



# Quarterly Activities Report

For the period ended  
30 June 2012



## Highlights

### Operational

- Tritton produced 5,716 tonnes of copper in the June 2012 quarter (5,871 in March 2012 quarter). Production reduced due to lower grades mined. Cash costs were US\$2.66/lb. The copper production target for the September 2012 quarter is 6,000-6,500 tonnes at cash costs of US\$2.00/lb to US\$2.20/lb.
- Mt Muro had a disappointing quarter falling below production and revenue targets. The mine produced 4,896oz AuEq in the June 2012 quarter (7,628oz AuEq in the March 2012 quarter). Production and waste movements were significantly less than planned and as a consequence the plant operated on a campaign basis due to low ore availability. By late June sufficient ore had been exposed by waste stripping, and ore stockpiles had been built to enable the plant to operate full time. The production target for the September quarter is 14,000-16,000oz AuEq. Mt Muro has produced approximately 5,000oz AuEq in July. The operation is now aiming to be cash flow positive at the operating level (after capital expenditure) in December 2012. Additional working capital is being arranged to achieve this (see corporate section). The production target for FY2013 is 90,000-110,000oz AuEq.

### Exploration

- Continued drilling at Avoca Tank with further economic intersections. Avoca Tank is a major high grade discovery 2kms from Tritton's North East mining operation area. The mineralisation remains

open at depth and along strike. Resource definition drilling in the September quarter for mine planning purposes.

- New significant sulphide discoveries at the Kurrajong and Carters prospects near Tritton. The first intersection at Carters included 7m @ 2.2% Cu. Drilling continues in July 2012.
- Ore grade intersections at Tritton's North East operation extending the mineralisation at depth with potential future increase in resources and reserves. Mineralisation remains open at depth.

### Corporate

- At the end of June 2012, Straits had cash and investments of A\$48 million and debt of A\$108.7 million. Usable cash was \$13 million.
- As Mt Muro requires financial support until December 2012, Straits is in advanced discussions for additional funding of up to \$50 million of primarily mezzanine finance. The funds are intended to provide the necessary support to Mt Muro and general Group working capital.
- A process has been initiated to investigate future options for Mt Muro, including a potential demerger or sale of the mine.

### About Straits:

*Straits Resources Ltd (ASX Code: SRQ) is a mining and exploration company focused on copper and gold in Australia and Asia.*

*Straits owns and operates the Tritton copper mine in NSW and the Mt Muro gold mine in Indonesia and has an exciting exploration portfolio focussing on projects in NSW and South Australia.*

### Straits Resources Limited

ABN 30 147 131 977  
Level 1, 35 Vantor Avenue  
West Perth WA 6005

T 08 9480 0500  
F 08 9480 0520  
[info@straits.com.au](mailto:info@straits.com.au)  
[www.straits.com.au](http://www.straits.com.au)  
Shares on issue: 456,529,474



## Production Summary

		June 12 Qtr (Q4 FY 2012)	March 12 Qtr (Q3 FY 2012)	FY 2012 Full year	FY 2011 Full year
<b>Tritton Copper Mine, NSW</b>					
Copper produced (100%)	tonnes	5,716	5,871	23,962	23,936
Copper sold (100%)	tonnes	6,803	4,374	23,892	22,594
Cash cost (excludes TC/RC)	US\$/lb	2.66	2.09	2.35	2.13
<b>Mt Muro Gold Mine, Indonesia*</b>					
Production	Au oz	3,326	5,030	23,160	25,022
	Ag oz	86,374	131,803	529,130	77,568
Sales	Au oz	3,761	5,690	23,950	25,911
	Ag oz	100,000	122,552	528,886	189,337
Cash costs	Au Eq oz	2,993	1,264	1,624	1,674
<b>Group Revenue*</b>					
Sales Revenue	A\$'000	63,193	42,819	256,548	128,091

\*FY2011 revenue includes only five months of revenue attributable to Straits Resources Limited as the demerged group.



