Straits Resources Limited ABN 30 147 131 977
Preliminary Final Report - 30 June 2013

Lodged with the ASX under Listing Rule 4.3A

Appendix 4E – Straits Resources Limited

For the year ended 30 June 2013

Results for Announcement to the Market

				$'000
Revenue from ordinary activities continuing operations *(Appendix 4E item 2.1)*	up	3.5%	to	262,588
Loss from ordinary activities after tax attributable to members *(Appendix 4E item 2.2)*	up	72.9%	to	240,675
Net loss for the period attributable to members *(Appendix 4E item 2.3)*	up	72.9%	to	240,675

Dividends / Distributions *(Appendix 4E item 2.4)*	**Unfranked amount per security (cents) 2013**	**Unfranked amount per security (cents) 2012**
There were no final dividends paid	**-**	-
There were no interim dividends paid	**-**	-

The directors did not declare a dividend in either of the period ending 30 June 2013 or 30 June 2012.

Key Ratios	**30 June 2013**	**30 June 2012**
Basic earnings per share (cents)	**(25.9)**	(38.2)
Diluted earnings per share (cents)	**(25.9)**	(38.2)
Net tangible assets per share (dollars)	**(0.09)**	0.22

Financial and Other Information

		30 June 2013	30 June 2012
Profitability			
Mining revenue	$'000	260,128	250,455
Total sales revenue	$'000	260,128	250,455
Operating loss after tax	$'000	(240,675)	(139,204)
Earnings profit/(loss) per share (undiluted) from continuing operations	cents	(25.9)	(38.2)
Cash Flow			
Cash outflow from operations	$'000	(24,804)	(42,400)
Balance Sheet			
Total shareholders' equity	$'000	(32,600)	127,244
Net tangible asset backing per share	$	(0.09)	0.22
Ratios			
Return on shareholders' funds	%	(738)	(109)
Gearing	%	145	43
Market Capitalisation			
Share price at 30 June	$	0.013	0.365
Shares on issue (fully paid)	M	1,164.1	456.5
Market capitalisation	$'M	15.1	166.6

Review of Operations and Activities

EXECUTIVE CHAIRMAN'S STATEMENT

The 2012/13 financial year was a turbulent time for Straits, with a number of challenges navigated at both operational and corporate levels during the period under review.

Operations
Both the Tritton Copper Mine and Mt Muro Gold Mine experienced periods of poor performance during the year. Copper production at Tritton during the December quarter was materially below internal targets due to delays in production of key high grade stopes and poor key equipment reliability. Pleasingly, in the second half of the year, Tritton's performance was considerably improved with new monthly production records from both Tritton Underground and the Processing Plant.

Mt Muro experienced a number of operational issues and challenges during the period under review. Ongoing grade reconciliation issues in the western end of the Serujan Pit led to the implementation of a new operating strategy to a more compact pit design, aimed at targeting the higher grade ore zones while significantly reducing the volumes of waste moved. Execution of this strategy was impacted by an area of cultural significance issue with the local community and local government authority, which halted operations in the eastern end of the Serujan Pit from early January for approximately eight weeks. In the second half of the year, operations were increasingly impacted by illegal miners encroaching into the mining operations. This culminated in a temporary suspension of operations in late June, following a clash between illegal miners and police, which resulted in the destruction of mine property. Despite an improvement in operational and cost performance in the second half of the year, the delays in implementing the new operating strategy, falls in precious metal prices and resultant negative cash performance proved unsustainable, and on 2 August 2013 Mt Muro was placed on care and maintenance, and a sale process commenced to seek potential buyers for the operation.

Corporate
There was significant change at Board and Executive level during the last 12 months, as set out in the Directors' Report. Also, the Straits corporate office was reduced from a staff of ca. 50 at the beginning of the year, to a team of twelve people by the end of the year. The corporate team will reduce further to eight people as the corporate office is relocated to Brisbane. These reductions were necessary in order to "right size" the corporate office in line with the Company's scope of operations.

Finance
In October 2012 Straits raised $60 million via an equity issue ($49.3 million after costs and repayment of a short term facility provided by Glencore). Further funds were raised from asset sales, primarily the Hillgrove Antimony Mine and associated Pressure Oxidation Plant.

Debt
On two occasions during the period under review (in October 2012 and June 2013), Straits negotiated a restructure of the silver prepayment facility at Mt Muro, between Straits' wholly owned subsidiary PT Indo Muro Kencana (PT IMK) and the Senior Lender. Subsequent to the financial year end, Straits announced that it had negotiated a settlement of the silver prepayment facility, which constituted a debt in the order of US$26 million (after close out of gold hedging gains) and a Straits parent company guarantee, was extinguished and the existing gold hedges crystallised at PT IMK level in return for an up-front payment of US$7.5 million and issue by Straits of US$7.0 million in Convertible Notes. This was a significant development for the company both in terms of reducing net debt exposure at Straits level and as removal of the corporate guarantee enabled consideration of a broader range of strategies for the Mt Muro operation. Also subsequent to the financial year end, the company commenced negotiations with Standard Chartered Bank (SCB), to restructure the prepaid Copper Swap facility. Negotiations on a term sheet for the restructured facility are advanced and are expected to be concluded shortly, pending approval from SCB Credit and the Straits Board.

