



# Straits Resources Limited

Financial Results

5 month Period Ending 30 June 2011

31 August 2011



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## POSITIONED FOR GROWTH

- Loss of \$19.0 million
  - Income tax benefit of \$12.9 million not recognised. Recognition would have resulted the net loss reducing to \$6.1 million
  - Includes \$2.5 million loss related to discontinued operations.
- EBITDA from operations of \$2.6 million
  - Tritton EBITDA of \$1.7 million
  - Mt Muro EBITDA of \$0.9 million
- Cash and Investments \$74 million
  - Cash and cash equivalents position of \$36.7 million
- Investments in Capital, Development and Exploration of \$37 million
- Market capitalisation \$260 million



## POSITIONED FOR GROWTH

- Tritton delivering on recapitalisation programme
  - Resources increased to 29.9 million tonnes at 1.6% copper
  - Production stabilised at a minimum 25,000 tonnes per annum Copper
  - Tritton Deeps exploration has confirmed the down dip extension of the main ore body
- Mt Muro recapitalisation progress
  - Significant redevelopment of Serujan open pit
  - Resources increased to 2 million Au equivalent ounces
  - Production target of 70,000 Au equivalent ounces in FY 2012
- Other exploration success
  - Post year end new discovery at Avoca Tanks
  - Greenfields Lachlan Fold belt (NSW) extended mineralisation at Temora project
- Magontec – Sold effective 4 July 2011
- Hillgrove
  - Agreement reached between Ancoa NL and Straits with Straits receiving consideration of \$20 million in cash and \$20 million in Ancoa NL shares.