## Operations

### Tritton Copper Mine, New South Wales

Straits - 100%

#### QUARTERLY PRODUCTION STATISTICS – TRITTON

	Units	June12 Qtr	Mar12 Qtr	FY2012 Full year	FY 2011 Full year
Mined	tonnes	323,602	297,449	1,260,656	1,160,476
Grade	% Cu	1.91%	1.98%	1.96%	2.11%
Milled	tonnes	310,179	307,638	1,254,355	1,163,732
Grade	% Cu	1.91%	1.97%	1.96%	2.11%
Recovery	%	94.10%	94.03%	94.84%	95.09%
<b>Cu Concentrate</b>	<b>tonnes</b>	<b>22,317</b>	<b>23,580</b>	<b>93,580</b>	<b>94,483</b>
<b>Cu Grade</b>	<b>%</b>	<b>25%</b>	<b>24%</b>	<b>25%</b>	<b>25%</b>
<b>Cu in concentrate</b>	<b>tonnes</b>	<b>5,583</b>	<b>5,732</b>	<b>23,374</b>	<b>23,354</b>
<b>Cu Cement</b>	<b>tonnes</b>	<b>133</b>	<b>139</b>	<b>587</b>	<b>582</b>
<b>Total Cu Produced</b>	<b>tonnes</b>	<b>5,716</b>	<b>5,871</b>	<b>23,962</b>	<b>23,936</b>

Production from Tritton in the June quarter totaled 5,716 tonnes of copper, a decrease of 2.6% on the previous quarter of 5,871 tonnes. Tonnes milled increased by 9% from the March quarter, and the lower production was due to the lower grade mined (1.91% versus 1.98%).

In response to the ore production disruptions including electrical failures reported in the March quarter, the mine moved from its budgeted stoping sequencing, and in the June quarter mined a higher proportion of ore from North East. This reduced the average grade during the reporting period.

The site cash costs (excluding TC/RCs) for the quarter were US\$2.66/lb, an increase on the previous period of US\$2.09/lb. The increase in cash costs were due to:

- additional mining costs (approx \$1.4m) due to a 9% increase in tonnes mined
- one off maintenance costs of \$1.8m
- additional processing costs due to a major mill reline in June
- additional one off site support costs of \$1.5m

The Processing Plant performed well with recoveries of 94.1%.

In the September quarter of FY2012, Tritton is forecast to produce 6,000-6,500 tonnes of copper at cash costs of US\$2.00/lb to US\$2.20/lb.

There is no change to our annual production guidance for FY 2013 of 25,000 tonnes of copper in concentrate.



**Mt Muro Gold Mine, Indonesia**

*Straits - Contract of Work 100%*

QUARTERLY PRODUCTION STATISTICS - MT MURO

	Units	June 12 Qtr	Mar 12 Qtr	FY 2012 Full year	FY 2011 Full year
Ore Milled	tonnes	108,951	143,471	653,409	325,035
Grade – Gold	g/t Au	1.06	1.20	1.18	2.5
– Silver	g/t Ag	30.6	40.2	34.4	28.9
Recovery – Gold	% Au	93.4%	93.7%	93.4%	92.6%
– Silver	% Ag	77.9%	75.8%	72.5%	72.9%
<b>Production (Gold)**</b>	<b>oz Au</b>	<b>3,326</b>	<b>5,030</b>	<b>23,160</b>	<b>25,022</b>
<b>(Silver)</b>	<b>oz Ag</b>	<b>86,374</b>	<b>131,803</b>	<b>529,130</b>	<b>228,502</b>
<b>Gold Sold</b>	<b>oz Au</b>	<b>3,761</b>	<b>5,690</b>	<b>23,950</b>	<b>25,911</b>
<b>Silver Sold</b>	<b>Ag oz</b>	<b>100,000</b>	<b>122,552</b>	<b>528,886</b>	<b>189,337</b>

\*\* PRODUCTION reported is gold poured.

