



# Quarterly Activities Report

For the period ended  
30 June 2011



## Highlights

### Operational

- Tritton produced 6,464 tonnes of copper in the June quarter, a second consecutive quarter of annualised production at a rate greater than 25,000 tpa copper.
- Mt Muro produced 10,672oz AuEq in the June 2011 quarter (3,018oz AuEq in the March quarter) after restarting operations in February 2011. Production is expected to ramp up further in the September 2011 quarter consistent with the development schedule of the Serujan open pit.

### Exploration

- Mt Muro – significant increase in resources of 157 Koz AuEq announced for drilling up to May 2011, and further positive drill results below historically mined pits since then.
- Torrens project – Straits have lodged an appeal with the Supreme Court.

- Tritton - current programme of reserve definition drilling nearing completion. Results continue to confirm the resource model at depth. Drilling to commence on regional targets in September quarter.

### Corporate

- At the end of June 2011, Straits had cash and investments of A\$74 million.
- Magontec sold to Australian Magnesium Ltd for US\$6 million plus repayment of outstanding loans to Straits of A\$12.8 million over 3 years.
- Hillgrove antimony/gold mine - discussions continue with regard to listing Hillgrove as an independent company.
- Straits offered Cdn\$0.10 for all the outstanding shares not already owned in Canadian listed Goldminco Corporation. Post quarter end Straits moved to 97.5% ownership.

### About Straits:

*Straits Resources Ltd (ASX Code: SRQ) is a mining and exploration company focused on copper and gold in Australia and Asia.*

*Straits owns and operates the Tritton copper mine in NSW and the Mt Muro gold mine in Indonesia and has an exciting exploration portfolio focussing on projects in NSW (through Goldminco) and South Australia.*

### Straits Resources Limited

ABN 30 147 131 977  
Level 1, 35 Vantor Avenue  
West Perth WA 6005

T 08 9480 0500  
F 08 9480 0520  
[info@straits.com.au](mailto:info@straits.com.au)  
[www.straits.com.au](http://www.straits.com.au)

Shares on issue:  
Quoted: 324,796,141



For the period ended 30 June 2011

## Production Summary

		June 11 Qtr (Q4 FY 2011)	Mar 11 Qtr (Q3 FY 2011)	Dec 10 Qtr (Q2 FY 2011)	Sep 10 Qtr (Q1 FY 2011)	12 mths to June 2011	FY 2010
<b>Tritton Copper Mine, NSW</b>							
Copper produced (100%)	tonnes	6,464	6,549	5,651	5,272	23,936	20,847
Copper sold (100%)	tonnes	7,540	7,488	2,474	5,091	22,594	21,057
Cash cost (excludes TC/RC)	US\$/lb	2.62	2.08	2.13	1.73	2.13	1.64

<b>Mt Muro Gold Mine, Indonesia*</b>							
Production	Au oz	7,272	2,006	5,181	10,563	25,022	45,521
	Ag oz	157,299	46,559	6,754	17,890	77,568	143,496
Sales	Au oz	6,365	1,157	7,555	10,834	25,911	43,754
	Ag oz	142,461	23,149	9,902	13,825	189,337	143,104
Cash costs	Au Eq oz	1,529	1,107	2,437	1,507	1,674	1,196

\*Mt Muro results for Q3 include March 2011 only as the operation restarted after capital investment.

<b>Group Revenue*</b>		June 11 Qtr (Q4 FY 2011)	Mar 11 Qtr (Q3 FY 2011)	12 mths to June 2011
Sales Revenue (excludes Magontec)	A\$'000	81,498	46,593	128,091
Magontec	A\$'000	25,501	16,524	42,025

\*March quarter includes only two months of revenue attributable to Straits Resources Limited as the demerged group.



## Operations

### Tritton Copper Mine, New South Wales

Straits - 100%

#### QUARTERLY PRODUCTION STATISTICS – TRITTON

	Units	June11 Qtr	Mar11 Qtr	Dec10 Qtr	Sept10 Qtr	12 mths to June 2011	FY 2010
Mined	tonnes	300,463	323,371	282,612	254,030	1,160,476	911,539
Grade	% Cu	2.16%	2.12%	2.05%	2.13%	2.11%	2.35%
Milled	tonnes	313,242	311,747	288,149	250,594	1,163,732	906,347
Grade	% Cu	2.11%	2.15%	2.02%	2.17%	2.11%	2.37%
Recovery	%	95.63%	95.59%	94.51%	94.44%	95.09%	94.23%
<b>Cu Concentrate</b>	<b>tonnes</b>	<b>25,220</b>	<b>25,845</b>	<b>22,503</b>	<b>20,915</b>	<b>94,483</b>	<b>81,183</b>
<b>Cu Grade</b>	<b>%</b>	<b>25%</b>	<b>25%</b>	<b>24%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
<b>Cu in concentrate</b>	<b>tonnes</b>	<b>6,311</b>	<b>6,392</b>	<b>5,509</b>	<b>5,142</b>	<b>23,354</b>	<b>20,226</b>
<b>Cu Cement</b>	<b>tonnes</b>	<b>153</b>	<b>157</b>	<b>142</b>	<b>129</b>	<b>582</b>	<b>621</b>
<b>Total Cu Produced</b>	<b>tonnes</b>	<b>6,464</b>	<b>6,549</b>	<b>5,651</b>	<b>5,272</b>	<b>23,936</b>	<b>20,847</b>

Production from Tritton Mines in the March quarter totalled 6,464 tonnes of copper – with 6,311 tonnes of contained copper in concentrate and 153 tonnes in copper cement. The quarter production maintained the minimum 25 Ktpa rate achieved in the previous quarter.

#### Mining

Mining was maintained at a high rate during the quarter. The change to the new “bottom up” mining method at the Tritton mine continues successfully.