Outlook
Straits is now a much leaner company, focussed on driving operational and cost performance at the flagship Tritton copper mine. Delivering a sustainable, longer term financial structure also remains a key priority. In addition, Straits has a number of longer term organic growth opportunities, both at Tritton, where numerous high potential projects have already been identified, and at the Temora copper/gold discovery, which is a well-recognised exploration opportunity for the future.

I believe that Straits has turned the corner, and at the start of FY2014 is better positioned to realise the potential of its assets - with a core aim of driving shareholder value in the year ahead.

Financial Results

The Group recorded a loss after tax for the financial reporting period to 30 June 2013 of $240.7 million compared with a loss before minorities and after tax for the year ended 30 June 2012 of $139.2 million.

The June 2013 financial result for the Group was impacted by a number of key factors, including:

- The impairment of the Mt Muro operation $142.8 million;
- The impairment of loans and receivables $14.4 million; and
- The gain on disposal of the Hillgrove Mine $11.7 million.

Sales Revenue	30 June 2013 $M	30 June 2012 $M
Base metals - Tritton	168.1	196.2
Precious metals - Mt Muro	92.0	54.2
Sales revenue from mining activities	**260.1**	250.4
Revenue from discontinued operations	-	-
Total sales revenue	**260.1**	250.4

The net loss for the period is inclusive of the following:

Profit/(loss)	30 June 2013 $M	30 June 2012 $M
Tritton	(2.6)	(66.5)
Mt Muro	(214.5)	(4.1)
FX gains/(losses)	(7.8)	2.6
Loss on Investments held for trading	(0.7)	(11.4)
Administration and support	(16.4)	(12.7)
Other items	(8.3)	(44.6)
Loss from ongoing activities	**(250.3)**	(136.7)
Profit / (Loss) from discontinued operations	9.6	(2.5)
Total Loss	**(240.7)**	(139.2)

This report is based on accounts which are in the process of being audited. The 30 June 2013 financial report, when audited, is likely to contain an independent auditor’s report which includes an emphasis of matter paragraph in regards to the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Additional disclosure has been included in Note 1 to the preliminary financial statements.

Financial Position

The net loss attributable to Straits for the year 30 June 2013 of $240.7 million, which was largely impacted by total impairments of $159.8 million, has resulted in the Group’s net asset position declining by $159.8 million from $127.2 million at 30 June 2012 to a negative net asset position of $32.6 million at 30 June 2013. The negative net asset position of $32.6 million at 30 June 2013 included liabilities relating to the Mt Muro operation of $107.8 million.

At 30 June 2013, Straits’ cash and investments included cash $18.3 million, investments $1.4 million and $20.8 million of restricted cash. The Group’s net cash outflow from operating activities during the period was $24.8 million with net cash outflows from investing activities of $26.2 million and net cash inflows from financing activities of $56.2 million. Foreign exchange revaluations amounted to $0.1 million on cash and cash equivalents.

Base Metals

TRITTON COPPER

Production

It was a difficult first half of the year due to problems in both the mines and the ore processing plant. These related to difficulties in scheduling a stable stope production cycle with the paste fill system; workforce changes following the conversion to a full owner-operator model, and poor equipment reliability. In the second half of the year, management refocused on the basics of planning, people and maintenance resulting in a significant turnaround to stable performance with sustained production at budget levels, and monthly production records being achieved by the underground mines and the processing plant by year end.

Development to the extension of the ore body at the North East mine was completed and stoping commenced. Mining at North East has been extended by at least a year. Production from this mine was an important source of ore during periods when Tritton mine ore production was subdued.

Production of copper cement from the heap leach pads at Girilambone continued during the year. Production rates were declining due to problems with reliability of process pumps and other maintenance issues. This is being addressed as focus on maintenance fundamentals continues across the operation.

Feasibility studies of the mining of the high grade Avoca Tank deposit were progressed with the completion of the bulk of the required baseline studies and stakeholder consultation in preparation for submission of the required documentation necessary for the granting of the mining lease. Further resource definition drilling confirmed the grade of the deposit, although the size was reduced. A decision on project development and timing is expected in 2014. There is significant potential for discovery of an adjacent lens in the region and a discovery would change the project development plans.

Production for the period was:

PRODUCTION STATISTICS – TRITTON

	Units	FY 2013	FY 2012
Development	Metres	6,103	6,068
Mined	tonnes	1,303,552	1,260,656
Grade Mined	% Cu	1.88%	1.96%
Milled	tonnes	1,267,683	1,254,355
Grade Milled	% Cu	1.91%	1.96%
Recovery	%	94.1%	94.84%
Cu Concentrate	**tonnes**	**94,520**	93,580
Cu Grade	**%**	**24%**	25%
Cu in concentrate	**tonnes**	**22,803**	23,374
Cu Cement	**tonnes**	**535**	587
Total Cu Produced	**tonnes**	**23,338**	23,962

Outlook

Straits continues to confirm the significant geological potential of the Tritton region, and remains positive on the long term growth potential of the Tritton Mines complex. The operation is targeting production of 25,000 tonnes of copper in FY2014.