# Financial Overview

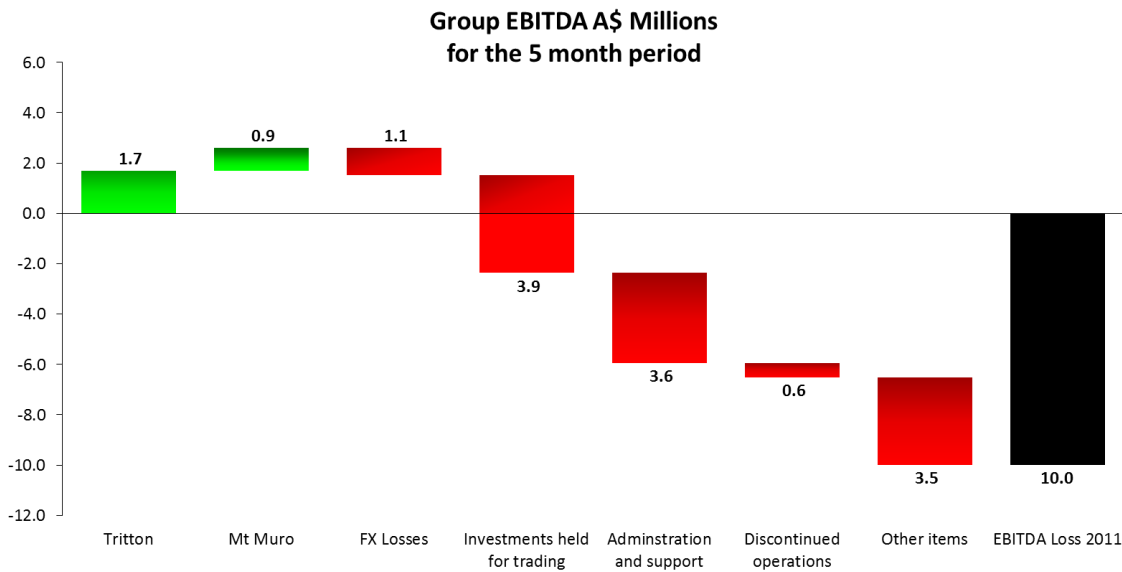




# Financial Overview

## OPERATIONS EBITDA OF \$2.6 MILLION

- Mining operations generated positive EBITDA of \$2.6 million

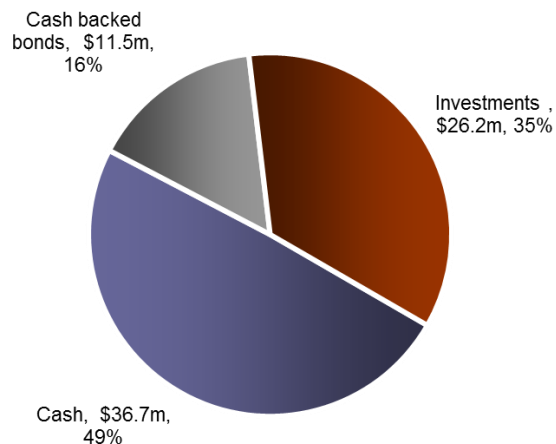


EBITDA \$m	Feb - Jun 2011
Tritton	\$1.7
Mt Muro	\$0.9
FX Losses	(\$1.1)
Investments held for trading	(\$3.9)
Administration and support	(\$3.6)
Other items	(\$3.4)
<b>EBITDA Continuing operations</b>	<b>(\$9.4)</b>
Discontinued operations	(\$0.6)
<b>Total EBITDA</b>	<b>(\$10.0)</b>



# Financial Overview

## CASH, INVESTMENTS & BORROWINGS OF \$74 MILLION

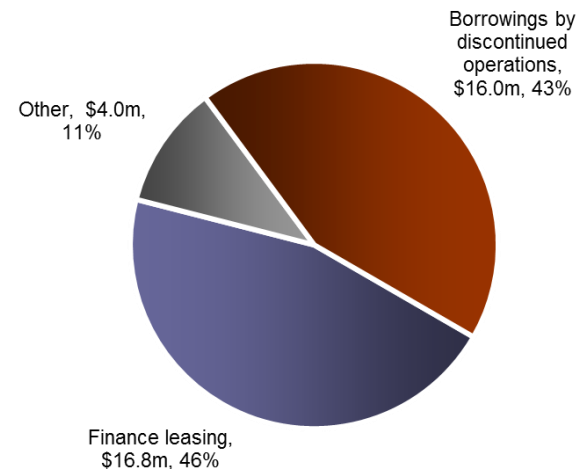


### Cash

- Approximately 45% of cash held in USD;
- 95% of funds held with Australia based financial institutions with A- ratings or better (e.g. ANZ, Macquarie, Commonwealth Bank).

### Bonds

- Relates to environment bonds required under law to be put in place for the Groups operations. Classified in balance sheet under receivables.
  - Amounts are determined by Government bodies.
- Investments
  - The Group has minor investments in a few listed resource companies as a result of direct share purchases or through asset sales in exchange for equity.



### Hire Purchase and Finance Leases

- Primarily utilised to acquire mining equipment at Tritton.

