Straits

17 NOVEMBER 2011 **ASX / MEDIA RELEASE**

STRAITS RESOURCES LIMITED
(ASX: SRQ)

CHAIRMANS ADDRESS AGM

Dear Shareholder,

2011 has been a busy year for your company. Straits Resources Limited (ASX: SRQ) ("Straits") was formed through the de-merger of the metal assets from diversified resource company Straits Resources Limited (renamed International Coal Holdings Ltd), and was listed on the Australian Stock Exchange on 1 February 2011.

Following the successful listing in February, Straits as a company is now focused on unlocking value in our Tritton Copper and Mt Muro Gold Mines, and exploring aggressively at existing mine and greenfield sites.

Operationally your company has performed well in 2011 with both Tritton and Mt Muro substantially advancing their re-capitalisation programmes, putting each operation in a position to achieve sustainable expanded production rates over the long term.

Production from the Tritton mine in the 12 months to June 2011 was 23,936 tonnes of contained copper, a significant increase on the previous year, and the mine is now maintaining a sustainable 25,000 tpa rate. For some time Straits has been working to restructure its existing Tritton Copper Mine copper offtake agreement with J.P. Morgan Metals & Concentrates ("J.P. Morgan"), which is a contract inherited by us from the original mine owners. Its structure and terms are very unfavorable in the current market.

As previously announced to the market, post year end, Straits entered into a non-binding MOU with J.P. Morgan. This MOU sets forth the terms for Straits to restructure the existing offtake agreement from 1 January 2012. Under the proposed terms, in exchange for an upfront cash payment (which amount is dependent on the copper price at time of closure), J.P. Morgan will agree to a termination of the current offtake agreement and will enter into a new offtake agreement with Tritton for all copper concentrates from the mine until the end of 2013. This new offtake agreement is to be priced in line with the significantly lower prevailing market offtake terms for copper concentrate. In addition, Tritton will have the option within six months of signing the agreement to terminate the new offtake agreement with J.P. Morgan effective from 1 July 2012. Straits will pay US$9 million to J.P. Morgan should it exercise this option.

We are still in discussions with J.P. Morgan with the view to concluding this restructure.

The restructuring will present the Tritton Copper Mine as a "clean" asset and will have a number of benefits for the Group, including positioning Straits as an independent copper producer, optimising the Group capital structure and realising NPV and cash flow benefits.

Straits will be working with J.P. Morgan and Standard Chartered Bank to finalise documentation and a financing package to achieve completion of the transactions as soon as possible.

In the meantime it is noted that Straits recently concluded a financing with Credit Suisse which has provided a US$50 million silver loan facility (pre-paid silver forward transaction) for Mt Muro.

Returning to Tritton, the key focus of investment at Tritton has been to establish a minimum sustainable 25,000 tonnes per annum of copper in concentrate and to extend the mine life through exploration success. We believe that through the hard work over the last year a sustainable 25,000 tonnes per annum is now achievable. With regard to the extension of the mine life, we are pleased to advise that an intensive reserve definition drilling programme was completed in August 2011 resulting in an increase in the reserve base to approximately 7 years as at 31 June 2011.

In addition to that, a regional programme to test a number of excellent geophysical/geochemical targets within the exploration tenements around Tritton commenced in FY 2012. In this regard, we are very pleased to note that the first target tested during the September 2011 quarter resulted in a new sulphide discovery at the Avoca Tank prospect. This holds the promise of significant further extensions to the mine life at Tritton.

Mt Muro produced 31,108 Au equivalent ounces in the 12 months to June 2011. A major mine expansion is now well underway. We have adequate installed capital at Mt Muro to handle large production volumes and have embarked on a production plan based around the development of the Serujan open pit. Gold production is forecast to increase significantly over the next 12 months with the mine planning to reach an annualised production rate in 2012 of in excess of 100oz per annum, and targeted to produce approximately 70,000oz Au equivalent in FY 2012.

As previously announced, our three year plan from June 2011 is to deliver more than 300,000oz Au equivalent at target average total costs of approximately US$850 per ounce. During FY 2011 Mt Muro increased its total resource base by 74% in 2011 and drilling continues with the intention of increasing reserves and resources further in 2012.

Straits continues to divest non-core assets, simplifying our structure and allowing us to focus on our copper and gold assets. Straits announced that it had divested Magontec to Advanced Magnesium Limited (AML – ASX Code: ANM) a leading magnesium alloy manufacturer. The total consideration for the sale was US$6 million payable to Straits as a combination of equity and a convertible note in AML as well as an entitlement to repayment to Straits of a pre-existing loan amount of A$12.8 million over three years.

Straits also acquired the remaining 29% it did not already own in Goldminco Corporation for $14 million. That transaction allowed us to simplify ownership of the strategic Goldminco exploration properties in New South Wales, by eliminating minority ownership that had been held through the Toronto Venture Exchange.

Post the year end Straits reached an agreement with Ancoa NL for the sale of Hillgrove, subject to a successful capital raising and initial public offering (IPO) by Ancoa, for $40 million in cash and shares. That process is still ongoing.

In line with our growth strategy, Straits' continues to make major investments in greenfields exploration, focussing on exploration tenements in New South Wales and South Australia. We believe our portfolio offers the potential to discover world class Cu/Au and Au/Cu mineralised systems.

Globally financial markets continue to see-saw between subdued optimism for an emerging recovery and pessimism related to further financial shocks on the horizon. The growing US deficit and continued failure to resolve the European debt situation continue to cast a shadow over the potential for any short-term global recovery. The ability of China to sustain reasonable growth levels is the major factor influencing the resources industry in the short to medium term. If China and India continue to grow at current levels the outlook for commodity markets in the medium to long term remains positive with prices for most products expected to remain above long term averages. We are very well positioned for a range of outcomes through our exposure to copper, gold and silver.

Straits

Our people have always represented Straits' greatest strength and collectively hold the key to achieving and maintaining a successful enterprise. We are committed to maintaining a work environment that encourages individuals to contribute to the best of their ability and in which teamwork can flourish.

Both locally and globally the competition for good people in our industry continues to be fierce, so we are particularly attentive to creating an attractive, positive workplace culture for all our employees.

The future outlook for Straits is very positive with an emerging copper and precious metals business, and a quality exploration portfolio.

Alan Good
Chairman
17 November 2011

For further information, please contact either:

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

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