	–
Additions	–	(3,271)	(5,164)	(35,580)	(44,015)	(19,013)
Disposals	–	–	–	587	587	425
<b>At 31 December 2015</b>	<b>–</b>	<b>(48,683)</b>	<b>(48,839)</b>	<b>(313,870)</b>	<b>(411,392)</b>	<b>(80,053)</b>
Exchange movements	–	(2,602)	(9,693)	(22,599)	(34,894)	–
Additions	–	(615)	(5,762)	(15,870)	(22,247)	(5,429)
Disposals	–	–	–	5,199	5,199	5,199
<b>At 31 December 2016</b>	<b>–</b>	<b>(51,900)</b>	<b>(64,294)</b>	<b>(347,140)</b>	<b>(463,334)</b>	<b>(80,283)</b>
<b>Net Book Value</b>						
at 1 January 2015	2,928	3,737	11,470	53,092	71,227	24,511
at 31 December 2015	3,084	562	5,511	23,083	32,240	5,620
<b>at 31 December 2016</b>	<b>3,716</b>	<b>–</b>	<b>456</b>	<b>9,702</b>	<b>13,874</b>	<b>213</b>

During the year £4,078 (2015: £8,318) of the charge for depreciation was transferred to Intangible Assets. Depreciation expense of £18,169 (2015: £35,697) was included in profit or loss for the year.

## 15. Investment in equity-accounted associates

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
At 1 January	7,645,184	8,806,548	680,958	645,868
Exchange movements	1,135,737	242,715	–	–
Share of losses	(162,261)	(1,368,351)	–	–
Additions	189,208	35,090	189,208	35,090
Disposals	(3,050,290)	(70,818)	–	–
Write-offs	–	–	(19,800)	–
<b>At 31 December</b>	<b>5,757,578</b>	<b>7,645,184</b>	<b>850,366</b>	<b>680,958</b>

- a) During the year Stratex International plc invested a further £189,208 (2015: £35,090) in Thani Stratex Resources Limited through conversion of a loan, however it did not participate in all of the share placings undertaken by the company and as a result Stratex's shareholding interest has reduced from 40% to 30.4%. See note 7(c).
- b) Altintepe Madencilik Sanayi ve Ticaret AŞ, Muratdere Madencilik Sanayi ve Ticaret AS and Tembo Gold Corporation no longer meet the requirements for equity accounting and are now accounted for as Available-for-sale Financial Assets. See notes 7(a), 7(b) and 7(d).

The following entities have been included in the consolidated financial statements using the equity accounting method:

	Ownership %	Country of incorporation	Reporting date	Carrying value £	Group share of profits/(losses) £
<b>At 31 December 2016</b>					
Thani Stratex Resources Limited	30.4	Bermuda	31 December	5,757,578	(160,615)
Other				–	(1,646)
<b>Total</b>				<b>5,757,578</b>	<b>162,261</b>
<b>At 31 December 2015</b>					
Altintepe Madencilik Sanayi ve Ticaret AŞ	45.0	Turkey	31 December	17,821	(158,474)
Muratdere Madencilik Sanayi ve Ticaret AŞ	30.0	Turkey	31 December	531,703	39,103
Rift Resources Ltd	49.5	UK	30 November	–	–
Thani Stratex Resources Limited	40.0	Bermuda	31 December	5,563,173	(1,210,451)
Tembo Gold Corporation	11.6	Canada	31 December	1,532,487	(38,529)
<b>Total</b>				<b>7,645,184</b>	<b>(1,368,351)</b>

Summarised financial information for investments accounted for using the equity accounting method is shown below. This information reflects the amounts presented in the financial statements of the associates (and not Stratex International plc's share of those amounts) adjusted for differences in accounting policies between the Group and associates:

