Company number 05601091

Redefining exploration success

Annual Report 2012

Stratex International PLC

Front cover: Wall of silica. Pandora project in Djibouti
This page: Drilling at Muratdere. Turkey

Company overview

Stratex International is an exploration and development company focusing on gold and high-value base metals in Turkey, East Africa and West Africa.

Stratex is led by a highly experienced management team supported by top-level financial and commercial colleagues at Board level.

Stratex has been highly successful in discovering green-field gold sites.Stratex has a successful track record in forming joint-venture partnerships both with major international mining companies and with successful local private companies.

Stratex has been very successful in managing its finances, which has been achieved though successful share placings and the use of strategic partners, coupled with careful and measured utilisation of funds.

Group strategy

Our strategic intent is to maximize shareholder value through the continuing development of a focused portfolio, while at the same time managing the significant risks faced by exploration companies.

Our risk management strategy places a clear focus on discovering and exploiting mineral wealth through multiple plays, thus increasing the odds of success We continuously monitor and review our investment strategies and are quick to relinquish licences which we believe will be uneconomic We will introduce joint-venture partners in certain circumstances to minimise risk and reduce Company costs

2012 highlights

Sale of Öksüt

Durıng the year Centerra earned ınto 70% of the Oksut project ın Turkey by spendıng a total of US$6 mıllıon on exploratıon Centerra subsequently acquıred the remaınıng 30% for a cash payment of US$20 mıllıon wıth up to a further US$20 mıllıon payable through a 1% net smelter royalty

Share placing

£7 9 mıllıon was raısed through a share placıng at a price of 7 625 pence per share

Exciting new target identified in Djibouti

A substantıal new epıthermal gold veın system "Pandora" dıscovered at Oklıla, part of the Afar collaboratıon project wıth strategıc partner Thanı Ashantı

Completion of initial drilling at Blackrock project

The results of the ınıtıal drıll program at Blackrock in Ethiopıa confırmed extensıve gold mıneralısatıon wıthın four veıns of the Black Water zone at Blackrock

Sale of 51% of Muratdere project

51% of the Turkısh porphyry copper-gold-molybdenum project in Turkey has been sold to Lodos, a Turkısh mınıng ınvestment company, for US$1 7 mıllıon cash Lodos may acquıre up to 70% by spendıng a further US$500,000 and fundıng a feasıbılıty study

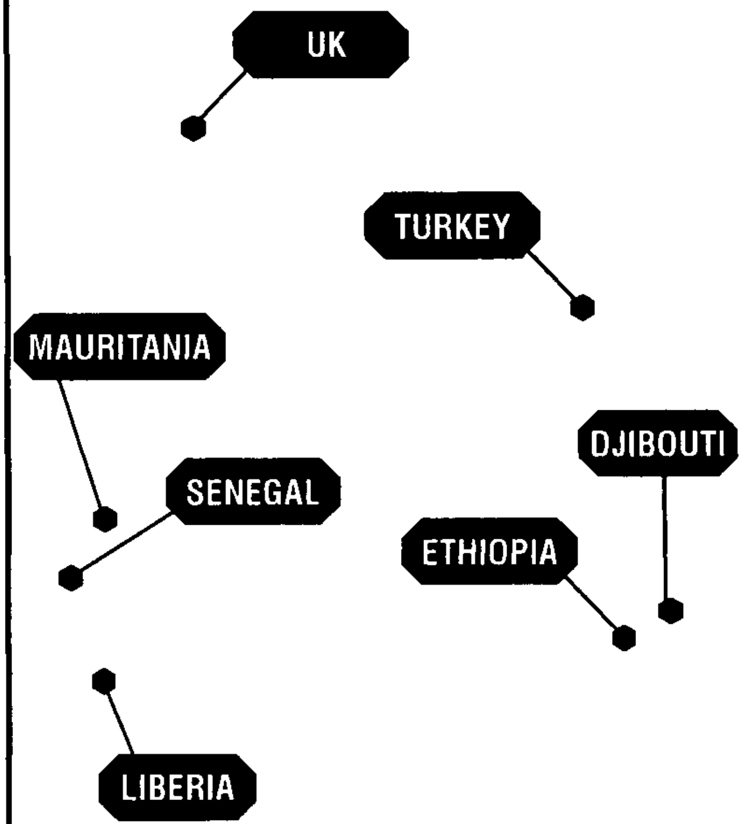
Earned into 51% of Dalafin project

We have now earned ınto 51% of the Dalafın gold project in Senegal, total expendıture on the project havıng exceeded US$1 5 mıllıon Extensıve samplıng has ıdentıfıed good drıll targets ın fıve areas of the lıcence

Altıntepe gold project moving closer to production

Our Turkısh JV partner has made good progress on technıcal studıes and ıs targetıng early 2014 for productıon at 30,000 oz per annum

Operating regions & projects



Turkey Region
Ankara, Turkey

PROJECTS	JV PARTNER
Altıntepe	Bahar
Muratdere	Lodos
Hasançelebi	None
Cu porphyry project	Antofagasta
Enez-Şehitler	None

East Africa Region
Addis Ababa, Ethiopia

PROJECTS	JV PARTNER
Blackrock (Ethiopia)	None
Tendaho (Ethiopia)	Thani Ashanti
Afar Djibouti	Thani Ashanti
Tigray (Ethiopia)	None
Berahale (Ethiopia)	None
Shehagne (Ethiopia)	Centamin

West Africa Region
Dakar, Senegal

PROJECTS	JV PARTNER
Dalafin (Senegal)	EMC
Azrag (Mauritania)	None
Adham Tamhat (Mauritania)	None
Tleimidi (Mauritania)	None
Suehn (Liberia)	BG Minerals

The Group in figures

10.4m US$ funded by JV PARTNERS TO DATE

8m TOTAL £ raised FROM THE ISSUE OF NEW SHARES IN 2012

22,869 METRES DRILLED in 2012

17 LIVE PROJECTS AT 31 DECEMBER 2012

2.26m OZ GOLD Resources discovered since listing in 2006

31,989 km^2 under licence AT 31 DECEMBER 2012

22m US$ CASH from sale of projects in 2012

7m oz Silver resources discovered since 2004

Ag Au Cu Mo

Work plan for 2013

	Q1	Q2	Q3	Q4
Blackrock	Drilling	Results evaluation		
Dalafin	Drilling		Results evaluation	Follow-up drilling
Tendaho		Drilling	Results evaluation	
Pandora			Drilling	Results evaluation
Altıntepe				Production
Muratdere	In fill drilling		Results evaluation	

Chairman's statement

> *The sale of Öksüt provided an opportunity to review our strategy and plan for the future.*

Christopher Hall, Chairman

Once again I am pleased to report to shareholders on a successful year in which your Company passed several important milestones Last year I noted that your Directors had set more challenges in the year ahead including progress towards production and growth in resources in Turkey, drilling in the Rift Valley in Ethiopia, commencement of work on our acquisition in West Africa and securing the financial position of the company

All of these corporate goals have been achieved, the most significant undoubtedly in relation to finance where, after a highly successful equity placement in Q2 and the sale of a minority interest in Turkey, Stratex begins this year with a strong cash balance in excess of £17 million

Turkey

Drilling at Öksüt continued throughout the year with up to 5 drill rigs in action, funded by our partner Centerra Gold Inc This resulted in the confirmation of Stratex's first million ounce gold discovery, which was announced in February, and Centerra's interest increasing to 70% after they had spent a total of US$6 0 million on the project This presented an interesting challenge, whether to attempt to finance the ever-increasing cash requirements of a minority interest in Öksüt through resource definition, scoping, pre-feasibility and feasibility study and ultimately construction, or to turn this success to account

The Board decided that monetisation was the preferred option and after protracted negotiations a sale was agreed We were pleased to receive a cash payment in January 2013 of US$20 million (equivalent to $64/oz of mostly inferred resources) to be followed by a further payment of up to US$20 million by means of a 1% NSR royalty on production, when this is achieved

We also closed the sale of an interest in our Muratdere copper porphyry project to Lodos Maden Yatırım Sanayıı ve Ticaret A Ş the mining investment subsidiary of Pragma Finansal Danışmanlık Ticaret A Ş , a Turkish investment company We received US$1 7 million for 51% of this non-core asset, significantly more than our investment, and we expect two further cash payments of US$0 25 million as Lodos earns up to 70% Stratex will retain a 30% carried interest to completion of a feasibility study

At Altintepe our partner Bahar Mining is earning a 55% interest in the gold project by financing it to production Bahar is a private Turkish company with experience in the evaluation, development, construction and operation of gold mines Mine planning and plant design are complete, permit applications have been made and long lead-time items have been purchased Subject to permitting Bahar indicates that construction and commissioning should be completed by the end of the year and we expect to see operating cash flow in 2014 We plan to release more details in due course

Progress with the Inlice gold project has been slower Our partner NTF Insaat Ticaret Ltd Sti ("NTF") had completed its obligations to earn a 55% interest including a feasibility study, which was reviewed during the year by UK engineering firm GBM Minerals Engineering Consultants Ltd A doubling of throughput by operating on two shifts made a significant improvement to the economic outcome with a modest increase in the expected capital cost However, NTF indicated that it no longer had the ambition to become a gold producer and we reluctantly agreed to assist them with the sale of the project After inviting a range of local and overseas companies to evaluate the project, a number of bids were received and terms have been agreed for the sale of the licence to a major Turkish industrial company for US$10million, of which Stratex's share will be US$4 5 million

West Africa

The acquisition of Silvrex Limited, subsequently renamed Stratex West Africa Ltd, with a portfolio of gold properties in Senegal and Mauritania, was completed in January 2012 and we welcomed John Cole-Baker, a Silvrex director, on to the Stratex Board The main focus has been the Dalafin licence in the south-east of Senegal, where there have been a number of significant gold discoveries by other companies Rapid geological evaluation of the property, including airborne geophysics, geochemistry, mapping and surface sampling has identified attractive drill targets and a 30,000 metre programme of rotary air blast drilling has begun

East Africa

Currently, Stratex's position in the Rift Valley of Ethiopia and Djibouti holds the most significant prospect of a major discovery as we have had the pick of property in what could become a new gold province We recognised the similarity between the gold mineralisation in Patagonia and East Africa, and have accumulated exclusive exploration licences over some 3,000 km²

Being the first mover has both advantages and higher risks, hence the decision to bring in a major joint venture partner, Thani-Ashanti, on the south - eastern Afar licences to fund the maiden drilling programme at Megenta The results of this and drilling of our 95% owned Blackrock project in the north, were encouraging and proved the concept and continuity of gold-bearing epithermal systems over tens of kilometres of strike We have continued to discover new gold-bearing structures at Blackrock and in the Afar joint venture, where systematic sampling at Pandora has returned high grades and widths over several hundred metres of strike

Stratex and our partners concluded, however, that the drilling had not penetrated deep enough to intercept the zones of intense boiling where bonanza gold grades may occur We look forward to the results of a second round of deeper drilling at Blackrock and Megenta and the initial programme at Pandora

The potential of the older rocks of the Arabian-Nubian Shield has not been neglected and we have received some encouraging results from soil and rock sampling on the Tigray licence in the north At Shehagne, where we had earned a 60% interest from Sheba Exploration (now Centamin Egypt Ltd), we have agreed to let our partner earn back to 80% by carrying out a 1,000 metre drill programme

Future strategy

The sale of Öksüt provided an opportunity to review our strategy and plan for the future Since listing in 2006 the Company has demonstrably succeeded in

- Establishing and managing operations, sequentially, in three regions-Turkey, East Africa and West Africa
- Using innovative geological reasoning in areas with no history of gold exploration (Turkish Miocene volcanics, Ethiopian Afar Rift)
- Finding and acquiring exploration properties with strong potential, mainly for gold, exploring them economically and professionally
- Bringing in high-quality joint venture partners as required (Teck, Thani Ashanti, Centerra, Antofagasta)
- Discovering over 2 2 million oz of gold resources and 7 9 million oz of silver resources
- Advancing two projects to production decision stage (Inlice, Altintepe)
- Monetising other non-core projects (sale of 51% of Muratdere for US$1 7 million)
- Closing the sale of 30% of our first >1 0m oz discovery (Öksüt) for US$20 million cash plus up to a further US$20 million as 1% royalty
- Securing an experienced Turkish partner to finance 100% of the development cost of Altintepe with first production expected in Q1 2014
- Maintaining adequate working capital, most recently raising £8 0 million of equity in Q2 2012
- Cementing relationships with equity positions (AngloGoldAshanti 11 5%, Teck 7%, Antofagasta 2 2%)
- Developing greater institutional awareness

The Board considers that its approach to exploration as a business, balancing the risks of exploration expenditure against the returns which can be made from discovery, without the need to manage projects into production, has been vindicated

We remain focussed on exploration and the ultimate discovery of a major gold deposit The strategy has been redefined in two principal areas Firstly, our financial strength will now allow us the flexibility to retain control of our exploration projects further down the pathway to development via resource definition, preliminary economic evaluation and even feasibility studies We can then choose the time to develop, take a partner, or realise an interest on our own terms

The second area relates to acquiring new opportunities, which are arising in the current market where exploration funding is increasingly tight We will be systematically evaluating opportunities in our three geographical areas of activity This will focus on more advanced projects of merit where a modest investment may have a radical impact on perceived value Examples may include limited drilling to turn a discovery into a resource or financing a scoping study to determine real tangible value rather than an arbitrary "in the ground" number We believe that this will generate value, as well as projects that will ultimately contribute to our operating cash flow

Looking at the global situation today, political unrest worldwide and economic uncertainty look set to continue in the coming year There are also continuing upward cost pressures on gold producers Exploration budgets will be trimmed, discovery rates will fall and available reserves and resources will be depleted Stratex, however, relishes the opportunities that these wider challenges provide for the Company to do justice to our key projects, to review non-core assets and to seek new challenges in our three operating regions

Gaining acceptance of our unconventional approach to the exploration business over the last few years has not been easy We are now beginning to deliver value from exploration success with sales of Muratdere and Öksüt and ultimately production at Altintepe The Board, management and exploration team, to whom I pay tribute for their hard work, often in very difficult conditions, remain dedicated to creating shareholder value, and confident of further progress in the current year

Christopher Hall
Non-Executive Chairman

CEO report

> *We can look forward to 2013 being the year in which the Company moves to a new level.*

Bob Foster, CEO

2012 proved to be yet another very busy year at Stratex It was a year when the Company took a big leap forward with the generation of US$20m cash from the sale of Öksüt This cash will comfortably see us through into 2014 when we anticipate our cash balances being bolstered by revenue from production at our Altıntepe gold project, in Turkey