### Discontinued Operations

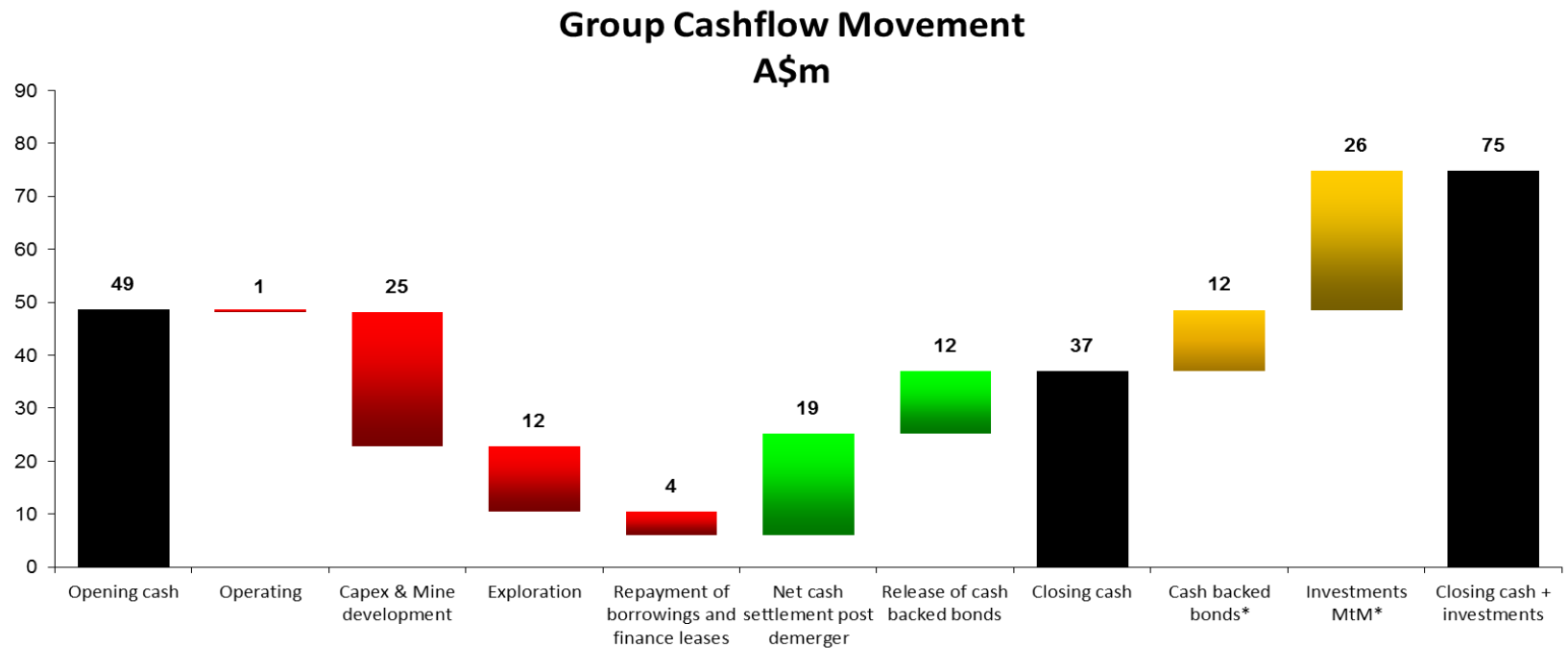
- Trade finance used by Magontec to fund inventory's and working capital.
- Classified as liabilities held for sale.



# Financial Overview

## CASHFLOWS

- \$37 million of capital, mine development and exploration investment for the year
- Positive operating cash flows of continuing operations







# Financial Overview – Capital and Development

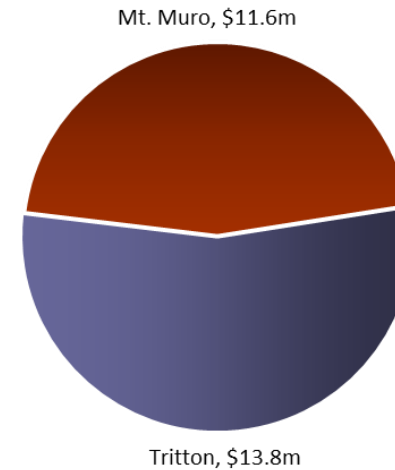
## SUBSTANTIAL RE-INVESTMENT INITIATIVES

### Tritton

- Commencement of owner operated mining
- Continued development of Tritton underground using “Bottom-up” mining method North East development continued
- Completion of paste-fill plant