# Notes to the financial statements (continued)

## 15. Investment in equity-accounted associates (continued)

### Statement of financial position

Group	2016			2015		
	Thani Stratex Resources Limited £	Muratdere Madencilik Sanayi ve Ticaret AŞ £	Tembo Gold Corporation £	Altintepe Madencilik Sanayi ve Ticaret AŞ £	Thani Stratex Resources Limited £	Total £
<b>As at 31 December</b>						
<b>Current Assets</b>						
Cash and equivalents	1,548,847	3,010	386	1,608	125,058	130,062
Net current assets/(liabilities)	(481,931)	52,051	(275,887)	(4,243,911)	(480,673)	(4,948,420)
<b>Total current assets</b>	<b>1,006,916</b>	<b>55,061</b>	<b>(275,501)</b>	<b>(4,242,303)</b>	<b>(355,615)</b>	<b>(4,818,358)</b>
<b>Non-current assets</b>						
Furniture, fittings and equipment	50,065	10,380	98,857	33,141	113,836	256,214
Intangible assets	21,306,959	2,278,697	12,152,599	3,838,155	18,211,287	36,480,738
Associated companies	1,015,951	2,766	–	11,578	–	14,344
<b>Total non-current assets</b>	<b>22,372,975</b>	<b>2,291,843</b>	<b>12,251,456</b>	<b>3,882,874</b>	<b>18,325,123</b>	<b>36,751,296</b>
<b>Total current liabilities</b>	<b>(4,270,566)</b>	<b>(1,277,670)</b>	<b>–</b>	<b>–</b>	<b>(4,061,572)</b>	<b>(5,339,242)</b>
<b>Net assets</b>	<b>19,109,325</b>	<b>1,069,234</b>	<b>11,975,955</b>	<b>(359,429)</b>	<b>13,907,936</b>	<b>26,593,696</b>

### Statement of comprehensive income

Group	2016			2015		
	Thani Stratex Resources Limited £	Muratdere Madencilik Sanayi ve Ticaret AŞ £	Tembo Gold Corporation £	Altintepe Madencilik Sanayi ve Ticaret AŞ £	Thani Stratex Resources Limited £	Total £
<b>As at 31 December</b>						
Revenue	–	–	–	455,837	–	455,837
Administration expenses	(799,899)	3,777	(549,111)	(1,320,103)	(691,160)	(2,556,597)
Depreciation	(67,118)	(3,348)	(38,544)	–	(144,978)	(186,870)
Impairment	–	–	–	–	(2,125,026)	(2,125,026)
Other income	445,206	–	–	–	(75,116)	(75,116)
Exchange gains/(losses)	(5,940)	3,396	–	(8,893)	10,153	4,656
Interest income/(finance charges)	–	–	(687)	–	–	(687)
<b>(Loss)/profit from continuing operations</b>	<b>(427,751)</b>	<b>3,825</b>	<b>(588,342)</b>	<b>(873,159)</b>	<b>(3,026,127)</b>	<b>(4,483,803)</b>
Income tax expenses	(839)	–	–	–	–	–
<b>(Loss)/profit after tax for continuing operations</b>	<b>(428,590)</b>	<b>3,825</b>	<b>(588,342)</b>	<b>(873,159)</b>	<b>(3,026,127)</b>	<b>(4,483,803)</b>
<b>Other comprehensive income</b>						
Exchange differences on translating foreign operations	–	–	1,552,989	–	137,563	1,690,552
<b>Total comprehensive income</b>	<b>(428,590)</b>	<b>3,825</b>	<b>964,647</b>	<b>(873,159)</b>	<b>(2,888,564)</b>	<b>(2,793,251)</b>

## 16. Available-for-sale financial assets

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
At 1 January	227,082	227,082	227,082	227,082
Exchange movements	54,166	–	–	–
Additions	25,377	–	–	–
Transfer from Investments in equity-accounting associates	2,606,204	–	–	–
At 31 December	<b>2,912,829</b>	<b>227,082</b>	<b>227,082</b>	<b>227,082</b>