The strong cash situation means we will not have to raise funds in the market in the foreseeable future But it also means we are now in a position to re-focus our corporate strategy In previous years the Board has turned to joint-venture partners to assist with the funding of our projects This has been a very successful strategy and has enabled us to build an impressive portfolio of projects during what has been a very difficult few years in which to raise finance We will now be able to focus more on developing our majority-owned projects with less reliance on partners

The acquisition of Silvrex was completed in January 2012 and I was very pleased to welcome the Silvrex Chairman, John Cole-Baker to the main Board of Stratex Acquiring Silvrex, which we have since re-named Stratex West Africa Limited, gave us access to the Dalafin project and a footprint in the wider region of West Africa Dalafin is a gold project situated in eastern Senegal in the prospective Birimian Kédougou-Kenieba gold belt It is still early days but initial results from a soil-sampling programme over much of the licence area, combined with data from an airborne geophysical survey, are proving encouraging As a result Stratex has completed stage one of the agreement with EMC, the present holders of the licence, and has earned into 51% ownership We are now well into stage two and on our way to earning into an additional 24% A RAB drill program commenced in February 2013 In addition we have recently exploited our footprint in West Africa to take up an option on a gold project in Liberia, focusing initially on identifying the bedrock sources of gold in a number of artisanal alluvial gold workings

In March we embarked upon a fund-raising exercise and issued 103,606,558 shares in the market at a price of 7 625 pence, raising a total of £7 9 million This exceeded our expectations and we were pleased to see that AngloGold Ashanti and Thani Ashanti participated in the sale by maintaining their percentage shareholdings

In April we announced the discovery of Oklila, a major gold-vein system at Pandora in Djibouti, part of the AFAR project with joint venture partner Thani Ashanti The licence area extends over 93 km² and subsequent sampling of the outcropping vein has produced excellent results Thani Ashanti have now vested 51% in the Djibouti projects and in Tendaho in Ethiopia and will shortly assume control of the AFAR project Drilling will be undertaken in 2013 in the Oklila licence, Pandora (Djibouti) and Megenta in the Tendaho licence (Ethiopia)

The initial drill programme at the Black Water Zone in our Blackrock project in the Rift Valley in northern Ethiopia was completed in July 2012 and confirmed the presence of gold mineralisation Evaluation of the results and subsequent field work indicates that the exposed Black Water Zone is at a higher level in the ancient mineralised system than previously envisaged Further field work in the area has also identified additional gold-bearing veins, including the Abyssinia and Discovery systems Drilling of the known and new zones, targeting deeper levels, commenced in January 2013

The Altıntepe gold project in Turkey, managed by our 55% local JV partner Bahar Mining, is progressing to plan and we anticipate obtaining approval of the Environmental Impact Assessment shortly Infill drilling at the Çamlık East Zone has been completed together with a range of technical studies Production is planned to start end 2013/beginning 2014, subject to completion of the permitting procedures

Following the approval of the remaining forestry permit for the Muratdere licence block in Turkey, Lodos Maden Yatırım Sanayii ve Ticaret A Ş. ("Lodos"), a wholly-owned subsidiary of the Turkish investment company Pragma Finansal Danışmanlık Hizmetleri Ticaret A Ş , has now vested 51% in the project, for which they paid Stratex US$1 7million Lodos has confirmed that they intend to exercise their option to take their shareholding up to 61% through the payment of two tranches of US$ 250,000 and completion of a 3,000m diamond drill programme This is scheduled to start in Q1 2013 Thereafter they have the right to acquire a further 9% for a total of 70% by completing a feasibility study

Towards the end of 2012 NTF İnsaat Ticaret Limited Şirketi, our JV partners on the Inlice project in Turkey, made a strategic decision not to develop a gold-mining arm of its civil engineering business and so we mutually agreed to sell the project An independent review of the project based on accelerated production figures resulted in much improved project economics and, as a result, we have received a number of offers to purchase the project Terms have now been agreed for the sale of the licence for US$10million, of which Stratex's wil recieve 45%

With the sale of Öksüt and a greatly enhanced treasury, we can look forward to 2013 being the year in which the Company moves to a new level We will continue to develop our existing projects to the point where we feel we have optimised value and in some cases this may well mean that we take projects further towards resource evaluation and completion of the technical studies necessary to make production decisions than we have in the past More importantly perhaps, we have the financial capability and technical strengths to acquire relatively advanced projects currently held by reputable companies that have found it impossible to raise funds in these challenging times Such opportunities should allow us to advance these projects up the value scale without having had to undertake the expensive and time-consuming grassroots exploration to identify the projects in the first place

These acquisitions and our own exploration programmes will be undertaken using the management and exploration teams now established in Turkey, Addis Ababa, and Dakar that will serve the regional hubs of Turkey plus Eastern Europe, East Africa, and West Africa respectively

Bob Foster, CEO

Turkey region - operations review

Turkey region overview

The Turkish Region is managed out of our office in Ankara and is headed by General Manager, Bahri Yildiz Turkey is home to all of the Company's early licence acquisitions One of the earliest of these was Inlice, a high-sulphidation gold project with a JORC-compliant resource of 262k oz The Turkish company NTF İnsaat Ticaret Limited Şirketi acquired 55% in January 2010 under a joint-venture agreement NTF have now reversed their intention to enter the gold mining business and the project was sold in March 2013 for US$10 million, of which Stratex's share is US$4 5 million, less costs and taxes

Our biggest success in Turkey has been Öksüt, a green-fields discovery that led to definition of a resource of more than 1 million oz Au This was the subject of a joint-venture agreement with Centerra Gold Inc, who had progressively earned into 70% under the agreement The remaining 30% was sold to Centerra in December 2012 for US$20 million cash with a potential for another US$20 million through a 1% net smelter royalty The cash sum equates to US$64 per ounce

Since the sale of Öksüt, the Altıntepe project on Turkey's Black Sea coast, is now the largest and most important of our projects in the region Our partner in the project is the Turkish company, Bahar Madencilik Sinaya ve Ticaret Ltd Sti ("Bahar"), who are rapidly progressing the project to production, scheduled for end-2013 or early 2014

The other project in the region at an advanced stage of exploration is Muratdere, a porphyry copper-gold-molybdenum project 250km west of Ankara During 2012, the Turkish company Lodos Maden Yatırım Sanayıı ve Ticaret A Ş ("Lodos") bought into 51% of the project for US$1 7m, with an option to eventually increase their ownership to 70%

Stratex has another 20 licences in Turkey, totalling 230 km², of which the largest is the high-sulphidation gold project at Hasancelebi

Altıntepe project

The Altıntepe project is located near the town of Fatsa, close to the Black Sea in northern Turkey It is predominantly a high-sulphidation epithermal gold deposit hosted within an advanced argillic lithocap over an area of at least 8 km² and has an in-house JORC compliant resource of 593,131oz, of which 491,426oz is oxide and transition material

Under the JV agreement Bahar have an option to vest 55% in the project after completing an in-house feasibility study All costs up to production, including construction costs, will be borne by Bahar The costs will be recovered via an accelerated pay-back scheme whereby Bahar will receive 80% of future net cash generated from production Once all costs have been recovered, distributions will revert to shareholding percentages, namely Stratex 45%, Bahar 55% All pre-production technical studies, mine construction and mine management will be undertaken by Bahar

Production is scheduled for end 2013 or early 2014 and will initially target the Çamlık East Zone which is expected to yield 121k oz Au over a 40 month period The mine will be open pit utilising a conventional crushing process and a dedicated heap leach with a carbon-in-column adsorption circuit designed to process 5,000 tons of ore a day Production will follow on at the Extension Ridge Zone and the Kayatepe Zone using the same plant

Muratdere project

The Muratdere project consists of two licences covering a substantial granodiorite-porphyry system located 250km west of Ankara The porphyry system extends east-west for a distance of about 4,000m, with a width of between 200m and 400m It has a JORC-compliant inferred resource of 51 million tonnes grading 0 36% copper ('Cu'), 0 12 g/t gold ('Au'), 2 40 g/t silver ('Ag'), 0 0125% molybdenum ('Mo'), and 0 34 ppm rhenium ('Re') based on 4,500m of drilling completed by Stratex

The project had been placed low down in the Company's priorities in 2007 following modest drill results and weak metal prices but was reactivated in 2010 after a period of sustained rise in metal prices Our original partner failed to meet its commitments and we entered into an agreement in December 2011 with new partner Lodos, a wholly-owned subsidiary of the Turkish investment company Pragma Finansal Danışmanlık Ticaret A.Ş

Following the successful completion of its due diligence on the project and the transfer of the forestry permits, Lodos has exercised its right under the joint-venture agreement to purchase 51% of the project for a cash sum of US$1 7 million Lodos has the option to increase the ownership to 61% by undertaking further drilling and payment of two additional tranches of US$250,000, and ultimately to 70% by funding a feasibility study

East Africa region - operations review

East Africa region overview

The East African region is managed by David Seers out of Addis Ababa in Ethiopia Stratex moved into East Africa in 2009, facilitated by a partnership with Sheba Exploration (UK) Ltd for the exploration of the Shehagne project, which is hosted by rocks of the Arabian Nubian Shield in the northern part of the country

Following early reconnaissance work in the Afar Depression by Director David Hall and consultant economic geologist Dr Richard Sillitoe, evidence of significant new low-sulphidation gold mineralisation was discovered in the Tendaho region of the Ethiopian Rift Valley Early mapping showed that similar styles of mineralisation were evident in neighbouring Djibouti Stratex immediately applied for and obtained licences in both Ethiopia and Djibouti covering a total of 2,709 km² Initial sampling demonstrated the presence of significant gold values in an area where gold had not been defined before

On 11 October 2010, Stratex entered into an agreement with the Thani Ashanti Alliance ("TAA"), an alliance between AngloGold Ashanti Limited and Thani Investments, Dubai, to fast-track evaluation of the Tendaho project and the projects in Djibouti, i e the Afar Project

In early 2011, a new epithermal gold district was discovered, the Blackrock project, in the north of the Rift Valley, 260km from Tendaho This is not part of the agreement with TAA and remains 100% owned by Stratex East Africa Ltd

Additional exploration licences have also been acquired in the Arabian Nubian Shield at Berahale (1,111 8 km²) and Tigray (1,573 km²) We are also considering a number of new conceptual gold and base metal targets in what the Company continues to regard as exceptionally prospective geological terranes that remain grossly under-explored

Blackrock project

The Blackrock licence covers an area of 299 km² within the northern Afar region of the Rift Valley This remote area of northern Ethiopia is mostly below sea level, with the nearest small town of Berahale located some 18 km to the west Exploration at the project is being undertaken by Stratex with no involvement of third-party partners

It comprises four separate areas containing multiple gold-bearing low-sulphidation veins over a north-south distance of approximately 40 km - Calcite Zone, Airstrip Zone, Black Water Zone, and Magdala Zone To date more than 30 km of veining has been identified in the four zones

Five substantial vein systems have so far been identified in the Black Water Zone alone, namely Stanley, Nesbitt, Oasis, Theodore and Baker Recently three new epithermal veins have been discovered in the Airstrip Zone and the Calcite Zone, namely, Abyssinia, Saba and Lalibella

A total of 4,745 m of diamond drilling was completed in 2012 at the Black Water zone This confirmed extensive gold mineralisation in four of the five veins at Black Water, namely, Theodore, Nesbitt, Oasis and Baker Stanley is yet to be drilled

Drill intersection highlights, phase 1 programme Blackrock

Hole	Length (m)	Au (g/t)
BW-DD-007	0 25	15 97
BW-DD-008	0 90	4 93
BW-DD-018	4 46	1 27
including	2 54	2 10
	1 04	3 58
BW-DD-032	1 38	1 38
including	0 38	4 42
BW-DD-033	3 90	0 52
including	0 33	2 60
and	5 80	0 84
including	0 60	2 27
and	0 50	4 97

Full evaluation of the results together with further field work has confirmed that the exposed Black Water Zone is at a higher level in the ancient mineralised system than previously thought Broad structures with wide alteration zones, that include chalcedonic silica vein development, are now apparent The drill holes at the south-east end of Nesbitt were highly encouraging with +1 g/t Au values and increased alteration possibly indicating proximity to rhyolite domes Best values included assays up to 4 97 g/t Au over 0 5 metres and, importantly, elevated trace elements such as tellurium, selenium, antimony, and molybdenum, that indicate the potential for gold mineralisation at depth

Channel-chip sampling has been completed across all mapped veins including the three newly-discovered veins within the Airstrip and Calcite Zones Significant gold values have been returned from all three veins but the Abyssinia vein in particular has yielded consistently encouraging grades over its approximate 600 m strike length Additional veins have been identified and are the focus of on-going mapping

Best results from the channel-chip sampling programme were

East Africa region - operations review

Channel	Zone	Length(m)	Au (g/t)
BR-CH-439	Airstrip - Abyssinia	3 85	2 40
Including		0 40	12 35
BR-CH-438	Airstrip - Abyssinia	2 80	3 06
including		1 20	6 77
including		0 40	8 16
and		0 45	9 34
BR-CH-444	Airstrip - Abyssinia	2 33	4 14
including		0 63	11 67
including		0 28	17 95
BR-CH-453	Airstrip - Saba	5 25	2 33
including		0 75	5 38
and		0 80	3 74
BR-CH-261	Calcite - new vein	3 75	1 26
including		0 45	3 51
BR-CH-266	Calcite - new vein	1 90	1 06
including		0 40	3 74
BR-CH-349	Calcite - new vein	1 00	3 31
BR-CH-138	Magdala	2 88	1 03
including		0 25	8 25
BR-CH-142	Magdala	1 86	4 12
including		0 48	9 61
BR-CH-459	Stanley	1 35	3 49
including		0 45	6 14

Drilling has already commenced on the Abyssinia vein before moving on to the Black Water Zone where it will target vertical depths of between 150 metres and 250 metres below the surface, seeking to intersect the deeper sections of the previously intersected veins systems

Afar Project (Ethiopia and Djibouti)

The agreement with TAA now covers 2,884 km² of prospective epithermal ground in Ethiopia and neighbouring Djibouti

The terms of the agreement were revised in November 2012 whereby TAA can earn into 51% of the Ethiopian licences under the Afar Project by funding US$1 6 m of exploration over a two year period, and 51% of the Djibouti licences by funding US$1 4 m of exploration over a two year period They can then earn an additional 19% of any one of the licence areas by spending a further US$4 m within 4 years on that particular licence area

