



Quarterly Activities Report

For the period ended
30 September 2012



September Quarter Highlights

TRITTON COPPER

- Production exceeding guidance - 6,583 tonnes of copper

MT MURO – GOLD/SILVER

- Production exceeding guidance - 16,938 oz gold equivalent

EXPLORATION

- Highly encouraging results from phase one drilling at the Kurrajong/Carter trend

CORPORATE

- Active pursuit of structuring options available to demerge the Company's Copper Business and Gold Business
- Restructuring has achieved \$8 million in annualised head office corporate cost savings
- Financing initiatives including:
 - \$20 million Glencore short term finance facility
 - \$60 million fully underwritten Entitlement Offer
 - Renegotiated Credit Suisse silver facility

PRODUCTION SNAPSHOT

CONTAINED METAL PRODUCTION	SEP 2012 QTR	YTD FY2013
TRITTON		
TOTAL COPPER	6,583 t	6,583 t
CASH COSTS	A\$2.18	A\$2.18
MT MURO		
TOTAL GOLD EQUIVALENT	16,938 oz	16,938 oz
CASH COSTS	US\$1,254	\$US1,254

CORPORATE INFORMATION

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Capital Structure – 23 October 2012
Shares on Issue 1,164,150,159
Market Capitalisation \$139.7 million



OPERATIONS SUMMARY – TRITTON

Copper Mine, New South Wales

PRODUCTION

Tritton had a solid first quarter with an increase in mine production. The stoping sequence showed an increase in grade above the prior quarter, consistent with plan.

TRITTON PRODUCTION STATISTICS

		JUN 2012 QTR	SEP 2012 QTR
MINED	TONNES	323,602	338,164
GRADE	CU (%)	1.91%	2.01%
ORE MILLED	TONNES	310,179	335,422
GRADE MILLED	CU (%)	1.91%	2.07%
RECOVERY	CU (%)	94.1%	93.1%
COPPER CONCENTRATE PRODUCED	TONNES	22,317	26,398
COPPER CONCENTRATE GRADE	CU (%)	25.0%	24.4%
CONTAINED COPPER IN CONCENTRATE	TONNES	5,583	6,450
COPPER CEMENT PRODUCED	TONNES	133	133
TOTAL COPPER PRODUCED	TONNES	5,716	6,583

COSTS

The costs at Tritton have been significantly rebased as per the cost reductions identified in the recent announcements for the Entitlement Offer.

Some restructuring costs, such as redundancies, are included in the September quarter results.

TRITTON - UNIT COST PERFORMANCE A\$/LB

	JUN 2012 QTR	SEP 2012 QTR
MINING COSTS	2.02	1.53
CAPITALISED MINING	(0.56)	(0.29)
TOTAL MINING COSTS	1.46	1.24
TOTAL SITE PROCESSING COSTS	0.48	0.42
TC/RC'S & PRODUCT HANDLING	0.49	0.37
ORE INVENTORY MOVEMENT	(0.06)	-
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	(0.09)	(0.10)
OTHER DIRECT CASH COSTS	0.44	0.25
TOTAL C1 COSTS	2.72	2.18
ROYALTIES	0.10	0.09
CONCENTRATE INVENTORY MOVEMENT	0.51	0.33
TOTAL CASH COSTS	3.33	2.60
DEPRECIATION & AMORTISATION	0.52	0.49
TOTAL PRODUCTION COSTS	3.85	3.09

OUTLOOK

Production target for the December 2012 quarter of 6,000-6,500 tonnes at cash costs of A\$2.10/lb to A\$2.30/lb, with an unchanged annual production target for FY2013 of 25,000 tonnes at cash costs of A\$2.00/lb to A\$2.20/lb.



OPERATIONS SUMMARY – MT MURO

Gold Mine, Indonesia

The Mt Muro Mine produced 16,938oz AuEq in the September quarter, which was above guidance of 14,000-16,000oz AuEq. The operational performance for the quarter was strong despite being impacted intermittently by low river levels that impeded the supply of diesel and coal to site.

Towards the end of the quarter the operations recommenced ramp-up. Continuation of the ramp-up plan requires operator recruitment and training, which is currently underway. The site reconciliation against plan continued with on a positive trend against the planning model.