Mt Muro had a disappointing quarter falling below its production and revenue targets. The mine produced 4,896oz AuEq in the June 2012 quarter (7,628oz AuEq in the March 2012 quarter). Production and waste movements were significantly less than planned and as a consequence the plant operated on a campaign basis due to low ore availability. The low waste removal was exacerbated by difficulties in obtaining the critical supply of fuel and consumables, due to low river levels. In July it rained sufficiently for the river level to rise, thus enabling fuel to be transported to site by river.

By late June sufficient ore had been exposed by waste stripping, and ore stockpiles had been built to enable

the plant to operate full time. The production target for the September 2012 quarter is 14,000-16,000oz AuEq. Mt Muro has produced approximately 5,000oz AuEq in July. The operation is now aiming to be cash flow positive at the operating level (after capital expenditure) in December 2012. Additional working capital is being arranged to achieve this. The targeted production for FY2013 is 90,000 to 110,000oz AuEq.



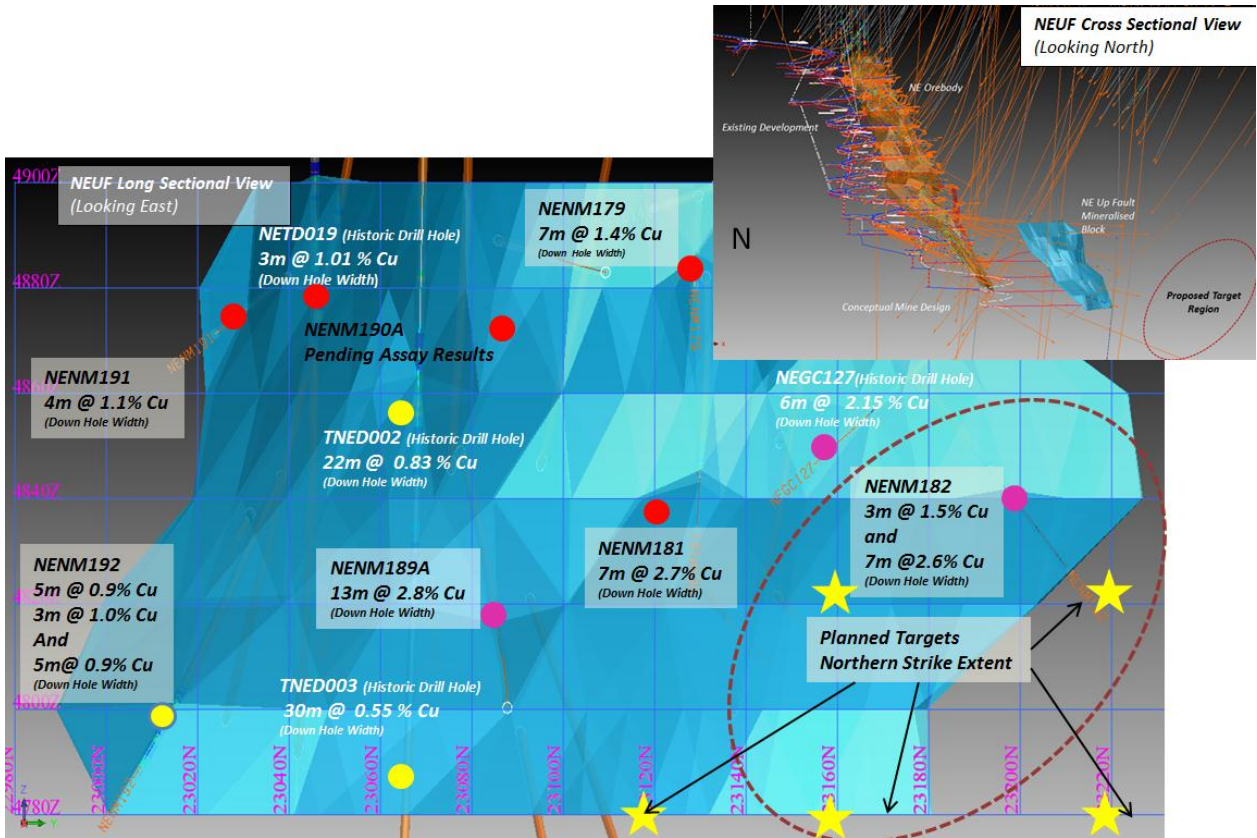
# Exploration

## NEW SOUTH WALES

**Tritton: Straits – 100%**

Exploration drilling around Tritton continued in the June 2012 quarter with significant results at the **North East, Avoca Tank, Kurrajong** and **Carters** prospects. The key objectives of exploration around Tritton are to increase mine life, improve grade, lower costs, fully utilize existing infrastructure and provide operational flexibility.

