



Quarterly Activities Report For the period ended March 2015

About Straits Resources

Straits Resources Limited (ASX: SRQ) is an established copper producer and developer with multiple mines and a 1.6 Mtpa copper concentrator at its Tritton Copper Operations in New South Wales, Australia.

In FY2014 Straits' Tritton Operations achieved record production of 26,422 tonnes of copper metal and exceeded the previously upgraded guidance for FY2014 of 26,000 tonnes. This is forecast to increase to 28,500 tonnes in FY2015.

The Company also has an exciting portfolio of highly prospective exploration projects creating a pipeline for future growth, including advanced projects at Tritton and its Temora project in NSW.

Straits' Board and Management team is experienced in all aspects of mining and corporate development.

Straits has a clear vision to become a mid-tier, multi-operation company – delivering shareholder value through an unwavering focus on operational excellence.

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MARCH QUARTER HIGHLIGHTS

Operations:

- **Tritton Operations hits a new production record:**
 - **Record Copper Production for Quarter of 8,352 tonnes**
 - **Full year copper production guidance increased from 27,000 tonnes to 28,500 tonnes**
 - **C1 Unit Cash Costs of A\$2.22 /lb**

Corporate:

- **Cash and receivables increase by \$19.4M during the quarter**
- **Straits in advanced discussions on debt restructure and financing with Standard Chartered Bank (SCB)**
- **Date for completion of debt restructure with SCB extended to 13 July 2015**



Safety, Environment and Community

There were no lost time injuries during the quarter. There were two reportable environmental incidents, both for minor hydrocarbon spills that were quickly controlled.

The total recordable injury frequency rate has fallen below 30, a better than halving of the rate over the past two years. We plan to sustain this rate of improvement through a focus on improving safe behaviors.

Tritton Copper Mine (NSW)

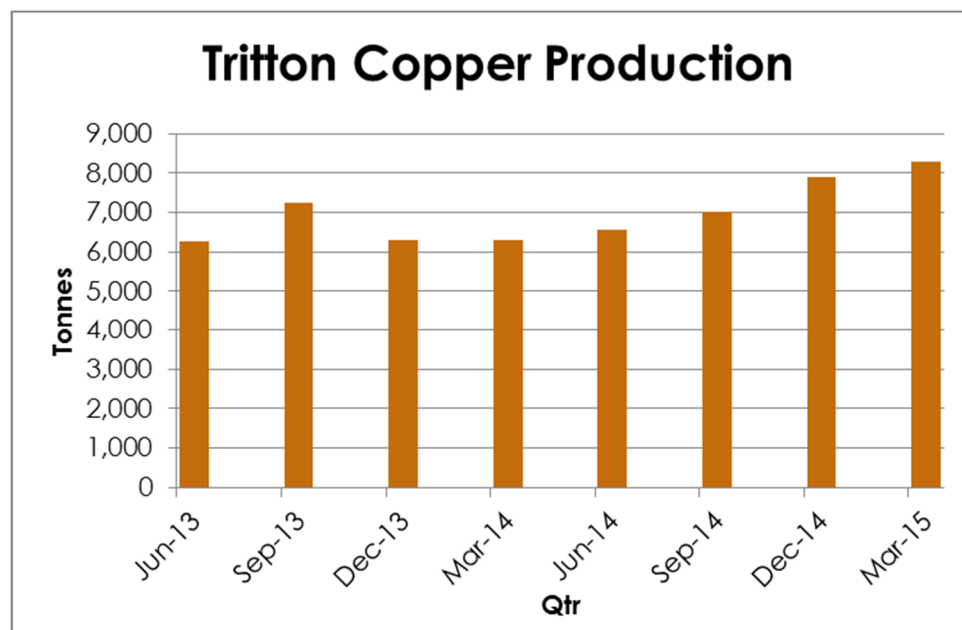
PRODUCTION

April 2015 marks the 10th anniversary since the official opening of the Tritton operations.

Copper production for the March quarter was another record achieving 8,352 copper tonnes. This result continues to build on the consistent performances of the last 24 months.

The record quarterly copper production was supported by higher than Ore Reserve copper grades mined from the Larsen deposit at the North East mine.