The investment in Muratdere Madencilik Sanayi ve Ticaret AS, Tembo Gold Corporation and Altintepe Madencilik Sanayi ve Ticaret AŞ, which previously were accounted for as associates, no longer meet the requirements for equity accounting and have been recategorised as Available-for-sale Financial Assets, (see note 15). Tembo Gold Corporation is quoted on the Toronto stock exchange and Stratex's Investment has been valued at £406,868, under level 1 of the fair value hierarchy. The investment in Altintepe Madencilik Sanayi ve Ticaret AŞ has been valued under level 2 of the fair value hierarchy based on an evaluation of the operations of the Altintepe mine since start of production in November 2015. All other available-for-sale financial assets are valued under level 3 of the fair value hierarchy, taking into account the early stage of development of the exploration projects and lack of a JORC-compliant resource to enable a value-in-use calculation to be performed.

## 17. Trade and other receivables

The fair value of trade and other receivables equate to their carrying values, which also represents the Group's maximum exposure to credit risk. No collateral is held as security.

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Receivables from exploration partners	1,186,017	1,169,820	–	–
Deposits and guarantees given	172,621	152,315	–	–
Amounts due from Group companies	–	–	3,633,513	2,354,986
VAT recoverable	47,121	64,763	30,033	8,642
Pre-payments and other current assets	1,693,088	808,934	40,137	208,695
<b>Total</b>	<b>3,098,847</b>	<b>2,195,832</b>	<b>3,703,683</b>	<b>2,572,323</b>
Non-current	1,358,639	1,322,135	–	–
Current	1,740,208	873,697	3,703,683	2,572,323
Total	<b>3,098,847</b>	<b>2,195,832</b>	<b>3,703,683</b>	<b>2,572,323</b>

# Notes to the financial statements (continued)

## 18. Deferred tax asset and liabilities

Group	2016 £	2015 £
<b>Deferred tax assets</b>		
Temporary timing differences arising on:		
Intangible assets	235,381	257,684
Employee termination benefits	7,142	5,403
Non-accrued financial expenses	12,581	11,809
Other	2,276	11
<b>Total</b>	<b>257,380</b>	<b>274,907</b>
<b>Deferred tax liabilities</b>		
Temporary timing differences arising on:		
Tangible and intangible assets	(2,589)	(45)
Other	(102)	(230)
<b>Total</b>	<b>(2,691)</b>	<b>(275)</b>
<b>Net deferred tax asset</b>	<b>254,689</b>	<b>274,632</b>

The movement in the year on the net deferred tax assets is:

	2016 £	2015 £
At 1 January	274,632	154,472
Exchange movements	(1,865)	(33,220)
Movement in year	(18,078)	153,380
<b>At 31 December</b>	<b>254,689</b>	<b>274,632</b>

## 19. Cash and cash equivalents

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash at bank and on hand	591,764	437,997	431,508	234,135
Short-term deposits	1,096,855	3,694,076	1,096,855	3,694,076
<b>Total</b>	<b>1,688,619</b>	<b>4,132,073</b>	<b>1,528,363</b>	<b>3,928,211</b>

## 20. Financial instruments by category and credit quality

### a) By category:

Group	2016		2015	
	Available-for-sale financial assets	Loans and receivables	Available-for-sale financial assets	Loans and receivables
	£	£	£	£
<b>Assets per Statement of Financial Position at 31 December</b>				
Available-for-sale financial assets	2,912,829	–	227,082	–
Trade and other receivables excluding pre-payments	–	2,863,687	–	2,114,665
Deposits and guarantees	–	172,621	–	152,315
Cash and cash equivalents	–	1,688,619	–	4,132,073
<b>Total</b>	<b>2,912,829</b>	<b>4,724,927</b>	<b>227,082</b>	<b>6,399,053</b>

Company	2016		2015	
	Available-for-sale financial assets	Loans and receivables	Available-for-sale financial assets	Loans and receivables
	£	£	£	£
<b>Assets per Statement of Financial Position at 31 December</b>				
Available-for-sale financial assets	227,082	–	227,082	–
Trade and other receivables excluding re-payments	–	3,667,544	–	1,962,351
Cash and cash equivalents	–	1,528,363	–	3,928,211
<b>Total</b>	<b>227,082</b>	<b>5,195,907</b>	<b>227,082</b>	<b>5,890,562</b>

### b) By quality

Trade receivables:

Trade receivables include VAT due from Turkish and UK governments of £47,121 (2015: £56,121) and receivables from exploration partners of £1,186,017 (2015: £538,796). None of the exploration partners have external credit ratings.