Feasibility studies into several mining projects are planned: Avoca Tank underground mine; Murrawombie open pit extension; Murrawombie Deeps underground mine; Budgery pit; and oxide resources treatment.

Upgrade of the ventilation circuit at Tritton mine will be required in the near future to support mining as we continue to follow the ore body deeper. The concept of a new ventilation shaft raise bored to surface will be the subject of feasibility study with the aim to start installation in the 2013/14 financial year.

Precious Metals

MT MURO GOLD

Production

The Mt Muro mine increased gold and silver production by approximately 65% compared to the previous year. All mining during the year was in the Serujan pit, with the improved production resulting from increased exposure of ore as this pit was mined deeper to expose the ore body. By the second half of the year the pit had been developed sufficiently to ensure sufficient ore was mined to operate the processing plant at full capacity. Despite the improved performance; lower than budget grades, the falling precious metal prices, delayed operating cost reductions and a series of production interruptions combined to result in the operation remaining cash flow negative up to the end of the year.

Production was significantly interrupted by delayed mining of high grade soft oxide ore from the eastern end of the Serujan pit, while the size of an exclusion zone around an area of cultural significance was negotiated with the local community and the Provincial Government. Consequently, there was greater reliance on mining in the western end of the pit where the ore is fresh, harder and lower grade.

In the western end of the Serujan pit the mined grades were disappointingly low compared to the resource model estimates. A revision of the estimation methodology resulted in a new resource model that proved to be an accurate estimate of ore grade. A number of revisions were made to the mine plan for the Serujan pit during the year. Most recently, plans were changed to reduce the quantity of waste mining and lower the pit strip ratio to an economic level in response to the lower resource grades and metal prices. In addition, a number of initiatives were implemented to reduce operating costs.

Activity by illegal miners began impacting on the operation in January 2013. This slowed mining activity and resulted in the loss of significant quantities of gold and silver (determining the loss is difficult however it was estimated at 10% for April 2013). The number of illegal miners increased over time presenting security and safety risks at site. A conflict between police and illegal miners on 29 June 2013 resulted in burning of the mine office, parts of the accommodation camp including the kitchen, and several light vehicles. Operations were suspended following the riot while security was restored.

The combination of issues faced by the operation resulted in sustained cash losses. Consequently, Straits placed the operation on care and maintenance on 2 August 2013, and is actively seeking buyers for the operation.

Production for the period was:

PRODUCTION STATISTICS - MT MURO

	Units	FY 2013	FY 2012
Overburden movement	Bcm	7,544,731	9,810,635
Ore Milled	tonnes	1,084,243	653,409
Grade – Gold	g/t Au	1.21	1.18
– Silver	g/t Ag	34.82	34.40
Recovery – Gold	% Au	93.31%	93.4%
– Silver	% Ag	75.26%	72.5%
Production – Gold	**oz Au**	**39,212**	23,160
– Silver	**oz Ag**	**884,136**	529,130
Gold Sold	**oz Au**	**38,064**	23,950
Silver Sold	**oz Ag**	**1,231,001**	528,886

Straits Resources Limited
Preliminary Consolidated Income Statement
For the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
Revenue from continuing operations			
Sales revenue	2	**260,128**	250,455
Other revenue from ordinary activities		**2,460**	3,345
		262,588	253,800
Other income		**7,298**	5,158
Expenses			
Cost of goods sold	3	**(325,112)**	(243,017)
Other expenses from ordinary activities			
Exploration	3	**(3,055)**	(3,318)
Administration and support	3	**(16,414)**	(15,230)
Sempra offtake agreement buyout	3	**-**	(105,634)
Other	3	**(9,169)**	(12,516)
Impairment loss	3	**(159,791)**	(2,839)
Finance costs	3	**(15,429)**	(11,751)
Loss before income tax		**(259,084)**	(135,347)
Income tax benefit / (expense)		**8,777**	(1,325)
Loss from continuing operations		**(250,307)**	(136,672)
Profit / (loss) from discontinued operations		**9,632**	(2,532)
Loss for the year		**(240,675)**	(139,204)
Loss is attributable to:			
Owners of Straits Resources Limited		**(240,675)**	(139,224)
Non-controlling interests		**-**	20
		(240,675)	(139,204)
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**(25.9)**	(38.2)
Diluted earnings per share		**(25.9)**	(38.2)
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**(24.9)**	(38.9)
Diluted earnings per share		**(24.9)**	(38.9)

