

**STRAITS RESOURCES LIMITED**  
**(ASX: SRQ)**

**Reserve increase for the Mt Muro epithermal gold and silver project**

Following on from the resource upgrade announced in March 2011 for the 100% owned Mt Muro gold mine in Indonesia, Straits Resources Limited (SRQ) is now pleased to announce a significant increase in reserves. New reserves are detailed in Table 1 below.

**Key Points**

- JORC compliant reserve upgrade of **379 Koz Recovered AuEq**, an increase of 152%. The total reserve base has increased to **629 Koz Recovered AuEq**.
- New reserves have been calculated for the Serujan and Bantian areas both of which are close to existing mine infrastructure and amenable to open pit mining.
- The increased reserve is extremely positive for Mt Muro and initial planning shows that it is expected to support production in excess of 100k oz AuEq per annum with average total costs for FY2012 to FY2014 not exceeding US\$850/oz. Detailed planning is now underway for a ramp up in production during FY2012. A forecast production profile and costing will be announced when this work is completed.
- Drilling continues with further increases in reserves & resources expected over the next 12 to 18 months as a result of continuing exploration activities and pit design work.
- Total historic production combined with current resources for the Mt Muro Volcanic complex are in excess of 4 Moz AuEq, establishing Mt Muro as a significant epithermal province.

Table 1: Mt Muro Total Reserves

<i>Mt Muro Probable Reserves - as at 31 March 2011</i>									
<i>Deposit</i>	<i>Cut Off Gold Eq</i>	<i>Mining Method</i>	<i>Tonnes (t)</i>	<i>Gold (g/t)</i>	<i>Silver (g/t)</i>	<i>Gold Eq (g/t)</i>	<i>Gold (oz)</i>	<i>Silver (oz)</i>	<i>Gold Eq (oz)</i>
<i>SERUJAN</i>	0.5	OP	3,300,000	2.6	73	4.2	250,000	5,600,000	380,000
<i>BANTIAN</i>	0.5	OP	1,800,000	1.5	37	2.3	80,000	1,500,000	100,000
<i>OTHER</i>	1.0	OP	440,000	2.8	44	3.8	34,000	440,000	55,000
<i>SOAN</i>	2.0	UG	520,000	5.2	64	6.6	80,000	740,000	94,000
<i>Sub Total Open Pit</i>	Variable	OP	<b>5,540,000</b>	<b>2.2</b>	<b>42</b>	<b>3.2</b>	<b>364,000</b>	<b>7,540,000</b>	<b>535,000</b>
<i>Sub Total Underground</i>	2.0	UG	<b>520,000</b>	<b>5.2</b>	<b>64</b>	<b>6.6</b>	<b>80,000</b>	<b>740,000</b>	<b>94,000</b>
<i>Total Reserves</i>	Variable	All	<b>6,060,000</b>	<b>2.5</b>	<b>42</b>	<b>3.4</b>	<b>444,000</b>	<b>8,280,000</b>	<b>629,000</b>
<i>Mt Muro Total Probable Reserve - as at 30 June 2010</i>									
<i>Total OP and UG</i>	Variable	All	<b>1,900,000</b>	<b>3.4</b>	<b>64</b>	<b>4.8</b>	<b>190,500</b>	<b>2,700,000</b>	<b>250,000</b>
<i>Total Reserves</i>	Variable	All	<b>1,900,000</b>	<b>3.4</b>	<b>64</b>	<b>4.8</b>	<b>190,500</b>	<b>2,700,000</b>	<b>250,000</b>

All reported reserves at Mt Muro are currently classified as Probable (JORC)

Gold Equivalent values calculated using a \$US1300 and \$US28 price ratios (Gold Eq = Gold + Silver/(1300/28)).

Gold Equivalent calculations and reported ounces do not have gold and silver recoveries applied.

Current and Historical Metallurgical recoveries for Gold range from 90 to 93% and Silver from 65 to 72%.

All tonnage, grade and ounce values have been rounded to relevant significant figures. Slight errors may occur due to rounding of these values.