Cash and cash equivalents:

External ratings of cash at bank and short-term deposits:

	2016 £	2015 £
A	1,123,193	3,955,281
Ba, Bb & Bbb	555,352	54,514
Other	–	112,009
Cash-in-hand	10,074	10,269
<b>Total</b>	<b>1,688,619</b>	<b>4,132,073</b>



## Notes to the financial statements (continued)

### 21. Currency risk

The Group's exposure to foreign currency is as follows:

	2016			2015		
	US\$	Euro	Turkish Lira	US\$	Euro	Turkish Lira
Trade and other receivables	1,626,210	–	207,356	–	1,591,540	3,083,931
Cash and cash equivalents	496,660	30,259	8,860	3,038,959	6,344	14,788
Trade and other payables	(89,908)	–	(27,327)	–	–	(52,759)
<b>Net exposure</b>	<b>2,032,962</b>	<b>30,259</b>	<b>188,889</b>	<b>3,038,959</b>	<b>1,597,884</b>	<b>3,045,960</b>
The following year end spot rates to sterling have been applied	1.23	1.165	4.342	1.482	1.361	4.329

A 20% fluctuation in the sterling exchange rate would have affected profit and loss as follows:

	£	£	£	£	£	£
– due to the strengthening of sterling	508,241	7,565	47,222	759,740	294,041	178,755
– due to the weakening of sterling	(338,827)	(5,043)	(31,481)	(506,493)	(196,027)	(119,170)

The Company had no foreign currency denominated receivables or payables in 2016 (2015: nil). Foreign currency cash and deposits amounted to US\$496,475 (2015: 2,999,597). A 20% strengthening/weakening of the Sterling/US\$ exchange rate would result in a movement of £124,119 and £(82,746) respectively (2015:£749,899, £(499,933)) in profit and loss.

### 22. Share capital and share premium

Group and Company	Number of shares	Ordinary shares £	Share premium £	Total £
<b>At 31 December 2016 and 2015</b>	<b>467,311,276</b>	<b>4,673,113</b>	<b>20,426,431</b>	<b>25,099,544</b>

### 23. Earnings per share

The calculation of the basic earnings per share is based on the loss attributable to the equity holders of the Company and a weighted average number of ordinary shares in issue during the year, as follows:

	2016 £	2015 £
Loss attributable to owners of the Company	(2,105,671)	(402,050)
Weighted average number of ordinary shares in issue	467,311,276	467,311,276
<b>Basic and diluted loss per share (pence per share)</b>	<b>(0.45)</b>	<b>(0.09)</b>

There is no difference between basic and diluted loss per share in 2016 or 2015 as the effect on the exercise of the options would be to decrease the earnings per share.

At 31 December 2016 there were 30,005,144 (2015: 24,466,144) share options that could potentially dilute the earnings per share in the future.

## 24. Share options

The Directors have discretion to grant options to Group employees to subscribe for Ordinary Shares up to a maximum of 10% of the Company's issued share capital. The Company runs two schemes, one is the Enterprise Management Incentive scheme and the other is the Unapproved Share Option scheme.

As at 31 December 2016, the Company had in issue 18,801,567 (2015: 18,321,144) options to Group employees granted under the Enterprise Management Incentive scheme and 1,950,000 (2015: 6,145,000) to Group employees granted under the unapproved scheme. In addition there are 9,253,577 unexercised options held by past employees. All options vest over one to three years from the grant date and lapse on the tenth anniversary of the grant date.