### Mt Muro

- Focus on Serujan open pit development

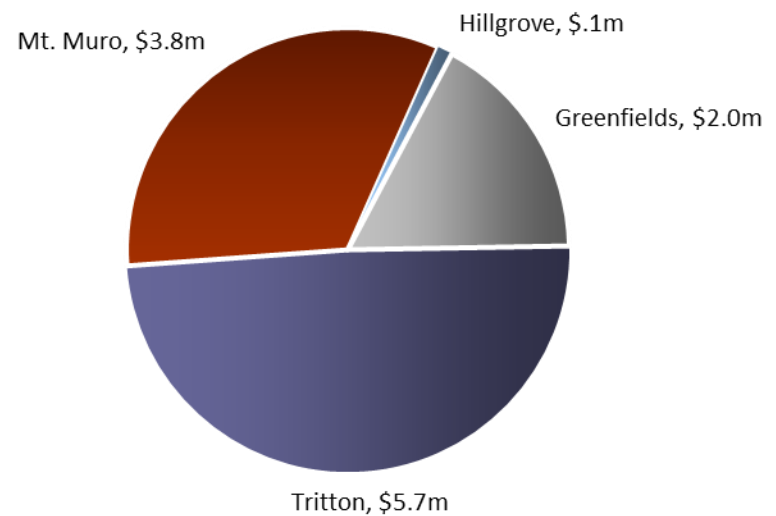




# Financial Overview - Exploration

## FOCUSED EXPLORATION ACTIVITY

- Exploration expenditure of \$11.6 million
  - Includes drilling at greenfields and existing operations
- Increase in copper reserve at Tritton to 172,000 tonnes
- Mt Muro resource increased to 2 million Au equivalent ounces and reserves to over 600,000oz AuEq
- Exploration at Hillgrove was limited to definition and near mine exploration drilling
- Greenfields
  - Lachlan Fold Belt (NSW) – further drilling at Temora project with a new resource calculation to be completed in 2012.
  - Drilling in the Blayney tenements targeting Cadia style mineralisations





# Financial Overview – Balance Sheet

A\$M's	Jun-11	Notes
<b>Assets</b>		
Cash	36.7	Approximately 45% of cash held in USD. Approximately 95% held in Australian based institutions with A ratings or better.
Receivables	36.7	Includes \$11.5m of cash backed performance bonds.
Inventory	23.8	Tritton and Mt Muro unfinished and finished goods stockpiles.
Other Financial Assets	27.9	Investments held for trading represent \$26.2m.
Derivative financial instruments	3.4	Net in the money position on fx derivatives.
Assets classified as held for sale	65.8	Gross Asset value of Magontec business and Hillgrove mine of \$61.7m.
Tax assets	17.8	Deferred tax asset of the continuing operations.
Property, plant and equipment	113.1	Book value of the Groups assets held by subsidiaries.
<b>Total assets</b>	<b>325.2</b>	
<b>Liabilities</b>		
Payables	42.2	Trade creditors and accrued expenses.
Interest bearing liabilities Current	8.3	Financing leases and hire purchase contracts \$7.8m with the balance associated with other loans.
Interest bearing liabilities Non-Current	12.3	Financing leases and hire purchase contracts \$9.1m along with other loans \$3.2m.
Liabilities classified as held for sale	38.0	Gross liabilities value of Magontec business and Hillgrove mine. Includes trade financing associated with Magontec operations.
Provisions	19.7	Provisions for mine closure and employee related provisions.
Non Interest Bearing Facilities	0.3	
<b>Total Liabilities</b>	<b>120.8</b>	
<b>Net Assets/Shareholders Equity</b>	<b>204.4</b>	

# Operating Review





# Tritton Review

## SUCCESSFULLY TRANSITIONING TO OWNER OPERATOR MINING

- Production in FY2011 of 23,936 tonnes
- Copper production stabilised at a minimum of 25,000tpa
- Significant investment continued on recapitalisation and efficiency programmes
  - Change to “bottom up” mining method
  - Undertaking owner operator functions
  - Preparing North East mine to commence production
- Exploration success
  - Increase in total resources to 479,000 tonnes of copper
  - Program in FY 2011 increased reserve base by 28% to 172,000 tonnes of recoverable copper
- Sites financial performance constrained by high TC/RC's

