
STRAITS RESOURCES LIMITED
(ASX: SRQ)

**SUCCESSFUL COMPLETION OF TRITTON OFFTAKE RESTRUCTURING AND
FINANCING**

Straits is pleased to report that it has successfully completed the transaction previously advised in the Company's announcement made on 20th September 2011 regarding the restructuring of the existing Tritton Copper Mine offtake agreement with J.P. Morgan Metals & Concentrates (formerly known as Sempra Metals & Concentrates) ("J.P. Morgan"). Final payment of funds due under the transaction is expected within two to three business days.

Under the agreement, in exchange for an upfront cash payment of US\$98.3 million, J.P. Morgan has terminated the current offtake agreement (subject to only one remaining scheduled shipment being made). The amount paid to terminate the current agreement is US\$21.7 million less than the indicative US\$120 million announced in September 2011, due to a reduction in the forward copper price since that time.

A new offtake agreement has been entered into with J.P. Morgan for all copper concentrates from Tritton until the end of 2013, to be priced in line with the significantly lower prevailing market offtake terms for copper concentrate. In addition, Tritton has an option, to terminate the new offtake agreement with J.P. Morgan for shipments scheduled from 1 July 2012, exercisable within four months. Straits will pay US\$9 million to J.P. Morgan should it exercise this option.

As stated previously 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 allowing an improved exposure to a strong copper market, that offers considerable NPV and cash flow benefits.

In order to finance the restructuring Straits subsidiary Tritton Resources has entered into a US\$85 million financial pre-paid copper swap. In addition, J.P. Morgan has extended to Straits a US\$10 million six month loan facility.

Tritton offtake "buy out"

The previous Tritton offtake agreement with J.P. Morgan had approximately 47,000 tonnes of copper contained in concentrate to be delivered from January 2012 (just under two years of production). Under this agreement, Tritton paid approximately a third of the copper price in treatment and refining charges (compared to approximately 7% of the copper price, or lower, generally paid in the concentrates market today).

The finalisation of the agreement with J.P. Morgan has allowed Straits to restructure the existing offtake agreement from 1 January 2012. In exchange for an upfront cash payment to J.P. Morgan of US\$98.3 million, Tritton has entered into a new offtake agreement with J.P. Morgan for copper concentrate from the mine to be priced at market related terms.

Tritton will have the option to terminate the new offtake agreement with J.P. Morgan for shipments scheduled from 1 July 2012. Straits will pay US\$9 million to J.P. Morgan should it exercise this option.

Standard Chartered Bank Facility

To finance the Tritton offtake “buy out” Straits subsidiary Tritton Resources and Standard Chartered Bank have agreed to a US\$85 million financial prepaid copper swap. The swap covers a notional volume of 16,202 tonnes of contained copper over 4.5 years. In simple terms, in exchange for receiving US\$85 million upfront, Straits will make monthly payments to SCB based on monthly notional volumes of copper and a floating copper price. Straits has also entered into a collar arrangement covering this amount of copper with a floor price of US\$5,000/Mt and a cap of US\$15,000/Mt in respect of the same 16,202 tonnes of copper, which are the subject of the prepay. The collar protects Tritton under a weak copper price environment, while at the same time not “overhedging” and maintaining upside to a rising copper price.

J.P. Morgan Loan Facility

To assist Straits with planning the financing of the “buy out”, J.P. Morgan has also provided Straits with a US\$10 million Loan Facility. The Loan is repayable in six months from drawdown and is secured against listed company securities held by Straits, but in the event the Loan is not repaid on maturity or the amount owed is not redeemed from the security, J.P. Morgan would in that case have the option to convert the amount outstanding (if any) to shares in Straits at 80% of the 10 day VWAP.

Standard Chartered Bank is acting as financial advisor to Straits in relation to the proposed “buy out”.



Milan Jerkovic

Chief Executive

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.