TAA earned into 51% of the Ethiopian licences in December 2012 and will earn into 51% of the Djibouti licences by end of the first quarter 2013 TAA will then assume management and operational control of the Afar project

As part of the original agreement Thani- Ashanti has also invested US$500,000 in Stratex via a private placement and acquired a 5% interest in Stratex East Africa Limited

Megenta, part of the Tendaho project, was drilled in 2011 and, like Black Water, returned multiple intersections of veins and mineralised fault zones characterised by long sections of low-grade mineralisation (e g 33 0 m assaying 0 54 g/t Au) and including shorter lengths of higher-grade (1-5 g/t Au) mineralisation Re-interpretation of these early drill results has led the Company to conclude that, like Black Water, deeper drilling should be undertaken This will be funded through the TAA joint venture and is provisionally planned to commence in May of this year

Recently new mineralization was discovered during a helicopter reconnaissance south of Megenta The new area, the Lakeside zone, appears to be a mirror image of Megenta with high level exposure of yet another new epithermal system in the Afar Two large zones of silicified sediment with a large sinter terrace have been identified and low levels of gold confirm that it is gold bearing The best sample to date returned 5 42 g/t Au Further work will be undertaken at this discovery, as well as at the Akehil prospect where we have gold in rocks up to 57 3 g/t Au, supported by airborne geophysical data and talus sampling and this will be used to define a cohesive target

On-going exploration in Oklila, Djibouti has demonstrated that a previously reported grab sample of 65 70 g/t Au was related to what is now identified as the Pyrrha Vein, a 1,540 km long vein striking parallel to, and located 250 m south-west of, the 2,600 metre-long Pandora Vein Other grab samples from the same site have returned up to 71 60 g/t Au The vein is generally less than 1 m in thickness but high gold contents have been returned from outcrop sampling and it is believed that this indicates a potential for the presence of high gold grades at depth Further mapping in the area has also discovered the Thyia Zone that appears to be a linkage structure between Pyrrha and Pandora Drilling on the Oklila prospect is expected to start in Q2 2013

In April 2012, the Company announced the discovery of a significant new gold vein in the Oklila area of Djibouti during a helicopter reconnaissance - Pandora Systematic sampling of this 1,500 m-long vein yielded multiple assays exceeding 1 g/t Au, with best values of 13 90 m @ 5 35 g/t Au and 12 30 m @ 2 00 g/t Au More recently additional vein systems have been identified paralleling and linking with Pandora and are currently being evaluated Our joint venture partners TAA are constructing an access road and drilling should commence mid-year

Detailed sampling of Hercules rhyolite domes at the Asal licence in Djibouti returned 0 68 g/t Au over 24 metres and 6 64 g/t Au over 1 8 m, confirming low to moderate disseminated gold mineralisation

Arabian-Nubian Shield projects (Ethiopia)

The principal licence in the Arabian-Nubian Shield ("ANS") is Tigray, acquired by Stratex in early 2011 and comprises 1,573 km² The Mariam Hill prospect in the Tigray licence area comprises a large granodioritic intrusive body which is cut by a series of shallow-dipping quartz veins, typically 30-60 cm thick, some of which are being exploited by artisanal workers Previously reported sampling included a best result of 8 65 g/t Au, 205 g/t silver ("Ag"), 0 12 % copper ("Cu") and 1 32 % lead ("Pb") from a single rock chip sample Follow-up work has now resulted in the identification of multiple veins on and around Mariam Hill Commonly traced for 100-300 m before being concealed beneath overburden, the veins are all shallow-dipping and 30-60 cm in thickness

Panel-style rock-chip sampling has now yielded better grades of 13 5 g/t Au, 23 4 g/t Au, 41 g/t Au, and 104 g/t Au, as well as significant Pb and Zn signatures Soil sampling and infill stream sediment sampling have now been completed across the entire Mariam Hill target area and results are awaited

Follow-up mapping and sampling of areas indicated by anomalous geochemical signatures in stream sediments have revealed elevated copper values (up to 4 06% Cu) in altered and sheared volcanic rocks in the May-Chingano area Further work is underway

The Berahale licence spans the edge of the Rift Valley all the way into the higher ground of the ANS A field reconnaissance programme, including regional stream sediment sampling, has been completed over the entire licence area, including a helicopter prospecting program to assist access of more remote areas

Initial observations have identified a number of orogenic-style quartz veins up to 10 m wide and extending along strike for some hundreds of metres However, follow-up mapping and sampling to date has yielded gold values of mostly less than 1 g/t Au

Geochemical anomalies identified during stream sediment sampling across the licence, supported by results from subsequent rock-chip sampling, have led to the discovery of the Simbilili prospect Here, a series of stockwork-style centimetre-wide quartz veins hosted in diorite have returned up to 7 41 g/t Au Wider low-grade gold-bearing quartz veins are also aligned along the contacts between diorite and very competent quartz-feldspar-biotite-porphyry dykes but only have strike extents of 100-200 m Final results are awaited before a decision is taken on whether or not to proceed with the exploration work in what is a remote and difficult terrain in which to operate

West Africa region - operations review

West Africa region overview

The West African region is being managed by Director, John Cole-Baker pending the involvement of the recently recruited Exploration Manager The Company's headquarters for the Region are located in Dakar, Senegal

The Company view this region as highly exciting and a natural extension to its existing geographical coverage, with an opportunity to replicate the successful approach to exploration utilised in Turkey and East Africa

The Company acquired Silvrex Limited in December 2011 and this was our first entrance into the region The principal asset of Silvrex was the Dalafin licence located over 636 km² in the south-east corner of Senegal Silvrex also owned four licences in Mauritania where reconnaissance exploration was underway Silvrex has subsequently been renamed Stratex West Africa Ltd

The Company is also looking at opportunities in other countries within West Africa and has very recently entered into an Memorandum of Understanding ("MoU") with BG Minerals in Liberia

Dalafin project (Senegal)

The Dalafin licence is owned by a local company, Energy and Mining Corporation SA, and, under an agreement originally entered into by Silvrex, Stratex has earned into 51% of the project, having taken the total exploration expenditure to more than US$1 5 million Stratex is now well on its way to spending a further US$ 1 5 m, which will entitle it to 75% ownership

The project is positioned in the centre of the Birimian-age Kédougou-Kenieba gold belt that extends from eastern Senegal into western Mali that has already seen multiple major gold discoveries including Randgold Resource's Massawa deposit (3 4 million oz Au) and Oromin Exploration's Sabodala deposit (3 million oz Au) in Senegal, and Randgold's Loulo (12 million oz Au) and Gounkoto (5 76 million oz Au) in Mali Of critical importance is the fact that a number of the gold-rich deposits in the general vicinity of the Dalafin licence are hosted by north-north-east-trending fault zones, some of which also transect the Dalafin area Stratex has undertaken extensive soil-geochemical surveys in the Dalafin licence and this work has been reinforced by the completion of a high-resolution airborne geophysical (magnetic and radiometric) survey and additional infill geochemical surveys to pinpoint specific areas of interest

Five such areas of interest have now been identified, Baytilaye, Fare, Konkonou, Saroudia and Madina Bafe

A systematic program of soil sampling has been undertaken at all sites, resulting in gold-in-soil anomalous zones at each of the above areas

A 30,000 metre RAB drilling programme has recently commenced to test the five key gold targets identified starting with Madina Bafé at the south of the licence The drilling will be undertaken along a series of fence lines to test the top 25-35 metres of weathered bedrock beneath the previously identified gold-in-soil anomalies Importantly, this will enable evaluation of wide areas of bedrock beneath extensive iron-cemented regolith ("cuirasse") where gold enrichment has principally been identified by the sampling of material from termite mounds

Infrastructure improvements, including roads, communications and accommodation, have been effected at the Company's field office in Saraya and at its Madina Bafé target in the south of the licence, to facilitate the increased level of exploration

Mauritania

The licences in Mauritania are directly owned by the Company and total 1,985 km² Initial mapping and soil sampling programmes have now been completed across the Company's Azrag EEL in north-central Mauritania and Adham Tamhat EEL in central Mauritania and assay results are awaited Mapping and soil sampling at Tleimidi, the Company's project in the centre of the country, is underway and should complete in March 2013 Reconnaissance evaluation of the fourth licence, El Faraa, has led to a decision not to undertake further exploration

Liberia

The Company has made a move to expand its West African portfolio through the signing of a MoU with UK-based private company BG Minerals, in relation to its 967 sq km gold licence, North Suehn, in north-western Liberia The North Suehn licence, acquired by BG Minerals in 2011, is located 35 km NNE of Monrovia Metavolcanic rocks, typical of greenstone belt terranes, dominate the licence and are cut by the NW-SE trending Todi Shear Zone that separates the Liberian and the Pan-African-age provinces of the West African Craton In the south of the licence, an initial interpretation indicates that mineralised structures cross-cut these metavolcanics,

Under the terms of the MoU, SWA can earn 51% by spending US$400,000 on exploration within one year, with an option to earn a further 24% by spending an additional US$700,000 over a further one year period

A programme of mapping and soil sampling has commenced around extensive artisanal alluvial gold workings in the eastern part of the licence and a systematic stream sediment sampling programme is underway over the entire licence

Financial review

Key financial data

	2012	2011
	£	£
Profit/(loss) for the year before tax	9,696,795	(517,377)
Total exploration spend	5,245,992	4,470,106
Administration expenses	2,884,194	2,025,511
Exploration assets	7,056,816	4,295,560
Cash and cash equivalents	4,718,448	3,024,565
Total net assets	26,235,218	8,274,331

Profit for the year

The highlight of the year is without doubt the sale of Öksüt for $20 million cash, which has resulted in a gain of £11,159,832 Added to this is a gain from the sale of 51% of our interest in Muratdere amounting to £1,057,448 The outcome is an overall profit before tax for the Group of £9,696,795 compared to a loss last year of £517,377

Administration expenses total £2,884,194, a year-over-year increase of 42% and reflects the growth in the business during the past twelve months as we moved from two exploration regions to three, with the establishment of our West African operation Included within the administration expense is the cost of exploring for new mineral prospects and in 2012 this amounted to a total cost of £421,113

UK overheads as a percentage of total costs after adjusting for one-off items, a key performance indicator, are down from 20% in 2011 to 14%

Cash and cash equivalents

The cash balance of the Group at 31 December 2012 was £4,718,448, an increase of £1,693,883 over the year The 2012 year-end balance does not include the proceeds of US$20 million (approximately £12 7 million) from the sale of Öksüt, which was not received until January 2013

During the year Stratex raised £7,594,547, net of expenses, through a placing to new and existing shareholders The sale of 51% of Muratdere raised a further US$1 7m (£1,055,209)

Total exploration costs directly attributable to projects amounted to £5,245,992, of which £1,227,576 was funded by our exploration partners The comparable numbers last year were total costs of £4,470,106, with £2,770,489 funded by partners

With total cash now exceeding £17 million after receipt of the proceeds from the sale of Öksüt, the Company starts the year in a very strong financial position and this level of cash should be sufficient to fund our operations for 2013 and much, if not all, of 2014

Net assets

The net assets of the Group as at 31 December 2012 were £26,235,218, which is an increase of £17,960,887 over the previous year

The major factor in the increase is the proceeds from the sale of Öksüt totalling some £12 7 million This was reported as a receivable in the year-end statement of financial position pending receipt of the cash in January

Exploration assets increased by a net £2,761,256 despite the sale of Öksut and Muratdere, which in total reduced our exploration assets by £1,170,659 The major contributor to the increase was the Blackrock Project, with an added value of £2,604,961

The book value of the goodwill attributable to the acquisition of Silvrex Limited in December 2011 has been left unchanged at £926,546 following the annual impairment review by the Board Similarly the underlying assumptions used by the Directors in valuing the deferred compensation payable to the Silvrex shareholders, has been left unchanged The updated net present value of the deferred consideration is £370,842 Under the purchase agreement with the Silvrex shareholders they will be entitled to an additional £3,820,000, payable in either shares or cash at the discretion of the Stratex Directors, if any of the Silvrex projects reveal a gold resource of 500,000oz by 31 December 2014 The Directors had originally assessed the probability of finding a 500,000 oz gold resource in the declared timeframe as 10% The major asset underlying the deferred compensation is the Dalafin project located in Senegal A significant amount of exploration work was carried out on the site during the year and this has given us confidence that the project could well host economic quantities of gold A drill programme commenced in February 2013 and once the results of this are known the Directors will be in a better position to reassess the value of the deferred compensation

Perry Ashwood
CFO

“ the Company starts the year in a very strong financial position ”

Perry Ashwood, CFO

Corporate governance

The objective of the Company is to create value through the discovery and development of gold and high-value base metal resources In pursuing this objective 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 encourage personal and corporate integrity throughout the Group To this end we fully support the principles set out in the UK Corporate Governance Code, as published by the Financial Reporting Council

The Board of Directors

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

Composition of the Board at 31 December 2012 was four Executive Directors, Dr Bob Foster, David Hall, Perry Ashwood, John Cole-Baker and two Non-Executive Directors, Christopher Hall and Peter Addison John Cole-Baker was elected to the Board on 7 February 2012 The Board believes the present composition of the Board provides an appropriate mix to conduct the Company's affairs

Five full meetings of the Board were held in 2012 The Board delegates certain of its responsibilities to the Audit Committee of the Board and the Remuneration Committee of the Board, which have clearly defined roles and responsibilities Due to its size the Company does not presently have a Nomination Committee

Accountability and Audit

The Board is responsible for the Group's system of internal control and for monitoring and reviewing its effectiveness These systems are designed to manage and minimise the risk of failure rather than eliminate such risks and can only provide reasonable, and not absolute, assurance against material financial misstatement or loss

The Board encourages a culture of integrity and openness and has established an organisational structure with clear lines of accountability and authority across its operations The Group does not currently have an internal control function due to the small size of the administration function

Comprehensive annual budgets are produced once a year and submitted to the Board for approval Reviews of the annual budget are regularly undertaken in line with significant changes in the underlying operations and conditions Such revisions are put forward to the Board for approval

Actual results and forecasts are compared to budget and reported, along with key operational results, to the Board members on a monthly basis

The Board screens all potential exploration opportunities before any significant financial commitment is made to proceed

The Company maintains robust procedures to ensure that related party transactions and potential conflicts of interest are identified, disclosed and managed These procedures include the declaration by Directors on appointment of their interests in other businesses and review and confirmation is conducted during the year

Corporate and Social Responsibility
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