Straits Resources Limited
Preliminary Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
Loss for the year		**(240,675)**	(139,204)
Other comprehensive income			
Items that can be reclassified subsequently to the Income Statement			
Changes in the fair value of cash flow hedges		**25,431**	(2,502)
Exchange differences on translation of foreign operations		**2,115**	185
Exchange differences on translation of discontinued operations		**-**	931
Income tax relating to components of other comprehensive income		**(4,485)**	360
Other comprehensive income for the year, net of tax		**23,061**	(1,026)
Total comprehensive income for the year		**(217,614)**	(140,230)
Total comprehensive income for the year is attributable to:			
Owners of Straits Resources Limited		**(217,614)**	(140,169)
Non-controlling interests		**-**	(61)
		(217,614)	(140,230)

Straits Resources Limited
Preliminary Consolidated Balance Sheet
As at 30 June 2013

	Notes	2013 $'000	2012 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**18,256**	12,982
Trade and other receivables		**10,032**	32,202
Inventories	4	**15,399**	27,391
Other financial assets		**1,397**	15,159
Derivative financial instruments		**9,034**	178
Short term mine development		**8,848**	8,013
Assets classified as held for sale		**1,889**	15,894
Total current assets		**64,855**	111,819
Non-current assets			
Receivables		**21,010**	33,504
Other financial assets		**-**	359
Derivative financial instruments		**13,123**	3,431
Property, plant and equipment		**35,699**	45,151
Exploration and evaluation		**26,154**	27,172
Mine properties in use		**49,948**	144,766
Deferred tax assets		**17,814**	17,814
Total non-current assets		**163,748**	272,197
Total assets		**228,603**	384,016
LIABILITIES			
Current liabilities			
Trade and other payables		**68,654**	68,436
Interest bearing liabilities	5	**65,079**	26,011
Deferred revenue		**16,658**	21,920
Derivative financial instruments		**-**	481
Provisions		**5,919**	4,262
Liabilities directly associated with assets classified as held for sale		**-**	4,307
Total current liabilities		**156,310**	125,417
Non-current liabilities			
Interest bearing liabilities	6	**57,627**	82,683
Deferred revenue		**18,205**	21,871
Derivative financial instruments		**-**	1,055
Deferred tax liabilities		**-**	-
Provisions		**29,061**	25,746
Total non-current liabilities		**104,893**	131,355
Total liabilities		**261,203**	256,772
Net assets / (liabilities)		**(32,600)**	127,244
EQUITY			
Contributed equity	7	**353,300**	295,941
Reserves		**13,007**	(10,464)
Accumulated losses		**(398,907)**	(158,233)
Capital and reserves attributable to owners of Straits Resources Limited		**(32,600)**	127,244
Total equity		**(32,600)**	127,244

	Notes	Attributable to owners of Straits Resources Limited					
		Contributed equity $'000	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2011		219,921	(486)	(19,009)	200,426	3,983	204,409
Loss for the year		-	-	(139,224)	(139,224)	20	(139,204)
Other comprehensive income		-	(945)	-	(945)	(81)	(1,026)
Total comprehensive income for the year		**-**	**(945)**	**(139,224)**	**(140,169)**	**(61)**	**(140,230)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	7	76,020	-	-	76,020	-	76,020
Transactions with non-controlling interests		-	3,921	-	3,921	(3,921)	-
Employee share options - value of employee services		-	410	-	410	-	410
Acquisition of non-controlling interest		-	(13,364)	-	(13,364)	-	(13,364)
		76,020	(9,033)	-	66,987	(3,921)	63,065
Balance at 30 June 2012		**295,941**	**(10,464)**	**(158,233)**	**127,244**	**-**	**127,244**
Loss for the year		-	-	(240,674)	(240,674)	-	(240,674)
Other comprehensive income		-	23,061	-	23,061	-	23,061
Total comprehensive income for the year		**-**	**23,061**	**(240,674)**	**(217,613)**	**-**	**(217,613)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	7	57,359	-	-	57,359	-	57,359
Employee share options - value of employee services		-	410	-	410	-	410
		57,359	410	-	57,769	-	57,769
Balance at 30 June 2013		**353,300**	**13,007**	**(398,907)**	**(32,600)**	**-**	**(32,600)**

