

## About Straits Resources

**Straits Resources Limited** (ASX: SRQ) is an established copper producer and developer with multiple mines and a 1.6 Mtpa copper concentrator at its Tritton Copper Operations in New South Wales, Australia.

In FY2015 Straits' Tritton Operations achieved record production of 30,245 tonnes of copper metal exceeding the previously upgraded guidance for FY2015 of 28,500 tonnes. Forecast copper metal production in FY2016 is 28,000 tonnes.

The Company also has an exciting portfolio of highly prospective exploration projects creating a pipeline for future growth, including advanced projects at its Tritton Operations.

Straits' Board and Management team is experienced in all aspects of mining and corporate development.

Straits has a clear vision to become a mid-tier, multi-operation company – delivering shareholder value through an unwavering focus on operational excellence.

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## JUNE QUARTER HIGHLIGHTS

### Operations:

- Tritton Operations achieves new annual copper production record of 30,245t – exceeds upgraded guidance of 28,500t
- June quarter copper production of 6,977t
- FY2016 copper production targeted at 28,000t
- Tritton Deeps drilling program continues

### Corporate:

- Cash and receivables increase by \$3 million during the quarter to \$29.4 million
- Debt Restructure binding agreements executed on 31 July 2015:
  - See separate ASX announcement released 3 August 2015
- Exit of Indonesian assets completed



## Managing Director's Commentary on FY2015

The 2015 financial year (2015) has been another year of significant progress for the company.

The safety of our people remains our highest priority and during 2015 we continued to focus on the behavioural influences of safety management. It has been pleasing to see that the total recordable injury frequency rate has declined substantially over the last two years, however we cannot become complacent and in the coming year we will continue to drive safety education in our workforce.

We achieved a new copper production record at the Tritton Operations in 2015 of 30,245 tonnes, exceeding our original (27,000 tonnes) and upgraded (28,500 tonnes) guidance. This outstanding result was underpinned by consistent performances from both mines and the processing plant along with better than expected copper grades. Copper grades from the North East / Larsens mine were consistently higher than the reserve grade during the year as we mined through a higher grade section of the orebody. These higher copper grades are not expected to continue into the 2016 financial year with copper production guidance of 28,000 tonnes.

At Tritton, the change in mining method to longitudinal stoping resulted in more "in ore" development than previously. The longitudinal stope designs are a better fit with the wide and short strike length ore body geometry encountered at depth and have also provided opportunities to reduce operating costs through lower development metres and less cement required in paste fill.

The focus of the company in the last two and a half years has been about improving operational performance and fixing the balance sheet with only limited funding being allocated to exploration. The best value we can obtain from exploration is to find new resources within trucking distance of the Tritton Processing Plant and accordingly this has been where most of our exploration expenditure has been focused.

The Tritton tenement package remains highly prospective and during the year we were encouraged by results from early stage exploration activities at a number of prospects in the area. Most importantly we commenced a drilling program at "Tritton Deeps", which is the extension of the Tritton orebody between 4,200mRL and 4,000mRL. This drilling program is seeking to improve our confidence of the resource that has previously been identified with the aim of being able to incorporate it into the Life of Mine Plan. The drilling program is expected to be completed in the first quarter of FY2016.

The company holds a number of exploration projects outside of the Tritton region and the strategy is to either divest or joint venture these tenements. During the year we sold the Tick Hill tenement package in Queensland and entered into a farm-out joint venture on the Blayney project in New South Wales.



In late June, almost two years since the Mt Muro gold mine was placed on care and maintenance, the sale of Straits' Indonesian subsidiary (PT IMK), including the Mt Muro gold mine, was completed. We believe this has been a good outcome for the Creditors as they have been able to crystallise value from the assets of PT IMK. Straits did not receive any consideration in relation to the sale and no longer has any interest in or ongoing liability in respect of PT IMK or the Mt Muro Mine.

Repairing the balance sheet and providing a stable financial platform for the company continued to be a major focus during 2015. In mid-June Straits announced that it had signed an indicative non-binding Term Sheet with its lender, Standard Chartered Bank (SCB), and a large Asian based investment firm. The Term Sheet was negotiated in connection with a proposed restructuring of the Company's existing debt and the provision of new money.