The transition to owner operator progressed on schedule during the quarter with the remaining personnel to transition over the coming quarter.

#### Processing

The Processing Plant continued to perform well during the period with mill recovery remaining high at 95.6%. The Plant continues to focus on de-bottlenecking and recovery enhancement projects.

#### Costs

Site cash costs (excluding TC/RC's) for the quarter increased to \$US2.62/lb from US\$2.06/lb. This was primarily due to expenses related to the transition to owner operated mining.

### Mt Muro Gold Mine, Indonesia

Straits - Contract of Work 100%

#### QUARTERLY PRODUCTION STATISTICS - MT MURO

	Units	June 11	Mar 11*	Dec 10 Qtr	Sept 10 Qtr	12 mths to June 2011	FY 2010
Ore Milled	tonnes	124,885	35,520	38,160	126,470	325,035	615,544
Grade – Gold	g/t Au	1.8	2.5	3.7	2.9	2.5	2.6
– Silver	g/t Ag	46.6	71.9	5.8	6	28.9	12
Recovery – Gold	% Au	94.7%	96.0%	90.2%	90.3%	92.6%	89.7%
– Silver	% Ag	76.4%	81.5%	72.3%	67.1%	72.9%	58.9%
<b>Production (Gold)**</b>	<b>oz Au</b>	<b>7,272</b>	<b>2,006</b>	<b>5,181</b>	<b>10,563</b>	<b>25,022</b>	<b>45,521</b>
<b>(Silver)</b>	<b>oz Ag</b>	<b>157,299</b>	<b>46,559</b>	<b>6,754</b>	<b>17,890</b>	<b>228,502</b>	<b>143,496</b>
<b>Gold Sold</b>	<b>oz Au</b>	<b>6,365</b>	<b>1,157</b>	<b>7,555</b>	<b>10,834</b>	<b>25,911</b>	<b>43,754</b>

\* Mt Muro results for Q3 include March 2011 only as the operation restarted after capital investment.

\*\* PRODUCTION reported is gold poured.



Mt Muro continued to ramp up its processing operations over the quarter going on to produce 7,272 oz Au and 157,299 oz Ag.

The operation continues to focus on the major development of the Serujan open pit which is progressing on schedule. The ramp up in production continues with forecast production in FY2012 of approximately 70 Koz AuEq.

Mt Muro remains a resource with significant upside and exploration potential. The increased resource base and recent drill results continue to underpin the very positive future outlook for Mt Muro. Drilling continues with 5 drill rigs. Planning and pit development continues to support a

medium term production rate well in excess of 100 k oz AuEq per annum.

### Hillgrove Antimony/Gold Project, New South Wales

Production activities remain suspended at Hillgrove. Work continued on site to manage environmental and rehabilitation requirements (water treatment and stockpiles) and maintain operational equipment readiness. Gold and antimony prices remain high.

Straits continues to work with Court Resources to explore the potential to list Hillgrove as an independent antimony producer.

## Exploration

### NEW SOUTH WALES

#### Tritton

*Straits – 100%*

The deep drill programme below the Tritton deposit continued during the quarter with a further six holes completed.

- Drillhole TTDD027 (no significant result) targeted the southern side of the orebody and intersected a thin section of the Tritton mineralisation.
- Drillholes TTDD023, 24 and 25 tested the thicker central area of the deposit. All holes intersected sulphide mineralisation between 41 to 49m in

thickness. Significant assay results are tabulated below.

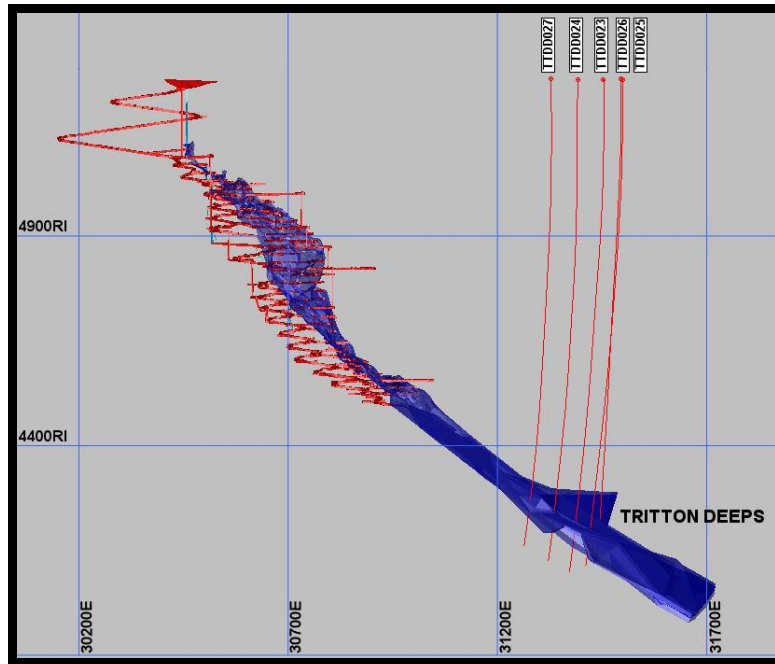
- Drillhole TTDD026 was drilled into the northern limb of the Tritton deposit. The hole intersected 17m of significant sulphide mineralisation.

Drilling will continue into the first quarter of FY 2012, to prove up reserves, aiming for an 8 year minimum mine life for Tritton.