Picture of Serujan pit looking West

MT MURO PRODUCTION STATISTICS

		JUN 2012 QTR	SEP 2012 QTR
MINED	ORE TONNES		225,128
	WASTE TONNES		1,217,264
ORE MILLED	TONNES	108,951	235,637
MILLED GRADE	GOLD (G/T)	1.06	1.63
	SILVER (G/T)	30.60	46.4
RECOVERY	GOLD (%)	93.4%	94.4%
	SILVER (%)	77.9%	79.8%
PRODUCTION	GOLD (OZ) **	3,326	11,826
	SILVER (OZ)	86,374	277,227
SALES	GOLD (OZ)	3,761	10,352
	SILVER (OZ)	100,000	250,409

COSTS

Cost performance is in line with expectations and continues to be driven by the large scale development of the Serujan pit and production volumes.

MT MURO - UNIT COST PERFORMANCE US\$/AUEQ OZ

	JUN 2012 QTR	SEP 2012 QTR
MINING COSTS	4,628	795
CAPITALISED MINING	(5,179)	(347)
ORE INVENTORY MOVEMENT	812	17
TOTAL MINING COSTS	261	465
TOTAL SITE PROCESSING COSTS	1,238	428
TC/RC'S & PRODUCT HANDLING	19	8
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	-	-
OTHER DIRECT CASH COSTS	1,356	353
TOTAL C1 COSTS	2,874	1,254
ROYALTIES	119	100
OTHER INDIRECT COSTS	-	-
FINISHED GOODS INVENTORY MOVEMENT	(1,562)	(263)
TOTAL CASH COSTS	1,431	1,091
DEPRECIATION & AMORTISATION	564	351
OTHER NON CASH COSTS	914	175
TOTAL PRODUCTION COSTS	2,909	1,617

OUTLOOK

Production target for the December 2012 quarter of 15,000-17,000oz AuEq. Annual production target for FY2013 remains unchanged at 100,000oz AuEq. The operational ramp up of mining volumes and associated increased production remains on schedule.



Exploration

NEW SOUTH WALES

Tritton: Straits – 100%

During the quarter the first phase of exploration drilling was completed at the Kurrajong and Carters prospects and resource drilling recommenced at the Avoca Tank project. Significant copper mineralisation was returned at all three prospects.

Infill drilling has commenced at the Avoca Tank prospect which will enable completion of a mine plan and Reserve and progress the development of the project.

The Avoca Tank deposit is open at depth below 450m and along strike to the south and accordingly the Company holds high expectations for extensional discoveries.

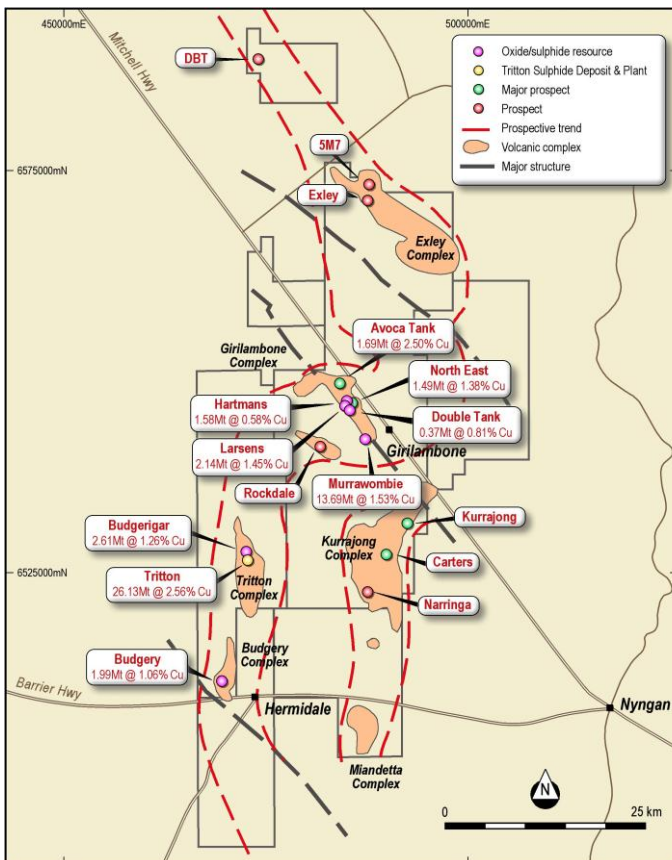
Numerous untested anomalies have been identified in the Tritton region, in addition to the deposits described above. These are shown in the following picture:

The two prospects most recently tested include Carters and Kurrajong, both of which have returned ore grade intercepts including 6m @ 3.92% Cu (Kurrajong) and 7m @ 2.2% Cu (Carters). The primary EM targets at depth remain to be tested at both prospects.