On 31 July 2015, Straits executed binding agreements with SCB and Special Portfolio Opportunity V Limited (PAG SPV) that:

- Restructures the current debt with SCB as follows:
  - A Senior Debt of US\$50 million (55% reduction) with 7 year term;
  - Redeemable Convertible Preference Shares being issued to SCB, subject to shareholder approval, equivalent to 60% of Straits' post-refinancing fully diluted equity; and
  - A price participation structure whereby SCB will receive a small percentage of incremental revenue above a copper price of A\$8,000 per tonne
- PAG SPV to:
  - Provide a three year US\$25 million Revolving Priority Debt Facility for growth projects and exploration at the Tritton Copper Operations; and
  - Be issued with, subject to Shareholder approval, Non-Redeemable Convertible Preference Shares equivalent to 15% of Straits' shares post-refinancing fully diluted equity.

PAG SPV, a subsidiary of a large Asian based investment firm with over US\$12 billion under management, is a new strategic partner for Straits.

These transactions with SCB and PAG SPV are breakthrough deals for Straits and its shareholders as they significantly deleverage the Company whilst providing working capital with which to underpin known growth projects at the Tritton Operations. For more detailed information regarding the debt restructure please refer to the ASX announcement made on 3 August 2015.

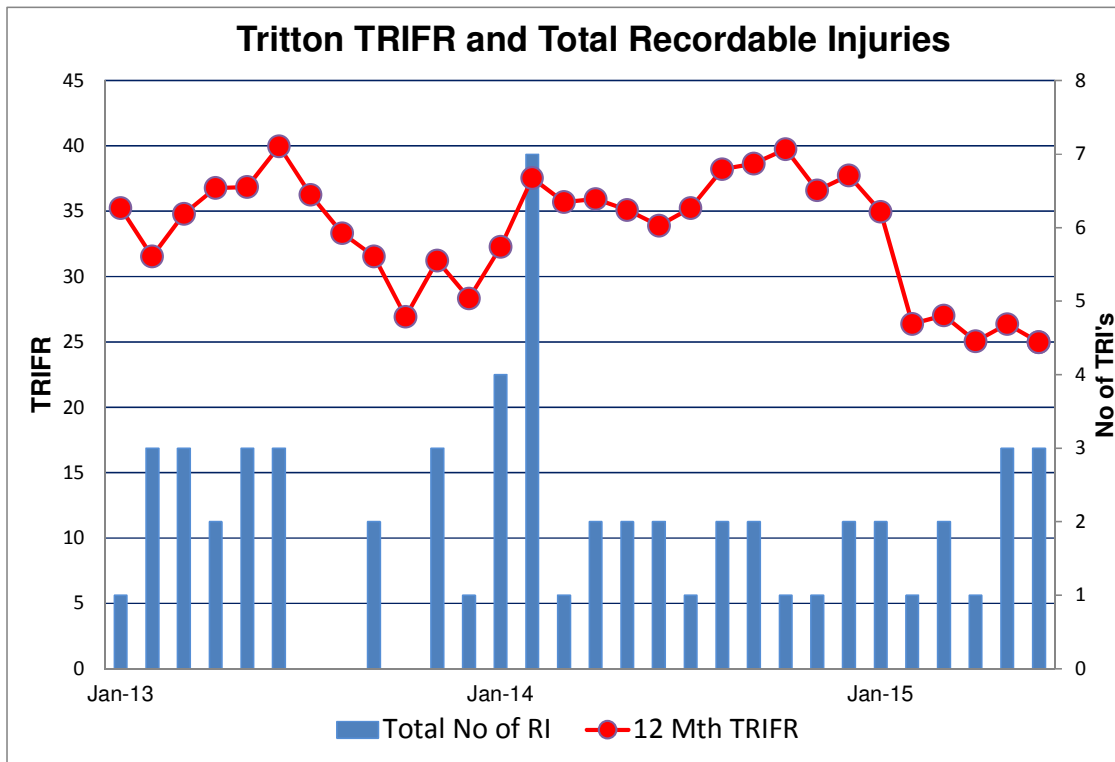


## Q4 FY2015 Quarterly Report

### Safety, Environment and Community

There was one lost time injury during the quarter a drill bit fell on a contractor's foot causing tendon damage.

The total recordable injury frequency rate has fallen to 25.4, a substantial improvement over the rate of the past two years. We continue to prioritise the safety of our work force and we aim to sustain this rate of improvement through a focus on improving safe behaviors.