	Notes	2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		**246,462**	241,468
Receipts from deferred revenue		**-**	48,459
Net cashflows from hedging		**(10)**	(320)
Payments to suppliers and employees		**(262,732)**	(321,075)
Interest received		**2,159**	1,345
Interest paid		**(8,286)**	(9,164)
Net cash outflow from operating activities of discontinued operations		**(2,397)**	(3,113)
Net cash outflow from operating activities	9	**(24,804)**	(42,400)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**4,122**	1,177
Payments for property, plant and equipment and mine properties		**(64,006)**	(103,805)
Payments for exploration expenditure		**(7,583)**	(22,420)
Proceeds from held for trading financial assets		**9,191**	4,262
Payments for held for trading financial assets		**-**	(108)
Proceeds from loan receivable		**2,469**	640
Net proceeds from sale of Hillgrove		**26,757**	-
Option fees received on sale of Hillgrove		**3,000**	-
Net cash outflow from investing activities of discontinued operations		**(167)**	(330)
Net cash outflow from investing activities		**(26,217)**	(120,584)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**57,359**	75,909
Transactions with non-controlling interests		**-**	(13,364)
Proceeds from borrowings		**8,180**	85,231
Repayment of borrowings		**(9,717)**	(4,344)
Finance lease payments		**(3,034)**	(8,193)
Restricted cash		**3,719**	888
Net cash outflow from financing activities of discontinued operations		**(282)**	(145)
Net cash inflow from financing activities		**56,225**	135,982
Net (decrease) increase in cash and cash equivalents		**5,204**	(27,002)
Cash and cash equivalents at the beginning of the financial period		**12,982**	36,716
Effects of exchange rate changes on cash and cash equivalents		**70**	3,268
Cash and cash equivalents at end of year		**18,256**	12,982

Contents of the notes to the preliminary consolidated financial statements

1 Going Concern

The preliminary financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 30 June 2013, Straits incurred a loss of $240.7 million and had a cash outflow from operating activities of $24.8 million.

At 30 June 2013 the Group held cash of $18.3 million and has negative net assets of $32.6 million and a working capital deficiency of $91.4 million. During the year ended 30 June 2013, the Group has been able to continue to meet working capital requirements principally as a result of capital raised and restructuring finance arrangements.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the Group being successful in:

a) a reduction of discretionary/contingent expenditures;

b) improving performance at the mining operations in order to generate positive cashflow;

c) restructure of debt facilities;

d) minimising funding requirements for Mt Muro, which was placed in care and maintenance on 2 August 2013;

e) negotiating the terms of the Credit Suisse facility, which was announced on 5 August 2013; and

f) negotiating the payment profile and amounts due in relation to the Standard Chartered Bank ("SCB") pre-paid copper swap facility. Negotiations on a term sheet for the restructured facility are advanced and are expected to be concluded shortly, pending approval by SCB Credit and the Straits Board.

Whilst the net loss attributable to Straits for the year of $240.7 million has resulted in the company having negative net assets $32.6 million, liabilities relating to Mt Muro of $107.8 million are included in the Straits consolidated balance sheet as at 30 June 2013.

As a result of these matters, there is a material uncertainty that may cast significant doubt on whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

The Directors believe that the Company has reasonable prospects of generating sufficient funds and restructuring the debt facilities to support its operations in the foreseeable future and as a consequence they have no intention to liquidate or cease trading.

The Directors believe they have reasonable grounds to expect that they will have sufficient funds to settle the Group's liabilities and meet its debts as and when they fall due.

Accordingly, the preliminary financial statements have been prepared on a going concern basis, which assumes continuity of operations and realisation of assets and settlement of liabilities in the normal course of business for the foreseeable future.

2 Revenue

	2013 $'000	2012 $'000
From continuing operations		
Sales revenue		
Mining activities	**260,128**	250,455
Other revenue		
Management fees	**-**	3
Interest	**1,911**	2,110
Other revenue from ordinary activities	**549**	1,232
	262,588	253,800

A portion of the Group's revenue from mining activities in foreign currencies and copper and gold revenue is cash flow hedged. The amounts disclosed above for revenue from mining activities include the effective amount of the derivatives that are used to hedge foreign currency revenue. The amount included in revenue is:

	2013 $'000	2012 $'000
Forward currency in the money contracts - cash flow hedged	**172**	989
Forward commodity in / (out of) the money contracts - cash flow hedged	**1,337**	(1,185)
	1,509	(196)

3 Expenses

	Notes	2013 $'000	2012 $'000
Loss before income tax includes the following specific expenses:			
Cost of goods sold:			
Cost of production			
Mining activities		**271,919**	221,428
		271,919	221,428
Depreciation			
Plant and equipment		**5,606**	2,808
Plant and equipment under finance leases		**2,262**	3,397
		7,868	6,205
Amortisation			
Mine properties		**45,325**	15,384
Total Cost of goods sold		**325,112**	243,017
Exploration:			
Exploration expenditure		**2,233**	1,856
Exploration written off		**822**	1,462
		3,055	3,318
Administration and support:			
Australia		**14,883**	13,484
Asia		**1,531**	1,746
		16,414	15,230
Sempra offtake agreement buyout	3 (a)	**-**	105,634
Other:			
Net foreign exchange losses		**7,828**	-
Marketing		**29**	139
Net loss on foreign currency derivatives not qualifying as hedges		**-**	40
Loss on fair value of listed securities held for trading		**705**	12,337
Assets written off / damaged		**607**	-
		9,169	12,516
Impairment loss:			
Impairment loss write down - Mining Operations	3 (b)	**145,331**	1,975
Impairment loss write down - Corporate & Other	3 (b)	**14,460**	864
		159,791	2,839
Finance costs – net:			
Interest and finance charges paid/payable		**14,248**	10,715
Unwinding of discounts on provisions		**1,181**	1,036
		15,429	11,751

3 Expenses (continued)

	2013 $'000	2012 $'000
Included within the above functions are the following:		
Employee benefits expense (includes employee benefit accruals)	**54,989**	53,486
Superannuation expense	**647**	753
Total employee benefits expense	**55,636**	54,239

(a) Sempra off-take agreement buyout

During the previous year the Group restructured the Tritton Copper Mine offtake agreement with J.P. Morgan Metals & Concentrates. Under the restructuring arrangement, in exchange for an upfront cash payment of $96,963,000, J.P. Morgan terminated the offtake agreement.