Audit committee
The role of the Audit Committee is to provide a formal review of the effectiveness of the internal control systems, the Group's financial reports and results announcements, and the external audit process

During the year the Audit Committee comprised Christopher Hall (Non-Executive Chairman) and Peter Addison (Non-Executive Director) The external auditors and Perry Ashwood attend by invitation when appropriate Two meetings of the Audit Committee were held during 2012

No internal control issues were identified during the year

Relationship with Shareholders

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 inquiries from shareholders and the public, and Board members regularly present at such events as the Proactive Investors Forum and Mines and Money 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 All AGMs are preceded by a presentation of the developments of the past year and future prospects

Remuneration Committee

The role of the Remuneration Committee is to provide 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

During the year the Remuneration Committee comprised Christopher Hall (Non-Executive Chairman), and Peter Addison (Non-Executive Director)
No Director took part in discussions concerning the determination of his own remuneration Two meetings of the Remuneration Committee were held during 2012

Directors' biographies

Christopher Hall, BSc, MSc, MIMMM, CEng
(age 63)
Non-Executive Chairman

Christopher Hall has over 38 years of wide-ranging experience in the mining sector He is currently an in-house mining adviser to Grant Thornton LLP, principally assisting the Capital Markets team with clients listed on the London Stock Exchange and the AIM market

After graduating in geology, Christopher worked in exploration and as a mine geologist with Consolidated Goldfields in Australia, before returning to the UK to take an M Sc in Mining and Exploration Geology

This was followed by periods as a mining analyst with stockbroker Messel & Co, in the investment and mining divisions of Anglo American associate Charter Consolidated and in specialist resources fund management with Touche Remnant

He helped to establish European Mining Finance, which was the first resource company to list on AIM, serving as CEO from 1991-97 After leaving EMF he worked as a consultant, spending three years managing the UK office of international mining consultants Behre Dolbear, before joining Grant Thornton in 2005

Dr Bob Foster, BSc, PhD, FIMMM, CEng, FGS, CGeol (age 64)
Chief Executive Officer

Bob Foster has 39 years of experience as a professional economic geologist in exploration, mining, and applied academic posts and has particular expertise in the genesis of and exploration for gold deposits, having worked in Europe, Central Asia, North and South America, and throughout Africa

Following ten years in the mining industry in Rhodesia (now Zimbabwe) he joined Southampton University in 1984 where he subsequently devoted more than 15 years to lecturing and managing a large applied research group investigating the genesis of gold deposits

He has published numerous scientific and technical papers and has been an invited keynote speaker at very many international scientific and technical conferences around the world

He was a founding member of the management team that developed an open pit gold mine in Zimbabwe in 1991-1996 Prior to establishing Stratex as co-founder with David Hall, Bob was Minerals Manager for UK-based international consultancy group Exploration Consultants Limited

Perry Ashwood, FCA
(aged 65)
Chief Financial Officer

Perry Ashwood qualified as a Chartered Accountant in 1971, training with Spain Brothers & Co and KPMG Shortly after qualifying he spent 5 years with British Oxygen Ltd in their Corporate Office before moving to Rank Xerox Ltd in 1978

Perry was with Xerox for 20 years and held various positions ranging from Group Chief Accountant to Finance Director, Central & Eastern Europe During his time with Xerox, he held both technical accounting roles, including involvement in internal controls and audit, and operational roles with extensive involvement in Turkey, Egypt, India and Russia He also spent 3 years on assignment in the USA at corporate headquarters where his major focus was on acquisitions, divestments and joint ventures

He joined Intermec International Inc in 1998 as Finance Director, Europe, Middle East & Africa before becoming an independent consultant in 2000 taking on various interim roles with small to medium sized businesses Perry joined Stratex in 2005

David Hall, BSc, MSc, Fellow SEG EuroGeol (age 54)
Executive Director

David Hall is a graduate in geology from Trinity College Dublin and holds a Masters Degree in Mineral Exploration from Queens University, Kingston, Ontario

He has 32 years of experience in the exploration sector and has worked on and assessed exploration projects and mines in over 50 countries including Turkey where he worked for four and half years From 1992, he was Chief Geologist for Minorco responsible for Central and Eastern Europe, Central Asia and Middle East

He moved to South America in 1997 as Consultant Geologist for Minorco South America, subsequently becoming Exploration Manager for AngloGold South America in 1999

David co-founded Stratex in 2004 and was instrumental in taking the Company into Ethiopia and East Africa

David is also founder and Non- Executive Chairman of Horizonte Minerals plc, an AIM-listed company focused in Brazil and Peru He has authored a number of papers on the management of Exploration and Development companies and risk management of exploration

John Cole-Baker
BSc, MSc
(age 65)
Executive Director

John has gained over 40 years of experience in infrastructure and mining projects throughout the world He has been involved at various levels up to Project Director for infrastructure and mining development, as well as projects aimed at restructuring governmental organisations in Africa, Europe, the Former Soviet Union, the Middle East and the Indian sub-continent

He graduated in civil engineering from Queen's University, Belfast and subsequently earned a Master's degree at Imperial College, London He has extensive international experience of managing construction works, exploration projects and companies He has significant experience of contracts and of negotiating mining agreements and is fluent in French and has a good working knowledge of Spanish

He has a strong a background in project management and as a director of consultancy companies and over the years has developed a close understanding of government organisations in Africa and elsewhere

Peter Addison
(age 70)
Non-Executive Director

Peter Addison qualified as a solicitor in 1966 and practiced in the City of London, originally with Linklaters & Paines and subsequently with Norton Rose In 1982, he became a director of English Trust, a corporate advisory bank, and for some twenty years was involved in providing corporate finance advice to public companies in the UK and Ireland

He was non-executive chairman of Qualceram Shires plc, a listed Irish company, until it sold its Irish business in 2009, and he was chairman of SIRVIS IT plc, a UK AIM listed company until it was taken over in 2009

Bahri Yildiz BSc
(age 57)
General Manager, Turkey

Bahri Yildiz is a Turkish national with an industrial career spanning 31 years dedicated to mineral exploration and mining geology throughout Turkey

A geology graduate of the Middle East Technical University, Bahri commenced his career in 1980 with the government's General Directorate of Mineral Research and Exploration (MTA) where he spent ten years managing a wide range of projects relating to exploration for precious and base metals

This was followed by three years as Exploration Manager with Turkish company Yurttaslar Madencilik before he joined Dardanel Madencilik, the Turkish subsidiary of major Canadian mining company Inco Ltd in 1992 as Senior Geologist During his final four years with Dardanel he was Exploration Manager and responsible for generating and supervising a wide range of exploration programmes throughout Turkey

Following closure of the Turkish office in 2003 he became an independent consultant before joining Stratex in April 2005

David Seers
MGeol, MAusIMM,
MSEG (Age 30)
Exploration Manager, East Africa

David has worked as an Exploration Geologist since he graduated from the University of Leicester in 2003, he has worked in a wide-range of countries and challenging environments in Europe, North America, Asia, South America and Africa

David has significant experience spanning a range of precious and base-metal deposit types including, design and management of exploration programs for greenfield and brownfield projects, resource definition, management and interrogation of large datasets, and planning, implementation and monitoring of QAQC programs

Prior to working for Stratex David worked for a mid-tier mining company, in Peru, as Exploration Manager where he designed and managed projects to realise brownfield potential as well as identifying greenfield opportunities He also reviewed the suitability of several projects considered for acquisition

Directors' report

The Directors present their report, together with the Financial Statements and auditor's report, for the year ended 31 December 2012

Principal activities

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

Business Review & Future Developments

A review of the activities of the Group, information on future developments and certain key performance indicators are provided in the Chairman's Statement, CEO's report, Operations Review and Financial Review

Going concern

The statement on going concern is provided in Note 2 of the Financial Statements

Financial Review

The results of the Group are shown on pages 23 to 54
A review of the financial results is provided on page 14
The Directors do not recommend the payment of a dividend

Share Capital

A statement of the changes in the share capital of the Company is set out in note 24 to the Financial Statements

Corporate Governance & Responsibility

The Company's statement on Corporate Governance is provided on page 15

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 percentage of total expenditure

Project related
- JORC resources
- Resource cost per ounce
- Metres drilled
- Acquisition of new licence areas
- Exploration expenditure by project

Substantial shareholdings

As at 17 March 2013, 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 Mgmt	46,489,641	9 9
Teck Resources Limited	35,727,487	7 7
Orion Trust Limited	25,844,300	5 5
Mr N Graham	22,595,157	4 8

Directors & their interests

The current Directors and their biographies are set out on pages 16 & 17

John Cole-Baker was appointed as an Executive Director on 7 February 2012 With the exception of John Cole-Baker all the Directors of the Company were Directors throughout the year

In compliance with the Company's Articles of Association, David Hall and Peter Addison will retire by rotation and, being eligible, offer themselves for re-election

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

	as at December 2012		as at December 2011	
	Ordinary 1p shares	Share options	Ordinary 1p shares	Share options
Christopher Hall	107,143	2,250,000	107,143	2,250,000
Dr Bob Foster	7,093,527	5,210,604	7,031,277	5,210,604
Perry Ashwood	1,534,485	4,754,857	1,534,485	4,754,857
David Hall	12,584,624	4,195,000	12,522,374	4,195,000
John Cole-Baker	575,669	-	-	-
Peter Addison	142,857	2,250,000	142,857	2,250,000
Total	**22,038,305**	**18,660,461**	**21,338,136**	**18,660,461**

No Director sold shares in the Company during the year and no share options held by Directors were exercised or lapsed during the year

The remuneration of Directors is

2012	Salary	Fees	Bonus	Share option expense	Benefits	Total
	£	£	£	£	£	£
Christopher Hall	6,650	50,433	60,000	10,521	-	127,604
Dr Bob Foster	131,000	-	131,000	19,712	1,949	283,661
Perry Ashwood	113,250	-	113,250	19,066	1,934	247,500
David Hall	119,250	-	119,250	10,521	-	249,021
John Cole-Baker	55,000	-	60,000	-	-	125,521
Peter Addison	6,000	21,500	27,500	10,521	-	55,000
Total	**431,150**	**71,933**	**511,000**	**70,341**	**3,883**	**1,088,307**

2011	Salary	Fees	Bonus	Share option expense	Benefits	Total
	£	£	£	£	£	£
Christopher Hall	6,367	32,905	15,000	9,062	-	63,334
Dr Bob Foster	109,235	-	25,000	25,865	1,801	161,901
Perry Ashwood	94,206	-	25,000	22,186	1,803	143,195
David Hall	111,335	-	25,000	8,903	-	145,238
Peter Addison	6,000	16,575	10,000	11,718	-	44,293
Total	**327,143**	**49,480**	**100,000**	**77,734**	**3,604**	**557,961**

Risk Management

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 mineralization until production is possible, during which time the economic feasibility of production may change Substantial expenditures are required to establish mineral reserves through drilling, to determine metallurgical processes to extract minerals from rock and other natural resources 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

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

Financial Risks:
Details of the Group's financial risk management objectives are set out in Note 3 to the Financial Statements

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 (IFRSs) 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 Directors confirm that they have complied with the above requirements in preparing the Financial Statements

Directors' report (continued)

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' Statement as to disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' 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

Group's policy on payment of creditors

The Group seeks to maintain good relations with all of its trading partners In particular, it is the Group's policy to abide by the terms of payment agreed with each of its suppliers

At 31 December 2012 the number of creditor days in respect of trade creditors was 29 (2011 30)

Post year end events

Details of post year end events are set out in Note 34 to the Financial Statements

Auditors

Littlejohn LLP has signified its willingness to continue in office as auditors

Approved by the Board and signed on its behalf

P C Ashwood
Company Secretary
180 Piccadilly,
London,
W1J 9HF

20 March 2013

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 2012, which comprise the Statement of Consolidated Comprehensive Income, the Statements of Consolidated and Company Financial Position, the Statements of Consolidated and Company Cash Flows, the Statements of Consolidated and Company Changes in Equity and the 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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Statement of Responsibilities, 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

This report, including the opinions, has been prepared for and only for the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 the Parent Company's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the 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 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 2012 and of the Group's profit for the year then ended,
- the Group 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 the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required 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

Alistair Roberts (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London, E14 4HD

20 March 2013

Statement of consolidated comprehensive income

	Notes	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Continuing operations			
Revenue		-	-
Administration expenses	9	(2,884,194)	(2,025,511)
Project impairment	14	(114,292)	(83,747)
Other income/(losses)	8	(42,878)	902,511
Operating loss		**(3,041,364)**	**(1,206,747)**
Finance income		60,126	23,478
Share of loss of associate companies	15	(192,133)	(139,176)
Gain on acquisition of subsidiary company	11	-	805,068
Gain on sale of subsidiary companies	7	12,870,166	-
Profit/(Loss) before income tax		**9,696,795**	**(517,377)**
Income tax (expense)/credit	12	(132,346)	72,880
Profit/(Loss) for the year		**9,564,449**	**(444,497)**
Other comprehensive income for the year			
Exchange differences on translating foreign operations		193,761	(736,516)
Other comprehensive income for the year, net of tax		**193,761**	**(736,516)**
Total comprehensive income for the year		**9,758,210**	**(1,181,013)**
Profit/(Loss) for the year attributable to.			
Equity shareholders of the Parent Company		9,579,393	(436,628)
Non-controlling interests		(14,944)	(7,869)
Profit/(Loss) for the year		**9,564,449**	**(444,497)**
Total comprehensive income for the year attributable to:			
Equity shareholders of the Parent Company		9,773,154	(1,173,144)
Non-controlling interests		(14,944)	(7,869)
Total comprehensive income for the year		**9,758,210**	**(1,181,013)**
Profit/(Loss) per share from continuing operations attributable to the equity holders of the Company (expressed in pence per share)			
- basic	25	2 19	(0 14)
- diluted	25	2 15	(0 14)

