



Straits Resources Limited
ABN 30 147 131 977

Share Purchase Plan Offer

The Offer closes at 5.00 pm (Sydney time)
on Friday, 16 March 2012

Lead Manager

EUROZ
SECURITIES LIMITED

This is an important document.

The Offer does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder. Accordingly, before making a decision whether or not to accept the Offer, you should consult your financial or other professional adviser.

This document is not a prospectus or other disclosure document under the Corporations Act.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS

Contents

1	Key offer information	1
2	Letter from the Chairman	3
3	Frequently asked questions	5
4	Terms and conditions	6

1 Key offer information

Key dates

Event	Date
Record Date	7.00 pm (Sydney time) on Friday, 10 February 2012
Announcement Date	Monday, 13 February 2012
Documents mailed to Eligible Shareholders	Tuesday, 21 February 2012
Offer opens	Tuesday, 21 February 2012
Offer closes	5.00 pm (Sydney time) on Friday, 16 March 2012
Allotment Date	Monday, 26 March 2012
New Shares commence trading on ASX	Tuesday, 27 March 2012
Dispatch of holding statements/ confirmation advices	Thursday, 29 March 2012

The timetable is indicative only and Straits may, at its discretion, vary any of the above dates by making an announcement to ASX.

Defined terms and abbreviations used in this document are set out on page 12.

Important notices

The offer contained in this document is not a recommendation to purchase Shares. If you are in any doubt about the Offer, you should consult your financial or other professional adviser.

If you apply to participate in the Offer by making a BPAY^{®1} payment or completing and returning the Application Form with a cheque or money order, you are accepting the risk that the market price of Shares may change between the date of the Offer and the Allotment Date. This means it is possible that, up to or after the Allotment Date, you may be able to buy Shares at a lower price than the Offer Price.

Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. This document and any related offering documents must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person.

¹ [®] Registered to BPAY Pty Limited ABN 69 079 137 518
New Zealand-based shareholders cannot apply using BPAY unless they have an Australian bank account.

Straits recommends that you monitor its announcements and the Share price, which can be found on Straits' website www.straits.com.au and on the ASX website at www.asx.com.au (ASX code: SRQ). The Share price can also be found in the financial pages of major Australian metropolitan newspapers.

Questions

If you have any questions in relation to the Offer or how to complete the Application Form, please call the Share Registry, Computershare Investor Services Pty Limited, on 1300 651 904 (callers within Australia) or +61 3 9415 4387 (callers outside Australia), or consult your financial or other professional adviser.

2 Letter from the Chairman

21 February 2012

Dear Shareholder,

Straits Resources Limited Share Purchase Plan Offer

On behalf of the Board, I am pleased to offer you the opportunity to apply for New Shares in Straits under the Offer.

The Offer is being made following the Company's successful Institutional Placement of Shares which will, assuming the second tranche of that fundraising is approved by shareholders, raise A\$45 million. The Offer Price of A\$0.60 per New Share is the same as offered to institutional investors under the Institutional Placement, and represents a discount of 12.4% to Straits' closing Share price on ASX on 8 February 2012 (being the last trading day before the details of the Offer were announced).

Proceeds from the Institutional Placement and the Offer will be used to:

- 1 repay the existing J.P. Morgan six month loan facility (US\$10 million);
- 2 exercise the option to terminate the new off take agreement with J.P. Morgan for shipments scheduled from 1 July 2012 (US\$9 million);
- 3 conduct further exploration and feasibility on the prospective Avoca Tank Project and associated targets near the Tritton Copper Mine with a view to assessing potential for development;
- 4 complete the Mt Muro production ramp-up and accelerate exploration at Mt Muro; and
- 5 provide Straits with working capital to enable it to maintain a prudent liquidity buffer to support the operation of two large and growing mining operations (Tritton and Mt Muro) and to meet the costs of the Institutional Placement and the Offer.

The Offer will open on Tuesday, 21 February 2012 and will remain open until 5.00 pm (Sydney time) on Friday, 16 March 2012.

Under the Offer you can acquire up to A\$15,000 worth of New Shares without paying any brokerage or other charges.