A new offtake agreement was entered into with J.P. Morgan for all copper concentrates from Tritton until the end of 2013, priced in line with the significantly lower prevailing market offtake terms for copper concentrate. Tritton had an option to terminate the new offtake agreement with J.P. Morgan for shipments scheduled from 1 July 2012. Tritton paid $8.67million in February 2012 to J.P. Morgan to excercise this option.

(b) Impairment

The Group have reviewed the carrying amount of assets and have written down assets at the mining operations by $145,331,000 (2012: $1,975,000), and assets at Corporate and other non-mining group entities by $14,460,000 (2012: $864,000). Impairments at the mining operations relate to Mt Muro $142,776,000 (2012: $1,975,000) and Tritton $2,555,000 (2012: Nil).

4 Current assets - Inventories

	2013 $'000	2012 $'000
Mining inventories		
Production supplies - at cost	**5,285**	14,102
Work in progress - at cost	**10,114**	13,289
	15,399	27,391

Write downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to $40,200,000 (2012: $2,843,000). The expense has been included in 'cost of sales' in the income statement. The net realisable value inventory write-downs relate to Mt Muro operations.

5 Current liabilities - Interest bearing liabilities

	2013 $'000	2012 $'000
Secured		
Bank loans	**58,962**	22,321
Lease liabilities	**3,486**	3,041
Other loans	**2,631**	649
Total secured current borrowings	**65,079**	26,011

(a) Security

Details of the security relating to each of the secured liabilities and further information on bank and other loans are set out in note 6.

(b) Risk exposures

Details of the Group's exposure to interest rate changes and foreign currency risk on interest bearing liabilities are set out in note 6.

(c) Fair value disclosures

Details of the fair value of interest bearing liabilities for the Group are set out in note 6.

6 Non-current liabilities - Interest bearing liabilities

	2013 $'000	2012 $'000
Secured		
Bank loans	**52,350**	72,490
Lease liabilities	**5,277**	8,091
Other loans	**-**	2,102
Total secured non-current borrowings	**57,627**	82,683

(a) Secured interest bearing liabilities and assets pledged as security

The total secured interest bearing liabilities (current and non-current) are as follows:

	2013 $'000	2012 $'000
Bank overdrafts and bank loans	**111,312**	94,811
Lease liabilities	**8,763**	11,132
Other loans	**2,631**	2,751
Total secured interest bearing liabilities	**122,706**	108,694

Residential housing loans provided are secured over the residential properties. These loans have no recourse to the parent entity or other members of the Group.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

6 Non-current liabilities - Interest bearing liabilities (continued)

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2013 $'000	2012 $'000
Floating charge		
Receivables	**11,602**	10,459
Non-current		
First mortgage		
Freehold land and buildings	**1,324**	1,125
Plant and equipment	**22,964**	25,655
Mine properties	**49,948**	59,652
Exploration assets	**13,005**	7,757
	87,241	94,189
Finance lease		
Plant and equipment	**8,408**	11,088
Fixed charge		
Plant and equipment	**2,473**	2,511
Total non-current assets pledged as security	**105,230**	107,788
Total assets pledged as security	**109,724**	118,247

(b) Lease liabilities

Certain vehicles and equipment acquired by the Group are funded by finance leases and hire purchase provided by a number of financial institutions. The leases are secured by the assets being financed.

(c) Other loans

An agreement between PT Indo Muro Kencana ("IMK") and Straits Marine and Infrastructure Pte Ltd ("Project Manager") dated 1 December 2006, required the project manager to build and deliver to IMK a coal fired power station for the Mt Muro Mine in Indonesia. The power plant was completed and delivered to IMK effective 30 June 2010.

The payment for the services provided by the project manager totalled US$3,300,000 comprised of a principal sum of US$1,800,000 payable in 20 quarterly installments and a balloon payment of US$1,500,000 to be paid in one installment on or before 30 June 2015. The loan is secured by way of a fixed charge over the coal fired power station.

Interest is payable at 9% per annum fixed for the duration of the agreement and is payable in 20 quarterly installments.

