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Heavyweight Local And International Partners Take The Strain For Stratex, As It Moves Ever Closer To Gold Production In Turkey

By Alastair Ford

It looks like 2010 will be a busy year for [Stratex](#), the Aim-traded junior gold explorer with interests in Turkey and Ethiopia. First off, investors will be well pleased to hear that everything looks nicely on track for the company's memorandum of understanding with Turkish construction company NTF to be upgraded officially to a joint venture. That deal is due to be closed within the next month, at which point US\$1 million will be payable to [Stratex](#) as part of what amounts essentially to a finder's fee. That cash will sit nicely on top of the £2.3 million the company already has in the bank, helping to provide plenty of financial security in the near term.

Not that [Stratex](#) is on a major cash burn. Joint venture partners of the stature of Centerra, NTF, and Teck have taken much of the strain for [Stratex](#) over the years as it's continued with its long-standing hunt for the next big gold project in Turkey. So far what's been delivered can't exactly be described as a world class resource, but nonetheless there's now a series of smaller-scale projects in development in Turkey that should turn [Stratex](#) into a producer within the next 18 months or so. "Our commitment", says chief executive Bob Foster, "is to becoming a serious gold producer in Turkey".

First into production will be the Inlice project, jointly held with NTF, where a small scale 100,000 ounce resource has been identified. Subject to the completion of a feasibility study, Bob says production there should come in at around 20,000 to 30,000 ounces per year. And as far as that feasibility study is concerned, the partners are very close to pressing the button. A shortlist of contractors to carry out the work has already been drawn up. All that's needed are the NTF and [Stratex](#) signatures on that joint venture document, and, as Bob says, "we start rolling".

With Inlice in hand, next up will be the Altintepe project, where first production is due in around three years time. Altintepe is also a small project, but with gold comfortably bobbing around at above US\$1,100, likely to be nicely profitable. After that comes what Bob calls "significant exploration properties", the Oksut property, currently being worked over by Centerra, and the Hasancelebi project, currently being worked on by Teck. Oksut already boasts an oxide resource of 150,000 ounces of gold, and looks likely to deliver more when drilling there recommences later this year. Hasancelebi should also benefit from renewed drilling activity.

Those developments represent the first two of what Bob "the three well embedded strategies which [Stratex](#) is delivering". The third is relatively new – the company's foray into the relative virgin territory of Ethiopia, a country in which it now has over 3,000 square kilometres under license. One strand of the Ethiopian venture is a joint venture with Plus-

traded Sheba, which is operating in the north of the country. But Bob's immediate Ethiopian interest is focused on [Stratex](#)'s ground in the Rift valley to the east. He has high hopes for the drill campaign that's likely to get underway here later in the year, and as an academic geologist a certain intellectual interest too.

[Stratex](#)'s target here comprises steeply dipping quartz veins that, in geological terms, are very new. On the plus side, says Bob, this means that nothing's been eroded, but on the downside, high grade zones are likely to occur at some depth. Still that wasn't putting off the interested parties at this year's PDAC, where there was a lot of interest in the Ethiopian portfolio.

At this stage the thinking is that the Ethiopian assets will stay inside the company. There are no current plans for a spin-off. On the contrary, says Bob, it's quite possible that [Stratex](#) will actually pick up further assets in Africa, diversifying further. He qualifies that statement with the caveat that only "sensible" jurisdictions will be considered, and he categorically rules out a return to his old stomping ground in Zimbabwe. Still, it will be interesting to see where [Stratex](#) does end up, and interesting to see what kind of deal it can cobble together. Certainly the markets seem to be loosening up a little, so it'll be no surprise if the company can nail something down fairly soon.

Meanwhile, there are still plenty of opportunities still to be had in Turkey. "We fully sign up to the belief that there's an awful lot of Turkey left to be explored", says Bob. "There are other conceptual gold targets and even base metals targets to be developed." Note that last. One would expect that a move by [Stratex](#) into base metals would focus first of all on copper, though we'll obviously have to wait and see. Whatever deals Bob and chairman David Hall can put together over the next few months, it seems beyond doubt that [Stratex](#) will be much changed by the end of the year. And, one hopes, invigorated too, as production draws ever closer.

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