20 SEPTEMBER 2011 **ASX / MEDIA RELEASE**

STRAITS RESOURCES LIMITED
(ASX: SRQ)

TRITTON OFFTAKE RESTRUCTURING AND FINANCING

For some time Straits Resources Limited (ASX: SRQ) (“Straits”) has been working to restructure its existing Tritton Copper Mine copper offtake agreement with J.P. Morgan Metals & Concentrates (formerly known as Sempra Metals & Concentrates) (“J.P. Morgan”).

Straits is pleased to report that it has signed a non-binding MOU with J.P. Morgan that sets forth the principal terms for a binding agreement which will allow Straits to restructure the existing offtake agreement from 1 January 2012. Under the agreement, in exchange for an upfront cash payment of approximately US$120 million, J.P. Morgan will agree to a termination of the current offtake agreement, and will enter into a new offtake agreement with Tritton for all copper concentrates from the mine until the end of 2013, to be priced in line with the significantly lower prevailing market offtake terms for copper concentrate.

In addition, Tritton will have the option within six months of signing of the agreement to terminate the new offtake agreement with J.P. Morgan effective from 1 July 2012. Straits will pay US$9 million to J.P. Morgan should it exercise this option.

The restructuring will present the Tritton Copper Mine as a “clean” asset and will have a number of benefits for the Group, including positioning Straits as an independent copper producer, optimising the Group capital structure and allowing an improved exposure to a strong copper market, that offers considerable NPV and cash flow benefits.

In order to finance the restructuring and provide working capital for the Group, Straits subsidiary Tritton Resources has signed a credit approved term sheet for a 5 year debt facility with Standard Chartered Bank for US$120 million and Credit Suisse has provided a separate credit approved term sheet for a US$50 million silver loan facility (pre paid silver forward transaction) for Mt Muro. Straits will be working with each of J.P. Morgan, Standard Chartered Bank and Credit Suisse to finalise documentation and achieve completion of the transactions as soon as possible.

Straits CEO, Milan Jerkovic, said: “The market is aware that Straits and its Tritton Copper Mine suffer from the legacy of significantly ‘out of the money’ offtake terms entered into by the previous owners prior to the original Tritton company’s IPO in 2002. This has stopped the equity markets attributing the valuations of our copper producing peer group to Straits. With the support of J.P. Morgan, the opportunity now provided to restructure the offtake agreement to market terms will allow Straits to provide a cleaner and more transparent investment opportunity to the market. Following two years of hard work recapitalising the Tritton Copper Mine and our success in expanding the copper reserves and resources, a successful conclusion to this restructure will better allow us to highlight the potential of the Tritton mine and its undervaluation relative to its copper peer group.”

STRAITS RESOURCES LIMITED
ABN 30 147 131 977
Level 1 • 35 Ventnor Avenue • West Perth WA 6005 • Australia | PO Box 1641 • West Perth WA 6872
T: +61 8 9480 0500 • **F:** +61 8 9480 0520 • **E:** info@straits.com.au • www.straits.com.au

Tritton offtake "buy out"
The existing Tritton offtake agreement with J.P. Morgan has approximately 47,000 tonnes of copper to be delivered from January 2012 (just under two years of production). Under the current offtake terms, Tritton pays approximately a third of the copper price in treatment and refining charges (compared to approximately 5% of the copper price generally paid in the concentrates market today).

As detailed in the MOU with J.P. Morgan, the opportunity will allow Straits to restructure the existing offtake agreement from 1 January 2012. In exchange for an upfront cash payment to J.P. Morgan of approximately US$120 million (the final transaction value will be determined at the time of settlement using the copper price at that time), Tritton will enter into a new offtake agreement with J.P. Morgan for copper concentrate from the mine to be priced at market related terms.

Tritton will have the option to terminate the new offtake agreement with J.P. Morgan from 1 July 2012. Straits will pay US$9 million to J.P. Morgan should it exercise this option.

Standard Chartered Bank Facility
To finance the Tritton offtake "buyout" Straits subsidiary Tritton Resources and Standard Chartered Bank have agreed a term sheet for a 5 year US$120 million Term Loan and Performance Bond & Working Capital Facility (US$95 million Term and US$25 million performance bond). This facility includes a mandatory hedging requirement for approximately 47,000 tonnes of copper over the term of the facility or approximately 35% of copper production. The term sheet is subject to normal conditions precedent and final documentation.

Credit Suisse Bank Facility
To complete the "buyout" of the Tritton offtake contract and to provide working capital for the Group, Straits and Credit Suisse have agreed a term sheet for a US$50 million Pre-Paid Silver Forward transaction. Straits will receive US$50 million upfront and then deliver this value in silver from the Mt Muro Mine to Credit Suisse over a three year period commencing 1 January 2012. The total volume of silver to be delivered is determined by the silver price at the time of drawdown expected to be in October 2011. At the current silver price this would represent approximately 27% of currently planned silver production at Mt Muro. This facility includes a mandatory hedging requirement for approximately 75,000 ounces gold equivalent over the term of the facility. The term sheet is subject to normal conditions precedent and final documentation.

Standard Chartered Bank is acting as financial advisor to Straits in relation to the proposed "buy out".

Milan Jerkovic

Milan Jerkovic
Chief Executive

For further information, please contact either:

- Mr Milan Jerkovic – Chief Executive Officer
- Mr Dave Greenwood – Corporate Affairs

on +61 8 9480-0500, or visit our website at www.straits.com.au.

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