The notes on pages 30 to 54 form part of these financial statements

Statement of consolidated financial position

Company number 05601091

	Notes	As at 31 December 2012 £	As at 31 December 2011 £
Assets			
Non-Current Assets			
Furniture, fittings and equipment	13	217,285	199,627
Intangible assets and goodwill	14	7,983,362	5,222,106
Investments in associates	15	1,091,471	335,263
Trade and other receivables	20	242,785	230,427
Deferred tax asset	21	220,803	186,114
		9,755,706	**6,173,537**
Current Assets			
Trade and other receivables	20	13,531,305	1,177,620
Financial assets at fair value through profit or loss	16	-	217,466
Cash and cash equivalents	23	4,718,448	3,024,565
		18,249,753	**4,419,651**
Held-for-sale assets	22	508,061	106,647
		18,757,814	**4,526,298**
Total Assets		**28,513,520**	**10,699,835**
EQUITY			
Capital and reserves attributable to equity			
holders of the Company			
Ordinary shares	24	4,673,113	3,508,972
Share premium	24	20,426,431	13,233,163
Other reserves	27	(414,374)	(551,100)
Retained earnings		1,550,048	(8,050,236)
Total attributable to owners of the Company		**26,235,218**	**8,140,799**
Non-controlling interests		-	133,532
Total equity		**26,235,218**	**8,274,331**
LIABILITIES			
Non-Current Liabilities			
Employee termination benefits		28,322	12,264
Deferred consideration	30	370,842	361,797
Deferred tax liabilities	21	90,766	98,366
		489,930	**472,427**
Current Liabilities			
Trade and other payables	28	1,615,356	1,953,077
Current income tax liabilities		173,016	-
		1,788,372	**1,953,077**
Total equity and liabilities		**28,513,520**	**10,699,835**

The notes on pages 30 to 54 form part of these financial statements

The Financial Statements were approved and authorised for issue by the Board of Directors on 20 March 2013 and were signed on its behalf by

Christopher Hall
Non-Executive Chairman

Perry Ashwood
Chef Financial Officer

Statement of consolidated changes in equity

	Notes	Share Capital £	Share Premium £	Other reserves (see note 27) £	Retained earnings £	Total £	Non-controlling Interest £	Total Equity £
		Attributable to owners of the Company						
Balance at 1 January 2011		2,873,264	9,323,382	37,009	(7,676,379)	4,557,276	-	4,557,276
Issue of shares	24	584,964	3,742,429	-	-	4 327,393	-	4,327,393
Share-based payments		-	-	92 378	-	92,378	-	92,378
Share options and warrants exercised and cancelled		50,744	167,352	(62 771)	62,771	218,096	-	218,096
Total contributions by and distributions to owners of the Company		635,708	3,909,781	29,607	62,771	4,637,867	-	4,637,867
Non-controlling interest arising on business combination		-	-	-	-	-	10,000	10,000
Decrease in ownership interest		-	-	118,800	-	118 800	131,401	250,201
Total decrease in ownership		-	-	118,800	-	118,800	141,401	260,201
Total transactions with owners of the Company		635,708	3,909,781	148,407	62,771	4,756,667	141,401	4,898,068
Comprehensive income for the year								
- loss for the year		-	-	-	(436 628)	(436,628)	(7,869)	(444,497)
- other comprehensive income		-	-	(736,516)	-	(736,516)	-	(736,516)
Total comprehensive income for the year		-	-	(736,516)	(436,628)	(1,173,144)	(7,869)	(1,181,013)
Balance at 31 December 2011		3,508,972	13,233,163	(551,100)	(8,050,236)	8,140,799	133,532	8,274,331
Issue of shares	24	1,158 611	7,615,551	-	-	8 774,162	-	8,774,162
Cost of share issue		-	(436,253)	-	-	(436,253)	-	(436,253)
Share-based payments		-	-	82,656	-	82,656	-	82,656
Share options exercised and cancelled		5,530	13 970	(20,891)	20,891	19 500	-	19,500
Total contributions by and distributions to owners of the Company		1,164,141	7,193,268	61,765	20,891	8,440,065	-	8,440,065
Decrease in ownership interest		-	-	(118,800)	-	(118 800)	(118 588)	(237,388)
Total decrease in ownership		-	-	(118,800)	-	(118,800)	(118,588)	(237,388)
Total transactions with owners of the Company		1,164,141	7,193,268	(57,035)	20,891	8,321,265	(118,588)	8,202,677
Comprehensive income for the year								
-profit for the year		-	-	-	9,579,393	9,579,393	(14,944)	9,564,449
- other comprehensive income		-	-	193,761	-	193,761	-	193,761
Total comprehensive income for the year		-	-	193,761	9,579,393	9,773,154	(14,944)	9,758,210
Balance at 31 December 2012		4,673,113	20,426,431	(414,374)	1,550,048	26,235,218	-	26,235,218

The notes on pages 30 to 54 form part of these financial statements

Statement of Consolidated cash flows

	Notes	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Cash flow from operating activities			
Net cash used in operating activities	31	**(2,700,125)**	**(1,171,260)**
Cash flow from investing activities.			
Purchase of furniture, fittings and equipment	13	(130,385)	(56,224)
Purchase of Investments	15	(203,363)	(193,659)
Purchase of intangible assets	14	(5,245,992)	(4,470,106)
Proceeds from sale of subsidiary company	7	1,055,209	-
Cash proceeds from sale of investments	16	241,110	320,000
Interest received		60,126	23,478
Net cash used in investing activities		**(4,223,295)**	**(4,376,511)**
Cash flow from financing activities			
Net proceeds from issue of share capital	24	8,050,300	4,545,489
Share capital issue costs	24	(436,253)	-
Funds received from project partners	14	1,227,576	2,770,489
Cash from non-controlling interests in subsidiary		(224,320)	260,201
Net cash generated from financing activities		**8,617,303**	**7,576,179**
Net increase in cash and cash equivalents		**1,693,883**	**2,028,408**
Cash and cash equivalents at beginning of the period		3,024,565	996,157
Cash and cash equivalents at end of the period	23	**4,718,448**	**3,024,565**

The major non-cash transaction during the year was the issue of 10,619,456 ordinary shares to the shareholders of Silvrex Limited, as part of the acquisition of the company in December 2011

The notes on pages 30 to 54 form part of these financial statements

Statement of Company financial position

Company number 05601091

	Notes	As at 31 December 2012 £	As at 31 December 2011 £
Assets			
Non-Current Assets			
Furniture, fittings and equipment	13	4,532	3,704
Investments in associates	17	19,800	-
Investment in subsidiaries	18	14,646,482	8,539,769
		14,670,814	**8,543,473**
Current Assets			
Trade and other receivables	20	4,284,917	3,552,237
Financial assets held at fair value through profit or loss	16	-	217,466
Cash and cash equivalents	23	3,362,217	2,605,778
		7,647,134	**6,375,481**
Total assets		**22,317,948**	**14,918,954**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	24	4,673,113	3,508,972
Share premium	24	20,426,431	13,233,163
Other reserves	27	738,132	676,367
Accumulated losses	33	(4,431,869)	(3,747,784)
Total equity		**21,405,807**	**13,670,718**
LIABILITIES			
Non-Current Liabilities			
Deferred consideration	30	370,842	361,797
		370,842	**361,797**
Current Liabilities			
Trade and other payables	28	541,299	886,439
Total equity and liabilities		**22,317,948**	**14,918,954**

The notes on pages 30 to 54 form part of these financial statements

The Financial Statements were approved and authorised for issue by the Board of Directors on 20 March 2013 and were signed on its behalf by

Christopher Hall
Non-Executive Chairman

Perry Ashwood
Chef Financial Officer

Statement of Company changes in equity

	Notes	Share Capital £	Share Premium £	Share Option Reserve £	Accumulated Loss £	Total Equity £
		Attributable to owners of the Company				
Balance at 1 January 2011		**2,873,264**	**9,323,382**	**646,760**	**(3,659,421)**	**9,183,985**
Issue of shares	24	584,964	3,742,429	-	-	4,327,393
Share-based payments		-	-	92,378	-	92,378
Share options and warrants exercised and cancelled		50,744	167,352	(62,771)	62,771	218,096
Total contributions by and distributions to owners of the Company		**635,708**	**3,909,781**	**29,607**	**62,771**	**4,637,867**
Comprehensive income for the year						
- loss for the year		-	-	-	(151,134)	(151,134)
Total comprehensive income for the year		**-**	**-**	**-**	**(151,134)**	**(151,134)**
Balance at 31 December 2011		**3,508,972**	**13,233,163**	**676,367**	**(3,747,784)**	**13,670,718**
Issue of shares	24	1,158,611	7,615,551	-	-	8,774,162
Cost of share issue	24	-	(436,253)	-	-	(436,253)
Share-based payments		-	-	82,656	-	82,656
Share options exercised and cancelled		5,530	13,970	(20,891)	20,891	19,500
Total contributions by and distributions to owners of the Company		**1,164,141**	**7,193,268**	**61,765**	**20,891**	**8,440,065**
Comprehensive income for the year						
- loss for the year		-	-	-	(704,976)	(704,976)
Total comprehensive income for the year		**-**	**-**	**-**	**(704,976)**	**(704,976)**
Balance at 31 December 2012		**4,673,113**	**20,426,431**	**738,132**	**(4,431,869)**	**21,405,807**

The notes on pages 30 to 54 form part of these financial statements

Statement of Company cash flows

	Notes	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Cash flow from operating activities			
Net cash used in operating activities	31	**(1,592,886)**	**(982,854)**
Cash flow from investing activities:			
Purchase of furniture, fittings and equipment	13	(3,140)	(3,594)
Purchase of investment		-	(40,000)
Acquisition of subsidiary companies		-	(73,306)
Sale of financial assets	16	241,110	320,000
Funding of subsidiary companies		(5,562,812)	(2,308,847)
Interest received		60,120	236,079
Net cash used in investing activities		**(5,264,722)**	**(1,869,668)**
Cash flow from financing activities			
Proceeds from issue of share capital	24	8,050,300	4,545,489
Share capital issue costs	24	(436,253)	-
Net cash generated from financing activities		**7,614,047**	**4,545,489**
Net increase in cash and cash equivalents		**756,439**	**1,692,967**
Cash and cash equivalents at beginning of the period		2,605,778	912,811
Cash and cash equivalents at end of the period	23	**3,362,217**	**2,605,778**

The major non-cash transaction during the year was the issue of 10,619,456 ordinary shares to the shareholders of Silvrex Limited, as part of the acquisition of the company in December 2011

The notes on pages 30 to 54 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 listed on the Alternative Investment 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 have been 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 2012 the Group had cash and cash equivalents of £4,718,448 and no borrowings The proceeds of US$20 million from the sale of Öksüt oustanding at 31 December 2012 were received in January 2013 The major area of spend in 2013 is in Ethiopia and Senegal where large drilling programmes will be undertaken at the Blackrock project and at the Dalafin project respectively Other major items of exploration costs in Ethiopia will be borne by our exploration partners The Company and Group has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Company and Group for a period of at least 12 months from the date of signing the annual report and financial statements For these reasons the Directors continue to adopt the going concern basis in the preparation of the financial statements

Accounting Policies
Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group.
There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2012 that would be expected to have a material impact on the Group

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2012, but not currently relevant to the Group.
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements None of these is expected to have a significant effect on the financial statements of the Company or Group

Amendments to IFRS 1, 'First time adoption' on fixed dates and hyperinflation The first amendment replaces references to a fixed date of 1 January 2004 with "the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation

IFRS 7, 'Financial instruments Disclosures' was amended in October 2012 for the transfer of financial assets These amendments are as part of the IASB's comprehensive review of off Statement of Financial Position activities The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset

Amendments to IAS 12, 'Income Taxes' on deferred tax Currently IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value As a result of the amendments, SIC 21, 'income taxes – recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below The Company and Group intend to adopt these standards, if applicable, when they become effective

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) The amendments do not address which items are presented in OCI The amendment becomes effective for annual periods beginning on or after 1 July 2012

IAS 19, 'Employee benefits', was amended in June 2011 The amendments eliminate the option to defer the recognition of gains and losses, known as the "corridor method", streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income, and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans The amendment becomes effective for annual periods beginning on or after 1 January 2013 The amendment has no impact on the Group

Amendment to IFRS 1, 'First-time Adoption of International Financial Reporting Standards' on government loans This amendment addresses how first-time adopters would account for a government loan with a below-market rate of interest when transitioning to IFRS It also adds an exception to the retrospective application of IFRS, which provides the same relief to first time adopters granted to existing preparers of IFRS Financial Statements when the requirement was incorporated into IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in 2008 The amendment is effective for the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU The amendment has no impact on the Group

IFRS 7, 'Financial Instruments Disclosures' was amended for asset and liability offsetting This amendment requires disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position The amendment is effective for the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company The standard provides additional guidance to assist in the determination of control where this is difficult to assess The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013

IFRS 11, 'Joint Arrangements' provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form There are two types of joint arrangement, joint operations and joint ventures Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest Proportional consolidation of joint ventures is no longer allowed The Group is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2013

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in entities, including joint arrangements, associates, special purpose vehicles and other off Statement of Financial Position vehicles The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013

Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 11, 'Joint Arrangements and IFRS 12, 'Disclosure of Interests in Other Entities', provide additional transition relief to IFRSs 10,11 and 12 by limiting the requirement to provide adjusted comparative information to only the preceding comparative period For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied The Group is yet to assess the full impact of these amendments and intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU

IFRS 13, 'Fair value measurement', aims to provide consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards with IFRSs or US GAAP The standard becomes effective for annual periods beginning on or after 1 January 2013

IAS 27, 'Separate Financial Statements', replaces the current version of IAS 27, 'Consolidated and Separate Financial Statements' as a result of the issue of IFRS 10 The revised standard includes the requirements relating to separate financial statements The revised standard becomes effective for annual periods beginning on or after 1 January 2013

IAS 28, 'Investments in Associates and Joint Ventures', replaces the current version of IAS 28,'Investments in Associates', as a result of the issue of IFRS 11 The revised standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 1 The Group is yet to assess full impact of the revised standard and intends to adopt IAS 28 (revised) no later than the accounting period beginning on or after 1 January 2013

IFRIC 20, 'Stripping Costs in the Production Phase of a Surface Mine', clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods The interpretation may require the Group to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body The Group is yet to assess IFRIC 20's full impact and intends to adopt IFRIC 20 no later than the accounting period beginning on or after 1 January 2013

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities IFRS 9 was issued in November 2009 and October 2010 It replaces parts of IAS 39 that relate to the classification and measurement of financial instruments IFRS 9 requires financial assets to be classified into two measurement categories those measured as at fair value and those measured at amortised cost The determination is made at initial recognition The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics for the instrument For financial liabilities, the standard retains most of the IAS 39 requirements The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board

Amendments to IAS 32, 'Financial Instruments Presentation', add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement The Group is yet to assess the full impact of the amendments to IAS 32 and intends to adopt the amended standard no later than the accounting period beginning on or after 1 January 2014

'Annual Improvements 2009 – 2011 Cycle' sets out amendments to various IFRSs as follows