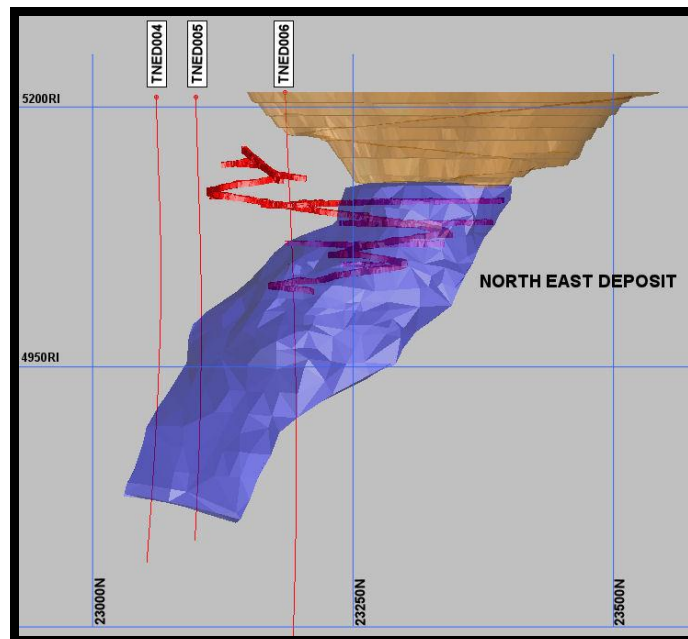
#### Significant Results for Tritton Deeps Drilling

Hole Id	East AMG	North AMG	Dip	Az (mag)	From (m)	Width (m)	Cu %	Zn %	Au g/t	Ag g/t
TTDD023	474290.4	6526262.2	-90	0	1085	1	3.13	0.20	0.88	30.4
					1101	30	1.52	0.20	0.14	3.7
TTDD024	474237.0	6526197.0	-90	0	1036	5	2.11	1.67	0.70	26.6
					1062	10	1.53	0.12	0.05	3.7
					1076	1	1.16	0.03	0.05	2.5
TTDD025	474344.1	6526213.1	-90	0	1084	4	3.61	0.71	1.00	35.4
					1098	4	1.23	0.02	0.08	4.4
					1109	24	1.84	0.32	0.08	4.2
TTDD026	474325.3	6526310.1	-90	0	1072	17	1.81	0.10	0.07	4.1

(1% copper cut-off grade, max 3m internal dilution) Datum AGD66



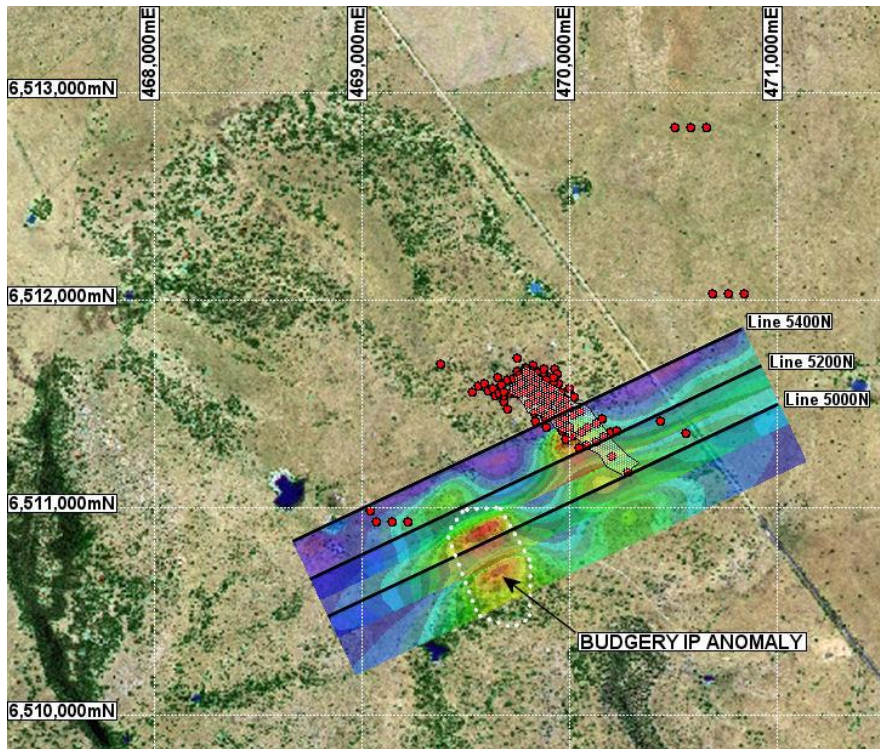
Tritton x-section - showing Tritton Deeps in relation to the base of mine development  
Significant Results for North East Drilling



North East x-section - showing North East in relation to the base of mine development

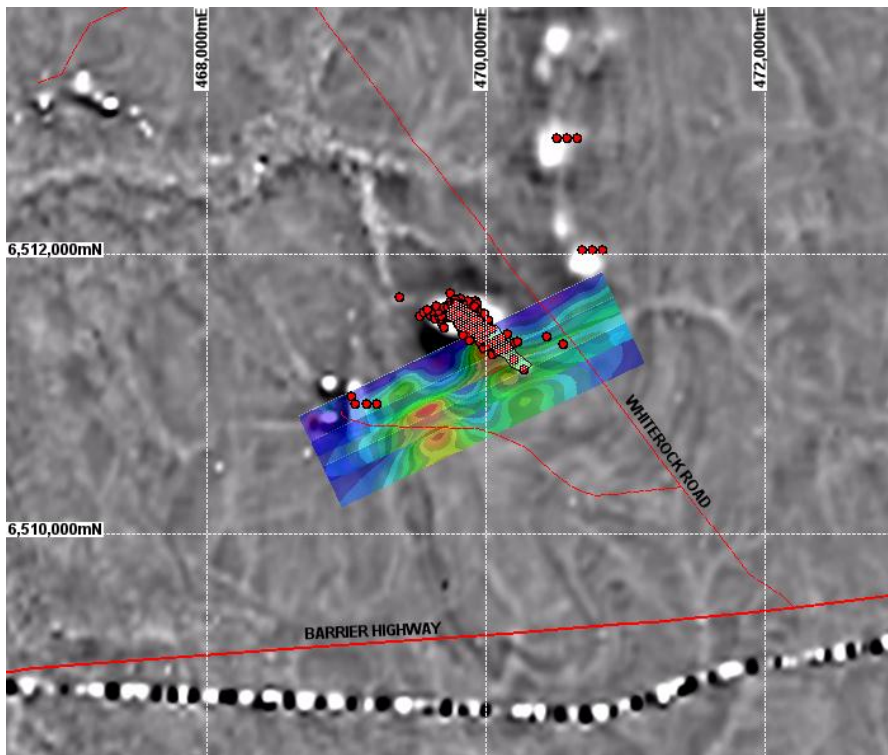
**Regional Exploration Activities:** An Induced Polarisation survey has been conducted over the Budgery deposit near Hermidale. The resulting data has highlighted a strong anomaly over the main zone of mineralisation as defined

