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ASX/MEDIA RELEASE

STRAITS RESOURCES LIMITED
(ASX: SRQ)

RESTRUCTURE OF FACILITY WITH MT MURO SENIOR LENDER

Straits Resources Limited (ASX: SRQ) advises that it has agreed indicative terms to restructure its existing silver prepayment facility between the Senior Lender and Straits' wholly owned subsidiary, PTIMK.

Completion of the restructure, which is subject to formal documentation and Straits shareholder approval, will result in the close out of the existing facility and remove Straits as a guarantor of the facility, allowing the Company to consider new options for its Mt Muro asset.

Executive Chairman of Straits, Andre Labuschagne said, *"In light of current metal prices and recent operational issues at Mt Muro, we have acted decisively and agreed new terms with the Senior Lender for the restructure of the silver prepayment facility, which is a significant step forward for the Company. In particular, the terms of the restructuring will release Straits from its obligations under a parent guarantee of the existing facility. The agreement now provides us the flexibility to consider wider strategies for the Mt Muro asset and make the tough decisions where required, to conserve value for our shareholders."*

RESTRUCTURE OF THE SILVER PREPAYMENT FACILITY

Straits Resources Limited (**Straits**) has agreed the indicative terms to restructure its existing silver prepayment facility made available by the Senior Lender (**Silver Prepayment Facility**) to Straits' wholly owned subsidiary, PTIMK, (**Restructure**).

Completion of the Restructure will result in:

- a) The complete close out of the existing Silver Prepayment Facility, on the terms described below; and
- b) Straits' position as a guarantor of the Silver Preayment Facility being removed.

Under the terms of the Restructure, Straits will provide (in summary) the following to the Senior Lender:

- a cash repayment in the amount of \$US7.5 million on execution of formal documentation for the Restructure, which is to occur within 14 days;
- the issue of \$US3.75 million of short dated (12 month) convertible notes (**Class A Notes**), which are convertible at the Senior Lender's election into Straits shares at a conversion price of 3 cents per share;
- the issue of \$US3.25 million of 3 year convertible notes (**Class B Notes**), which are convertible at a conversion price of 3 cents per share as follows:
 - 50% of the Class B Notes must mandatorily convert into shares at the end of the term;
 - The balance, (50%) of the Class B Notes, are able to be converted at the Senior Lender's election.

Class A Notes and Class B Notes will bear interest at 12.5% pa (of which 2.5% is to be capitalised) and if not converted, will be redeemed by Straits on the relevant maturity date. Class A Notes must be redeemed early, in the event that Straits undertakes a capital raising or similar liquidity event during the currency of those notes.

In addition, in the event that Straits is able to find a buyer for the Mt Muro Gold Project, the net sale proceeds will be shared 75% to the Senior Lender and 25% to Straits.

The Restructure and issue of the Class A Notes and Class B Notes, is subject to obtaining all necessary shareholder approvals under the Listing Rules and the Corporations Act (**Shareholder Approvals**).

In addition, the Restructure will only become binding upon Straits and the Senior Lender entering into formal legally binding agreements relating to the Restructure (**Formal Documents**). Discussions relating to these documents have commenced.

A shareholder meeting relating to the Restructure is expected to be held in the coming months.

Pending entry into the Formal Documents and receipt of the Shareholder Approvals, Straits and the Senior Lender have entered into a standstill agreement pursuant to which the Senior Lender has agreed not to exercise certain of its rights under the existing Silver Prepayment Facilities (including calling upon Straits' corporate guarantee), absent certain exceptional events occurring (such as Straits' insolvency). The standstill will cease to operate if shareholder approvals have not been received or the Restructure has not become effective within 3 months.

The standstill preserves the status quo pending the Restructure being formalised.

ENDS

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