Exploratory resource drilling and grade control drilling from UG have produced significant mineralised intersects at the **North East** mine (including the North East Fault Block deposit). The results returned to date suggest that a likely further increase to the NE resources and reserves will be reported once modelling and evaluation work is complete. Significant results are shown in the table and diagrams below. Mineralisation remains open at depth.



North East Up Fault (NEUF Target): Long Section



**JUNE QUARTER - North East Up-Fault (NEUF) Block Near Mine Drilling Results.**

Hole Id	Prospect	East	North	Dip	Az	From (m)	Width (m)	Cu %	Zn %	Au g/t	Ag g/t
NENM179	Northeast	17304	23130	-9	90	167	7	1.4	0.01	0.01	2
NENM181	Northeast	17304	23130	-21	88	195	7	2.7	0.04	0.03	2
NENM182	Northeast	17304	23130	-19	68	199	3	1.5	0.03	0.04	1
						211	7	2.6	0.22	0.03	2
						243	0	1.4	0.08	0.11	16
NENM189A	Northeast	17225	23062	-17	84	291	13	2.8	0.03	0.02	
NENM191	Northeast	17225	23062	-6	98	176	1	0.9	0.01	0.06	1
						217	4	1.1	0.01	0.07	1
NENM192	Northeast	17225	23062	-18	98	311	5	0.9	0.1	0.06	3
						336	3	1.0	0.02	0.01	2
						350	5	0.9	0.01	0.01	1

Note: intersections calculated using a 0.8% Cu Cut-off grade, max 3m internal dilution, NE Mine Grid

A further four holes (TATD018 to TATD021) were completed at the **Avoca Tank** prospect (targeting the main sulphide zone) during the quarter. Results are shown in the table below. Downhole EM conducted on