by previous drilling. A second anomalous area has been identified to the west of the main workings and is a high priority target that will be drill tested in 2011.



**Budgery 2D IP Inversion section three lines of 100m Dipole – Dipole IP were run at 200m spacing (5400N, 5200N and 5000N – Budgery Mine Grid). The resulting image is a stacked 2D dipole – dipole inverted sections (Note the images are of 2D (vertical) inversion sections**

projected on to plan and therefore the IP anomalies fall directly below the black lines at the top of the respective sections). The sections are about 300m deep. The image also highlights position of drillhole collars in red and the Budgery Orebody outline projected to the surface.



**2D inversion dipole – dipole overlaying airborne magnetics. Note the strong folding leading into the western anomaly.**



## Hillgrove

*Straits - 100%*

Limited exploration activities were undertaken during the quarter. No current plans to resume major exploration programmes until a clear plan for the Hillgrove Project is finalised.

## SOUTH AUSTRALIA

Straits are exploring for iron-oxide copper-gold ("IOCG") systems at a number of projects in the highly prospective Stuart Shelf region of South Australia, through joint venture arrangements and also in its own right.

**Torrens EL4296:** *Straits – earning 70%*

The Torrens Joint Venture (Torrens EL 4296) is between Argonaut Resources NL (ASX:ARE) and Straits Resources Limited (Straits earning a 70% interest).

The Torrens Project is located near the eastern margin of South Australia's Gawler Craton region (Stuart Shelf), within 50 kilometres of Teck Cominco's Carrapateena copper - gold discovery and 75 kilometres from BHP Billiton's Olympic Dam mine.

In early July 2010 the Torrens Joint Venture announced that its application under Section 23 of the Aboriginal Heritage Act 1988 in South Australia in respect of the Torrens Project (EL4296) had been approved by the Minister for Aboriginal Affairs and Reconciliation. A judicial review of this decision was dismissed on 17 March 2011 in the Supreme Court of South Australia (Justice Sulan), ensuring that the original Section 23 authorisation stands

The Torrens JV partners are in the process of appealing the ERD Court decision (Justice Tilmouth). The parties to the Torrens Joint Venture have been granted leave to appeal the ERD Court determination in the full court of the Supreme Court. A date for the hearing is expected for September or October 2011.

**Stuart Shelf Joint Venture:** *Straits – earning 70%*

The Stuart Shelf Joint Venture is between UXA Resources Limited (ASX:UXA) and Straits Resources Limited (Straits earning a 70% interest). The joint venture includes 9 tenements for a total of 3,300km<sup>2</sup>.

Geophysical evaluation of the highest priority targets within the tenement package is now complete and heritage surveys are expected to be undertaken during the coming quarter. Delays have been experienced with the granting of leases by the SA department in addition to the

securing heritage clearance. Drilling activities are planned to commence during the September 2011 quarter.

**Straits IOCG Exploration :** *Straits – 100%*

Straits is exploring in the Stuart Shelf and Mt Woods domains in its own right with two granted tenements and three further applications pegged. Work programmes are planned for the second half of 2011.

## QUEENSLAND

### Yandan

*Straits – 100%, Drummond Gold – earning 51%*

Drummond Gold Limited (ASX:DGO) has an agreement with Straits to earn a 51% interest of the Yandan Project.

## WESTERN AUSTRALIA

### Maroochydore Project

*Straits – 50% Clawback Right*

The Maroochydore Project is located in the Paterson Province of Western Australia, southeast of the Nifty copper mine. The project is held 100% by Aditya Birla Minerals Ltd. Straits retains a 50% clawback right which is triggered on the acceptance of an economic feasibility study.