6 Non-current liabilities - Interest bearing liabilities (continued)

(d) Financing arrangements

The Group had access to the following borrowing facilities at the reporting date:

	2013	2012
	$'000	$'000
Floating rate		
Bank project finance loan facilities and residential housing loans	**111,312**	94,811
Used at balance date		
Bank project finance loan facilities and residential housing loans	**111,312**	94,811
Unused at balance date		
Bank project finance loan facilities and residential housing loans	**-**	-

(i) Credit stand by arrangements

The Group has a $16,072,192 (2012: $20,566,273) bank guarantee facility in respect of its rehabilitation obligations. These guarantees are secured by $16,072,192 (2012: $20,566,273) in restricted cash.

(ii) Bank residential housing loans

The residential housing loans totalling $764,743 (2012: $793,000) (original principal $900,000) are repayable over 25 years at a current interest rate of 7.93%. (2012: 7.24%).

(e) Interest rate risk exposure

The following tables set out the Group’s exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise from liabilities bearing variable interest rates.

		Fixed interest rate			
2013	**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**Non interest bearing**	**Total**
Bank overdrafts and loans	**111,312**	**-**	**-**	**-**	**111,312**
Trade and other creditors	**-**	**-**	**-**	**68,655**	**68,655**
Lease and hire purchase liabilities	**-**	**3,486**	**5,277**	**-**	**8,763**
Other loans	**-**	**2,631**	**-**	**-**	**2,631**
Discontinued operations	**-**	**-**	**-**	**-**	**-**
	111,312	**6,117**	**5,277**	**68,655**	**191,361**

		Fixed interest rate			
2012	Floating interest rate	1 year or less	Over 1 to 5 years	Non interest bearing	Total
Bank overdrafts and loans	94,811	-	-	-	94,811
Trade and other creditors	-	-	-	68,436	68,436
Lease and hire purchase liabilities	-	3,041	8,091	-	11,132
Other loans	-	649	2,102	-	2,751
Discontinued operations	-	288	3	-	291
	94,811	3,978	10,196	68,436	177,421

6 Non-current liabilities - Interest bearing liabilities (continued)

(f) Fair value

The carrying amounts and fair values of borrowings at the end of the reporting period are:

	2013		2012	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet				
Non-traded financial liabilities				
Bank loans	**111,312**	**111,312**	94,811	94,811
Other loans	**2,631**	**2,631**	2,751	2,751
Lease and hire purchase liabilities	**8,763**	**8,763**	11,132	11,132
	122,706	**122,706**	108,694	108,694

(i) On-balance sheet

The fair value of interest bearing liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates or liabilities with similar risk profiles.

(ii) Off-balance sheet

Certain controlled entities have potential financial liabilities which may arise from certain contingencies. As explained in this note. No material losses are anticipated in respect of any contingencies.

(g) Foreign exchange risk exposures

The carrying amounts of the Group's current and non-current interest bearing liabilities are denominated in the following currencies:

	2013			2012		
	US Dollar denominated $'000	**Australian Dollar denominated $'000**	**Total interest bearing liabilities $'000**	US Dollar Denominated $'000	Australian Dollar denominated $'000	Total interest bearing liabilities $'000
Bank overdrafts and loans	**110,547**	**765**	**111,312**	94,018	793	94,811
Lease and hire purchase liabilities	**8,236**	**527**	**8,763**	-	11,132	11,132
Other loans	**2,631**	**-**	**2,631**	2,751	-	2,751
Discontinued operations	**-**	**-**	**-**	-	291	291
Total	**121,414**	**1,292**	**122,706**	96,769	12,216	108,985

7 Contributed equity

(a) Share capital

	Notes	**2013 Shares**	2012 Shares	**2013 $'000**	2012 $'000
Ordinary shares	7(b), 7(c)				
Ordinary shares - fully paid		**1,156,159,133**	448,538,448	**353,300**	295,941
ESAP loans - contributed equity		**7,991,026**	7,991,026	**-**	-
		1,164,150,159	456,529,474	**353,300**	295,941

(b) Movements in ordinary share capital

Date	**Details**	**Number of shares**	**Issue price**	**$'000**
1 July 2011	Opening balance	324,655,749		219,921
1 July 2011	Issue of shares under employee exempt plan	140,392	$0.780	109
18 July 2011	ESAP share loans repaid during the 2012 financial year	-		250
16 February 2012	Share issue	48,700,000	$0.600	29,220
23 March 2012	Share issue	26,300,000	$0.600	15,780
26 March 2012	Share issue	2,412,546	$0.600	1,448
5 April 2012	Share issue	5,920,787	$0.600	3,552
17 May 2012	Share issue	48,400,000	$0.620	30,008
4 January 2013	Less: Transaction costs arising on share issue	-		(4,347)
30 June 2012	Balance	456,529,474		295,941
11 October 2012	Share issue	707,620,685	$0.085	60,148
11 October 2012	Less: Transaction costs arising on share issue	-		(2,789)
30 June 2013	Balance	1,164,150,159		353,300

(c) Ordinary shares

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote. Upon a poll each holder of ordinary shares is entitled to one vote for each fully paid share held (pro-rated in the case of partly paid shares).

