

**STRAITS RESOURCES LIMITED
(ASX: SRQ)****CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING**

Dear Fellow shareholders,

My name is Adrian Redlich and on behalf of the Board of Directors I would like to welcome you and thank you for attending the 2012 Annual General Meeting. Having only recently joined the board and in my first week as Chairman many of you may be unfamiliar with me. However my appointment and many other structural and staff changes at Straits Resources represent a new era for the company. As both Chairman and a representative of the company's second largest shareholder, Merricks Capital, I along with my fellow directors are dedicated to turning around your company.

The past year has been a disastrous period for our Company with the key assets not delivering to plan necessitating three capital raisings totalling \$140m and 72% share dilution. In my opinion the poor performance has resulted from a combination of bad luck and poor management processes. The problems of the last year have been well documented and I don't intend to recount them today but rather outline the changing culture and broad plan for the company going forward. I and my fellow directors are not shying away from the last year's failings and will take questions and make ourselves available to all stakeholders at this meeting or subsequently if you wish to explore the past in more detail. However I think the company is best served today by focussing on the asset base, the evolving corporate strategy and plans for new leadership.

Looking forward I am excited by the opportunity for the company (or subsequent companies post a demerger) to return to its previous market status as a significant gold and copper producer extracting shareholder value and attracting talented employees and business partners. The current share market value of approximately \$100m does not seem to reflect the metal endowments and infrastructure of the five major assets;

- Tritton Copper mine (NSW, Australia) – 0.5 mt contained copper resource, 25,000tpa copper producer & infrastructure capable of processing 1.6 -1.7mtpa of ore;
- Mt Muro Gold mine (Kalimantan, Indonesia) – 1.5moz gold equivalent resource, budgeted 100,000oz gold producer and infrastructure capable of processing 1.7mtpa of ore;
- Temora Copper porphyry project (NSW, Australia) – 279mt resource with contained metal well in excess of 1mt of copper equivalent;
- Hillgrove Antimony Gold mine (NSW, Australia) - some \$180m has been spent developing this asset and whilst deemed none core and has been optioned for sale it remains a 0.85moz gold resource and one of the world's largest antimony deposits outside China; and
- A vast array of exploration assets across Australia that already have combined stated resources of well in excess of 1moz of gold.

When you create a list of the Company's assets one can certainly understand where many hundreds of millions of dollars has been spent on capital expenditure and exploration. It now remains incumbent on us as a company to deliver the production or project divestments to return cash flow from this asset base.

Nick Earner the company's EGM Operations will shortly provide a more detailed overview of the plan at the asset level.

The recent recapitalisation has put the company in a position to complete the capital and exploration programs to stabilise the keys assets as well as restructure the organisation and management team. Making radical change within a company is never easy and is inherent with execution risk. To give you a sense of the level of change being undertaken there will be a new Chairman, Chief Executive Officer, Chief Financial Officer and Tritton and Mt Muro mine managers appointed in the current six month period. Along with personnel change there has been financial and technical review by both internal management and external experts of key operations and geological assets which has resulted in key process change.

The Board have recently set out the following 5 key objectives for the coming period:

- On-time and on-budget ramp up of the **Mt Muro gold mine** to full production in March 2013 in order to achieve production of 100,000koz AuEq in the current financial year;
- Achieve 25,000t of Copper production from **Tritton** in the current financial year post a period of significant cost reduction and on-site management change;
- Continue the **exploration program at Tritton** in order to define an initial reserve at Avoca Tank by March 2013 and test the potential size of the recently discovered Kurrajong prospect;
- Effect the separation of Copper and Gold assets either via a demerger or asset sale; and
- **Appoint a new CEO** and non-executive Director to the Board of the Company and establish a strong Board and management team for the demerged entities. The new management teams and Boards will be specifically skilled and independent to meet the challenges of running an Indonesian focused gold company and separately one of Australia's ten largest independent copper producers.

Post a period where all assets were starved of working capital we are in a period of resetting the baseline operating practice and significant execution risk still exists. None the less we have set our key objectives and plan to report to you, our shareholders, a regular "scorecard" in the coming months. In particular we hope to be in a position to soon outline the structure and timetable of separating the copper and gold assets.



Adrian Redlich

Non-Executive Chairman

For further information, please contact:

- Mr Matthew Smith – Acting CFO & Company Secretary
on +61 8 9480-0500, or visit our website at www.straits.com.au.

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