The Offer is capped at A\$5 million. If Straits receives valid applications under the Offer exceeding A\$5 million, Straits will scale back applications and return excess funds to applicants without interest. The Directors also reserve the right to underwrite the Offer or to place any shortfall up to the A\$5 million cap.

Participation in the Offer is optional and is open to Eligible Shareholders who are holders of Shares at 7.00 pm (Sydney time) on Friday, 10 February 2012 and whose registered address is in Australia or New Zealand.

Full details of the Offer and how to participate are contained in the Terms and Conditions in **section 4** of this document which I encourage you to read and consider carefully.

If you have any questions, please contact the company's share registry, Computershare Investor Services Pty Limited, on 1300 651 904 (callers within Australia) or +61 3 9415 4387 (callers outside Australia), or consult your financial or other professional adviser.

Thank you for your continued support of Straits.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. J. Good', with a small flourish at the end.

Alan J Good
Chairman

3 Frequently asked questions

Set out below are answers to some key questions that you may have about the Offer. This table is qualified by and should be read in conjunction with the Terms and Conditions in **section 4**.

Question	Answer
What is the Offer?	The Offer enables Eligible Shareholders to apply to purchase up to A\$15,000 worth of ordinary shares in Straits without paying any brokerage or other charges.
Am I eligible to participate?	<p>You are eligible to participate if you fulfil the criteria set out in clause 2 of the Terms and Conditions.</p> <p>You must have been a holder of Straits shares at 7.00 pm (Sydney time) on Friday, 10 February 2012 (Record Date) and your registered address must be in Australia or New Zealand for you to be eligible to participate.</p> <p>If you are a nominee, trustee or custodian holding Shares on behalf of one or more beneficial holders, you may also apply to purchase up to A\$15,000 worth of Shares on behalf of each beneficial holder, subject to complying with the criteria set out in clause 7.2 of the Terms and Conditions.</p>
Do I have to participate?	Participation is optional.
Can I transfer my entitlement to participate?	You cannot transfer your right to purchase New Shares under the Offer to anyone else.
How do I apply?	<p>To apply for New Shares you can either:</p> <p>Option 1: Pay by BPAY – Make payment by BPAY as shown on the Application Form. New Zealand-based shareholders cannot apply using BPAY unless they have an Australian bank account.</p> <p>Option 2: Pay by cheque or money order – Complete and return the enclosed Application Form together with a cheque or money order made payable to “Straits Resources Limited SPP” as shown on the Application Form.</p>
What is the maximum investment that each person can make?	The maximum investment is A\$15,000. If you receive more than one offer (eg due to multiple registered holdings), you may only apply for a maximum of A\$15,000 of New Shares in aggregate in respect of those offers. For example, you may apply for one maximum parcel of A\$15,000 in respect of one holding or, alternatively, apply for parcels of New Shares in respect of multiple holdings so long as the aggregate amount applied for does not exceed A\$15,000.
How many Shares will I receive?	<p>You may apply for a parcel of New Shares under the Offer with one of the application amounts set out in clause 6.2 of the Terms and Conditions. The Offer Price is A\$0.60 per share. This is a discount of approximately 12.4% to Straits’ closing share price on ASX on 8 February 2012 (being the last trading day before the details of the Offer were announced). The Offer Price also represents a discount of 11.1% to the five day VWAP of Shares up to and including 8 February 2012.</p> <p>The Offer is capped at A\$5 million. If Straits receives valid applications under the Offer exceeding A\$5 million, Straits will scale back applications and return excess funds to applicants without interest. The Directors also reserve the right to underwrite the Offer or to place any shortfall up to the A\$5 million cap.</p>
When will I receive my New Shares?	New Shares will be allotted on Monday, 26 March 2012 (Allotment Date). Holding statements are expected to be dispatched by Thursday, 29 March 2012.
When can I trade New Shares?	You can trade your New Shares after the Allotment Date (ie from 27 March 2012 onwards). However, given the possibility that applications may be scaled back, you should confirm your holding on or after the Allotment Date before trading any New Shares you believe you have acquired under the Offer.

4 Terms and conditions

1 Offer

The Offer entitles eligible Straits shareholders to apply to purchase up to A\$15,000 worth of Shares in Straits.