At the main Tritton mine copper grades were also good as a result of the mine stoping sequence progressing through higher grade areas of the ore body. Mining dilution was controlled as the mining sequence is now dominated by retreating longitudinal mining that is expected to reduce paste fill dilution.





Ore processing performance remains consistent with 404,169dmt of ore being processed during the quarter. Continued debottlenecking of the plant has allowed the processing plant capacity to stay ahead of mining capacity. Commissioning of a new self-cleaning magnet at the crusher and an improved ore transfer flask ahead of the SAG Mill feed conveyor were completed.

The processing plant was shut down for four and half days in March for regular reline of the SAG and Ball Mills. The shut was extended from the normal two days to allow installation of the ore transfer flask. The flask has had an immediate impact on reducing the variation in feed rate to the SAG Mill and eliminating the ore feed blockages that plagued the old installation.

The higher copper recovery was due to a combination of higher copper ore head grade and the benefits of fewer plant stoppages.

Tritton Production Statistics

		MAR 2014 QTR	JUN 2014 QTR	SEP 2014 QTR	DEC 2014 QTR	MAR 2015 QTR
MINED	TONNES	375,705	438,306	381,592	426,149	402,049
GRADE	Cu (%)	1.65%	1.70%	1.73%	2.05%	2.14%
ORE MILLED	TONNES	395,229	408,716	420,932	408,473	404,169
GRADE MILLED	Cu (%)	1.68%	1.70%	1.75%	2.03%	2.17%
RECOVERY	Cu (%)	93.99%	93.64%	94.52%	94.92%	94.83%
COPPER CONCENTRATE PRODUCED	TONNES	26,497	27,171	28,875	32,330	34,157
COPPER CONCENTRATE GRADE	Cu (%)	23.61%	23.92%	24.10%	24.3%	24.3%
CONTAINED COPPER IN CONCENTRATE	TONNES	6,255	6,506	6,959	7,858	8,304
COPPER CEMENT PRODUCED	TONNES	47	53	53	46	48
TOTAL COPPER PRODUCED	TONNES	6,302	6,559	7,012	7,904	8,352

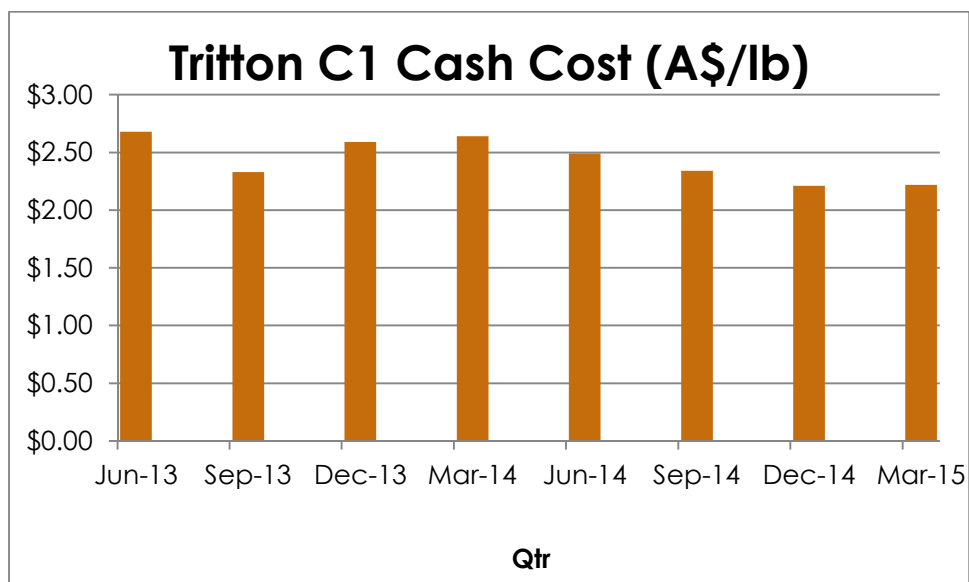
The Tritton mine continues to benefit from the conversion of the stope extraction sequence at the Tritton mine from transverse stoping to a longitudinal retreat method. The change in mining method was a response to the ore body decreasing in dip and increasing in width. The longitudinal extraction method is realising cost savings from reduced cement required in paste backfill and less footwall waste development.