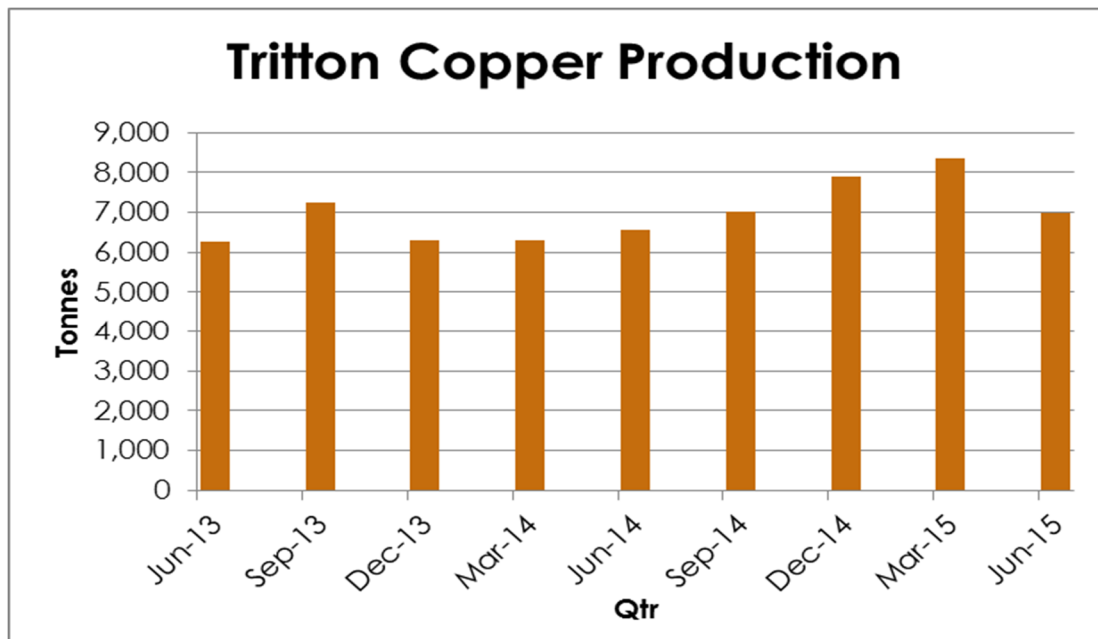


## Tritton Copper Mine (NSW)

### PRODUCTION

The Tritton Operations, which marked its 10<sup>th</sup> anniversary in April this year, set a new annual copper production record in FY2015 of 30,245 tonnes. The record annual copper production was supported by high grade ore mined from the Larsen deposit at the North East mine. This result continued to build on the consistent performances of the last 24 months.

Production for the June quarter was 6,977 copper tonnes, which was lower than the previous quarter but in line with internal forecasts and was influenced by the mining sequence at both Tritton and North East mines moving into areas of the ore bodies with lower copper grades.



Ore processing performance was stable with 407,909 dmt of ore being milled during the quarter. The mill experienced an unplanned 4 day shutdown during the quarter as a result of a SAG Mill gearbox failure. Continued debottlenecking of the plant however has allowed the processing plant capacity to stay ahead of mining output and by the end of the quarter ROM ore stockpiles in front of the mill were back to normal levels. Copper recovery at 94.22% was lower than previous quarters, impacted by the lower head grade.

Exploration drilling of the deeper parts of the Tritton deposit (Tritton Deeps) continued during the quarter with the first phase expected to be completed in the September quarter. This first phase of drilling is seeking to upgrade the current Mineral Resource Estimate down to 4000mRL to allow extension of the Ore Reserve Estimate to this level.