The granting of the share options has been accounted for as equity-settled share-based payment transactions. The total expenses recognised in the loss for the year arising from share-based payments was £36,749 (2015: £36,062). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Group and Company	2016		2015	
	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
<b>Outstanding at 1 January</b>	24,466,144	3.2	24,316,144	3.2
Cancelled	(4,195,000)	3.7	–	–
Granted	9,734,000	1.8	150,000	1.5
<b>Outstanding at 31 December</b>	<b>30,005,144</b>	<b>2.8</b>	<b>24,466,144</b>	<b>3.2</b>
<b>Exercisable at 31 December</b>	<b>18,176,477</b>	<b>3.1</b>	<b>20,226,810</b>	<b>3.4</b>

The weighted average contractual life of the outstanding options at 31 December 2016 was 6.0 years (2015: 5.0 years).

Details of share options outstanding at 31 December 2016 are as follows:

Life of option		Outstanding 31 December 2016	Option price pence
Start date	Expiry date		
30 April 2009	30 April 2019	11,946,000	3.0
28 September 2009	28 September 2019	24,000	4.3
1 June 2011	1 June 2021	1,867,144	7.0
12 March 2013	12 March 2023	300,000	4.4
5 December 2014	5 December 2024	5,984,000	2.7
4 June 2015	4 June 2025	150,000	1.5
1 September 2016	1 September 2026	6,000,000	1.8
2 September 2016	2 September 2026	3,734,000	2.0
<b>Total options outstanding</b>		<b>30,005,144</b>	<b>2.8</b>

During the year 6,000,000 share options were issued at a price of 1.78p per option share with a fair value of 0.93p per option share, and £3,734,000 share options were issued at a price of 1.95p per option share with a fair value of 1.02p per option share. The fair value for all options issued in the year has been measured by use of the Black-Scholes pricing model, using a price volatility of 53% and a risk-free interest rate of 3%. The expected volatility was determined by calculating the historical volatility of the Company's share price over the previous two years.

# Notes to the financial statements (continued)

## 25. Other reserves

Group	Merger reserve £	Share option reserve £	Translation reserve £	Total £
At 1 January 2015	(485,400)	683,872	(841,777)	(643,305)
Share based payments	–	36,062	–	36,062
Share options exercised	–	(10,635)	–	(10,635)
Exchange differences from investments in equity- accounted associates	–	–	246,457	246,457
Other comprehensive interest	–	–	245,707	245,707
<b>At 31 December 2015</b>	<b>(485,400)</b>	<b>709,299</b>	<b>(349,613)</b>	<b>(125,714)</b>
Share based payments	–	36,749	–	36,749
Share options cancelled	–	(155,751)	–	(155,751)
Other comprehensive interest	–	–	2,833,478	2,833,478
<b>At 31 December 2016</b>	<b>(485,400)</b>	<b>590,297</b>	<b>2,483,865</b>	<b>2,588,762</b>

The Merger reserve arose on consolidation as a result of the merger accounting for the acquisition of the entire issued share capital of Stratex Exploration Limited during 2005 and represents the difference between the nominal value of shares issued for the acquisition and that of the share capital and share premium account of Stratex Exploration Limited.

The Translation reserve comprises the exchange differences from translating the net investment in foreign entities and of monetary items receivable from subsidiaries for which settlement is neither planned nor likely in the foreseeable future (see Note 2.3).

## 26. Non-controlling interest

Effect on equity of transactions with Non-controlling interests:

	Goldstone Resources Limited £	Stratex EMC SA £	Total £
Balance attributable to NCI			
At 1 January 2015	2,446,453	–	2,446,453
Prior year restatement	–	133,538	133,538
Exchange movements	77,900	(37,115)	40,785
Losses for the year	(302,051)	(66,993)	(369,044)
<b>At 31 December 2015</b>	<b>2,222,302</b>	<b>29,430</b>	<b>2,251,732</b>
Exchange movements	534,248	3,321	537,569
Losses for the year	(524,649)	(31,933)	(556,582)
Share capital increase	627,450	–	627,450
<b>At 31 December 2016</b>	<b>2,859,351</b>	<b>818</b>	<b>2,860,169</b>

Goldstone Resources Limited, which is owned 33.45% by Stratex International plc, has been treated as a controlled subsidiary as Stratex is deemed to have control under the provisions of International Finance Reporting Standard 10.