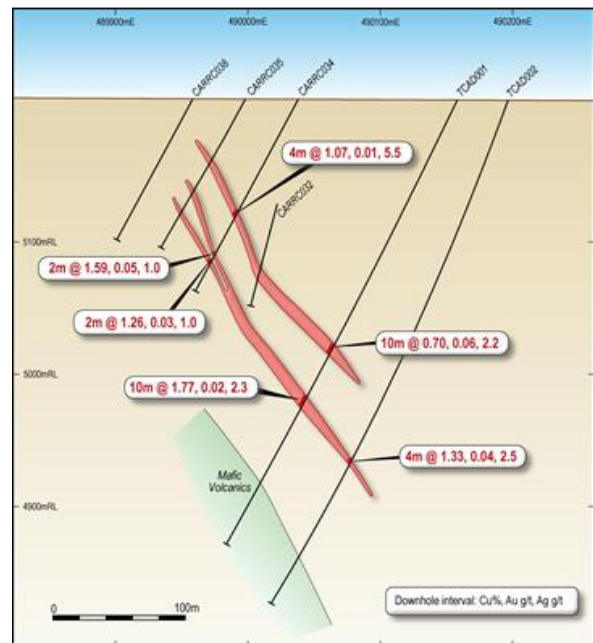
The Tritton regional copper endowment currently sits at over 1 million copper tonnes, including recovered and in-situ resources (detailed in Table 1). The region has the geological potential to significantly grow this copper metal inventory.

Carters:

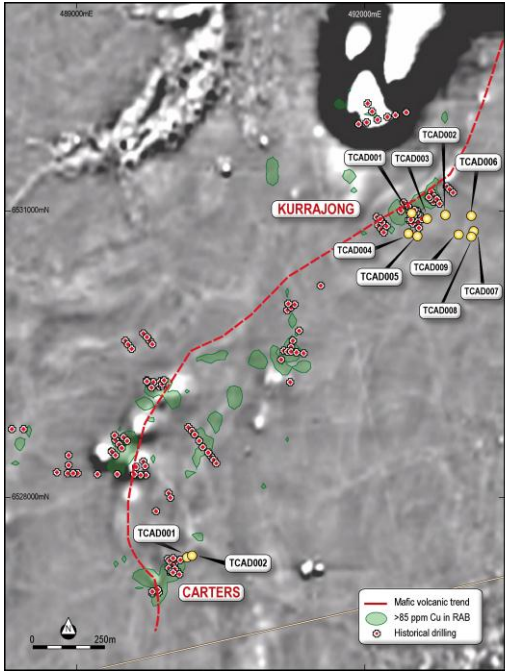
At the Carters prospect, located 16km east of Tritton, a second hole TCAD002 (see Figure below) was drilled on the same north section and 40m east of TCAD001 (10m @ 1.77%Cu). The hole confirmed the interpretation of two parallel lenses dipping 50° to the east. The mineralisation is open in all directions and is interpreted to be the northern edge of a southerly plunging zone of massive and banded sulphides within a sequence of metasediments and underlying mafic volcanics. Further drilling is planned to the south of the current drill line.



Tritton Region showing copper deposit distribution and relative size



Carters Schematic Section



Carters / Kurrajong Drillhole Plan

Kurrajong:

Since the initial discovery of massive sulphides at Kurrajong a further six diamond holes (TKJD004 to TKJD009) have continued to expand the zone of mineralisation which now has a strike length of 700m. The best assay result was returned from a 6m interval of massive sulphides in TKJD008 (6m @ 3.92% Cu). Drilling to date has confirmed the presence of a large mineralised system at Kurrajong and additional drilling will be required to further define the geometry of the deposit. Downhole EM was conducted in all the holes and results point to a strong off-hole response both up dip and down dip of hole TKJD009.

Assay results for Kurrajong and Carters are detailed in Table 2.

Avoca Tank:

A programme of 20 resource diamond holes commenced at Avoca Tank in September, with five holes completed (TATD022 to TATD026) by the end of the quarter. The current round of drilling will enable completion of a mine plan and Reserve and progress the development of the project.

Holes TATD022, 24-26 were drilled on a section across the orebody on a nominal spacing of 20m to intersect the mineralised zone at 110RL. The four holes intersected a southerly plunging mineralised horizon of massive and banded sulphides with associated magnetite alteration and mafic volcanics. TATD023 was drilled between TATD005 and TATD007 to test the continuity of the high grade core at depth. TATD023 intersected multiple lenses of massive and banded copper-zinc rich sulphides with associated gold. The best interval in the hole was 22m @ 2.87% Cu, 1.46% Zn and 0.96g/t Au, confirming the continuity of the mineralisation in this part of the orebody. Drilling is currently planned to continue into the December Quarter.