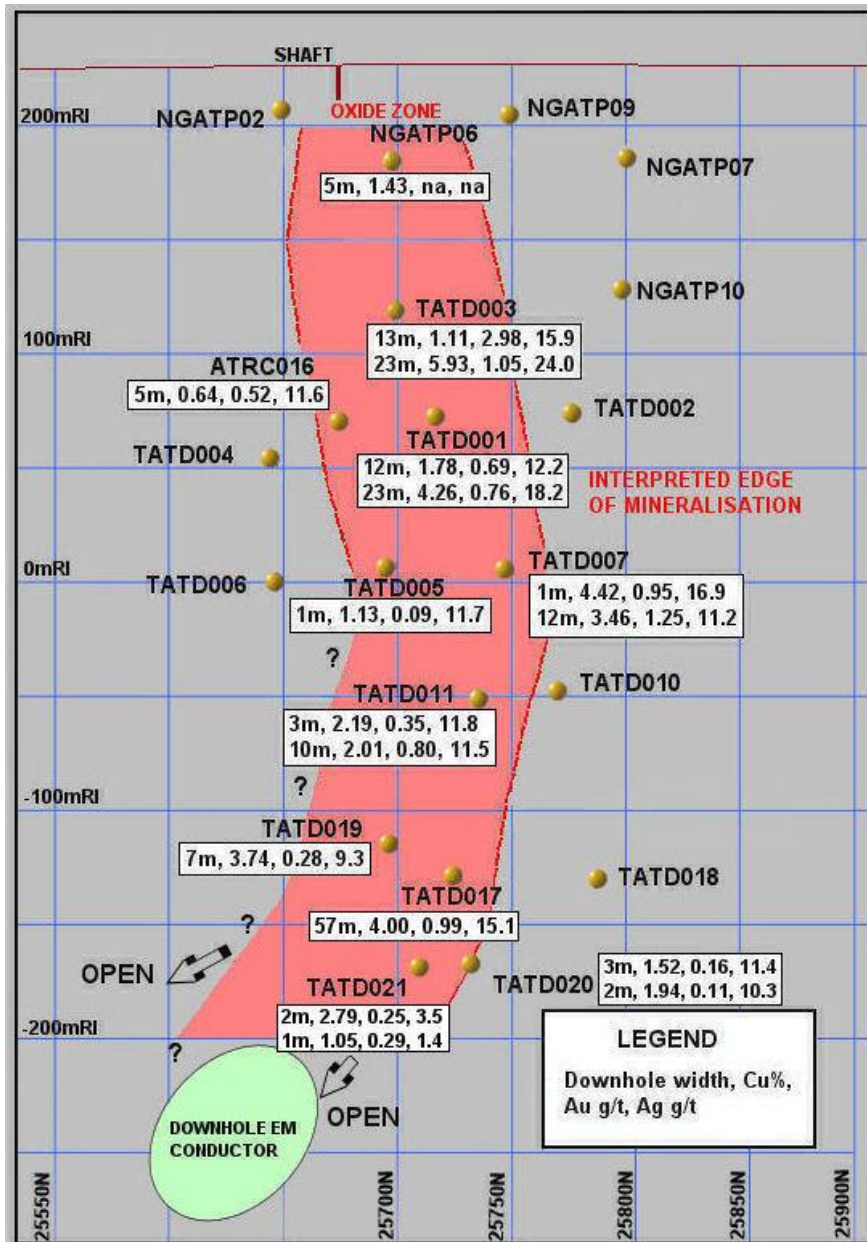
these holes indicates that the mineralization continues to depth and is also open to the south. Exploration at Avoca Tank in the September quarter will focus on resource definition drilling for mine planning purposes.

**JUNE QUARTER - TRITTON SIGNIFICANT ASSAY RESULTS**

Hole Id	Prospect	East AMG	North AMG	Dip	Az (mag)	From (m)	Width (m)	Cu %	Zn %	Au g/t	Ag g/t
TATD019	Avoca Tank	484868	6548561	-60	229	385	7	3.74	0.66	0.28	9.3
						404	1	0.51	0.60	5.44	56.5
TATD020	Avoca Tank	484877	6548615	-60	228	429	6	0.78	0.04	0.07	4.6
						451	5	1.17	0.29	0.11	7.7
						460	2	1.94	0.39	0.11	10.3
TATD021	Avoca Tank	484881	6548590	-60	228	463	3	2.06	0.16	0.20	3.4
						596	2	0.93	0.20	0.98	2.5
TKJD001	Kurrajong	492578	6530807	-60	325	206	3	0.56	0.01	0.03	1.4
TKJD002	Kurrajong	492853	6530955	-60	325	349	1	0.70	0.01	0.19	3.9
						359	1	0.62	0.01	0.03	2.0
						364	1	0.53	0.02	0.04	1.4
TKJD003	Kurrajong	492655	6530905	-60	325	265	3	0.84	0.01	0.18	3.8
						272	1	0.64	0.02	0.09	2.8
TCAD001	Carters	490158	6527376	-60	242	211	4	0.94	0.02	0.05	2.5
						219	2	0.78	0.78	0.13	3.1
						248	1	0.53	0.01	0.04	1.3
						259	10	1.77	0.01	0.02	2.3
						273	1	0.59	0.01	0.01	1.5
						277	2	0.57	0.01	0.01	1.8