2 Eligibility to participate

- 2.1 You are eligible to participate in the Offer if you were a registered holder of Shares at 7.00 pm (Sydney time) on Friday, 10 February 2012 (**Record Date**) with a registered address in Australia or New Zealand, unless:
- (a) you hold Shares on behalf of another person who resides outside Australia or New Zealand; or
 - (b) you are, or are acting for the account or benefit of, a US Person.
- 2.2 Straits has determined that it is either unlawful or impracticable for holders of Shares with registered addresses in jurisdictions outside Australia and New Zealand to participate in the Offer.
- 2.3 If you are the only registered holder of a holding of Shares, but you receive more than one offer (for example, due to multiple registered holdings), you may only apply for a maximum of A\$15,000 of New Shares in aggregate in respect of those offers.
- 2.4 Joint holders of Shares will be taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and a certification under **clause 7.1(j)** by one joint holder will be effective in respect of the other joint holder(s).
- 2.5 If you are a Custodian for a beneficiary or beneficiaries, you may apply for one maximum parcel of A\$15,000 of New Shares for each beneficiary (or if you are a Custodian for two or more joint beneficiaries, for each such holding as if it was held by a single person). Further information in relation to how Custodians may apply for New Shares is set out in **clause 7.2**.
- 2.6 Directors and employees of Straits who hold Shares may be Eligible Shareholders.

3 Rights are non-renounceable

If you are an Eligible Shareholder, your rights under the Offer are personal to you and are non-renounceable, which means that you cannot transfer your rights to another person.

4 Offer Price

- 4.1 The Offer Price for each New Share is A\$0.60, representing a discount of 12.4% to Straits' closing Share price on ASX on 8 February 2012 (being the last trading day before the details of the Offer were announced).
- 4.2 This is also less than the VWAP of Shares of A\$0.675 over the five day trading period up to and including 8 February 2012.
- 4.3 The Offer Price is fixed, regardless of any changes in the market price of Shares during the Offer period.

5 Timing

- 5.1 The Offer opens on Tuesday, 21 February 2012 and closes at 5.00 pm (Sydney time) on Friday, 16 March 2012 unless extended. Straits proposes to allot New Shares on Monday, 26 March 2012 and send confirmations to successful applicants by Thursday, 29 March 2012.
- 5.2 Straits reserves the right to extend the Offer or the proposed Allotment Date at any time by making an announcement to ASX.

6 Applying for New Shares

- 6.1 You may apply for a parcel of New Shares under the Offer with one of the application amounts set out in the table below. The maximum investment under the Offer is A\$15,000.
- 6.2 The number of New Shares you will receive, at each of the available levels, is set out below. Where applicable, the number of New Shares under each parcel has been rounded up to the nearest whole number of New Shares:

Application amount	Number of New Shares
A\$1,000	1,667
A\$2,500	4,167
A\$5,000	8,334
A\$7,500	12,500
A\$10,000	16,667
A\$12,500	20,834
A\$15,000	25,000

- 6.3 You may not apply for more than A\$15,000 of New Shares in aggregate under the Offer, even though you may receive more than one offer, or offers in more than one capacity, under the Offer.

- 6.4 If you wish to apply for New Shares under the Offer you should either:
- (a) pay directly via BPAY on the internet or by telephone, using the details on the Application Form (New Zealand-based shareholders cannot apply using BPAY unless they have an Australian bank account).² The Application Form does not need to be returned in this case; or
 - (b) complete the Application Form and forward it with your payment by cheque (or money order) in Australian dollars made payable to “Straits Resources Limited SPP” to the Share Registry, at the address set out on the Application Form. A reply paid envelope is enclosed for the convenience of Australian shareholders.
- 6.5 Do not forward cash. Receipts for payment will not be issued.
- 6.6 Funds paid via BPAY or Application Forms (with application payments) must be received by the Share Registry by **5.00 pm (Sydney time) on Friday, 16 March 2012**. Straits may reject applications received after this time. If your cheque does not clear, your application will not be accepted and you agree to be responsible for any dishonour fees or other costs incurred.
- 6.7 If your Application Form or application is incomplete, contains errors or is otherwise invalid or defective, Straits may, in its sole discretion, accept, reject, correct or amend your application, issue such number of New Shares to you as it considers appropriate, refund your application money, or take any combination of these actions. Any necessary refund will be paid to you shortly after the close of the Offer. No interest will be paid on any refunded money.
- 6.8 You cannot withdraw or revoke your application once you have sent in an Application Form or paid via BPAY.