- An amendment to IFRS 1, 'First-time Adoption' clarifies whether an entity may apply IFRS 1
  (a) if the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in a previous reporting period, or
  (b) if the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period when IFRS 1 did not exist
- The amendment to IFRS 1 also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalization was before the date of transition to IFRSs
- An amendment to IAS 1, 'Presentation of Financial Statements' clarifies the requirements for providing comparative information
  (a) for the opening Statement of Financial Position when an entity changes accounting policies, or makes retrospective restatements or reclassifications, and
  (b) when an entity provides Financial Statements beyond the minimum comparative information requirements
- An amendment to IAS 16, 'Property, Plant and Equipment' addresses a perceived inconsistency in the classification requirements for servicing equipment
- An amendment to IAS 32, 'Financial Instruments Presentation' addresses perceived inconsistencies between IAS 12, 'Income Taxes' and IAS 32 with regard to recognizing the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
- An amendment to IAS 34, 'Interim Financial Reporting' clarifies the requirements on segment information for total assets and liabilities for each reportable segment

The Group intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU These improvements are not expected to have an impact on the Group

2 2 Basis of consolidation

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 has been treated as a Group reconstruction and has been accounted for using the merger accounting method

Subsidiaries are entities controlled by the Group Subsidiaries are fully consolidated from the date on which control is transferred to the Group They are de-consolidated from the date that control ceases The acquisition method is used to account for the acquisition of subsidiaries The cost of an acquisition is measured at fair value of the assets and equity instruments acquired, and the liabilities incurred or assumed at the date of exchange The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement

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 Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights References to joint venture agreements do not refer to arrangements which meet the definition of joint ventures under IAS 31 "Interests in Joint Ventures" and therefore these Financial Statements do not reflect the accounting treatments required under IAS 31

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

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

(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

(i) 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

(ii) 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

(iii) 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 Furniture, fittings and equipment

Fixtures and equipment are measured at cost less accumulated depreciation and accumulated impairment losses

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases

Motor vehicles	25%
Field equipment	33%
Furniture & fittings	20% - 33%
Office and computer equipment	25% - 33%
Software	33%

2 5 Intangible assets

(a) Goodwill
Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets and subsequently it is measured at cost less accumulated impairment losses Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment Any impairment is recognised immediately as an expense in profit or loss and is not subsequently reversed

(b)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 6 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 7 Impairment of non-financial assets

Exploration and evaluation assets with indefinite useful economic lives 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 five year cash flow projections for each of the projects where a JORC - compliant resource has been calculated, namely Altintepe

(593,100oz Au), The projections are based on a market value for gold of US$1,350 per ounce, recovery rates of 80%-90%, cash operating costs of $415 per ounce and a discount rate of 10% and the calculations have been tested for sensitivity to changes in the key assumptions The cash break-even point for all three projects at a market value for gold is approximately $550 per ounce

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 8 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 9 Financial instruments

(a) Classification
The Group classifies its financial assets in the following categories at fair value through profit or loss, 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

(i) Financial Assets at Fair Value Through Profit or Loss
Financial assets at fair value through profit or loss are financial assets held for trading A financial asset is classified in this category if acquired principally for the purpose of selling in the short term

(ii) 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 loans and receivables comprise Trade and Other Receivables and Cash and Cash Equivalents in the Statement of Financial Position

(iii) Available-for-Sale Financial Assets
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 – the date on which the Group commits to purchasing or selling the asset Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss 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 Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value Loans and receivables are subsequently carried at amortised cost using the effective interest method

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in profit or loss within "Other income/(losses)" in the period in which they arise

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income

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
(i) 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

(ii) 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 10 Held-for-sale assets

Held-for-sale assets comprise exploration and evaluation costs of exploration projects previously treated as non-current intangible assets where their carrying value is to be recovered principally through a sale transaction and a sale is considered highly probable Held-for-sale assets are stated at the lower of carrying amount and fair value less costs to sell Impairment losses are recognized in profit or loss

2 11 Deferred income tax

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

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

2 12 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 13 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 14 Trade receivables

Trade receivables are amounts due in the ordinary course of business If collection is expected in one year or less, they are classified as current assets If not they are presented as non-current assets Trade receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment

2 15 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) If not, they are presented as non-current liabilities Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method

3. Risk management

The Group's operations expose it to a number of risks The Directors' approach to the management of these risks is as follows

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 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 2 3% 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, Ethiopian Birr, Euro and US Dollar 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's liquidity risk is considered to be insignificant The Group does not enter into commitments for exploration expenditure Other expenditure is monitored through cash flow forecasts

The Company 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 The Group's policy for the funding of additional costs is primarily though equity issues

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 judgments

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 Actual results may vary from the estimates used to produce these financial statements The most significant judgment 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 7

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 £204,837 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

The cost of the acquisition of Silvrex Limited (subsequently renamed Stratex West Africa Ltd) in December 2011 includes a deferred consideration of £3,820,000 which is contingent on the discovery of no less than 500,000oz gold within three years at any of the acquired licence areas The Directors assessed the probability of achieving this as 10% based on information available at the time and using their experience as qualified geologists The resulting number has been discounted to present value This has given rise to goodwill of £926,546 The territories in which the licences are located are known to have the potential for major gold and precious metal discoveries and the Directors consider this level of goodwill a fair cost to gain access to the territories and to the knowledge and experience of the senior staff of Silvrex Limited

The Group assesses at the end of each reporting period whether there is objective evidence that the goodwill, is impaired, or that the deferred consideration requires recalculating Any reduction in the value of the goodwill or increase in the deferred consideration will be included in profit or loss

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	Offsetting adjustments	Group Total
	Turkey	East Africa	West Africa			
	£	£	£	£	£	£
At 31 December 2012						
Intangible assets	1,083,002	4,285,166	1,688,648	-	-	7,056,816
Goodwill	-	-	926,546	-	-	926,546
Furniture, fittings and equipment	31,396	181,357	-	4,532	-	217,285
Investment in associates	1,091,471	-	-	-	-	1,091,471
Other assets	14,715,496	475,855	139,690	15,837,081	(11,946,720)	19,221,402
Liabilities	(3,976,431)	(7,190,259)	(1,804,422)	(1,253,910)	11,946,720	(2,278,302)
Net assets/(liabilities)	**12,944,934**	**(2,247,881)**	**950,462**	**14,587,703**	**-**	**26,235,218**
Additions to furniture, fittings and equipment	10,136	117,109	-	3,140	-	130,385
At 31 December 2011						
Intangible assets	2,104,600	1,582,245	608,715	-	-	4,295,560
Goodwill	-	-	926,546	-	-	926,546
Furniture, fittings and equipment	52,616	143,307	-	3,704	-	199,627
Investment in associates	335,263	-	-	-	-	335,263
Other assets	1,253,741	608,050	9,999	8,891,255	(5,820,208)	4,942,837
Liabilities	(3,549,960)	(3,027,144)	(407,934)	(1,260,672)	5,820,208	(2,425,502)
Net assets/(liabilities)	**196,260**	**(693,542)**	**1,137,326**	**7,634,287**	**-**	**8,274,331**
Additions to furniture, fittings and equipment	12,407	40,223	-	3,594	-	56,224

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

	Capitalised cost		Additions in year	
	2012	2011	2012	2011
	£	£	£	£
Turkey				
Altıntepe	920,358	850,854	60,773	118,373
Hasançelebi	133,191	110,172	27,123	-
Doğanbey	29,453	-	15,125	-
Öksüt	-	509,424	-	-
Muratdere	-	631,628	-	443,834
Altunhısar	-	2,522	-	-
Total	**1,083,002**	**2,104,600**	**103,021**	**562,207**

East Africa				
Blackrock	3,295,509	690,548	2,604,961	690,548
Shehagne	496,199	480,455	15,744	286,824
Tigray	205,612	116,466	89,145	8,132
Tendaho	167,636	167,636	-	72,600
Berahale	102,301	15,835	77,787	8,679
Djibouti	17,909	18,728	-	-
Other	-	92,577	-	70,629
Total	**4,285,166**	**1,582,245**	**2,787,637**	**1,137,412**
West Africa				
Dalafin	1,402,674	480,879	921,795	480,879
Mauritania	285,974	127,836	205,963	127,836
Total	**1,688,648**	**608,715**	**1,127,758**	**608,715**
Total intangible assets	**7,056,816**	**4,295,560**	**4,018,416**	**2,308,334**

Intangible assets are net of funds received from the Company's partners under various joint venture agreements which amount to £1,227,576 (2011 £2,770,489)

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		
	£	£	£	£	£
2012					
Administration expenses	(415,124)	(919,362)	(171,691)	(1,336,392)	(2,842,569)
Depreciation charge	(6,213)	(33,566)	-	(1,846)	(41,625)
Impairment losses	(50,394)	(63,898)	-	-	(114,292)
Other income/(losses)	59,514	2,147	-	12,516	74,177
Finance income	-	-	-	60,126	60,126
Exchange gains/(losses)	(4,529)	(55,992)	(5,331)	(51,203)	(117,055)
Associate companies	(192,133)	-	-	-	(192,133)
Gain on sale of subsidiaries	12,870,166	-	-	-	12,870,166
Inter-segment charges	(125,239)	(302,814)	(74,234)	502,287	-
Income tax	(113,904)	-	-	(18,442)	(132,346)
Profit/(Loss) for year	**12,022,144**	**(1,373,485)**	**(251,256)**	**(832,954)**	**9,564,449**
2011					
Administration expenses	(690,552)	(466,323)	(11,207)	(815,102)	(1,983,184)
Depreciation charge	(5,897)	(34,220)	-	(2,210)	(42,327)
Impairment losses	(83,747)	-	-	-	(83,747)
Other income/(losses)	60,038	-	(53,506)	619,723	626,255
Finance income	-	-	-	23,478	23,478
Exchange gains/(losses)	7,470	(32,114)	-	300,900	276,256
Associate company	(139,176)	-	-	-	(139,176)
Gain on acquisition of subsidiary	-	-	-	805,068	805,068

Inter-segment charges	(113,996)	(172,699)	-	286,695	-
Income tax	79,449	-	-	(6,569)	72,880
Profit/(Loss) for year	**(886,411)**	**(705,356)**	**(64,713)**	**1,211,983**	**(444,497)**

Costs and liabilities are allocated based on the nature of the underlying transaction Assets are allocated based on where they are located Transactions between segments are recorded at cost

6. Operating profit/(loss)

The Group operating profit/(loss) for the year is stated after the following

	2012	2011
	£	£
Auditor's remuneration		
Fees payable for the audit of parent and consolidated financial statements	40,333	37,896
Fees payable for tax compliance	4,140	3,180
Depreciation of tangible assets	41,625	42,327
Finance income	60,126	23,478
Impairment losses on intangible assets	114,292	83,747

7. Gain on sale of subsidiaries

a) On 17 Februry 2012 Centerra Exploration BV, having spent US$3 million on the Öksüt project and in accordance with the joint venture agreement dated 13 August 2009, acquired 50% of the shareholding in Öksüt Madencilik Sanayi ve Ticaret AŞ An additional 20% was acquired on 15 October having spent a further US$3 million under the joint venture agreement As part of this acquisition Centerra Exploration BV injected TL 5 4million (approximately £1 8 million) additional share capital into Öksüt Madencilik Sanayi ve Ticaret AŞ The remaining 30% interest was sold to Centerra Exploration BV on 12 December for an immediate US$20 million plus a 1% net smelter royalty capped at US$20 million This resulted in a net gain to the Group of £11,693,918 No value has been attributed to the potential 1% net smelter royalty in the Financial Statements as it does not meet the criteria for recognition as an asset at the year end

b) On 21 November 2012 the Company sold 51% of its interest in Muratdere Madencilik Sanayi ve Ticaret AŞ to Lodos Maden Yatırım Sanayii ve Ticaret AŞ for cash proceeds of US$1 7 million (£1,055,209), realising a gain of £1,057,448

c) On 1 July 2012 the Company ceased to have managerial or financial control of Rift Resources PLC, in which it has a 49 5% interest This gives rise to a disposal of a subsidiary and results in a gain of £118,800

The gain from sale of subsidiaries comprises the following

Sale of Öksüt Madencilik Sanayi ve Ticaret AŞ:	£	£
Sale of 50% interest in subsidiary		
Loss on disposal of subsidiary undertaking	(679,457)	
Retained interest in former subsidiary undertaking	1,099,003	
Net gain		419,546
Sale of additional 20% interest		
Share of additional share capital	913,123	
Loss on sale of interest in associate company	(798,583)	
Net gain		114,540
Profit from sale of remaining 30% interest in associate company		11,159,832
Total gain		11,693,918
Sale of Muratdere Madencilik Sanayi ve Ticaret AŞ		
Profit on disposal of subsidiary undertaking		22,806
Retained interest in former subsidiary undertaking		1,034,642
Total gain		1,057,448

Conversion of Rift Resources PLC to an associate company		
Share of capital contributed by controlling interest		118,800
Loss on disposal of subsidiary undertaking		(234,828)
Reversal of non-controlling interest		118,588
Retained interest in former subsidiary undertaking		116,240
Total gain		118,800
Gain from sale of subsidiary undertakings		**12,870,166**

8. Other income/(losses)

	2012 £	2011 £
Other income	75,835	291,513
Exchange gains and losses	(117,055)	276,256
Change in value of deferred consideration	(9,045)	-
Change in value of financial assets (note 16)	-	(69,733)
Change in value of held-for-sale assets (note 22)	(16,257)	(69,218)
Profit on sale of financial assets (note 16)	23,644	527,199
Costs associated with the acquisition of subsidiary company	-	(53,506)
Total for year	**(42,878)**	**902,511**

9. Expenses by nature

	2012 £	2011 £
Personnel expenses	1,228,259	676,218
Contract staff wages	180,048	72,225
Other exploration related expenses	272,282	254,911
Legal and professional expenses	307,348	281,187
Depreciation expense	41,625	42,327
Other expenses	854,632	698,643
Total for year	**2,884,194**	**2,025,511**

10. Personnel expenses

	2012 £	2011 £
Wages and salaries	1,016,495	508,357
Social security costs	119,795	67,056
Share options granted to Directors and employees	72,021	92,378
Employee benefits-in-kind	3,883	3,604
Employee termination benefits	16,065	4,823
Total for year	**1,228,259**	**676,218**
Average number of employees, including Directors	45	45

The amount of wages and salaries capitalised during the year as part of intangible assets and not included above is £109,035 (2011 £509,183)

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

The Company does not operate a pension scheme and no contributions have been made to pensions schemes during the year (2011 nil)

