
STRAITS RESOURCES LIMITED
(ASX: SRQ)

**TRITTON UPDATE:
RESTRUCTURE OF STANDARD CHARTERED COPPER SWAP FACILITY**

Straits Resources Limited (Straits) is pleased to advise it has reached agreement with Standard Chartered Bank (SCB) for an interim restructure of the Company's existing copper swap facility on more attractive repayment terms for the nine months (August 2013 to April 2014).

Under the revised terms, effective immediately, the monthly repayments will be reduced from 450 tonnes to 69.9 tonnes of copper, which is consistent with the repayments made in the last financial year. At the end of the nine month period the remaining facility is intended to be restructured over a 5 year term (Long Term Restructure) instead of the current 3 years, subject to further negotiation between the parties.

As a condition of the restructure, Straits is required to:

- undertake a resource to reserve upgrade program to prove-up an additional 50kt of JORC certified copper reserves by 15 May 2014; and
- hedge 8,114 tonnes of its copper production (or approximately 50% of production) during the period of the interim restructure. In furtherance of this condition, Straits has entered into a various transactions providing for, amongst other matters, the forward sale of this amount of its production for the next 9 months at a copper price of \$AUD7,800 per tonne.

In addition, in the event that Straits undertakes a debt or equity raising during the period of the interim restructure, 50% of the net proceeds of that raising are to be applied to repay the principal amount owing under the SCB facility, reduce the hedging liability or otherwise to be used as collateral under the facility.

Straits' Executive Chairman, Andre Labuschagne said: *"The successful restructuring of the SCB copper swap on more affordable and sustainable terms for the next nine months is significant, in that it provides greater financial certainty as we refocus on ensuring that the Tritton mine performs to its potential, to provide the platform for a more sustainable financial structure for the company going forward.*

In addition, locking in a proportion of production via a hedge over the next 9 months at an attractive price (and above our budgeted copper price) provides certainty during this phase, whilst allowing access to the potential upside over the balance of our production."

Following the cessation of operations at Mt Muro, Straits Resources is now solely focussed on its copper assets, being the Tritton Copper Mine and the Temora copper/gold project. We are very excited by the potential of both Tritton and Temora.

Tritton is an operating mine and our key focus in the coming year will be ensuring consistent delivery of production targets and continued reduction of operating costs. We are comfortable with our reserve upgrade targets over the next nine months as we already have a suite of well-defined resource projects in our portfolio. Longer term, Tritton has excellent exploration and development potential, particularly Tritton Deeps, Avoca Tank, the Kurrajong and Carter's prospects and various oxide resources.

The restructure of the silver prepayment facility on Mt Muro (as announced 5 August) which enabled the decision to sell Mt Muro; combined with the SCB restructure has put Straits firmly on a new path. We have a clear focus on Tritton's operational performance and the opportunity to re-establish the company as a mid-tier producer committed to delivering shareholder value."

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