

STRAITS RESOURCES LIMITED
(ASX: SRQ)

Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Straits Resources Limited ACN 147 131 977 (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by Australian Securities and Investments Commission Class Order 08/35 (**CO 08/35**).

The Company has announced a 1.55 for 1 pro rata renounceable entitlement offer of approximately 707.6 million ordinary shares, each at an issue price of \$0.085 per share (**Offer**). Shareholders eligible to participate in the Offer are those who are registered as holding shares in the Company as at 7.00 pm (Melbourne time) on the record date of 17 September 2012 and who have a registered address in Australia, New Zealand, the UK, Germany, Singapore or Hong Kong or any other shareholders in other jurisdictions to whom the Company decides to make offers.

The Company gives notice that:

- 1 the Company will offer the shares under the Offer without disclosure to investors under Part 6D.2 of the Corporations Act;
- 2 as at the date of this notice, the Company has complied with:
 - (a) Chapter 2M of the Corporations Act as they apply to the Company; and
 - (b) section 674 of the Corporations Act;
- 3 as at the date of this notice, there is no excluded information within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed by the Company;
- 4 the potential effect that the issue of the shares under the Offer will have on the control of the Company is as follows:
 - (c) if all shareholders take up their entitlements under the Offer, each shareholder's percentage interest in the total issued share capital of the Company will remain the same and will not be diluted, with the Offer having no effect on the control of the Company;
 - (d) other than as a result of:
 - (i) shareholders taking advantage of the shortfall facility under the Offer to apply for additional shares beyond their entitlement; or
 - (ii) shareholders purchasing additional rights and applying for shares conferred by those rights,

no existing holder of shares in the Company will increase their shareholding in the Company above 20% as a result of the Offer;



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- (e) if there is a shortfall of subscriptions under the Offer, the shortfall facility will be applied on a proportional basis to prevent any person increasing their shareholding in the Company to 20% or more;
- (f) Glencore Finance (Bermuda) Ltd (**Glencore**) has agreed to sub-underwrite up to \$40 million of the Offer. If no shareholders take up their entitlements under the Offer (or if the only shareholders that take up their entitlements are those that have pre-committed under sub-underwriting arrangements), the maximum shareholding that Glencore could acquire as a result of sub-underwriting the Offer is approximately 40.4%.

In these circumstances Glencore is likely to be in a position to control or at least significantly influence the composition of the Company's Board and therefore the strategic direction of the Company. This may have an impact on the trading price of shares; and

- (g) if half of the entitlements under the Offer are taken up (including the full take up of the approximately 11.7% of entitlements that sub-underwriting shareholders have pre-committed to accept) before any underwriting commitments are triggered (whether by shareholders or persons who acquire rights on-market), the maximum shareholding that Glencore could acquire as a result of sub-underwriting the Offer is approximately 22.9%. In these circumstances, Glencore would not be in a position to control the composition of the Company's Board and therefore would not be in a position to control the strategic direction of the Company.

Straits Resources Limited

Matthew Smith
Acting Chief Financial Officer & Company Secretary

STRAITS RESOURCES LIMITED

ABN 30 147 131 977

Level 1 • 35 Ventnor Avenue • West Perth WA 6005 • Australia | PO Box 1641 • West Perth WA 6872

T: +61 8 9480 0500 • F: +61 8 9480 0520 • E: info@straits.com.au • www.straits.com.au