Details of the Directors' remuneration are shown in the Directors' Report

11. Gain on acquisition of subsidiary company

NTF Insaat Ticaret Ltd Sti, the major shareholder in NS Madencilik Sanayi ve Ticaret AS ("NSM"), notified the Company on 26 July 2011 that they would not be proceeding with the development of the Altintepe project and under the terms of the agreement dated 12 June 2009 the ownership of the joint-venture company Altintepe Madencilik Sanayi ve Ticaret AS was transferred fully to Stratex Gold AG for nil cost, and the debt owed to NSM by Stratex Gold AG, amounting to £805,068 was waived, resulting in a gain in 2011 of this amount

12. Income tax

Analysis of income tax (expense)/credit

	2012	2011
	£	£
UK Corporation tax charge for the year	-	-
Foreign tax		
Current tax charge for the year	(172,803)	(6,569)
Deferred tax credit for the year	40,457	79,449
Total tax (expense)/credit for the year	**(132,346)**	**72,880**

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 £1,932,000 (2011 £1,502,000) These were in respect of UK losses amounting to approximately £7,282,000 (2011 £4,686,000), losses in Turkey of approximately £98,000 (2011 £1,393,000), and losses in Djibouti of approximately £223,065 (2011 £161,000) These losses can be carried forward and used against future taxable income at rates of 24%, 20%, and 25% respectively

Reconciliation of current tax

	2012	2011
	£	£
Profit/(Loss) before tax	9,696,795	(517,377)
Current tax charge/(credit) at 25 5% (2011 26%)	2,472,683	(134,518)
Effects of		
Expenses not deductible for tax purposes	18,467	127,654
Non-taxable income (see below)	(3,101,270)	(305,215)
Capital allowances in excess of depreciation	(3,679)	(3,090)
Tax losses carried forward - UK	539,950	184,134
Tax losses carried forward - outside UK	228,210	131,035
Overseas tax charge	18,442	6,569
Origination and reversal of temporary differences	(40,457)	(79,449)
Tax charge/(credit)	**132,346**	**(72,880)**

The capital gain arising on the sale of Öksüt Madencilik Sanayi ve Ticaret AŞ is a "qualifying participation" under Swiss tax regulations and is therefore exempt from taxation in this jurisdiction

13. Furniture, fittings and equipment

Group	Motor Vehicles	Field Equipment	Office furniture and equipment	Total
	£	£	£	£
Cost or valuation				
At 1 January 2011	**192,921**	**31,086**	**249,542**	**473,549**
Exchange movements	(10,555)	(433)	(33,538)	(44,526)
Additions	-	26,771	29,453	56,224
Disposals	-	-	(2,583)	(2,583)
At 31 December 2011	**182,366**	**57,424**	**242,874**	**482,664**
Exchange movements	(2,001)	(200)	1,121	(1,080)
Additions	87,591	12,570	30,224	130,385
Disposals	-	-	(8,253)	(8,253)
At 31 December 2012	**267,956**	**69,794**	**265,966**	**603,716**
Depreciation				
At 1 January 2011	**(46,358)**	**(8,023)**	**(161,184)**	**(215,565)**
Exchange movements	6,903	156	24,020	31,079
Additions	(43,736)	(15,600)	(41,582)	(100,918)
Disposals	-	-	2,367	2,367
At 31 December 2011	**(83,191)**	**(23,467)**	**(176,379)**	**(283,037)**
Exchange movements	670	16	(914)	(228)
Additions	(52,273)	(18,584)	(33,775)	(104,632)
Disposals	-	-	1,466	1,466
At 31 December 2012	**(134,794)**	**(42,035)**	**(209,602)**	**(386,431)**
Net Book Value				
at 1 January 2011	**146,563**	**23,063**	**88,358**	**257,984**
at 31 December 2011	**99,175**	**33,957**	**66,495**	**199,627**
at 31 December 2012	**133,162**	**27,759**	**56,364**	**217,285**

During the year £63,007 (2011 £56,681) of the charge for depreciation was transferred to Intangible Assets Depreciation expense of £41,625 (2011 £42,237) was included in profit or loss for the year

Company	Office furniture and equipment
	£
Cost or valuation	
At 1 January 2011	**28,980**
Additions	3,594
Disposals	(2,583)
At 31 December 2011	**29,991**
Additions	3,140
Disposals	(672)

At 31 December 2012	**32,459**

Depreciation	
At 1 January 2011	**(26,424)**
Additions	(2,230)
Disposals	2,367
At 31 December 2011	**(26,287)**
Additions	(1,845)
Disposals	205
At 31 December 2012	**(27,927)**

Net Book Value	
at 1 January 2011	**2,556**
at 31 December 2011	**3,704**
at 31 December 2012	**4,532**

14. Intangible Assets and Goodwill

The goodwill arose from the acquisition of Stratex West Africa Limited (formerly Silvrex Limited) in December 2011 The goodwill is attributable to the cost of gaining access to the West Africa region and having available the local knowledge of, and good relationships established by, the Silvrex exploration team The acquisition of Silvrex provides the Company with the opportunity to replicate the successful approach adopted in East Africa by leveraging an existing well established operation to explore for additional greenfield prospects None of the goodwill recognised is expected to be deductible for tax purposes

Exploration assets represent the cost of evaluation and development of the Group's exploration projects and are net of funds received from the Group's partners under various joint venture agreements, amounting to £1,227,576 (2011 £2,770,489)

Group	Goodwill	Exploration assets	Total
	£	£	£
Cost or valuation			
At 1 January 2011	-	**2,522,766**	**2,522,766**
Exchange movements	-	(451,793)	(451,793)
Additions	-	1,699,619	1,699,619
Acquisition of subsidiary company	926,546	608,715	1,535,261
Impairment write-offs	-	(83,747)	(83,747)
At 31 December 2011	**926,546**	**4,295,560**	**5,222,106**
Exchange movements	-	30,506	30,489
Additions	-	4,018,416	4,018,416
Disposals	-	(1,173,374)	(1,173,374)
Impairment write-offs	-	(114,292)	(114,275)
At 31 December 2012	**926,546**	**7,056,816**	**7,983,362**

The 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 no longer considered economically viable The Board considers there is no change in value of the goodwill during the year

15. Investments in associates

Group	2012	2011
	£	£
At 1 January	**335,263**	**376,645**
Exchange movements	(22,221)	(55,865)
Additions	3,383,937	153,659
Disposals	(2,000,925)	-
Reclassified to Held-for sale assets	(412,450)	-
Share of losses	(192,133)	(139,176)
At 31 December	**1,091,471**	**335,263**

During the year the Company invested a further £203,363 in NS Madencılık Sanayı ve Tıcaret AŞ to maintain its 45% interest

On 1 July 2012 the Company ceased to have managerial or financial control of Rift Resources PLC, in which Stratex International has a 49 5% interest at a cost of £19,800 The company has been treated as an associate company from this date

Following a change in business strategy, NTF Insaat Tıcaret Ltd Stı, who hold a 55% interest in NS Madencılık Sanayı ve Tıcaret AŞ has decided to exit the gold exploration business and both parties have agreed to sell the business The investment in NS Madencılık Sanayı ve Tıcaret AŞ has accordingly been transferred to Held-for-sale assets

Summary financial information for equity accounted for companies is as follows

	Ownership	Reporting date	Exploration Assets	Net current Assets	Group share of net assets	Carrying value	Group share of losses
			£	£	£	£	£
At 31 December 2012							
Muratdere Madencılık Sanayı ve Tıcaret AŞ	49%	31 December	843,442	131,146	498,914	1,021,839	(2,097)
Rift Resources PLC	49 5%	30 November	20,000	59,732	69,632	69,632	(46,608)
NS Madencılık Group	-	-	-	-	-	-	(125,173)
Öksüt Madencılık Sanayı ve Tıcaret AŞ (note 7)	-	-	-	-	-	-	(18,255)
Total			**863,442**	**190,878**	**568,545**	**1,091,471**	**(192,133)**
At 31 December 2011							
NS Madencılık Group	45%	31 December	1,714,627	40,172	585,246	335,263	(139,176)

16. Financial assets at fair value through profit or loss

Group and Company	2012	2011
	£	£
At 1 January	**217,466**	**-**
Additions	-	287,199
Disposals	(217,466)	-
Change in fair value	-	(69,733)
At 31 December	**-**	**217,466**

During the year the Company sold its entire holding of shares in Centamin Egypt Ltd for £241,110 The profit on sale of £23,644 has been recognised in Other income/losses in the profit or loss for the year

17. Investments

Company	2012	2011
	£	£
At 1 January	**-**	**72,167**
Additions	-	40,000
Disposal	-	(80,000)
Reclassified from/(to) Investments in subsidiaries (note 18)	19,800	(32,167)
At 31 December	**19,800**	**-**

The Company's shareholding in Sheba Exploration (UK) Ltd at a cost of £80,000 was acquired by Centamin Egypt Ltd in 2011 The original cost of investment in Silvrex Limited of £32,167 was reclassified to Investment in subsidiaries in 2011 on acquisition by the Company of the entire share capital

18. Investments in subsidiaries

Cost of shares in subsidiary companies

Company	2012	2011
	£	£
At 1 January	**2,719,561**	**1,562,435**
Reclassified from Investments (note 17)	-	32,167
Reclassified to investments in associates (note 17)	(19,800)	-
Additions to cost of Investment	-	1,124,959
At 31 December	**2,699,761**	**2,719,561**
Loans to subsidiary companies	11,946,721	5,820,208
At 31 December	**14,646,482**	**8,539,769**

On 1 July 2012 the Company ceased to have managerial or financial control of Rift Resources PLC, in which it has 49 5% interest, and it has now been reclassified as an associate company

Investments in subsidiaries are stated at cost

Subsidiary companies of the Group at 31 December 2012 are

	Country of incorporation	% owned by Company	% owned by subsidiary	Nature of business
Stratex Exploration Ltd	UK	100	-	Holding company
Stratex Gold AG	Switzerland	100	-	Holding company
Stratex West Africa Limited	UK	100	-	Exploration
Stratex East Africa Limited	UK	95	-	Exploration
Stratex Madencılık Sanayı ve Tıcaret Ltd Ştı	Turkey	-	100	Exploration
Altıntepe Madencılık Sanayı ve Tıcaret A.Ş	Turkey	-	100	Exploration
Stratex Djibouti SARL	Djibouti	-	100	Exploration

19. Financial instruments by category and credit quality

By category

Group	2012 Loans and receivables	2012 Held-for-sale assets	2011 Loans and receivables	2011 Assets at fair value through profit or loss	2011 Held-for-sale assets
	£	£	£	£	£
Assets per Statement of Financial Position at 31 December					
Held-for-sale assets	-	508,061	-	-	106,647
Trade and other receivables excluding pre-payments	13,531,305	-	554,952	-	-
Financial assets at fair value through profit or loss	-	-	-	217,466	-
Deposits and guarantees given	242,785	-	230,427	-	-
Cash and cash equivalents	4,718,448	-	3,024,565	-	-
Total	**18,492,538**	**508,061**	**3,809,944**	**217,466**	**106,647**

Company	2012 Loans and receivables	2011 Loans and receivables	2011 Assets at fair value through profit or loss
	£	£	£
Assets per Statement of Financial Position at 31 December			
Trade and other receivables excluding pre-payments	4,243,371	3,496,428	-
Financial assets at fair value through profit or loss	-	-	217,466
Cash and cash equivalents	3,362,217	2,605,778	-
Total	**7,605,588**	**6,102,206**	**217,466**

By quality·

Trade receivables

Trade receivables comprises VAT due from Turkish and UK governments of £243,078 (2011 £578,213) and receivables from exploration partners of £12,806,319 (2011 33,265) None of the exploration partners have external credit ratings

External ratings of cash at bank and short-term deposits

	2012	2011
	£	£
AAA	-	242,709
A	1,303,046	269,552
BBB	3,273,405	-
B	-	2,427,909
Other	101,628	73,934
Cash-in-hand	40,369	10,461
Total	**4,718,448**	**3,024,565**

20. Trade and other receivables

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

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Receivables from exploration partners	12,806,319	33,265	-	-
Deposits and guarantees given	242,785	230,427	-	-
Amounts due from Group companies	-	-	4,178,371	3,496,428
VAT recoverable	243,078	578,213	20,504	8,798
Pre-payments and other current assets	481,908	566,142	86,042	47,011
Total	**13,774,090**	**1,408,047**	**4,284,917**	**3,552,237**
Non-current	242,785	230,427	-	-
Current	13,531,305	1,177,620	4,284,917	3,552,237
Total	**13,774,090**	**1,408,047**	**4,284,917**	**3,552,237**

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies

	2012	2011
	£	£
UK pounds	169,845	474,030
US Dollars	12,730,851	33,265
Euros	75,316	-
Turkish Lira	777,987	900,752
Other currencies	20,091	-
Total	**13,774,090**	**1,408,047**

All receivables from exploration partners have been received in 2013 There are no receivables that are past due

21. Deferred tax assets and liabilities

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Deferred tax assets				
Temporary timing differences arising on				
Intangible assets	204,837	172,212	-	-
Employee termination benefits	5,664	2,453	-	-
Non-accrued financial expenses	10,302	11,449	-	-
Total	**220,803**	**186,114**	**-**	**-**

Deferred tax liabilities				
Temporary timing differences arising on				
Acquisition of subsidiary	(88,681)	(88,681)	-	-
Payables	-	(7,431)	-	-
Tangible and intangible assets	(2,085)	(2,254)	-	-
Total	**(90,766)**	**(98,366)**	-	-
Net deferred tax asset	**130,037**	**87,748**	-	-

	Group		Company	
The movement in the year on the net deferred tax assets is	2012	2011	2012	2011
	£	£	£	£
At 1 January	87,748	117,411	-	-
Exchange movements	1,832	(20,431)	-	-
Acquisition of subsidiary	-	(88,681)	-	-
Charge for the year	40,457	79,449	-	-
At 31 December	**130,037**	**87,748**	-	-

22. Held-for-sale assets

The intangible assets held for sale relate to projects previously included in non-current intangible assets and investments in associates The Company has entered into negotiations with third parties for the sale of these assets and the negotiations are expected to be finalised within the year The assets are stated at fair value less costs to sell

The movement in the year is

Group	2012	2011
	£	£
At 1 January	**106,647**	**198,619**
Exchange movements	22,506	(22,754)
Reclassification to exploration assets	(17,285)	-
Reclassification from associate companies (note 15)	412,450	-
Change for the year	(16,257)	(69,218)
At 31 December	**508,061**	**106,647**