See Appendix 1 for additional Mineral Reserve Notes

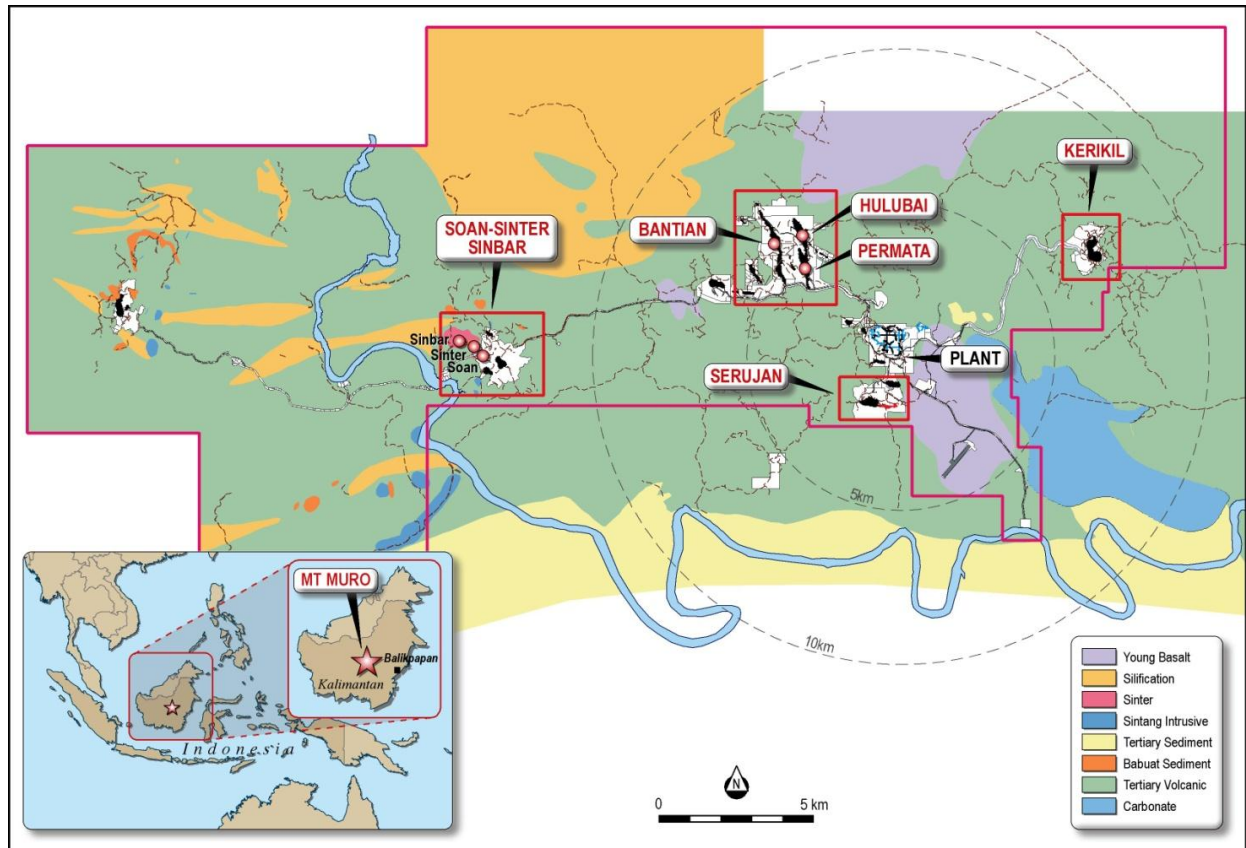


Figure 1. Mt Muro location map with project areas.

## Appendix 1

### Mineral Reserve Notes for Table 1

- The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr Byron Dumpleton, who is a member of the Australasian Institute of Geoscientists. Mr Dumpleton is a full-time employee of Straits Resources Limited with over 23 year's experience in exploration, mining, economic evaluations and has sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Dumpleton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- Mineral Resources are Inclusive of Ore Reserves.
- No Inferred material has been reported in these figures.
- Discrepancies in summations will occur due to rounding.
- Gold Eq numbers reported are based US\$1300 for Gold and US\$28 for Silver. No recovery factors have been applied to the "Insitu" Gold Eq value.
- Mt Muro Open Pit reserves for deposits within *Deposit Other* are based pit designs from Whittle Four-X optimised pit shells. Mining dilution and recoveries are proportional to vein widths and have been estimated from 10 to 50% and 85 to 95% respectively. Metallurgical recoveries are based on 90 to 91% recovery for gold and 65 to 70% recovery for silver. Metal pricing used to calculate reserves for *Other Deposit* are Au: US\$1000/oz, Ag: US\$15/oz. "*Other Deposits*" incorporates reserves for Langantihan, Anak Dua, and Hulubai form from work conducted during 2010.
- Mt Muro Open Pit reserves for "Bantian and Serujan" are based pit designs from Whittle Four-X optimised pit shells. Mining dilution applied at resource modelling phase and 5% ore loss applied when optimising. Metallurgical recoveries are based on historical averages of 93% recovery for gold and 72% recovery for silver. Metal pricing used to calculate reserves Bantian and Serujan are Au: US\$1300/oz, Ag: US\$28/oz.
- Mt Muro Underground reserves have been reported against mining shapes with an additional allowance of 5% mining dilution and 95% mining recovery. Metallurgical recoveries are based on 91% recovery for gold and 70% recovery for silver. Metal pricing used to calculate reserves for the Underground Operations are Au: US\$1000/oz and Ag: US\$15/oz.