7 Effect of making an application

- 7.1 If you submit a BPAY payment or complete and return the Application Form:
- (a) you will be deemed to have represented and warranted that you are an Eligible Shareholder, you have read and understood these Terms and Conditions and you subscribe for New Shares in accordance with these Terms and Conditions;
 - (b) you authorise Straits to correct or amend your Application Form as contemplated by **clause 6.7**;
 - (c) you acknowledge that the market price of Shares may rise or fall between the date of the Offer and the Allotment Date and that the Offer Price you pay for the New Shares may exceed the market price of Shares on the Allotment Date;
 - (d) you accept the risk associated with any refund that may be dispatched to you at your address as shown on the Share register;
 - (e) you are responsible for any dishonour fees or other costs Straits may incur in presenting a cheque for payment which is dishonoured;

² Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should take this into consideration when making any electronic payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received in time.

- (f) you acknowledge that the New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand, and accordingly, the New Shares purchased under the Offer may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (g) you represent and warrant that you are not a US Person, and are not applying under the Offer for or on behalf of a US Person;
- (h) you represent and warrant that you have not and will not send any materials relating to the Offer to any person in the United States that is, or is acting for the account or benefit of, a US Person;
- (i) you acknowledge that you have not been provided with investment advice or financial product advice by Straits or the Share Registry; and
- (j) you certify that you have not applied for, or instructed a Custodian to apply on your behalf for, New Shares with an application price which, when aggregated with the application price for any Shares issued to you or a Custodian on your behalf under the Offer or any similar Straits arrangement in the 12 months prior to your application, exceeds A\$15,000. This certification by one joint holder of Shares will be effective in respect of the other joint holder(s).

7.2 If you are a Custodian, you certify:

- (a) that as at the Record Date, you hold Shares on behalf of one or more beneficiaries, and that those beneficiaries have instructed you to apply for New Shares;
- (b) details of the number of beneficiaries who have instructed you to apply for New Shares on their behalf, their names and addresses, the number of Shares you hold on their behalf and the number of New Shares they have instructed you to apply for are correct;
- (c) you have not applied for New Shares on behalf of any beneficiary with an application price which, when aggregated with the application price for any Shares issued to you on behalf of that beneficiary under the Offer or any similar Straits arrangement in the 12 months prior to your application, exceeds A\$15,000; and
- (d) you:
 - (i) hold an Australian financial services licence that covers the provision of a custodial or depositary service (within the meaning given by section 766E of the Corporations Act) or includes a condition requiring the holder to comply with the requirements of ASIC class order [CO 02/294]; or
 - (ii) do not hold an Australian financial services licence as described in the Class Order and are exempt from the requirement to hold such a licence; or
 - (iii) otherwise meet the definition of Custodian in the Class Order.

7.3 Custodians wishing to participate on behalf of one or more beneficiaries should contact the Share Registry to obtain more information on how to apply and the form of certification to be given.

7.4 Please note that if you hold Shares in the capacity of a trustee or a nominee for another person but you do not meet the definition of Custodian in the Class Order, you cannot participate for beneficiaries in the manner outlined in **clause 7.2** above. In this case, the rules for multiple registered holdings as described in **clause 2.3** apply.

8 Rights attached to the New Shares

New Shares issued under the Offer will rank equally with existing Shares and will carry the same voting rights, dividend rights and other entitlements as at the Allotment Date. Straits will apply for the New Shares to be quoted on ASX.

9 Costs of participation

No brokerage, commissions or other transaction costs will be payable by Eligible Shareholders in respect of the application for, and allotment of, New Shares under the Offer.

10 Applications may be scaled back

10.1 If Straits receives applications in excess of A\$5 million, Straits will scale back applications.

10.2 If applications are scaled back, Straits may, in its discretion, apply the scale back to the extent and in any manner that it sees fit. If the scale back produces a fractional number of New Shares when applied to your parcel, the number of New Shares you will be allocated will be rounded up to the nearest whole number of New Shares.