## 26. Non-controlling interest (continued)

Summarised financial information in relation to Goldstone Resources Limited is presented below:

At 31 December	2016 £	2015 £
Revenue	–	–
Administration expenses	(670,040)	(456,643)
Project impairment	(121,019)	–
Finance income	2,706	2,772
<b>Loss before tax</b>	<b>(788,353)</b>	<b>(453,871)</b>
Income tax	–	–
<b>Loss after tax</b>	<b>(788,353)</b>	<b>(453,871)</b>
<b>Attributable to non-controlling interests</b>	<b>(524,649)</b>	<b>(302,052)</b>
	£	£
Intangible Assets	4,207,599	3,184,448
Furniture, fixtures and fittings	5,536	6,148
Current assets	110,415	169,539
Current liabilities	(27,002)	(20,837)
Non-current liabilities	–	–
<b>Net assets</b>	<b>4,296,548</b>	<b>3,339,298</b>
<b>Attributable to non-controlling interests</b>	<b>2,859,351</b>	<b>2,222,302</b>
	£	£
<b>Summarised cash flow information for period since acquisition:</b>		
Cash flows from operating activities	(539,791)	(798,772)
Cash flows from investing activities	(457,172)	(527,442)
Cash flows from financing activities	942,825	–
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>54,138</b>	<b>(1,326,214)</b>

## 27. Trade and other payables

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade payables	92,150	70,963	29,103	56,054
Amounts due to subsidiary company	–	–	514,456	591,681
Amounts due to related parties and employees	28,729	18,268	28,729	18,268
Social security and other taxes	19,057	27,449	10,080	18,299
Accrued expenses	250,082	268,250	174,774	144,123
<b>At 31 December</b>	<b>390,018</b>	<b>384,930</b>	<b>757,142</b>	<b>828,425</b>

All financial liabilities, except those for accrued expenses, are stated where material at amortised cost.

# Notes to the financial statements (continued)

## 28. Cash flow from operating activities

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
<b>(Loss)/profit before income tax</b>	<b>(2,644,175)</b>	<b>(790,936)</b>	<b>(516,528)</b>	<b>2,377,786</b>
<b>Adjustments for:</b>				
Issue of share options	36,749	36,062	36,749	36,062
Depreciation	22,247	44,015	5,429	19,013
Impairment of intangible assets	121,019	–	–	–
Fixed asset write-offs	807	688	807	361
Share of losses of associates	162,261	1,368,351	–	–
Net losses on sale of related companies	444,087	70,818	19,800	–
Increase in Employee termination benefit fund	9,101	707	–	–
Other Income	(16,185)	(3,059,498)	(14,366)	(3,051,147)
Interest income on intercompany indebtedness	–	–	(788,519)	(684,201)
Intercompany management fees	–	–	(66,918)	(89,206)
Write-off intercompany balances	–	–	–	127,427
Foreign exchange movements on operating activities	672,088	420,393	(33,101)	29,481
<b>Changes in working capital, excluding the effects of exchange differences on consolidation:</b>				
Trade and other receivables	(903,014)	(186,854)	147,776	(7,417)
Trade and other payables	5,086	(677,928)	5,943	(71,455)
<b>Cash used in operations</b>	<b>(2,089,929)</b>	<b>(2,774,182)</b>	<b>(1,202,928)</b>	<b>(1,313,296)</b>

## 29. Related party transactions

### a) Transactions with operational partners:

Group	Transaction value for the year ended 31 December		Receivable as at 31 December	
	2016 £	2015 £	2016 £	2015 £
Energy and Mining Corporation SA	202,355	272,727	1,186,017	1,169,820
Anadolu Export Maden Sanayi ve Ticaret A.Ş.	188,586	–	–	14,489
Lodos Maden Yatırım Sanayi ve Ticaret A.Ş.	–	–	–	16,847
Antofagasta Minerals S.A.	–	14,669	–	–
Centerra Exploration B.V.	–	2,099	–	–

Energy and Mining Corporation SA is the operational partner for the Dalafin project in Senegal. Anadolu Export Maden Sanayi ve Ticaret A.Ş. and Lodos Maden Yatırım Sanayi ve Ticaret A.Ş. are operational partners for certain Turkish projects. The Turkish strategic alliance programmes with Centerra Exploration B.V. and Antofagasta Minerals S.A. were terminated during the year.

