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## Straits Metals Limited – Information Memorandum

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In relation to the application for admission of Straits Metals Limited to the official list of the Australian Securities Exchange

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## 1 Purpose of Information Memorandum

This Information Memorandum has been prepared by Straits Metals Limited ACN 147 131 977 (**Straits Metals**) in connection with its application for:

- (a) admission to the official list of ASX; and
- (b) Straits Metals Shares to be granted official quotation on the stock market conducted by the ASX.

The Information Memorandum will only apply if the Demerger Scheme is approved and implemented.

The Information Memorandum:

- is not a prospectus or disclosure document lodged with ASIC under the Corporations Act; and
- does not constitute or contain any offer of Straits Metals Shares for subscription or purchase or any invitation to subscribe for or buy Straits Metals Shares.

## 2 Incorporation of Demerger Scheme Booklet

- (a) Capitalised terms defined in the Demerger Scheme Booklet prepared by Straits Resources Limited ACN 056 601 417 (**Straits**) dated 17 December 2010 (a copy of which is included as an Annexure to this Information Memorandum) have the same meaning where used in this Information Memorandum (unless the context requires otherwise).
- (b) The following parts of the Demerger Scheme Booklet and any supplementary booklets issued in connection with the Demerger Scheme are taken to be included in this Information Memorandum:
  - Important notices, to the extent that it relates to Straits Metals;
  - Letter from the Chairman of Straits, to the extent that it relates to Straits Metals;
  - Overview of the Demerger, to the extent that it relates to Straits Metals;
  - Timetable of key dates and times, to the extent that it relates to Straits Metals;
  - Summary of the Demerger, to the extent that it relates to Straits Metals;
  - Straits Metals business summary;
  - Key reasons to vote for or against the Demerger, to the extent that it relates to Straits Metals;
  - Frequently asked questions, to the extent that it relates to Straits Metals;

- Relationship between the Demerger and the Acquisition Proposal, to the extent that it relates to Straits Metals;
- Section 1 (Detailed summary of the Demerger), to the extent that it relates to Straits Metals;
- Section 2 (Advantages and disadvantages), to the extent that it relates to Straits Metals;
- Section 3 (Risk factors), to the extent that it relates to Straits Metals;
- Section 4 (Information on Straits Metals);
- Section 5 (Straits Metals pro forma historical financial information);
- Section 8 (What if either or both the Demerger Scheme and Acquisition Scheme are not implemented?), to the extent that it relates to Straits Metals;
- Section 9 (Tax considerations), to the extent that it relates to Straits Metals;
- Section 10 (Additional information), to the extent that it relates to Straits Metals;
- Section 11 (Glossary of terms);
- Annexure A (Independent Expert's Report), to the extent that it relates to Straits Metals;
- Annexure B (Investigating Accountant's Reports), to the extent that it relates to Straits Metals;
- Annexure C (Summary of material contracts), to the extent that it relates to Straits Metals;
- Annexure D (Employee Incentive Arrangements); and
- Annexure F (Demerger Deed Poll).

### 3 Information Memorandum contents

The Straits Metals Directors believe that this Information Memorandum contains all the information which would have been required under section 710 of the Corporations Act if the Information Memorandum were a prospectus in respect of an offering by Straits Metals of the same number of Straits Metals Shares as will be transferred to Scheme Shareholders under the Demerger Scheme.

## **4 ASX takes no responsibility for the Information Memorandum**

Neither ASX nor any of its officers take any responsibility for the contents of this Information Memorandum. The fact that ASX may admit Straits Metals to the official list of ASX should not be taken in any way as an indication of the merits of an investment in Straits Metals.

## **5 Disclosure of interests**

### **5.1 Directors**

Other than as set out in this Information Memorandum or in the Demerger Scheme Booklet, no director or proposed director of Straits Metals, or any entity in which the director or proposed director is member or partner, has at the date of this Information Memorandum, or has had within two years before the date of this Information Memorandum, any interest in the promotion of Straits Metals or in any property acquired or proposed to be acquired by Straits Metals and no amounts, whether in cash or securities or otherwise, have been paid or agreed to be paid by any person to any director or proposed director, or to any entity in which a director or proposed director is a member or partner, either to induce them to become, or to qualify them as, a director, or otherwise for services rendered by them or by the entity in connection with the promotion or formation of Straits Metals.