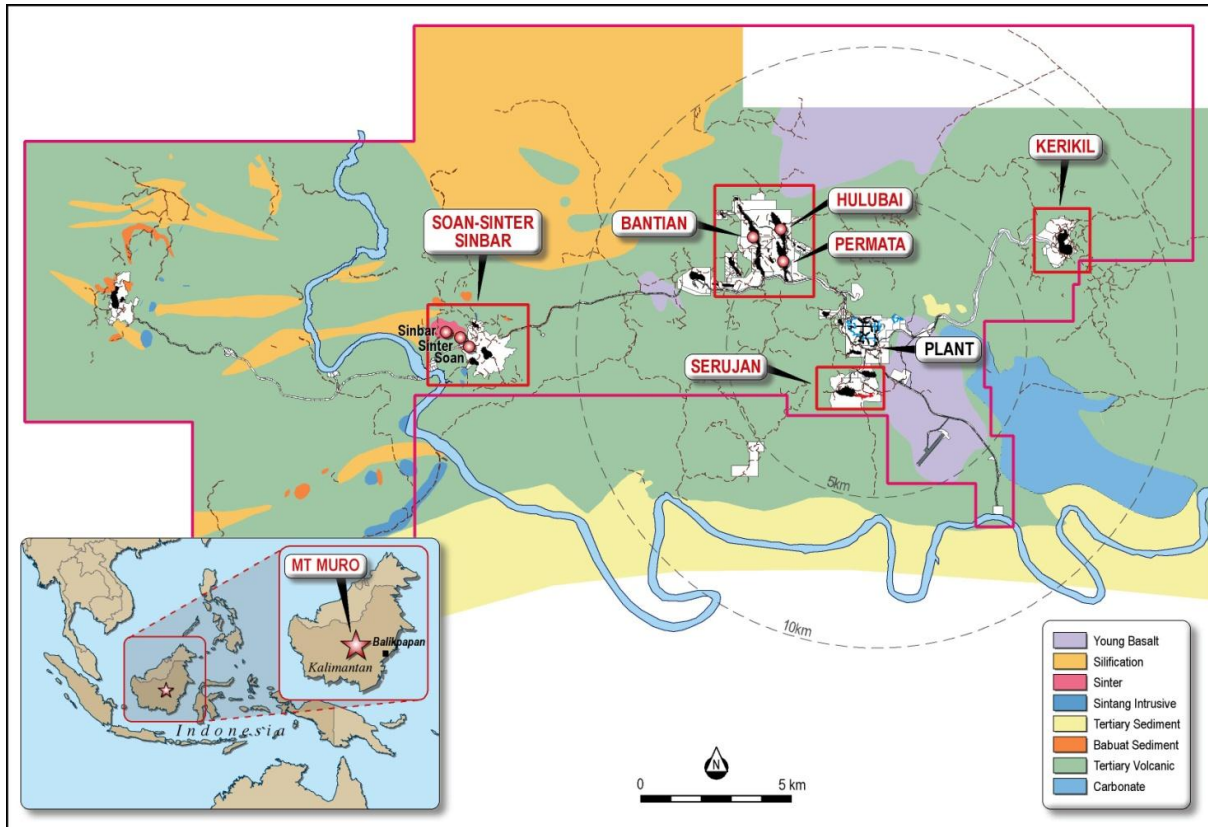
## INDONESIA

### Mt Muro (IMK)

*Straits – 100%*

An updated resource estimation for the Serujan and Bantian was completed during the reporting period with an additional 157K AuEq ounces added to the resource inventory (see ASX:SRQ announcement dated 12 July 2011). Exploration continued to produce encouraging ore grade intersections during the quarter from the Serujan and Bantian project areas.

Three diamond rigs continued drilling at Serujan, testing the area between the Serujan Central and Serujan East pits. Drilling has successfully linked the structures between these two pits into one continuous mineralised structural corridor. Drilling continues to intersect mineralisation outside the existing resource models and pit designs.



Location Map showing IMK (Mt Muro) contract of work

**Serujan Exploration**

During the quarter 52 diamond drill holes were drilled for 10,574.40m. Drilling focused on the zone between Serujan Central and Serujan east known as “the Gap”. Drilling

continued to extend the mineralization in the upper levels successfully extended mineralization in the Gap region to 150m below the current surface.

**Significant Drill Assays from Serujan Project During the June Quarter**

Hole	From (m)	To (m)	interval (m)	Au_Eqv g/t	Au g/t	Ag g/t
CEDH046	166.80	167.80	1.00	10.68	6.70	183.00
CEDH053	114.10	116.65	2.55	18.22	9.41	405.30
CEDH054	139.00	141.50	2.50	11.10	9.05	94.80
CEDH063	133.10	136.00	2.90	9.69	7.62	95.40
CEDH073	173.80	175.80	2.00	35.00	12.41	1039.00
CEDH079	167.50	169.75	2.25	14.43	8.27	282.80
CEDH079	213.60	215.20	1.60	43.49	18.75	1138.00
CEDH080	166.20	167.90	1.70	16.69	15.35	61.60
CEDH085	174.00	176.20	2.20	48.51	39.72	404.30

Assay results > 0.5g/t AuEq, internal waste 1m and minimum interval 1m and <3m. Better results highlighted in yellow.