Production Statistics		Feb - Jun 2011
Development	Metres	<b>2,835</b>
Ore Mined (Tritton)	Tonnes	<b>504,575</b>
	Grade (%)	<b>2.06</b>
	Cu Tonnes	<b>10,418</b>
Ore Milled	Tonnes	<b>518,511</b>
	Grade (%)	<b>2.04</b>
	Cu Tonnes	<b>10,583</b>
Recovery	%	<b>95.4</b>
Concentrate	Tonnes	<b>40,729</b>
	Cu %	<b>24.8</b>
	Cu Tonnes	<b>10,093</b>
Cement	Cu Tonnes	<b>275</b>

Resources	Measured	Indicated	Inferred	Total
Tonnes (kt)	2,620	19,950	7,340	<b>29,910</b>
Cu (%)	2.5	1.5	1.4	<b>1.6</b>
Reserves	Proved	Probable	Total	
Tonnes (kt)	1,670	8,730	<b>10,400</b>	
Cu (%)	2.3	1.6	<b>1.8</b>	
Cu recoverable (t)	37,000	135,000	<b>172,000</b>	



# Mt Muro Review

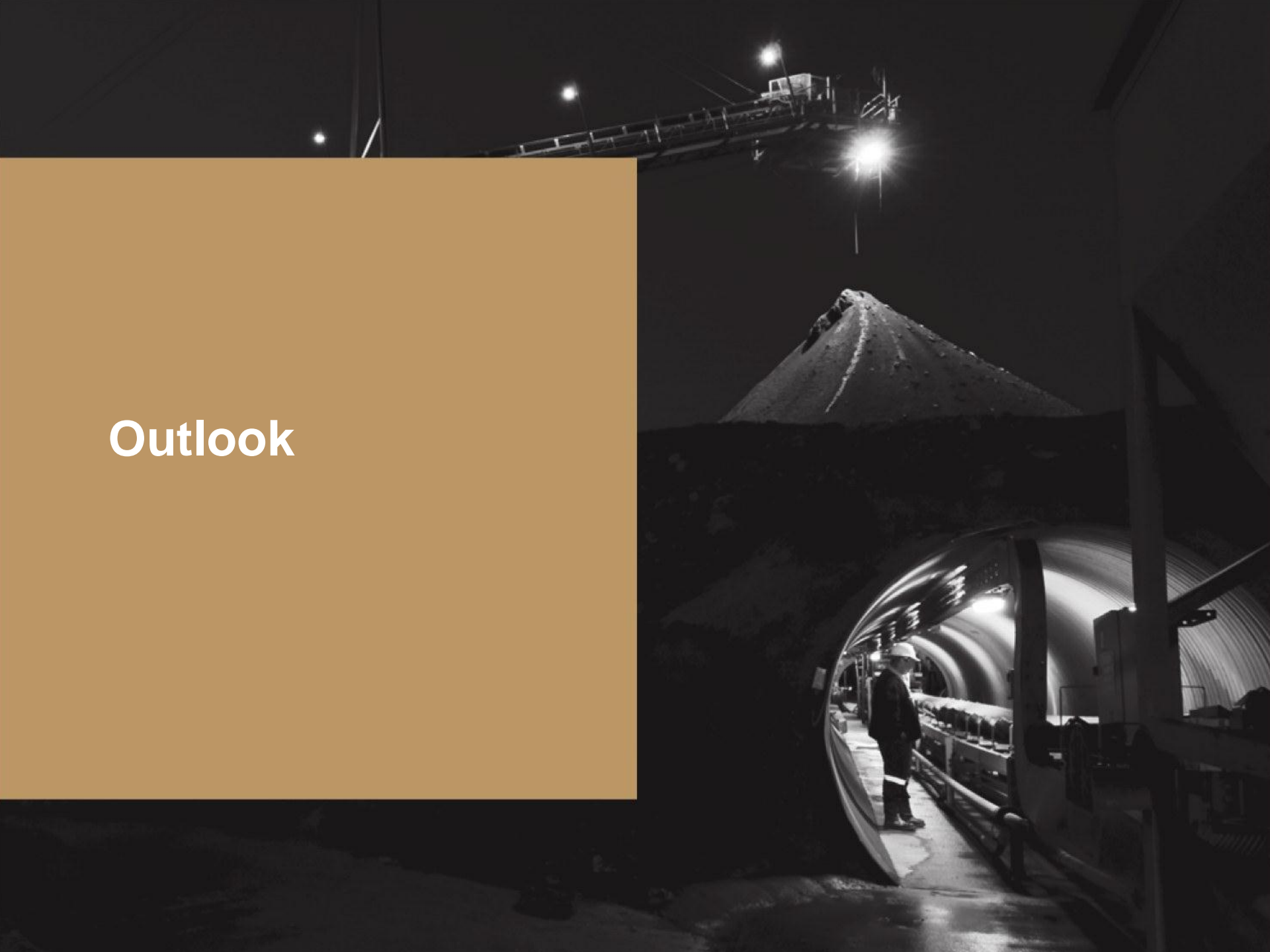
## RESERVES SIGNIFICANTLY INCREASED TO OVER 600,000 AU EQUIVALENT OUNCES

- Plant placed on care and maintenance for approximately three months whilst pre-stripping at Serujan undertaken
- Exploration programme successfully increased reserves to over 600,000oz AuEq.
- Operation is now well established to deliver a stable, capitalised operating platform capable of delivering in excess of 100,000oz AuEq per annum at a targeted cost of less than US\$850 per AuEq oz

Production Statistics	Feb - Jun 2011
Overburden (bcm)	2,277,041
Ore mined (dmt)	186,865
Ore feed to plant (dmt)	167,493
Gold grade (g/t)	1.93
Silver grade (g/t)	52.46
Gold recovery (%)	95.0
Silver recovery (%)	77.6
Gold production (oz)	9,278
Silver production (oz)	203,858

Resources	Measured	Indicated	Inferred	Total