Note: intersections calculated using a 0.5% Cu Cut-off grade, max 3m internal dilution, Datum AGD66





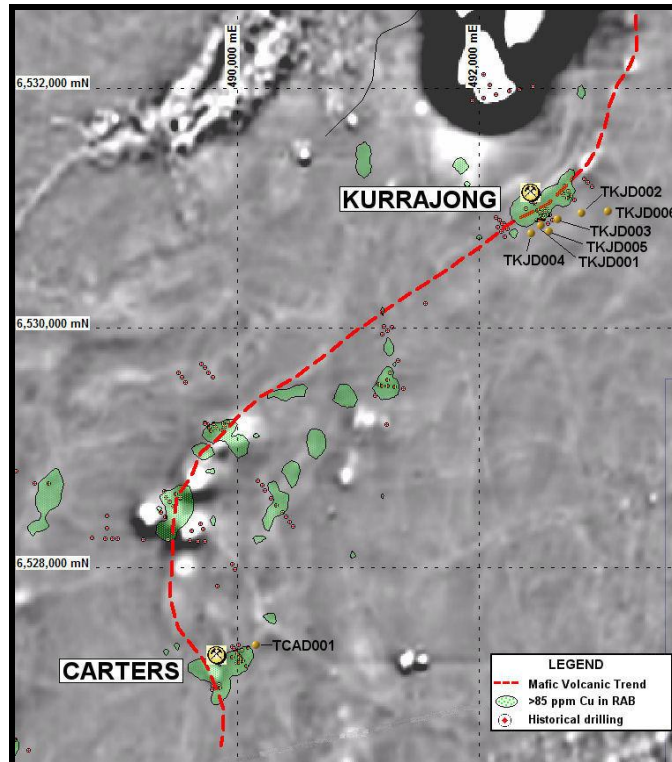
### Long-section of the Avoca Tank Prospect drilling

In June 2012 Straits announced that exploration drilling had intersected significant sulphide mineralisation whilst testing coincident magnetic, geological and geochemical anomalies at the **Kurrajong** prospect, located approximately 20km east of Tritton.

In total six holes were drilled at Kurrajong during the quarter. All holes intersecting stacked sulphide lenses (disseminated & in places semi-massive), over a strike length of approximately 650 metres. The lenses range in thickness from 2 to 25 metres and mineralisation is

open along strike and at depth. The completed holes have intersected mineralisation analogous to VMS mafic-siliciclastic or "Besshi" style mineralisation that is typical of the Tritton region. Assay results for the first three holes have been returned from the lab and are tabulated in the significant results table.

Downhole EM conducted in TKJD006 has identified a very strong off-hole conductor along strike and this anomaly will be tested during the September quarter.



1VD Greyscale airborne magnetics overlain by RAB geochemistry and drillhole and prospect locations.

One hole (TCAD001) was completed at the **Carters Prospect**, 4 kms to the SW of Kurrajong. This hole was testing below historical RC oxide drilling that had returned moderate widths of low grade copper mineralisation. The hole intersected economic sulphide mineralisation including 7m @ 2.25% Cu. (within a broader intersection of 10m at 1.77% Cu). A follow up drillhole testing the down plunge continuity of this intersection will be completed in the September quarter.

**Temora Project, NSW: Straits – 100%**

During the June quarter thirteen boreholes were completed at the Temora Project. Significant assay results received are shown in the table below.

Three of five holes completed at Rain Hill (TRHACD001 & 002, TRHRC004 & 006, TRHRC005) intersected porphyry related mineralisation both within and marginal

to an interpreted quartz monzonite intrusive. This intrusive represents the most fractionated form of the Rain Hill intrusive complex observed to date. The drilling was planned to test combined aircore anomalism and induced polarisation chargeability highs on the margin of a distinct gravity low. The results indicate that a new porphyry system has been discovered within the Temora Project area.