Exploration drilling of the deeper parts of the Tritton deposit from the 4385mRL hanging wall drill drive is scheduled to commence in the next quarter. This drilling will be completed in three programs and is seeking to upgrade the current Mineral Resource estimate down to 4000mRL to Ore Reserve status and then extend the Mineral Resource estimate down to 3800mRL (1500m below surface).



COSTS

C1 unit cash costs are slightly higher at A\$2.22 /lb compared to that of the previous quarter due to increased TC/RC costs, as a result of timing of copper shipments, offset by lower mining costs and higher copper production.



Tritton Unit Cost Statistics (A\$/lb)

	MAR 2014 QTR	JUNE 2014 QTR	SEPT 2014 QTR	DEC 2014 QTR	MAR 2015 QTR
TOTAL MINING COSTS	1.37	1.40	1.14	1.16	1.04
TOTAL SITE PROCESSING COSTS	0.41	0.37	0.41	0.40	0.30
TC/RC'S & PRODUCT HANDLING	0.61	0.52	0.54	0.39	0.70
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	(0.08)	(0.10)	(0.04)	(0.04)	(0.05)
OTHER DIRECT CASH COSTS	0.32	0.30	0.29	0.29	0.23
TOTAL C1 COSTS	2.64	2.49	2.34	2.20	2.22
ROYALTIES	0.10	0.08	0.04	0.07	0.08
CONCENTRATE INVENTORY MOVEMENT	0.61	0.13	0.11	(0.67)	0.51
TOTAL CASH COSTS	3.35	2.70	2.49	1.60	2.81
DEPRECIATION & AMORTISATION	0.79	0.51	0.38	0.32	0.40
TOTAL PRODUCTION COSTS	4.15	3.21	2.87	1.92	3.21



Total unit production costs were higher than the previous quarter primarily due to stock adjustments related to the timing of shipments and the corresponding accounting revenue recognition criteria.

The increased unit costs for treatment and refining charges and product handling reflect expenditure timing delayed by the shipment settled in early January 2015, plus application of the higher 2015 benchmark TC RC's.

Capital expenditure at Tritton in the quarter was \$5.4 million.

Tritton capital expenditure (A\$ Million)

	SEPT 2014 QTR	DEC 2014 QTR	MAR 2015 QTR
CAPITAL	3.6	2.7	1.4
MINING DEVELOPMENT	5.1	4.4	3.5
EXPLORATION	0.5	0.5	0.5
TOTAL	9.2	7.6	5.4

OUTLOOK

Copper production guidance for FY2015 has been increased from 27,000 tonnes to 28,500 tonnes.

Mt Muro Gold Mine (Indonesia)

On 10th October 2014, the Commercial Court at the Central Jakarta District Court approved a Settlement Plan proposed by Straits' wholly owned subsidiary, PT Indo Muro Kencana (PT IMK), owner of the Mt Muro gold mine, to the Creditors of PT IMK.

Key Points of the Settlement Plan are:

- Settlement Plan proposed by PT IMK accepted by Creditors and approved by Indonesian Commercial Court;
- Ownership of PT IMK will be transferred to the Creditors. The Straits' subsidiaries (Muro Offshore Pty Ltd and Indo Muro Pty Ltd) that hold all the PT IMK shares, will be transferred to a "Special Purpose Vehicle" and held in trust on behalf of the Creditors;
- PT IMK Creditors to provide appropriate releases to Directors and Commissioners of PT IMK and also to Straits;
- Upon implementation of the Settlement Plan, Straits and its subsidiaries have no ongoing obligations to either the Creditors of PT IMK or the entities that hold the shares in PT IMK; and
- Finalisation of the Settlement Plan overrides the Voluntary Bankruptcy application submitted by PT IMK in January 2014.

At the end of the Quarter the "Special Purpose Vehicle" had been incorporated and arrangements for ownership of PT IMK to be transferred continued to progress. The IMK Creditors are currently in discussions with third parties regarding a sale of PT IMK.