(d) Employee Share Acquisition Plan (ESAP)

The Straits Resources Limited Employee Share Acquisition Plan (ESAP) was approved by virtue of the approval of the demerger scheme at the Demerger Scheme Meeting on 21 January 2011. The purpose of the plan is to attract, retain, motivate and reward key executive employees.

(e) Employee Exempt Plan

Under the Employee Exempt Plan, eligible employees may be offered fully paid ordinary shares in Straits Resources Limited for no cash consideration. The purpose of the plan is to attract, retain, motivate and reward employees.

7 Contributed equity (continued)

(f) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its capital structure comprising equity, debt and cash.

The Group reviews the capital structure on a semi-annual basis, with consideration given to the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues, new debt or the refinancing or repayment of existing debt.

The Group also reviews its gearing level. The Group's gearing ratio is calculated as net debt to net debt plus equity. Net debt is total interest bearing liabilities less cash and cash equivalents (excluding any restricted cash). Equity is equity as shown in the balance sheet (including minority interests). The gearing ratio at reporting date was as follows:

	2013 $'000	2012 $'000
Total interest bearing liabilities	**122,706**	108,694
Less: cash and cash equivalents	**(18,256)**	(12,892)
Net debt	**104,450**	95,802
Total equity	**(32,600)**	127,244
Total capital	**71,850**	223,046
Gearing ratio	**145.4%**	43.0%

Note: The prior period has been restated.

8 Events occurring after the reporting period

(a) Mt Muro Care and Maintenance

On 5 August 2013 Straits announced that as a result of a number of unforeseen challenges, including falling precious metal prices and the impact of illegal miners, the Board of Straits determined that Straits was no longer in a position to continue providing material funding support to the Mt Muro mine and as a consequence the Mt Muro mine was placed on care and maintenance as of 2 August 2013. The Board of Straits also announced that it is actively seeking to dispose of the asset as soon as possible. As of the date of this report the Mt Muro mine remains on care and maintenance.

(b) Mt Muro Debt Restructure

On 5 August 2013, Straits Resources Limited (Straits) announced that it had agreed indicative terms, subject to formal documentation, to restructure the silver advance payment facility with Credit Suisse. Completion of the restructure will result in a close out of the facility and Straits' position as a guarantor of the silver advance payment facility being removed, in exchange for a payment of $US7.5 million and the issue by Straits of $7.0 million in convertible notes. On 20 August 2013 Straits announced that it its wholly owned subsidiary, PT Indo Muro Kencana, had entered into formal binding documentation with Credit Suisse in relation to the restructure of the facility. As a part of the debt restructure, the gold hedges were also closed out.

(c) Closure of Perth Office

As part of the ongoing restructure of the Straits Group, the corporate office will be relocated in September 2013 from Perth to Brisbane. The decision to relocate the corporate office was made by the Straits Board after the end of the reporting period and as such no provision for the costs of closing the Perth Office have been included in the accounts for the reporting period. The costs for closing the Perth office, including termination of employees, is estimated at $1.3 million.

(d) Tritton Debt Restructure

Subsequent to the financial year end, the Company commenced negotiations with Standard Chartered Bank (SCB) to restructure the prepaid copper swap facility. Negotiations on the term sheet for the restructured facility are advanced and are expected to be concluded shortly, pending approval by SCB Credit and the Straits Board.

9 Reconciliation of loss before income tax to net cash outflow from operating activities

	2013 $'000	2012 $'000
Loss before income tax - continuing operations	**(259,084)**	(135,347)
Finance costs net of interest income	**13,518**	9,641
Loss on held-for-trading financial assets	**705**	12,337
Unrealised exchange and foreign exchange hedging (gains)/losses	**13,888**	(1,309)
Depreciation and amortisation	**53,473**	21,880
Employee share based payment	**409**	546
Profit on sale of fixed assets	**(1,848)**	(2,856)
Unrealised gain on time value of options	**(504)**	(1,383)
Exploration expenditure written off	**822**	1,462
Mineral rights written off	**-**	359
Impairment loss	**159,791**	2,839
Option fees received on sale of Hillgrove	**(3,000)**	-
Assets written off / damaged	**607**	-
Movements in commodity hedging	**2,066**	-
(Increase) / decrease in trade and other receivables	**(1,074)**	(9,796)
(Increase) / decrease in inventories	**12,859**	(2,998)
Increase / (decrease) in trade and other payables	**351**	27,826
Increase / (decrease) in provisions	**2,949**	2,317
Increase / (decrease) in deferred revenue	**(12,209)**	43,014
Interest received	**2,159**	1,345
Interest paid *	**(8,285)**	(9,164)
Net cash outflow from operating activities of discontinued operations	**(2,397)**	(3,113)
Net cash outflow from operating activities	**(24,804)**	(42,400)

* Interest paid in the prior period has been updated to include a reclassification of $5,544,000 from repayments of borrowings in financing activities to repayment of interest in relation to the Standard Chartered pre-paid swap and collar structure