Assay results for Avoca Tank are detailed in Table 3.

OTHER AUSTRALIAN EXPLORATION ASSETS

There are no material developments to report on the other Australian tenements.

INDONESIA

Mt Muro: Straits – 100%

Exploration activities are currently concentrating in and around the Serujan Pit area. Further evaluation of the Bantian, Hulubai and Permata Pits is currently underway in preparation of recommencement of and expanded exploration programme.



Table 1: Tritton District - Current Production and Resource and Reserve Distribution

Deposit	Production			In-Situ Resource			Total		
	million tonnes ore	grade (% Cu)	contained Cu (000 t)	million tonnes ore	grade (% Cu)	contained Cu (000 t)	million tonnes ore	grade (% Cu)	contained Cu (000 t)
Murrowombie	6.26	1.7	106.1	7.43	1.4	104	13.69	1.5	210.1
North East	0.89	0.85	7.6	0.6	2.1	13	1.49	1.4	20.6
Hartmans	1.58	0.58	9.2	1.30	0.4	5	2.88	0.5	14.2
Larsens	1.33	1.2	16	0.81	1.8	15	2.14	1.4	31
Tritton*	5.18	2.7	208	20.95	2.2	462	26.13	2.3	670
Budgerygar	0		0	2.61	1.3	33	2.61	1.3	33
Budgery	0		0	1.99	1.1	21	1.99	1.1	21
Avoca Tank	0		0	1.69	2.5	42.2	1.69	2.5	42.2
Double Tank	0		0	0.37	0.8	3	0.37	0.8	3
Kurrajong (oxide)	0		0	0.3	0.5	1.6	0.3	0.5	1.6
TOTAL	15.24		346.9	38.05		699.8	53.29		1046.7

*Tritton production includes North East underground production. See comments regarding resources at the end of this report in the competent person statement.

Table 2: Significant Assay Results Carters and Kurrajong Trend

Hole Id	Project	East AMG	North AMG	Dip	Az (mag)	From (m)	Width (m)	Cu %	Zn %	Au g/t	Ag g/t
TKJD004	Kurrajong	492480	6530760	-60	325	168	6	0.77	0.02	0.05	4.7
TKJD005	Kurrajong	492563	6530736	-65	325	265	1	0.60	0.01	0.05	3.5
						276	4	0.94	0.01	0.15	6.0
TKJD006	Kurrajong	493130	6530945	-65	323	503	1	0.97	0.14	0.06	2.7
						509	1	0.62	0.03	0.05	1.7
TKJD007	Kurrajong	493150	6530775	-65	325	567	4	2.46	0.15	0.19	7.6
						577	1	0.50	0.01	0.05	1.5
						585	22	0.59	0.02	0.06	1.7
TKJD008	Kurrajong	493128	6530725	-65	323	572	6	3.92	0.56	0.39	10.9
TKJD009	Kurrajong	492995	6530745	-60	325	481	4	0.81	0.08	0.06	2.5
						504	16	0.95	0.08	0.09	3.5
						548	2	0.60	0.01	0.22	3.9
TCAD002	Carters	490196	6527386	-65	242	304	4	1.33	0.01	0.04	2.5

(0.5% Cut-off grade, max 3m internal dilution) Datum AGD66

Table 3: Significant Assay Results Avoca Tank

Hole Id	East AMG	North AMG	Dip	Az (mag)	From (m)	Width (m)	Cu %	Zn %	Au g/t	Ag g/t
TATD022	484674	6548444	-65	225	97	11	2.73	0.48	1.47	23.4
					112	1	0.56	0.87	0.60	9.6
					153	1	1.50	0.08	0.84	9.4
TATD023	484746	6548520	-60	230	226	1	0.97	0.26	0.08	7.8
					235	10	1.47	0.26	0.58	10.0
					249	22	2.87	1.46	0.96	15.7
					286	10	2.55	0.45	0.97	13.7
					351	10	0.78	0.27	0.42	5.8
					367	2	0.81	0.12	0.16	5.5
TATD024	484681	6548466	-60	228	120	21	2.47	0.15	0.43	14.0
					176	13	2.31	0.72	0.48	10.1
TATD025	484671	6548483	-60	228	128	8	0.93	0.23	0.16	5.3
					210	2	3.78	1.32	0.60	14.6
TATD026	484701	6548431	-60	228	109	15	2.57	1.68	2.10	31.1

(0.5% Cut-off grade, max 3m internal dilution) Datum AGD66



Corporate

CASH & DEBT

At the end of the September 2012 quarter (pre-closing of the Entitlement Offer), Straits had total cash and investments of \$42.6 million including:

- Useable cash \$12.7 million
- Investments \$ 8.5 million
- Restricted cash \$21.4 million

(After the close of the quarter, on 12 October the Company closed its Entitlement Offer and received \$49.3 million (net of costs and repayment of the Glencore short term facility).