Exploration and Project Development

TRITTON MINES AND SURROUNDING TENEMENTS

Straits currently hold 184,600 hectares in the prospective Tritton VMS district. This is made up of four granted exploration and three mining leases. Six major mafic complexes have been identified within a sequence of sedimentary rocks with a combined strike length of greater than 100km. Numerous anomalies have been identified and remain untested in the Tritton region (see Figure 1).

An exploration strategy has been steadily evolving for the region and has been extremely effective in both identifying and testing for VMS sulphide systems as demonstrated by Straits' exploration success at Avoca Tank, Kurrajong, Carters and Budgery.

The quality of the remaining targets in the Tritton region and the potential for further discoveries in this large VMS copper district remains excellent. Straits previous success and the knowledge that Besshi VMS systems like Tritton are characterised by repeats along strike, multiple horizons and lenses and significant depth potential gives the company great confidence for the discovery of additional deposits along the multiple prospective horizons within the Tritton region.

There were no significant exploration activities or results during the quarter at any of the exploration tenements held by Straits Group.

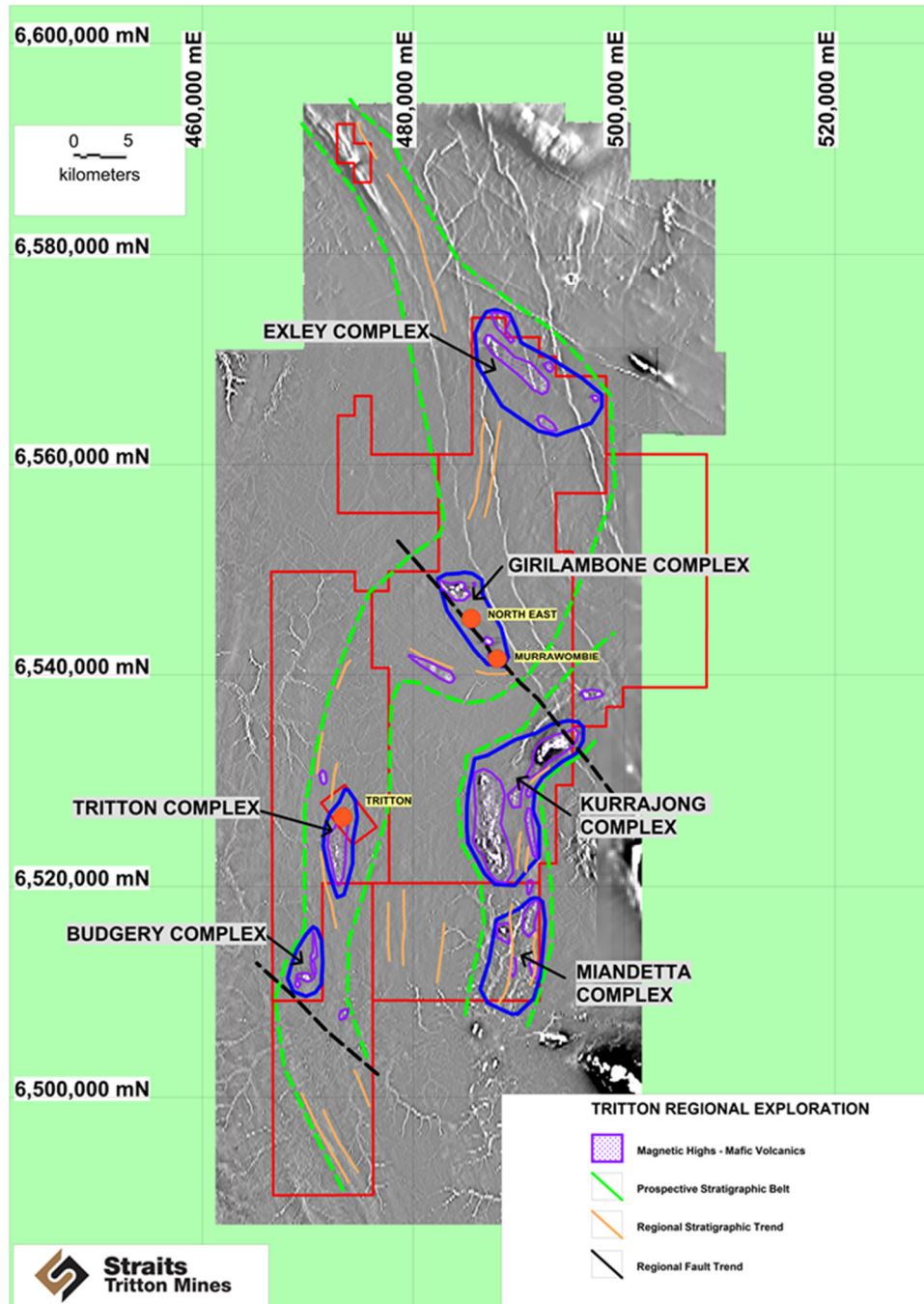


Figure 1: Tritton Region showing known basement complexes prospective for VMS systems and current operations.



Corporate

CASH

At the end of the March 2015 quarter, Straits had useable cash and receivables of \$26.4 million, an increase of \$19.4 million on the previous quarter, with the increase due to higher cash balances and copper receivables at the end of the quarter.

\$million	Mar 2015 Quarter	Dec 2014 Quarter
Useable Cash - Straits Corporate and Tritton	18.4	5.4
Tritton - Copper concentrate receivables	8.0	1.6
Straits/Tritton - Useable Cash and Receivables	26.4	7.0
Investments	2.9	3.5

Investments decreased as a result of the sale of some listed share investments and also share price decreases.

Corporate capital expenditure for the quarter was nil.

TRITTON COPPER SWAP AND WORKING CAPITAL FACILITIES

On 16 June 2014 Straits announced that formal documentation had been executed for a restructuring of pre-existing debt facilities (Copper Swap Facility and Working Capital Facility) held by Straits' wholly owned subsidiary (Tritton Resources Pty Ltd) with Standard Chartered Bank (SCB).