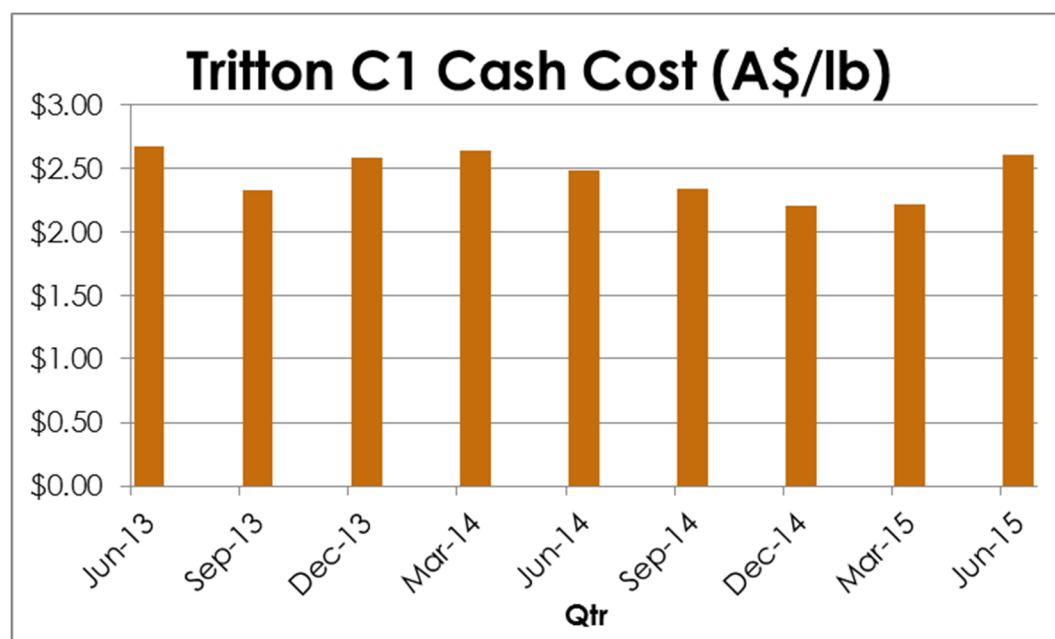


**Tritton Production Statistics**

		JUN 2014 QTR	SEP 2014 QTR	DEC 2014 QTR	MAR 2015 QTR	JUN 2015 QTR
MINED	TONNES	438,306	381,592	426,149	402,049	413,039
GRADE	Cu (%)	1.70%	1.73%	2.05%	2.14%	1.82%
ORE MILLED	TONNES	408,716	420,932	408,473	404,169	407,909
GRADE MILLED	Cu (%)	1.70%	1.75%	2.03%	2.17%	1.81%
RECOVERY	Cu (%)	93.64%	94.52%	94.92%	94.83%	94.22%
COPPER CONCENTRATE PRODUCED	TONNES	27,171	28,875	32,330	34,157	28,005
COPPER CONCENTRATE GRADE	Cu (%)	23.92%	24.10%	24.30%	24.31%	24.77%
CONTAINED COPPER IN CONCENTRATE	TONNES	6,506	6,959	7,858	8,304	6,938
COPPER CEMENT PRODUCED	TONNES	53	53	46	48	39
TOTAL COPPER PRODUCED	TONNES	6,559	7,012	7,904	8,352	6,977

**COSTS**

C1 unit cash costs for the quarter of A\$2.61/lb were higher than the previous quarter and influenced by lower copper production and increased maintenance costs to improve underground equipment fleet reliability.



**Tritton Unit Cost Statistics (A\$/lb)**

	JUN 2014 QTR	SEPT 2014 QTR	DEC 2014 QTR	MAR 2015 QTR	JUN 2015 QTR
TOTAL MINING COSTS	1.40	1.14	1.16	1.04	1.39
TOTAL SITE PROCESSING COSTS	0.37	0.41	0.40	0.30	0.37
TC/RC'S & PRODUCT HANDLING	0.52	0.54	0.39	0.70	0.63
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	(0.10)	(0.04)	(0.04)	(0.05)	(0.06)
OTHER DIRECT CASH COSTS	0.30	0.29	0.29	0.23	0.28
<b>TOTAL C1 COSTS</b>	<b>2.49</b>	<b>2.34</b>	<b>2.20</b>	<b>2.22</b>	<b>2.61</b>
ROYALTIES	0.08	0.04	0.07	0.08	0.09
CONCENTRATE INVENTORY MOVEMENT	0.13	0.11	(0.67)	0.51	0.17
TOTAL CASH COSTS	2.70	2.49	1.60	2.81	2.87
DEPRECIATION & AMORTISATION	0.51	0.38	0.32	0.40	0.54
TOTAL PRODUCTION COSTS	3.21	2.87	1.92	3.21	3.41

Total unit production costs were higher than the previous quarter primarily due to lower copper production, increased C1 costs and higher amortization and depreciation, partially offset by lower stock adjustments.

Capital expenditure at Tritton in the quarter was \$9.5million. Property plant and equipment of \$5.5M for June quarter, includes \$4.0 million spent on equipment rebuilds and purchasing of new and second hand mobile fleet.

**Tritton capital expenditure (A\$ Million)**

	SEPT 2014 QTR	DEC 2014 QTR	MAR 2015 QTR	June 2015 QTR
PROPERTY, PLANT AND EQUIPMENT	3.6	2.7	1.4	5.5
MINING DEVELOPMENT	5.1	4.4	3.5	2.9
EXPLORATION	0.5	0.5	0.5	1.1
TOTAL	9.2	7.6	5.4	9.5

**OUTLOOK**

Copper production guidance for FY2016 is 28,000 tonnes



## Mt Muro Gold Mine (Indonesia)

On 10th October 2014, the Commercial Court at the Central Jakarta District Court approved a Settlement Plan proposed by Straits' wholly owned subsidiary, PT Indo Muro Kencana (PT IMK), owner of the Mt Muro gold mine, to the Creditors of PT IMK.

