

**STRAITS RESOURCES LIMITED
(ASX: SRQ)****INSTITUTIONAL SHARE PLACEMENT AND SHARE PURCHASE PLAN TO RAISE UP TO
A\$50 MILLION**

Straits Resources Limited (ASX: SRQ) (“Straits”) is pleased to announce a capital raising of up to A\$50 million before costs.

The capital raising comprises:

- an institutional share placement, which involves the issue of a total of 75 million shares in two tranches at an issue price of A\$0.60 per share to raise A\$45 million (“Institutional Placement”). The Institutional Placement was supported by both existing shareholders and a number of new domestic and overseas institutions; and
- a share purchase plan under which Straits is offering eligible shareholders with a registered address in Australia or New Zealand the opportunity to each subscribe for up to A\$15,000 worth of shares at the same issue price of A\$0.60 per share to raise up to A\$5 million (“SPP”),

(the Institutional Placement and the SPP together being the “Capital Raising”).

The issue price of A\$0.60 per share under the Capital Raising represents a 12.4% discount to the closing price of shares on ASX on 8 February 2012, and an 11.1% discount to the 10 day VWAP of shares traded on ASX to 8 February 2012.

Euroz Securities Limited (Euroz) acted as Sole Lead Manager of the Capital Raising. Further information on the Capital Raising, including key dates, are set out below.

Purpose of the Capital Raising

The funds raised under the Capital Raising will be used to:

- Repay the existing J.P. Morgan six month loan facility (US\$10 million);
- Exercise the option to terminate the new offtake agreement with J.P. Morgan for shipments scheduled from 1 July 2012 (US\$9 million);
- Conduct further exploration and feasibility on the prospective Avoca Tank Project and associated targets near the Tritton Copper Mine with a view to assessing potential for development and accelerate exploration at Mt Muro;
- Complete the Mt Muro production ramp-up; and
- Provide Straits with working capital to enable it to maintain a prudent liquidity buffer to support the operation of two large and growing mining operations (Tritton and Mt Muro) and to meet expenses of the offer.

Commenting on the raising, Straits CEO, Mr Milan Jerkovic said, "Completion of the offer ensures Straits is now well funded to deliver strong and consistent earnings growth from its two mines at Tritton (copper) and Mt Muro (gold) from the middle of 2012. In addition Straits will have ample funds for its world class exploration portfolio of drill ready targets. I'm pleased to say the capital raising has been well supported by our major shareholders, in addition to bringing new quality shareholders onto our register."

Details of the raising and the company are shown in the corporate presentation released today. Key highlights are summarized as follows

Corporate

- Post raising cash and securities of \$94m
- Additional receivables from recent asset sales of approximately \$30m which are collectable over the coming 5 years
- Additional \$10m of cash and \$30m as a combination of cash, shares and convertible notes conditional on the successful closure of the Hillgrove sale
- Corporate Debt of \$120m
- Recent research from Euroz is forecasting EBITDA in CY2013 of approximately \$150m (based on expected operating costs and assumptions relating to commodity prices)

Tritton Copper Mine - NSW

- Currently a 7 year mine life at 25,000 tpa copper production
- Mill running at approximately 75% of capacity due to limited ore sourcing from current reserves
- Tritton is generating cash flow going forward.
- Capital raising will facilitate a \$12m exploration budget at Tritton to bring Avoca Tank and other prospects into reserves quickly
- Recent high grade discovery at Avoca Tank near Tritton has the potential to provide ore feed to take the mill to 100% of capacity (1.8mt) and reduce costs
- Focus on finding extensions to reserves around the current mining area at North-East (including Larsens & Double Tanks)
- Capital raising will also allow the last payment of \$19m to JP Morgan to remove any encumbrance on the copper off take
- The removal of the onerous copper off take agreement will reduce the Copper Treatment & Refining charge from 35% of the copper price to approximately 5%

Mt Muro Gold Mine – Indonesia

- Cash flow positive in fourth quarter FY 2012 as initial pre-strip nears completion
- Targeting FY 2013 production of 100koz @ cash costs of US\$900/oz
- Increase in reserves to 734koz AuEq announced on 6 February 2012. This results in a 6 year mine life at +100 koz AuEq production from FY 2013 at average cash costs of US\$775 AuEq/oz (average total costs US\$915/oz)
- Capital raising will allow exploration budget to be increased to approximately \$1m per month to drive further reserve/resource upgrades

Regional Exploration

- Regional exploration budget of \$6m (South Australia and New South Wales)
- Currently drilling deep holes South of Olympic Dam in South Australia (UXA Joint Venture)

Details of the Institutional Placement

Under the Institutional Placement:

- the first tranche of 48.7 million shares (A\$29.2 million) are expected to be issued on 17 February 2012 (“First Tranche Shares”); and
- the second tranche of 26.3 million shares (A\$15.8 million) are expected to be issued on or about 26 March 2012, subject to the receipt of shareholder approval (“Second Tranche Shares”).

In support of the Institutional Placement, Straits Directors Milan Jerkovic (CEO) and Michael Gibson (Executive Director Corporate & Finance) have agreed to subscribe for \$500,000 and \$100,000 worth of Second Tranche Shares respectively.

Straits proposes to call a general meeting to seek ratification of the issue of the First Tranche Shares and to seek approval to issue the Second Tranche Shares (including approval for the proposed issue of approximately one million Second Tranche Shares to Mr Jerkovic and Mr Gibson). Further information will be provided to shareholders in the notice of meeting which is expected to be despatched to shareholders on or about 21 February 2012.

Details of the SPP

Shareholders with a registered address in Australia or New Zealand at 7.00 pm (Sydney time) on 10 February 2012 (“Record Date”) will be entitled to participate in the SPP (“Eligible Shareholders”), subject to the terms and conditions that will be set out in the SPP offer booklet to be despatched on or about 20 February 2012.

Eligible Shareholders will be entitled to acquire up to A\$15,000 worth of shares at an issue price of A\$0.60 per share, being the same issue price offered to institutional investors under the Institutional Placement. Shareholders who are not Eligible Shareholders will not be entitled to participate in the SPP.

The SPP is capped at A\$5 million. Accordingly, if Straits receives valid applications in excess of A\$5 million under the SPP, Straits will scale back applications and return excess funds to applicants without interest.

An entitlement to participate in the SPP is non-renounceable and will not be tradeable on ASX or otherwise transferable.

Further details about the SPP will be contained in the SPP offer booklet which Eligible Shareholders should read before deciding whether to participate in the SPP.

Key dates

The key dates for the Capital Raising are set out below:

Record Date for SPP	10 February 2012
Capital Raising announced and trading halt lifted	13 February 2012
First Tranche Shares issued under Institutional Placement	17 February 2012
First Tranche Shares commence trading on ASX	20 February 2012
SPP offer booklet despatched to Eligible Shareholders and SPP opens	20 February 2012
Notice of meeting despatched to shareholders	21 February 2012
SPP closes	16 March 2012
General meeting held to ratify issue of First Tranche Shares and approve the issue of Second Tranche Shares	22 March 2012
Second Tranche Shares and SPP shares issued	26 March 2012
Second Tranche Shares and SPP shares commence trading on ASX	27 March 2012

The dates shown above are indicative only and subject to change. Straits reserves the right to vary these dates without notice.



Milan Jerkovic

Chief Executive

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

About Straits Resources

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 focusing on projects in NSW and South Australia.