The debt restructuring closed out the Copper Swap Facility for US\$99.9 million, to be funded by a Bridge Loan provided by SCB, and capped the Working Capital and Guarantee Facility at US\$14.6 million.

Straits and SCB continue discussions with respect to a longer term debt restructure (Refinancing Plan). The Refinancing Plan was initially to be agreed by 13 November 2014. A formal amendment (Amendment Agreement) to the original Bridge Loan documentation was executed during the December quarter with the only material changes to the Bridge Loan terms relating to the new date for the completion of the Refinancing Plan (13 February 2015) and finalisation of the Debt Restructure (13 April 2015).

Interest and Fees payable on the Bridge Loan and Working Capital Facility from the Agreement Date until the Refinancing Plan is completed will be capitalised.

During the March quarter the date for the refinancing plan was first extended from 13 February 2015 to 13 March 2015 and subsequently to 13 April 2015.

After the end of the quarter Straits announced that it was in advanced discussions with SCB on an indicative term sheet for the refinancing plan and that the indicative terms were expected to be finalised by 1 May 2015. It was also announced that Straits and SCB had agreed to extend the date for completion of the debt restructure to 13 July 2015.



CREDIT SUISSE CONVERTIBLE NOTES

On 5 November 2013, Straits issued to Credit Suisse International (CS) 3,750,000 Class A convertible notes (Class A Notes) and 3,250,000 Class B convertible notes (Class B Notes) (with each convertible note having a face value of US\$1). Both Class A and Class B Notes bear interest at 12.5% per annum (of which 2.5% is capitalised (PIK)) and may be converted into fully paid ordinary shares in Straits at a conversion price of 3 cents per share. The Class A Notes, if not converted into shares in Straits, were to be redeemed by Straits no later than 12 months (ie. by 5th November 2014) after the date of issue.

During the December 2014 quarter Straits reached agreement, subject to Straits shareholder approval, with CS to extend the redemption period of the Class A convertible notes for 12 months (ie. to 5 November 2015). Straits and CS also agreed that the PIK component of the interest up to 5 November 2014 on the Class A Notes would be paid in cash and not capitalised.

On 5 January 2015 Straits held an Extraordinary General Meeting where the shareholders voted in favour of the extension.

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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.