Tonnes (kt)	-	19,060	8,540	<b>27,600</b>
Au (g/t)	-	1.4	1.6	<b>1.4</b>
Ag (g/t)	-	43	31	<b>39</b>
Reserves	Proved	Probable	Total	
Tonnes (kt)	-	5,930	<b>5,930</b>	
Au (g/t)	-	2.5	<b>2.5</b>	
Ag (g/t)	-	59	<b>59</b>	
Au recovered (oz)		438,000	<b>438,000</b>	
Ag recovered (oz)		8,060,000	<b>8,060,000</b>	

# Outlook





## STRAITS IS NOW WELL POSITIONED FOR GROWTH IN COPPER AND GOLD PRODUCTION AND EXPLORATION

- **Copper**
  - Tritton stabilised at 25,000 tpa copper production
  - Reserve base increased to approximately 7 years production
- **Gold**
  - Mt Muro re-capitalisation predominantly completed
  - Reserve base significantly increased to over 600,000oz AuEq
  - Strategy to significantly increase production over the next two years
- **Active Exploration**
  - At existing operations of Tritton Resources and Mt Muro
  - Temora & Blayney projects in New South Wales
  - South Australia
- Strong balance sheet with Cash and Investments of \$74 million



- For further information contact:
- Milan Jerkovic – Chief Executive Officer
- +61 (8) 9480 0500
- David Greenwood – Executive General Manager  
External Affairs & Exploration
- +61 (8) 9480 0500
- Gail Campbell – Chief Financial Officer
- +61 (8) 9480 0500

- Straits Resources Limited
- Level 1, 35 Ventnor Avenue
- WEST PERTH WA 6005
- Telephone: 61 (8) 9480 0500
- Email: [info@straits.com.au](mailto:info@straits.com.au)
- [www.straits.com.au](http://www.straits.com.au)

