

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES****STRAITS RESOURCES LIMITED  
(ASX: SRQ)****\$60 MILLION FULLY UNDERWRITTEN ENTITLEMENT OFFER  
DISPATCH OF OFFER BOOKLET & INELIGIBLE FOREIGN SHAREHOLDER LETTER**

Straits Resources Limited wishes to advise that the Offer Booklet released to the ASX on 7 September 2012 has been dispatched today to eligible shareholders.

In addition, a letter has been dispatched to Ineligible Foreign Shareholders today. Attached is a sample copy of the letter.



**Milan Jerkovic**  
Chief Executive

For further information, visit the Straits website at [www.straits.com.au](http://www.straits.com.au) or contact:

**Mr Milan Jerkovic**  
Chief Executive Officer  
Phone: 61 8 9480-0500

**Mr Matthew Smith**  
Acting CFO & Company Secretary  
Phone: 61 8 9480-0500

**Mr Hugh Thomas**  
Managing Director Investment Banking  
Investec Bank (Australia) Limited  
Phone: 61 2 9293 2000

This release does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer or sale would be illegal. This release may not be distributed or released in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the securities referred to in this release in any jurisdiction outside Australia. In particular, neither the entitlements nor the new shares to be offered and sold in the Entitlement Offer have been, and none of them will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up or exercised by, and the new shares may not be offered or sold, directly or indirectly, to, any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.



**Straits Resources Limited**

ABN 30 147 131 977

19 September 2012

Dear Shareholder

**Straits Entitlement Offer – notification to ineligible shareholders**

Straits Resources Limited (**Straits**) is in the process of raising approximately A\$60 million (before costs) through a pro rata renounceable entitlement offer (**Entitlement Offer**). Details are as announced to the Australian Securities Exchange (**ASX**) on 7 September 2012. Under the Entitlement Offer, new Straits shares (**New Shares**) are being offered at an offer price of \$0.085 per New Share.

The Entitlement Offer is managed and underwritten by Investec Bank (Australia) Limited (**Lead Manager and Underwriter**) and will be sub-underwritten by Glencore Finance (Bermuda) Ltd for up to \$40 million and the balance by a number of key existing shareholders.

Eligible shareholders will be invited to subscribe for 1.55 New Shares for every Straits share held at 7.00 pm (Melbourne time) on the record date, 17 September 2012 (**Record Date**). Eligible Shareholders will also be able to apply for New Shares in excess of their entitlement (**Additional Shares**). The allocation of Additional Shares will be determined by Straits in its sole discretion.

<p><b>Who are Eligible Shareholders?</b></p>	<p>Eligible shareholders are shareholders who:</p> <ul style="list-style-type: none"> <li>(a) were registered as a Straits shareholder as at 7.00 pm (Melbourne time) on the Record Date;</li> <li>(b) have a registered address in Australia, New Zealand, the United Kingdom, Hong Kong, Singapore or Germany;</li> <li>(c) are not in the United States and are not acting on behalf of a person in the United States (except for a limited number of shareholders at the Record Date that are "qualified institutional buyers", as defined in Rule 144A under the U.S. Securities Act of 1933, and have been contacted directly by Straits); and</li> <li>(d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer (<b>Eligible Shareholders</b>).</li> </ul>
<p><b>Do you meet the eligibility criteria?</b></p>	<p>Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Shareholder, you are not eligible to subscribe for New Shares and you will not be sent a copy of the offer document.</p> <p><b>Straits Resources Limited advises you that it will not be extending the Entitlement Offer to you.</b></p>
<p><b>Why are there restrictions on eligibility?</b></p>	<p>There are restrictions on eligibility because of:</p> <ul style="list-style-type: none"> <li>(a) the legal limitations in some countries;</li> </ul>

	<p>(b) the relatively small number of shareholders in some countries;</p> <p>(c) the small number of shares those shareholders hold; and</p> <p>(d) the potential cost of complying with regulatory requirements in those countries.</p> <p>Straits has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders in all countries in connection with the Entitlement Offer.</p>
<b>Do you need to do anything?</b>	<p>You are not required to do anything in response to this letter.</p> <p>This letter is to inform you about the Entitlement Offer and is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.</p>
<b>Nominee to sell your rights</b>	<p>The Company has appointed the Lead Manager and Underwriter (or its associate) as nominee to sell your rights (<b>Nominee</b>).</p> <p>The Nominee will only sell your rights if there is a viable market in the rights and a premium over the expenses of the sale can be obtained. Any such sale will be at a price and conducted in a manner that the Nominee will determine in its absolute discretion. The ability to sell your rights and the price obtained will depend, amongst other things, on market conditions.</p> <p>If your rights are sold, the proceeds from the sale (in Australian dollars), after deducting the costs of the sale and the costs of distributing the proceeds, will be distributed to you.</p> <p>There is no guarantee that the Nominee will be able to sell your rights on ASX and you may receive no value for your rights. Both Straits and the Nominee take no responsibility for the outcome of the sale of your rights or the failure to sell your rights.</p>
<b>Questions</b>	<p>If you have any questions in relation to the Entitlement Offer and this letter, please seek professional advice or contact the Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) at any time between 8.30am and 5.30pm (Melbourne time) on any business day until 4 October 2012.</p>

Yours faithfully



**Matthew Smith**

Acting Chief Financial Officer and Company Secretary

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer or sale would be illegal. This letter may not be distributed or released in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the securities referred to in this letter in any jurisdiction outside Australia. In particular, neither the entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, and none of them will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold, directly or indirectly, to, any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.