The Company has no transactions with related parties (2015: nil).

## 29. Related party transactions (continued)

### b) Transactions with Director:

Bob Foster Associates Limited provides administration services to the Company and Dr. Bob Foster was a Director of Stratex International plc until 1 September 2016. The value of transactions while a director of both companies is £1,329 (2015: £2,859) and the amount payable by the Company at 31 December 2016 was £nil (2015: £239).

### c) Transactions with non-controlling interests:

There have been no transactions with non-controlling interests during the year. (2015: £nil)

### d) Parent company and ultimate controlling party

In the opinion of the Directors there is no ultimate controlling party.

During the year the Company provided funds amounting to £659,449 (2015: £1,388,756) to its subsidiary companies for the exploration activities and charged its subsidiary companies £66,918 (2015: £89,206) for the provision of management services. The total net receivable from subsidiaries at 31 December 2016 was £14,377,876 (2015: £14,400,963).

## 30. Contingencies and capital commitments

In common with many UK-based companies in the resource sector HMRC have conducted a review into the right of Stratex International plc and its UK registered wholly-owned subsidiaries to reclaim input VAT. They have ruled that the provision of management services and interest bearing loans by the Company is not an economic activity for VAT purposes and the right of recovery has been disallowed. They have issued a tax assessment for the repayment of VAT reclaimed during the past 4 years amounting to £390,202 plus interest. We strongly disagree with the decision of HMRC and have requested a second review of their decision.

## 31. Lease Commitments

There are no future commitments under Finance or Operating leases.

## 32. Parent company Statement of Comprehensive Income

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements.

Company	2016 £	2015 £
<b>At 1 January</b>	<b>(2,636,045)</b>	<b>(5,024,466)</b>
Profit/(Loss) for the year	(516,528)	2,377,786
Share options cancelled	155,751	10,635
<b>At 31 December</b>	<b>(2,996,822)</b>	<b>(2,636,045)</b>

## 33. Events after the Reporting Period

On 24 April 2017 the Company announced that it had completed the disposal of its 45% interest in Altıntepe Madencilik Sanayi ve Ticaret AS for an aggregate cash amount of US\$8 million. Included in the proceeds is US\$2 million in respect of past geological services provided with relation to the Altıntepe gold mine. This has been accrued for in the results for the year ended 31 December 2016. Altıntepe Madencilik Sanayi ve Ticaret AS has been reclassified in the accounts for 2016 as an Available-for-sale-Financial Asset and has been attributed with a fair value of £1,794,886. The disposal will result in profit before tax in the financial results for the year ending 31 December 2017 of approximately £3 million.

# Notice of annual general meeting

The Annual General Meeting of Stratex International plc (the “Company”) will be held at the offices of Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU on 27 June 2017, at 3:00pm. The business of the meeting will be to consider and, if thought fit, pass the following Resolutions:

## Ordinary resolutions

1. To receive the Directors’ Report and Financial Statements for the year ended 31 December 2016.
2. To re-elect Director Perry Ashwood, who retires by rotation.
3. To re-elect Director Marcus Engelbrecht, who was appointed during the period and retires in accordance with the Company’s Articles of Association, and being eligible, offers himself for re-appointment.
4. To re-appoint PKF Littlejohn LLP as auditors and to authorise the Directors to fix their remuneration.
5. THAT, in addition to the existing authorities, and in accordance with section 551 of the Companies Act 2006 (the “Act”) the Directors be and they are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any securities into rights (“Rights”) up to an aggregate nominal amount of £1,000,000 and such power shall expire (unless previously revoked, varied or extended by the Company at a general meeting) at the conclusion of the next Annual General Meeting, save that the Company may before such expiry make an offer or agreement which would or might require shares or Rights to be granted in pursuance of such offer or agreement as if the power conferred hereby had not expired.