On 19 June 2015, the Creditors of PT IMK completed the sale of PT IMK to the Purchaser.

The sale includes transfer to the Purchaser of Straits' subsidiaries (Muro Offshore Pty Ltd and Indo Muro Pty Ltd) that hold all the PT IMK shares.

PT IMK Creditors have provided appropriate releases to the Directors and Commissioners of PT IMK and also to Straits.

Straits and its remaining subsidiaries have no ongoing obligations to the Creditors of PT IMK and have only provided limited warranties to the Purchaser. Straits will not receive any consideration in relation to the sale. As a result of the transaction, Straits no longer has any interest in or ongoing liability in respect of PT IMK or the Mt Muro Mine.

## Exploration and Project Development

### TRITTON MINES AND SURROUNDING TENEMENTS

Straits currently holds 184,600 hectares in the prospective Tritton VMS district. This is made up of four granted exploration and three mining leases. Six major mafic complexes have been identified within a sequence of sedimentary rocks with a combined strike length of greater than 100km. Numerous anomalies have been identified and remain untested in the Tritton region (see Figure 1).

An exploration strategy has been steadily evolving for the region and has been extremely effective in both identifying and testing for VMS sulphide systems as demonstrated by Straits' exploration success at Avoca Tank, Kurrajong, Carters and Budgery.

The quality of the remaining targets in the Tritton region and the potential for further discoveries in this large VMS copper district remains excellent. Straits previous success and the knowledge that Besshi VMS systems like Tritton are characterised by repeats along strike, multiple horizons and lenses and significant depth potential gives the company great confidence for the discovery of additional deposits along the multiple prospective horizons within the Tritton region.

At Tritton the current Ore Reserve extends down to the 4,200mRL level while the Mineral Resource extends down to the 4,000mRL (1,280m below surface). Importantly mineralisation has not been closed off at depth below this level.