The change for the year is the write down of the fair value and has been included in Other Income/(Loss) in profit or loss

23. Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Cash at bank and in hand	1,445,043	656,885	88,812	238,098
Short - term deposits	3,273,405	2,367,680	3,273,405	2,367,680
At 31 December	**4,718,448**	**3,024,565**	**3,362,217**	**2,605,778**

24. Share Capital and share premium

Group and Company	Number of shares	Ordinary Shares £	Share premium £	Total £
At 1 January 2011	**287,326,366**	**2,873,263**	**9,323,382**	**12,196,645**
Shares issued for cash	58,496,467	584,965	3,742,429	4,327,394
Exercise of share options	2,732,000	27,320	97,080	124,400
Exercise of share warrants	2,342,399	23,424	70,272	93,696
At 31 December 2011	**350,897,232**	**3,508,972**	**13,233,163**	**16,742,135**
Shares issued for cash	105,241,558	1,052,416	6,978,384	8,030,800
Cost of share issue	-	-	(436,253)	(436,253)
Acquisition of subsdiary	10,619,456	106,195	637,167	743,362
Exercise of share options	553,030	5,530	13,970	19,500
At 31 December 2012	**467,311,276**	**4,673,113**	**20,426,431**	**25,099,544**

The following numbers of shares were issued for cash during the year
- 260,000 shares were issued to Thani Ashanti Alliance on 6 February at a cost of 8p per share
- 1,375,000 shares were issued to AngloGold Ashanti on 6 February at a cost of 8p per share
- 103,606,558 shares were issued by means of a private placing at a cost of 7 625p, the first tranche of 35,272,745 on 28 March 2012 and a second tranche of 68,333,813 on 20 April 2012

On 6 January 2012 and 5 March 2012 10,152,581 and 466,875 shares respectively were issued to shareholders of Silvrex Limited (subsequently renamed Stratex West Africa Ltd) at a value of 7p as part of the acqusition of the company

25. Profit/(loss) per share

The calculation of the basic profit/(loss) per share is based on the profit/(loss) atributable to the equity holders of the Company and a weighted average number of ordinary shares in issue during the year, as follows

	2012 £	2011 £
Profit/(loss) attributable to equity holders of the Company	9,579,393	(436,628)
Weighted average number of ordinary shares in issue	437,329,330	321,482,912
Basic profit/(loss) per share (pence per share)	**2.19**	**(0.14)**
Diluted profit/(loss) per share (pence per share)	**2 15**	**(0 14)**

There was no difference between basic and diluted loss per share in 2011 as the effect on the exercise of the options and warrants would be to decrease the loss per share

Diluted earnings per share in the year ended 31 December 2012 assumes that options and warrants outstanding at 31 December 2012 were exercised at 1 January 2012 for options and warrants where the exercise price was less than the average price of the ordinary shares during the period A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of subscription rights to outstanding share options and warrants The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the options and warrants On this basis, the calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders divided by 445,449,912 shares

At the year end there were 20,984,849 (2011 21,037,879) share options that could potentially dilute the earnings per share in the future

26. Share options and share warrants

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 2012, the Company had in issue 12,187,144 (2011 12,187,144) options to Group employees granted under the Enterprise Management Incentive scheme and 8,733,327 (2011 8,483,327) to Group employees granted under the unapproved scheme The options under both schemes are exercisable from one to three years from the grant date and lapse on the tenth anniversary of the grant date or on the holder ceasing to be an employee of the Company A further 64,378 (2011 367,408) options are in issue to third parties granted for the provision of services

The granting of the share options and warrants has been accounted for as equity-settled share-based payment transactions The total expenses recognised in the profit or loss for the year arising from share-based payments was £82,656 (2011 £92,378) 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

	2012		2011	
Group and Company	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
Outstanding at 1 January	**21,037,879**	**4.1**	**18,725,030**	**3.3**
Cancelled	-	-	(10,000)	3 0
Forfeited	-	-	(215,000)	7 2
Granted	500,000	5 3	5,269,849	6 7
Exercised	(553,030)	3 5	(2,732,000)	5 1
Outstanding at 31 December	**20,984,849**	**4 1**	**21,037,879**	**4 1**
Exercisable at 31 December	17,368,182	3 0	15,960,030	3 0

The weighted average share price on the date of exercise of the options exercised in 2012 was 5 11 pence per share The weighted average contractual life of the outstanding options at 31 December 2011 was 6 8 years (2011 8 years)

Details of share options outstanding at 31 December 2012 are as follows

Life of option		Number of options				
Start date	Expiry date	Outstanding 1 January 2012	Exercised	Granted	Outstanding 31 December 2012	Option price pence
30 April 2009	30 April 2019	15,623,500	(250,000)	-	15,373,500	3 0
28 September 2009	28 September 2019	41,500	-	-	41,500	4 3
1 December 2009	1 December 2012	303,030	(303,030)	-	-	
1 January 2011	1 January 2014	64,378	-	-	64,378	9 3
7 January 2011	1 July 2021	1,263,327	-	-	1,263,327	9 4
1 June 2011	1 June 2021	2,617,144	-	-	2,617,144	7 0
7 June 2011	7 June 2021	1,125,000	-	-	1,125,000	6 9
5 November 2012	5 November 2012	-	-	500,000	500,000	5 3
Total options outstanding		**21,037,879**	**(553,030)**	**500,000**	**20,984,849**	**4.1**

During 2012, 2,072,130 shares warrants were issued Each share warrants entitles the holder to subscribe for one 1p Ordinary share at the following price per share

Subscription date	Subscription price
20 April 2012 to 19 April 2013	11 pence
20 April 2013 to 19 April 2014	12 pence
20 April 2014 to 19 April 2015	14 pence

The fair value of the share options and share warrants has been measured by use of the Black-Scholes pricing model The expected volatility was determined by calculating the historical volatility of the Company's share price over the last two years

The inputs and assumptions made in applying the Black-Scholes pricing model are as follows

Options and warrants granted in 2012	Warrants 28 March	Warrants 16 April	Options 5 November
Share price at date of grant (pence)	8 05	8 05	5 25
Fair value at grant date (pence)	0 50	0 52	1 99
Expected volatility	34%	34%	34%
Expected dividends	nil	nil	nil
Option life (years)	3	3	10
Risk-free Interest rate	3%	3%	3%

27. Other reserves

Group	Merger reserve	Share option reserve	Translation reserve	Transaction with non-controlling interest	Total
	£	£	£	£	£
At 1 January 2011	**(485,400)**	**646,760**	**(124,351)**	**-**	**37,009**
Share-based payments	-	92,378	-	-	92,378
Share options exercised	-	(62,771)	-	-	(62,771)
Decrease in ownership interest	-	-	-	118,800	118,800
Other comprehensive interest	-	-	(736,516)	-	(736,516)
At 31 December 2011	**(485,400)**	**676,367**	**(860,867)**	**118,800**	**(551,100)**
Share-based payments	-	82,656	-	-	82,656
Share options exercised	-	(20,891)	-	-	(20,891)
Decrease in ownership interest	-	-	-	(118,800)	(118,800)
Other comprehensive interest	-	-	193,761	-	193,761
At 31 December 2012	**(485,400)**	**738,132**	**(667,106)**	**-**	**(414,374)**

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

28. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade payables	341,196	587,302	117,833	85,558
Amounts due on acquisition of subsidiary company	-	743,362	-	743,362
Amounts due to related parties and employees	611,392	375,048	331,750	-
Social security and other taxes	337,454	-	81,421	10,519
Accrued expenses	325,314	247,365	10,295	47,000
At 31 December	**1,615,356**	**1,953,077**	**541,299**	**886,439**

All financial liabilities, except for accured expenses, are stated where material at amortised cost

29. Related party transactions

Transactions with operational partners·

	Transaction value for the year ended 31 December		Receivable/(Payable) as at 31 December	
	2012	2011	2012	2011
	£	£	£	£
Teck Madencılık Sanayı Tıcaret A Ş	-	396,484	-	(34,770)
Thanı Ashantı Allıance Ltd	804,622	962,464	117,316	33,265
Centerra Exploratıon B V	63,294	1,370,959	12,537,552	(187,407)
Lodos Maden Yatırım Sanayıı ve Tıcaret A Ş	-	-	3,058	-
Antofagasta Mınerals S A	359,660	170,352	(93,175)	(69,639)

Teck Madencılık Sanayı Tıcaret A Ş , Thanı Ashantı Allıance Ltd and Antofagasta Mınerals S A are signficant shareholders ın the Company Centerra Exploratıon B V was the operatıonal partner for the Öksüt project and the Altunhısar project The transactıon values are refunds of exploratıon costs on joint venture projects The receıvable from Centerra ıncludes the proceeds from the sale of Öksüt of £12,497,984 Thıs was receıved ın full ın January 2013 Lodos Maden Yatırım Sanayıı ve Tıcaret A Ş. ıs the operatıonal partner for the Muratdere project

Transactions with Director:

	Transaction value for the year ended 31 December		Payable as at 31 December	
	2012	2011	2012	2011
	£	£	£	£
Bob Foster Associates Lımıted	39,843	33,240	7,217	4,487

Bob Foster Associates Lımıted provides admınıstratıon servıces to the Company on a cost only basıs and Bob Foster ıs a dırector of both companıes

Transactions with non-controlling interets:

Durıng the year Stratex Gold AG ınvested an addıtıonal £203,363 ın NS Madencılık Sanayı ve Tıcaret A Ş brıngıng the total ınvestment to £788,609 and maıntaınıng ıts 45% shareholdıng

Parent company and ultimate controlling party

Durıng the year the Company provided funds amountıng to £5,562,812 (2011 £2,306,847) to ıts subsıdıary companıes for the exploratıon actıvıtıes and charged ıts subsıdıary companıes £162,000 (2011 £129,000) for the provısıon of management servıces The total receıvable from subsıdıarıes at 31 December 2012 was £16,125,092 (2011 £9,316,636)

30. Deferred consideration

On 22 December 2011 the Company obtaıned total control of Sılvrex Lımıted (subsequently renamed Stratex West Afrıca Ltd), a prıvate UK company wıth a prospectıve gold portfolıo ın Senegal and Mauritanıa The Company agreed to pay the sellıng shareholders an addıtıonal consıderatıon of £3,820,000 and settle certaın outstandıng loans of £76,159 on ıdentıfıcatıon of a JORC-complıant resources of not less than 500,000 oz gold ın eıther of the Dalafın lıcence or the four Mauritanıan lıcences before 31 December 2014 A faır value of £370,842 (2011 £361,797) has been placed on the contıngent consıderatıon based on the Dırectors assessıng the probabılıty of the resource fıgure beıng achıeved of 10% and a dıscount rate of 2 75% per annum

31. Cash used in operations

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Profit/(Loss) before income tax	**9,696,795**	**(517,377)**	**(704,976)**	**(151,134)**
Adjustments for				
Issue of share options	82,656	92,378	82,656	92,378
Depreciation	104,633	100,918	1,846	2,230
Project impairment write-offs	114,292	83,747	-	-
Fixed asset write-offs	506	216	466	216
Share of losses of associated companies	192,133	139,176	-	-
Gain on sale of subsidiary company	(12,870,166)	-	-	-
Expenses related to acquisition of subsidiary	-	-	-	53,506
Profit on sale of financial asset	(23,644)	(527,199)	(23,644)	(527,199)
Gain on acquisition of subsidiary	-	(605,068)	-	-
Revaluation of financial assets	-	69,733	-	69,733
Change in value of held-for-sale assets	16,257	69,218	-	-
Change in value of deferred consideration	9,045	-	9,045	-
Increase in employee termination benefit fund	15,959	-	-	-
Interest income on short term deposits	(60,126)	(23,478)	(60,119)	-
Interest income on intercompany indebtedness	-	-	(401,702)	(236,079)
Intercompany management fees	-	-	(162,000)	(129,000)
Foreign exchange movements on operating activities	228,834	(477,785)	-	-
Changes in working capital, excluding the effects of exchange differences on consolidation				
Trade and other receivables	(641,723)	(20,162)	(732,679)	(204,267)
Trade and other payables	434,424	644,423	398,221	46,762
Cash used in operations	**(2,700,125)**	**(1,171,260)**	**(1,592,886)**	**(982,854)**

32. Contingencies and capital commitments

The Group has contingent liabilities of £3,896,159 (2011 £3,896,159) in connection with the acquisition of Stratex West Africa Limited (formerly Silvrex Limited)

Various warranties and guarantees have been given under the Öksüt Madencılık Sanayı ve Tıcaret AŞ and Muratdere Madencılık Sanayı ve Tıcaret AŞ sale agreements but no issues have arisen to date

33. 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

	2012	2011
	£	£
At 1 January	**(3,747,784)**	**(3,659,421)**
Loss for the year	(704,976)	(151,134)
Share options exercised and cancelled	20,891	62,771
At 31 December	**(4,431,869)**	**(3,747,784)**

34 Events after the reporting period

The following significant events have taken place after the reporting period

a) the proceeds of US$20 million receivable from Centerra Exploration BV for the sale of Öksüt Madencılık Sanayı ve Ticaret A Ş and included in receivables at 31 December 2012 were received on 24 January 2013

b) NTF Insaat Ticaret Ltd Sti and Stratex, who hold 55% and 45% respectively of the shareholding in NS Madencılık Sanayı ve Ticaret AŞ have started proceedings to wind up the company following the sale of its only operating licence (the Inlice project) to a third party for US$10million Stratex's share of the proceeds will be US$4 5million less taxes and costs

The Annual General Meeting of Stratex International Plc (the "Company") will be held at the offices of Northland Capital Partners Ltd, 60 Gresham Street, London, EC2V 7BB, on 7 May 2013, 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 2012

2 To re-elect David Hall who has retired by rotation

3 To re-elect Peter Addison who has retired by rotation

4 To re-appoint 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

By order of the Board

P C Ashwood
Company Secretary
180 Piccadilly, London, W1J 9HF

20 March 2013

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 2nd May 2013

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, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL, to be received by Share Registrars Limited no later than 3 00pm on Thursday 2nd May

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, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL

- 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 Thursday 2nd May

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 7 May 2013 until the end of the meeting

- the auditor's consolidated accounts of the Company for the financial period ended 31 December 2012, and

- the Register of Directors' interests in the capital of the Company and copies of the service contracts of the Directors of the Company

Directors

C R J Hall
Dr R P Foster
P C Ashwood
D J Hall
J Cole-Baker
G P L Addison

Secretary

P C Ashwood

Company number

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