At Gidginbung South, one reverse circulation hole (TGSR001) and one re-entry diamond hole (TP161) were completed. TP161, a vertical hole previously percussion drilled in the early 1980's, was extended from 298m to 465m after it was suspected that the hole may have bottomed in alteration akin to the Gidginbung high sulphidation system. The hole extension revealed two zones of low-grade gold mineralisation (maximum gold values to 0.45 g/t Au) within advanced argillic alteration, consistent with Gidginbung.

**JUNE QUARTER - TEMORA SIGNIFICANT ASSAY RESULTS**

Hole Id	Project	East AMG	North AMG	Dip	Az (mag)	From (m)	Width (m)	Cu %	Au g/t	Mo g/t	Ag g/t
TRHRC005	Rain Hill	539182	6209142	-60	9	58	36	0.31	0.33	19.00	1.1
TRHRC006	Rain Hill	540634	6207104	-60	78	132	34	0.31	0.21	15.00	0.2
						215	8	0.46	0.25	3.00	0.7
TTDRC007	Dam	543495	6200905	-60	226	206	4	0.55	0.88	4.00	1.9

Note: intersections calculated using a 0.25% Cu Cut-off grade, max 3m internal dilution, Datum AGD66





**Blayney Project, NSW: Straits – 100%**

No significant work undertaken during the reporting period on these tenements.

**Currumburrama EL5792, NSW : Straits-100%**

Sandfire Resources NL and Straits Resources Ltd have entered into a Farm-in Joint Venture Agreement (JVA) for the Currumburrama EL5792. Sandfire Resources NL is the manager of the JVA.

**Hillgrove, NSW: Straits – 100%**

Limited exploration activities were undertaken during the quarter.

**SOUTH AUSTRALIA**

Straits is exploring for iron-oxide copper-gold (“IOCG”) systems at a number of projects in the highly prospective Stuart Shelf region of South Australia, through joint venture arrangements and also on 100% Straits owned Tenure.

**Torrens EL4296, SA: Straits – earning 70%**

The Torrens Joint Venture (Torrens EL 4296) is between Argonaut Resources NL (ASX:ARE) and Straits Resources Limited. Straits have formally earned a 70% interest in the project and a Joint Venture committee has been established.

The Torrens Project is located near the eastern margin of South Australia’s Gawler Craton region (Stuart Shelf), within 50 kilometres of Teck Cominco’s Carrapateena copper - gold discovery and 75 kilometres from BHP Billiton’s Olympic Dam mine.

The Torrens JV partners are in the process of appealing the ERD Court decision (Justice Tilmouth) to allow commencement of exploration activities.

**Stuart Shelf Joint Venture, SA: Straits – earning 70% from UXA**

The Stuart Shelf Joint Venture is between UXA and Straits Resources Limited (“Straits” earning a 70% interest). The joint venture includes 9 tenements (total of 3,300km<sup>2</sup>) in the highly prospective Olympic Dam-Prominent Hill area prospective for world class Cu-Au (U) deposits.

During the quarter Straits reported the completion of a three hole diamond drilling program targeting iron oxide copper gold (IOCG) deposits on UXA’s Winjabbie

(EL4764), Glenside (EL4700) and Oak Dam (EL4800) tenements.

The Glenside drill hole UGSDD001, completed in April (ASX releases 23 April & 24 May 2012), intersected 150 metres of altered and mineralised basement rocks from 1,082m. The three main mineralised zones had a combined intersection of 96m@ 0.21% Cu (including 32m @ 0.36% Cu).

**Straits IOCG Exploration (EL4574 & EL4557), SA: Straits – 100%**

Straits is exploring in the Stuart Shelf and Mt Woods domains in its own right with two granted tenements and three further applications pegged.

**QUEENSLAND**

**Yandan (EPM8257, ML1005 and ML1096), QLD: Straits – 100%**

There were no significant exploration activities at Yandan during the quarter. Straits are currently looking at divesting this project.