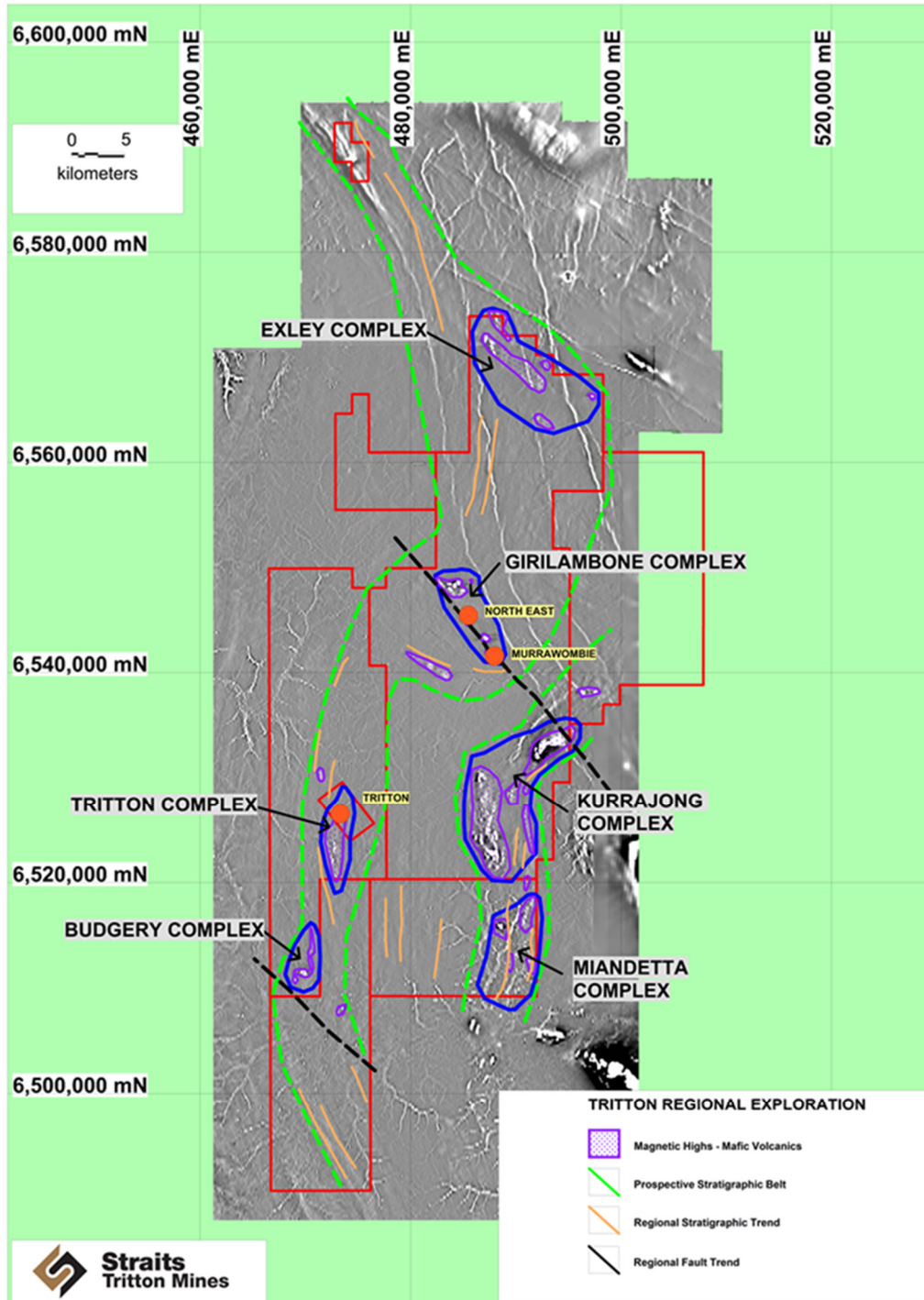


Figure 1: Tritton Region showing known basement complexes prospective for VMS systems and current operations.



A drilling program has recently commenced to better define the orebody below 4,200mRL, known as "Tritton Deeps". The Tritton Deeps" project is a multi-phase drill program designed to test mineralisation continuity below current drilling information and extend the Mineral Resource Inventory to the 3,800mRL level (1,480m below surface).

Phase 1 of the Tritton Deeps drill program (6,600m) is targeted to increase the level of confidence in the Mineral Resource and to seek to prove up an estimate of an Ore Reserve between 4,200mRL and 4,000mRL. Tritton Deeps Phase 1 represents the single largest opportunity within the company's existing Mineral Resource portfolio to convert significant material to an Ore Reserve. The geology model and Mineral Resource will be updated at the completion of the Phase 1 drill program.

#### **Girilambone North Mafic Complex**

During the quarter a near mine exploration drill program commenced within the Larsens – North East VMS system (Girilambone North Complex). An extensive review of the geology data (drill holes, geophysics and mapping data) has resulted in the identification of a number of drill targets within proximity to the Larsens and Hartmans deposits. The initial drill program is designed to test the potential of each target to host an economic VMS system and commence infill drilling with the view to increase the Mineral Resource base.

#### **Avoca Magnetic Complex**

A regional RC drill program commenced towards the end of the quarter, targeting coincident geochemical and magnetic anomalies proximal to Mafic units within the Avoca Magnetic Complex. Down hole transient electromagnetic surveys (DHTEM) will be completed on selected drill holes to test for off-hole conductors.

## **Corporate**

### **CASH**

At the end of the June quarter, Straits had useable cash and receivables of \$29.4 million, an increase of \$3 million on the previous quarter, with higher cash balances at the end of the quarter partially offset by lower concentrate receivables.

<b>\$million</b>	<b>Jun 2015 Quarter</b>	<b>Mar 2015 Quarter</b>
Useable Cash - Straits Corporate and Tritton	24.0	18.4
Tritton - Copper concentrate receivables	5.4	8.0
<b>Straits/Tritton - Useable Cash and Receivables</b>	<b>29.4</b>	<b>26.4</b>
Investments	2.1	2.9

Investments decreased as a result of the sale of some listed share investments and share price decreases.

Corporate capital expenditure for the quarter was nil.



### TRITTON DEBT RESTRUCTURE WITH STANDARD CHARTERED BANK

On 31 July 2015, Straits executed binding agreements with SCB and Special Portfolio Opportunity V Limited (PAG SPV) that:

- Restructures the current debt with SCB as follows:
  - A Senior Debt of US\$50 million (55% reduction) with 7 year term;
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For more detailed information regarding the debt restructure please refer to the ASX announcement made on 3 August 2015.

For further information contact:

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or go to our website at [www.straits.com.au](http://www.straits.com.au)

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