## Special resolution

6. THAT, in addition to the existing authorities, the Directors be and they are hereby empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by the previous resolution as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £1,000,000 and such power shall expire (unless previously revoked, varied or extended by the Company at a general meeting) at the conclusion of the next Annual General Meeting, save that the Company may before such expiry make an offer or agreement which would or might require such equity securities to be granted in pursuance of such offer or agreement as if the power conferred hereby had not expired.
7. To approve and adopt the draft Articles of Association produced to the Annual General Meeting and signed by the Chairman for identification purposes.

## By order of the Board

### P C Ashwood

Company Secretary

180 Piccadilly, London,  
W1J 9HF

15 May 2017

Notes:

### Eligibility to attend and vote

1. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes a member may cast), members must be entered on the Register of Members of the Company by 3:00pm on 23 June 2017

### Appointment of proxies

2. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting

at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

#### Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, to be received by Share Registrars Limited no later than 3.00pm on 23 June. Proxy forms may also be faxed to 01252 719232 or emailed to proxies@shareregistrars.uk.com
7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

#### Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

#### Changing proxy instructions

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above.

Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
  - By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to

Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.

- In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by Share Registrars Limited no later than 3.00pm on Friday 23 June.
- If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

#### Communication

11. Except as provided above, members who have general queries about the Meeting should contact Share Registrars Limited on 01252 821390 or by email enquiries@shareregistrars.uk.com (no other methods of communication will be accepted).
12. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

#### Documents available for inspection

13. The following documents will be available for inspection during normal business hours at the Company's registered office up until the date of the Annual General Meeting and at the place of the meeting from 9.30am on 27 May 2017 until the end of the meeting:
  - the auditor's consolidated accounts of the Company for the financial period ended 31 December 2016;
  - the proposed amended Articles of Association, proposed to be adopted pursuant to Special Resolution 7; and
  - the Register of Directors' interests in the capital of the Company and copies of the service contracts of the Directors of the Company.





# Advisors and offices

## Nominated advisor

---

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU

## Group Auditors

---

PKF Littlejohn LLP Statutory Auditor  
1 Westferry Circus  
Canary Wharf  
London,  
E14 4HD

## Brokers

---

Hannam & Partners (Advisory) LLP  
2 Park Street  
London  
W1K 2HX

## Group Solicitors

---

Edwin Coe LLP  
2 Stone Buildings Lincoln's Inn  
London,  
WC2A 3TH

## Bankers

---

Lloyds Bank plc  
High Street  
Slough  
Berkshire,  
SL1 1DH

## Registered Office

---

180 Piccadilly  
London  
W1J 9HF  
UK

## UK Exploration Office

---

Stratex International PLC  
Wessex House  
Upper Market Street  
Eastleigh  
Hampshire,  
SO50 9FD  
UK

## Turkish Office

---

Stratex Madencilik Sanayi ve Ticaret Ltd. Sti.  
Çukurambar Mahallesi  
1458. Sk. Elit Apt. 1716  
Çankaya  
Ankara  
Turkey

## West Africa Office

---

Stratex West Africa Limited  
c/o Energy & Mining Corporation S.A. Sacré Coeur 111/VON  
No 9231  
Dakar BP. 45.409  
Senegal



Find out more about Stratex International at  
[www.stratexinternational.com](http://www.stratexinternational.com)



**Stratex International PLC**  
180 Piccadilly  
London W1J 9HF

Tel: +44 (0)207 830 9650  
Fax: +44 (0)207 830 9651  
Email: [info@stratexplc.com](mailto:info@stratexplc.com)  
Web site: [www.stratexinternational.com](http://www.stratexinternational.com)