**Tickhill Project, QLD: Straits - 100%**

Duchess/Monastery JV (Ivanhoe (Osbourne) Aust PL), Qld: Straits and Ivanhoe Australia have a Joint venture for the remaining sub-blocks of EPM9083 Monastery and EPM 11013 Burke River.

Ivanhoe will spend \$1 million on exploration over three years (earn in period) to earn a 70% interest in the tenements.

**WESTERN AUSTRALIA**

**Maroochydore Project, WA: Straits – 50% Clawback Right**

The Maroochydore Project is located in the Paterson Province of Western Australia, southeast of the Nifty copper mine. The project is held 100% by Aditya Birla Minerals Ltd. Straits retains a 50% clawback right which is triggered on the acceptance of an economic feasibility study.

**INDONESIA**

**Mt Muro (IMK): Straits – 100%**

There were no significant exploration activities undertaken at Mt Muro during the quarter.



## Corporate

### Cash & Debt

At the end of June 2012, the Straits Group cash and investments totalled A\$48 million (includes usable cash A\$13 million, investments A\$13.4 million and A\$21.6 million in restricted cash).

At the end of the June 2012 quarter, Straits had debt of A\$108.7 million. This included a Standard Chartered Bank (SCB) loan of A\$79.4 million, SCB working capital facility of A\$14.6 million and A\$14.7 million hire purchase of mining equipment and other loans.

In addition Straits has a silver pre-payment facility to Credit Suisse for A\$43.8 million.

### Funding

In May 2012 Straits undertook a capital raising for A\$30 million before costs. The funds were raised to provide working capital to Mt Muro (\$20 million) and provide working capital to the Group.

Due to the low production from Mt Muro in the June quarter usable cash within the Group decreased during the quarter, with \$13 million remaining at 30 June 2012.

Mt Muro now requires financial support until December 2012 and Straits is in advanced discussions for additional funding of up to \$50 million of primarily mezzanine finance. This is to complete the ramp up at Mt Muro (approx. \$30 million) and general working capital for the Group.

### Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled and/or reviewed by Mr Ivan Jerkovic who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Jerkovic is a full time employee of Straits Resources Limited and has sufficient experience relevant to the style of mineralisation, type of deposits under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jerkovic consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

By Order of the Board

**Milan Jerkovic**  
Chief Executive  
31 July 2012

For further information contact:

Mr Milan Jerkovic – Chief Executive Officer  
(08) 9480 0500  
or  
Mr Dave Greenwood – Corporate Affairs  
(08) 9480 0500

or go to our website at [www.straits.com.au](http://www.straits.com.au)

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

A process has been initiated to investigate future options for Mt Muro, including a potential demerger or sale of the mine.

### Hillgrove

In the previous quarter it was announced that agreement had been reached with Emu Nickel NL (to be renamed Ancoa NL) (Ancoa) for the sale of Hillgrove for \$44 million in cash, secured notes and replacement of bonds. The sale was conditional on a successful capital raising by Ancoa.

Emu Nickel NL advised Straits in May of its failure to raise a minimum \$60 million required under the terms of the Sale & Purchase Agreement relating to the Hillgrove antimony/gold project.

Accordingly, the Agreement Emu Nickel was terminated and Straits is now pursuing negotiations on a trade sale with a number of parties which have recently approached the Company wishing to put forward acquisition proposals.

### Magontec debt re-organisation

The reorganisation of debt owing by Magontec Limited (MGL) to Straits Resources Limited wholly owned subsidiary Straits Mine Management Pty Ltd (SMM) has been undertaken as previously advised (see ASX announcement 8 June 2012).

### Hedging

As a condition of taking out the silver pre-payment facility with Credit Suisse, Straits has hedged 62,496 ounces of gold (between July 2012 and December 2014), at a gold price of US\$1,585.81 per ounce.