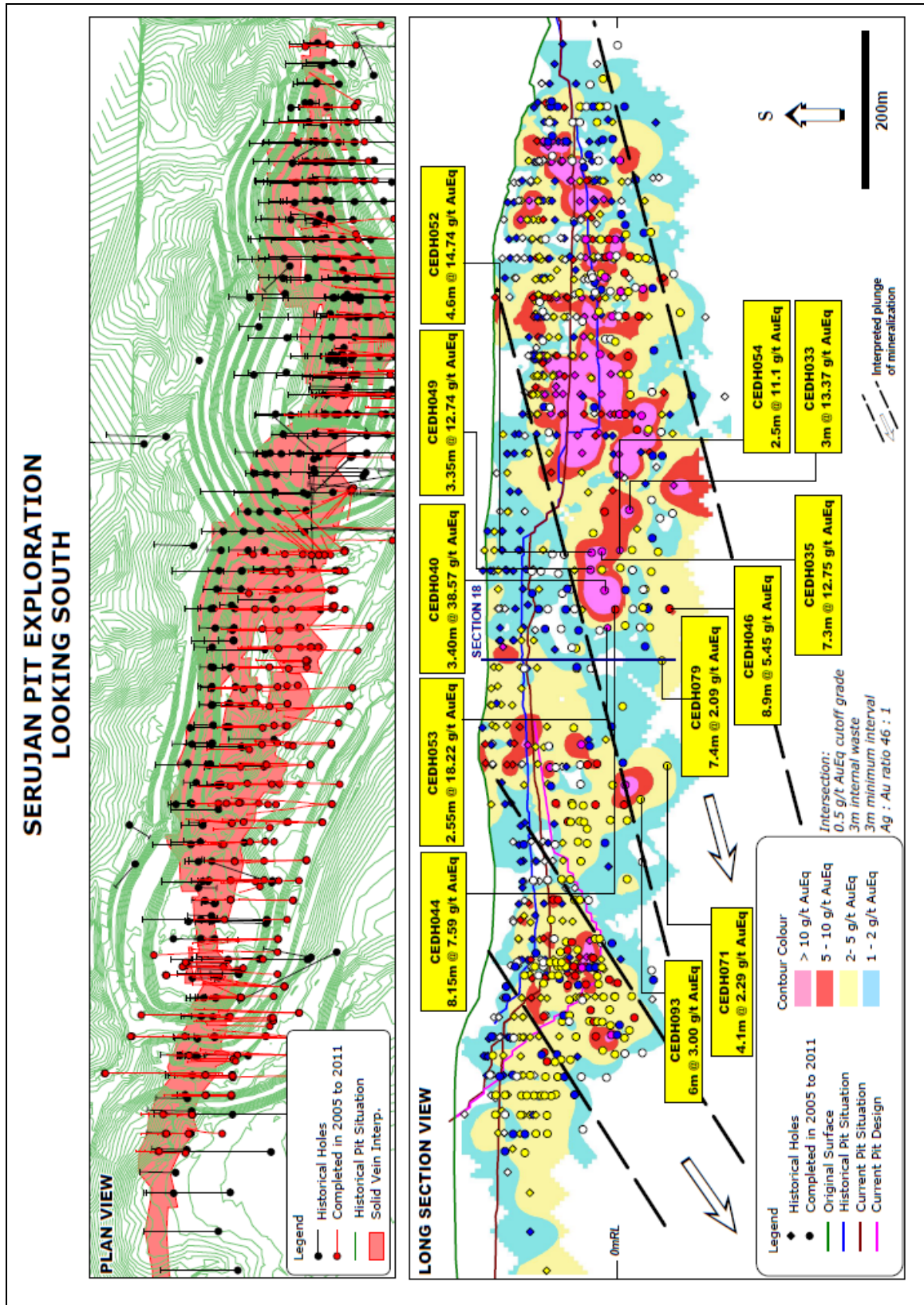




Hole	From (m)	To (m)	Interval* (m)	Au_Eqv** g/t	Au g/t	Ag g/t
CEDH044	139.45	147.60	8.15	7.59	6.34	57.30
CEDH046	187.50	196.40	8.90	5.45	5.40	38.30
CEDH049	117.45	120.80	3.35	12.74	8.15	211.20
CEDH050	136.60	148.60	12.00	2.61	1.53	49.20
CEDH052	122.20	126.80	4.60	14.74	12.13	120.30
CEDH054	153.55	163.70	10.15	4.56	2.90	76.30
CEDH055	160.95	168.95	8.00	2.42	1.79	29.10
CEDH056	164.60	169.50	4.90	3.08	2.11	44.10
CEDH063	133.10	141.45	8.35	6.15	4.14	92.20
CEDH071	196.30	200.40	4.10	2.29	0.83	76.40
CEDH079	176.50	183.90	7.40	2.09	1.71	17.50
CEDH080	159.20	167.90	8.70	3.96	3.53	19.70
CEDH087	140.50	144.50	4.00	2.20	1.69	23.50
CEDH093	199.50	205.50	6.00	3.00	2.46	25.00

Assay results > 0.5g/t AuEq, internal waste 3m and minimum interval 3m

- 1)\*Intersections are down hole. True width is between 60% and 80% of the interval
- 2)\*\*Gold Eq values calculated using a \$US1300 and \$US28 price ratios (Gold Eq = Gold + Silver/(1300/28)).
- 3) Gold Equivalent calculations and reported ounces do not have gold and silver recoveries applied.
- 4) Current and Historical Metallurgical recoveries for Gold range from 90 to 93% and Silver from 65 to 80%.



Long Section through Serujan highlighting significant results for the quarter



## Bantian Exploration

The Bantian trend consists of several structures and pits which have a strike length of approximately 2.5km. These have been divided into 5 X 500m blocks and ranked accordingly. During the quarter drilling continued on Bantian Block 4, 5 and late in the quarter commenced on Block 3. In addition drilling commenced on Luit Bawah, a

parallel structure to Bantian which reports into the Bantian Resource.

110 holes were completed during the quarter totaling 8,581 metres. Significant intersections are listed below;