### **5.2 Experts**

- (a) Except as set out in this Information Memorandum or in the Demerger Scheme Booklet, no expert named in this Information Memorandum or entity in which any such expert is a partner or member has any interest in the promotion of Straits Metals or in any property acquired or proposed to be acquired by Straits Metals and no amounts, whether in cash or securities or otherwise, have been paid or agreed to be paid by any person to any such expert or to any entity in which any such expert is a partner or member for services rendered by him or her or the entity in connection with the promotion or formation of Straits Metals.
- (b) The persons named in the Demerger Scheme Booklet as performing a function in a professional, advisory or other capacity on behalf of Straits in connection with the preparation or distribution of the Demerger Scheme Booklet are Corrs Chambers Westgarth (as Australian legal adviser), PricewaterhouseCoopers Securities Ltd (as the Investigating Accountant), Ernst & Young Transaction Advisory Services Limited (as the Independent Expert), PricewaterhouseCoopers (as Australian taxation adviser), Computershare Investor Services Pty Limited (as manager of Straits' Share Registry) and Standard Chartered Bank (as financial adviser). Each of them will be entitled to receive professional fees charged in accordance with their normal basis of charging.

## 6 Consents

- (a) The following parties have given and have not, before the lodgement of this Information Memorandum with ASX, withdrawn their written consent to be named in the Demerger Scheme Booklet in the form and context in which they are named:
- Corrs Chambers Westgarth as Australian legal adviser;
  - Computershare Investor Services Pty Limited as the manager of Straits' Share Registry; and
  - Standard Chartered Bank as financial adviser to Straits.
- (b) The following parties have given and have not, before the lodgement of this Information Memorandum with ASX, withdrawn their written consent to the inclusion of the following information in the Demerger Scheme Booklet in the form and context in which it is included and to all references in the Demerger Scheme Booklet to that information in the form and context in which they appear:
- Ernst & Young Transaction Advisory Services Limited has consented to the inclusion of the Independent Expert's Report in Annexure A of the Demerger Scheme Booklet and to the references to the Independent Expert's Report in the Demerger Scheme Booklet being made in the form and context in which each such reference is included;
  - PricewaterhouseCoopers has consented to the inclusion of the taxation opinion set out in section 9 of the Demerger Scheme Booklet and to the references to the taxation opinion in the Demerger Scheme Booklet being made in the form and context in which each such reference is included; and
  - PricewaterhouseCoopers Securities Ltd has consented to the inclusion of the Investigating Accountant's Reports in Annexure B of the Demerger Scheme Booklet and to the references to the Investigating Accountant's Reports in the Demerger Scheme Booklet being made in the form and context in which each such reference is included.
- (c) Each person named in paragraphs (a) and (b) above:
- has not authorised or caused the issue of the Demerger Scheme Booklet;
  - does not make, or purport to make, any statement in the Demerger Scheme Booklet or any statement on which a statement in the Demerger Scheme Booklet is based other than a statement included in the Demerger Scheme Booklet with the consent of that person; and
  - to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Demerger

Scheme Booklet, other than a reference to its name and any statement or report which has been included in the Demerger Scheme Booklet with the consent of that person.

## 7 Supplementary information

Straits Metals and/or Straits will issue a supplementary Information Memorandum if either of them becomes aware of any of the following between the date of this Information Memorandum and the date the Straits Metals Shares are quoted on ASX:

- a material statement in this Information Memorandum being misleading or deceptive;
- a material omission from this Information Memorandum;
- a significant change affecting a matter included in this Information memorandum; or
- a significant new matter arising that would have been required to be included in this Information Memorandum if it had arisen before the date of this Information Memorandum.

## 8 Financial information and working capital requirements

(a) Section 5 of the Demerger Scheme Booklet sets out:

- summary pro forma historical income statements for Straits Metals for the financial years ended 30 June 2009 and 30 June 2010;
- summary pro forma historical operating and investing cash flows before financing activities and tax for Straits Metals for the financial years ended 30 June 2009 and 30 June 2010; and
- a pro forma historical balance sheet as at 30 June 2010.

(b) The Straits Metals Directors believe that there is enough working capital for Straits Metals to carry out its objectives stated in the Demerger Scheme Booklet.

## 9 Authorisation

Each director of Straits Metals has provided Mark Hands with a written authorisation to sign this Information Memorandum on their behalf.

Signed on behalf of each director of Straits Metals:

  
Milan Jerkovic, Director

  
Michael George Gibson, Director

  
Alan James Good, Director

  
William Edward Alastair Morrison, Director

  
Garry George Lowder, Director

Dated: 13 JANUARY 2011



# Annexure

## Demerger Scheme Booklet