At the end of the September 2012 quarter, Straits had debt of \$114.4 million including:

- SCB copper swap \$78.6 million
 - SCB working capital facility \$14.1 million
 - Financed mining equipment & other loans \$13.7 million
 - Glencore short term facility \$ 8.0 million
- Total facility \$20 million*

In addition Straits has a silver pre-payment facility to deliver 1,995,053oz Ag to Credit Suisse.

FUNDING AND OTHER OPERATING INITIATIVES

On 7 September 2012 Straits announced a number of financing and operating initiatives, updates as follows:

\$20 million short term finance facility with Glencore

The short term facility from Glencore was established to provide a funding bridge for the Group. A total of \$8 million was drawn down on the facility before being repaid in full (including interest) in October on receipt of funds from the Entitlement Offer.

\$60 million fully underwritten pro rata renounceable entitlement offer

The Entitlement Offer was strongly supported by existing shareholders with valid applications being received for 501.7 million new shares. The shares not taken up (approximately 205.9 million) were issued in accordance with the Underwriting Agreement, with Glencore taking up approximately 11.3% of the shares in the Company.

Off-take agreement with Glencore

In conjunction with the Glencore short term facility and \$40 million sub-underwriting of the Entitlement Offer, Straits entered into a life of mine off-take agreement with Glencore for 100% of production from the Tritton Copper Mine. The off-take agreement will commence upon the expiry of the existing off-take contracts in late 2013. The Glencore off-take agreement provides for market based copper concentrate payment terms, with treatment and refining charges based on benchmarked terms.

Revised terms for the Mt Muro silver facility with Credit Suisse

Straits has agreed revised terms for its silver facility with Credit Suisse. The key change to the facility is the deferral of all silver deliveries into the facility until March 2013 (releasing 570,275 oz of silver in that period – valued at approximately \$17 million) when the Mt Muro Mine is scheduled to significantly increase silver production rates. Under the revised delivery schedule, 1,955,053 oz of silver are to be delivered into the facility from March 2013 to June 2015.

Cost saving initiatives & operational restructuring

Straits has established a Restructuring Committee, reporting to the Board and the CEO to develop and implement a major restructuring program to reduce costs, optimize operations and drive financial and operational efficiencies.

To date, annualized head office reductions of \$8 million have been achieved through a reduction in personnel, other cost savings and the reallocation of direct costs to specific operations. The Company is on track to achieve the targeted \$9 million annualized reduction in head office costs.

Appointment of Boomerang for recruitment of CEO

The Company has engaged executive recruitment firm Boomerang Partners to recruit a replacement CEO.

Investigation of demerger of Gold & Copper assets

Straits believes the value of its Copper Business and Gold Businesses are currently not properly recognized by the market. In these circumstances, the Board believes a demerger of the Company's copper and gold assets will:

- Provide greater clarity of identity to both the Copper Business and the Gold Business;
- Allow easier peer group comparisons and therefore re-rating, for both the Copper Business and the Gold Business;
- Create greater management focus to the respective businesses;
- Create greater flexibility and enhance the ability of both the Copper Business and the Gold Business to achieve the significant growth prospects of both businesses;
- Enable investors to pursue specific investment preferences separately: copper and/or gold; Australia and/or Indonesia; and
- Provide the potential for more liquid investments in separate vehicles by shareholders.



MAGONTEC DEBT RE-ORGANISATION

The Company has agreed to amend the Heads of Agreement previously entered into with Magontec Limited (announced 8 June 2012) to re-schedule the debt repayment conditions of the Company's loan to Magontec. Under that HOA, Magontec had the opportunity to reduce the Company's loan by pre-payment of \$6 million and the issue of a \$2 million Convertible Note at \$0.04 cents per share by 31 December 2012. Under the revised arrangement, Magontec has the opportunity to reduce the Company's

loan by pre-payment of \$2 million and the issue of a \$3.5 million Convertible Note at the same price as issued under a proposed rights issue by Magontec, plus the repayment of \$2.1m by December 2014. Magontec has already paid \$900,000 to the Company.

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.

By Order of the Board

Milan Jerkovic
Chief Executive Officer
29 October 2012

For further information contact:

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or go to our website at www.straits.com.au

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

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.