### Significant Drill Assays from Bantian/Luit Bawah Project During the June Quarter

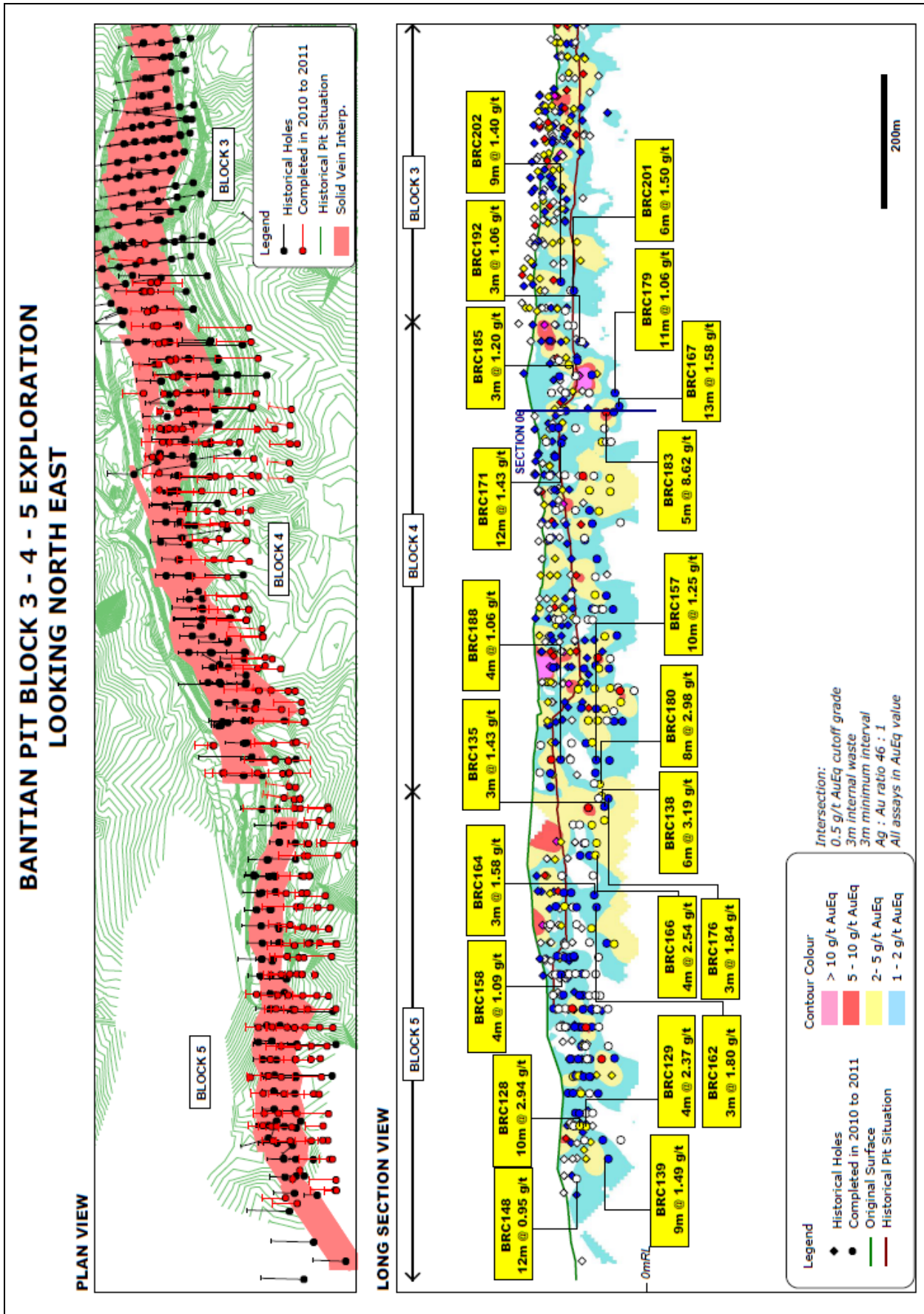
Hole	Prospect	From (m)	To (m)	interval (m)	Au_Eqv g/t	Au g/t	Ag g/t
BRC128	Bantian	17.00	18.00	1.00	23.72	22.50	56.00
BRC155	Bantian	91.00	93.00	2.00	14.84	14.04	37.00
BRC178	Bantian	37.00	39.00	2.00	7.51	6.74	35.50
LBRC051	Luit Bawah	95.00	96.00	1.00	29.00	24.00	230.00

Assay results > 0.5g/t AuEq, internal waste 1m and minimum interval 1m and <3m. Better intercepts highlighted in yellow.

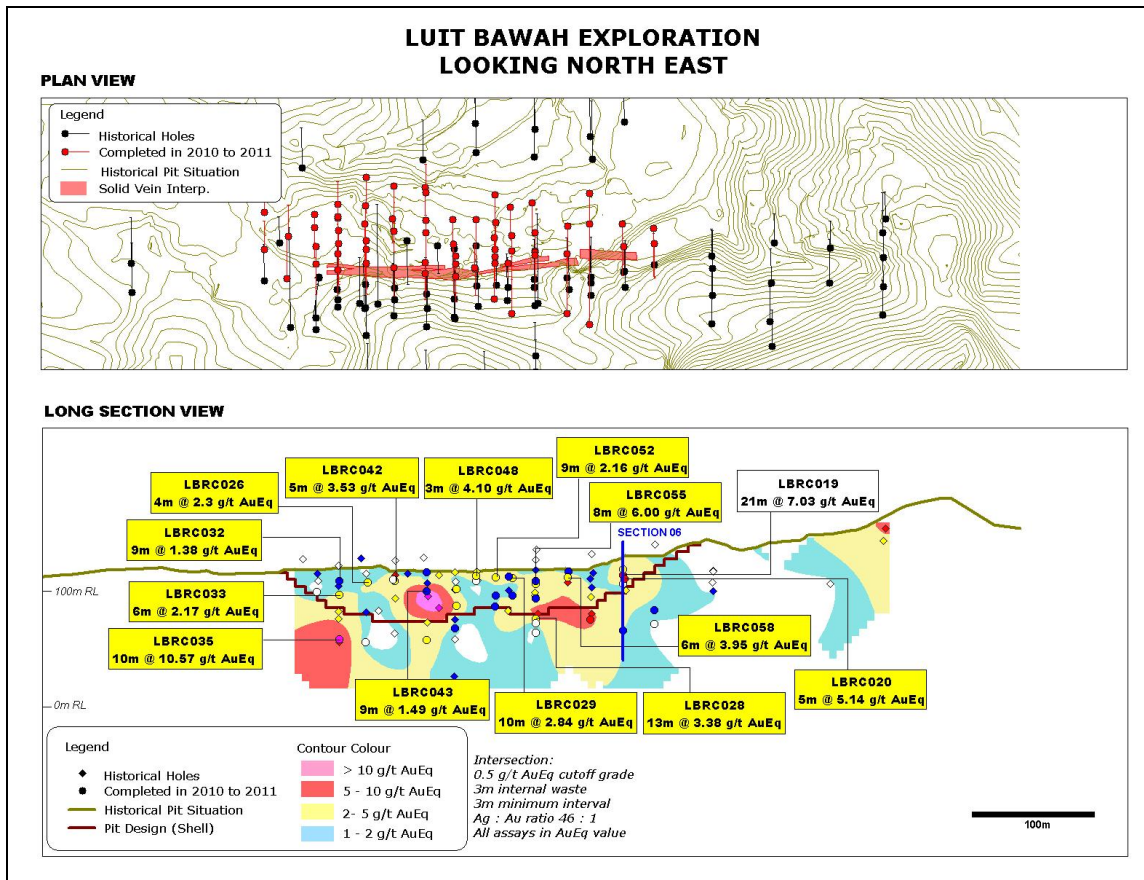
Hole	Prospect	From (m)	To (m)	Interval* (m)	Au_Eqv** g/t	Au g/t	Ag g/t
BRC183	Bantian	79.00	84.00	5.00	8.62	5.63	137.80
BRC138	Bantian	76.00	82.00	6.00	3.19	2.62	26.50
BRC128	Bantian	8.00	18.00	10.00	2.94	2.60	15.30
BRC188	Bantian	3.00	12.00	9.00	5.66	2.52	144.40
BRC180	Bantian	75.00	83.00	8.00	2.98	2.11	40.00
BRC210	Bantian	20.00	25.00	5.00	3.98	1.81	100.00
LBRC018	Luit Bawah	33.00	38.00	5.00	4.64	3.81	38.60
LBRC019	Luit Bawah	4.00	25.00	21.00	7.03	6.15	40.70
LBRC020	Luit Bawah	6.00	11.00	5.00	5.14	3.75	63.60
LBRC028	Luit Bawah	45.00	58.00	13.00	3.38	2.42	43.80
LBRC029	Luit Bawah	4.00	14.00	10.00	2.84	2.00	38.90
LBRC033	Luit Bawah	23.00	29.00	6.00	2.17	2.06	5.50
LBRC035	Luit Bawah	63.00	73.00	10.00	10.57	9.29	58.90