10.3 In the event of a scale back, the difference between the application monies received, and the number of New Shares allocated to you multiplied by the Offer Price, will be refunded by Straits, without interest, following allotment.

11 Refunds

11.1 Refunds under the Offer may be paid under various circumstances. For example, if applications are made incorrectly the entire payment may be refunded, or if allocations are scaled back a partial refund may be made.

11.2 If a refund is made, payment will be by cheque mailed to your address as shown on Straits' Share register.

11.3 You will not receive any interest on funds refunded to you.

11.4 Any refund made to you is dispatched at your risk.

12 United States

- 12.1 Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. This document and any related offering documents must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person. Participation in the Offer, directly or indirectly, in violation of these restrictions is not permitted, and any such participation will be invalid.
- 12.2 This document is not an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, a US Person. Straits' Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or delivered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person, except in accordance with an available exemption from registration.
- 12.3 Because of the legal restrictions summarised above, you must not send copies of any Offer materials to any of your clients (or any other person) in the United States or to any person that is, or is acting for the account or benefit of, a US Person. Consistent with the warranties set out above, you are also advised not to submit any Application Form or make payment by BPAY or otherwise in respect of the purchase of New Shares under the Offer on behalf of any of your clients (or any other person) in the United States or that is, or is acting for the account or benefit of, a US Person. Failure to comply with these restrictions may result in violations of applicable securities laws.

13 Dispute resolution

Straits reserves the right to settle in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Offer and the decision of Straits will be conclusive and binding on all shareholders and other persons to whom the determination relates.

14 Waiver, amendment, suspension and termination

- 14.1 Straits may, in its discretion, waive compliance with any provision of these Terms and Conditions, amend or vary these Terms and Conditions or suspend, withdraw or terminate the Offer at any time. Any such waiver, amendment, variation, suspension, withdrawal or termination will be binding on all Eligible Shareholders even where Straits does not notify you of the event.
- 14.2 Straits is not liable for loss, cost or expense arising out of any exercise of its discretions under these Terms and Conditions.

15 ASIC relief

- 15.1 The Offer is made in accordance with the Class Order. The Class Order grants relief from the requirement to prepare a prospectus for the offer of New Shares up to A\$15,000 under the Offer, subject to certain terms and conditions.
- 15.2 In accordance with the terms of the Class Order, Straits has lodged a notice with ASX on 17 February 2012 that complies with section 708A(6) of the Corporations Act.

16 Governing law

These Terms and Conditions are governed by the laws in force in Western Australia.

17 Binding terms

By accepting the offer to purchase New Shares under the Offer, you agree to be bound by these Terms and Conditions and the constitution of Straits.

18 Offer not currently underwritten

While the Offer is not currently underwritten, the Directors reserve the right to underwrite the Offer up to the A\$5 million cap.

19 Definitions

In this document the following terms have these meanings:

Definition	Meaning
Allotment Date	The date the New Shares are allotted, expected to be Monday, 26 March 2012.
Application Form	The application form which accompanies this document.
ASIC	The Australian Securities & Investments Commission.
ASX	ASX Limited or the Australian Securities Exchange, as the context requires.
Class Order	ASIC class order [CO 09/425].
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Custodian	The meaning given in the Class Order.
Eligible Shareholder	A person who is eligible to participate in the Offer in accordance with clause 2 of the Terms and Conditions.
Institutional Placement	The placement of Shares to institutional investors at an issue price of A\$0.60 per Share announced on 13 February 2012 comprising an initial placement on 17 February 2012 which raised A\$29.2 million and proposed to be followed by a further placement on or about 26 March 2012 to raise A\$15.8 million (this second placement being subject to the approval of shareholders).
New Shares	The Shares offered under this document.
Offer	The offer of New Shares under this document.
Offer Price	A\$0.60 per New Share.
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.

Shares	Fully paid ordinary shares in Straits.
Straits	Straits Resources Limited ABN 30 147 131 977.
Terms and Conditions	The terms and conditions of the Offer set out in section 4 .
US Person	A “U.S. person” as defined in <i>Regulation S</i> under the US Securities Act.
US Securities Act	<i>US Securities Act of 1933</i> , as amended.
VWAP	Volume weighted average price.