Assay results > 0.5g/t AuEq, internal waste 3m and minimum interval 3. In addition Intervals represented are >5m and >2 g/t AuEq

- 1) \*Intersections are down hole. True width is between 60% and 80% of the interval
- 2) \*\*Gold Eq values calculated using a \$US1300 and \$US28 price ratios (Gold Eq = Gold + Silver/(1300/28)).
- 3) Gold Equivalent calculations and reported ounces do not have gold and silver recoveries applied.
- 4) Current and Historical Metallurgical recoveries for Gold range from 90 to 93% and Silver from 65 to 80%.



Long Section through Bantian highlighting significant results for the quarter



Long Section through Luit Bawah highlighting significant results for the quarter

Exploration activities planned for the September 2011 quarter at Mt Muro will focus on the following;

- Continue drilling the Serujan structure
- Continue drilling Bantian blocks 2 and 3
- Additional drilling on the Luit Bawah structure

- Commence drilling on the Northern end of the Hulubai structure
- Planning and line cutting for IP surveys
- Commencement of a structural geology study

## Corporate

### Cash & Debt

At the end of June 2011, the Straits Group cash resources totalled A\$47.4 million (includes US\$16.3m). Of this, approximately A\$11 million is restricted cash.

Straits has investments of approximately A\$26 million in listed companies excluding Goldminco.

At the end of the June 2011 quarter, Straits debt comprised a trade finance facility of US\$30 million debt within Magontec, which is backed by receivables, and Tritton hire purchase for mining fleet A\$18 million.

### Goldminco

Straits - 71% (TSX-V: GCP)

In June 2011 Straits made an offer to acquire all of the issued and outstanding common shares of Goldminco

Straits Resources Limited

Corporation (TSX-V: GCP) ("Goldminco") that it does not already own at an offer price of Cdn\$0.10 in cash per share. Full details of the offer were included a formal offer and take-over bid circular (the "Circular") which was mailed to Goldminco shareholders on 7 June 2011.

On 5 July 2011 an independent committee of Goldminco Directors unanimously recommended that Goldminco shareholders accept the offer.

On 14 July 2011 Straits announced that it had acquired 97.5% of the issued and outstanding shares in Goldminco.

The offer has been extended until 25 July 2011.



For the period ended 30 June 2011

## Magontec

Post the June quarter end Straits announced that it has entered into an agreement to divestiture Magontec to Advanced Magnesium Limited (AML – ASX Code: ANM) a leading magnesium alloy manufacturer.

The total consideration for the sale was US\$6 million payable to Straits as a combination of equity and a convertible note in AML. Existing shareholder loans of \$12.8 million remain on foot and repayable to Straits over three years.

The combination of the magnesium companies is seen as extremely positive for Straits, Magontec and AML, with the transaction producing a vertically integrated magnesium alloy manufacturing and technology business.

The sale of Magontec continues to simplify the Straits structure, allowing the company to focus on its copper and gold assets. The sale has also simplified the Straits balance sheet by removing approximately US\$16 million of debt as at 30<sup>th</sup> June 2011.

## Hedging

There are forward exchange hedges in place at 30 June 2011 totalling US\$57 million for settlement from July 2011 through to December 2011. Currency hedging is at an average US\$/A\$=0.9996. These FX forward were put in place to lock in the A\$ receipts forecast to be received from copper shipments over this period. At 30<sup>th</sup> June copper pricing has been fixed with the off take partner for four shipments, totalling 9,600t, between now and December 2011 at an average price of US\$9,416/t.

By Order of the Board

**Milan Jerkovic**  
Chief Executive  
15 July 2011

For further information contact:

Mr Milan Jerkovic – Chief Executive Officer  
(08) 9480 0500  
or  
Mr Dave Greenwood – Corporate Affairs  
(08) 9480 0500

or go to our website at [www.straits.com.au](http://www.straits.com.au)

References in this report to “Straits Resources Limited”, “Straits” and “Company” include, where applicable, its subsidiaries.