



Quarterly Activities Report

For the period ended 31 December 2012

Production Snapshot

Contained Metal Production	DEC 2012 QTR	YTD FY2013
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Tritton:

Total Copper	4,471 t	11,054 t
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Cash Costs	A\$2.92	A\$2.48
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Mt Muro:

Total Gold Equivalent	12,026 oz	28,964 oz
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Cash Costs	US\$1,769	US\$1,467
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Capital Structure at 31 December 2012

Shares on Issue	1,164,150,159
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Market Capitalisation	\$98,952,764
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DECEMBER QUARTER HIGHLIGHTS

- Appointment of new Chairman, Managing Director and Chief Financial Officer
- Exploration activities at Tritton continue:
 - Drilling continues to expand mineralisation at the Kurrajong Prospect
 - Resource drilling program at Avoca Tank project on track to deliver a reserve in March Quarter
 - Significant Results from the recent drilling program at Avoca Tank include:
 - 14m at 7.34% Cu, 1.13g/t Au, 26g/t Ag & 0.05% Zn
 - 15m at 2.98% Cu, 4.48g/t Au, 42g/t Ag & 0.32% Zn
 - 18m at 4.33% Cu, 1.26g/t Au, 21g/t Ag & 0.43% Zn
- Hillgrove sale progressing – two \$1M non-refundable option fees (option fees) received during the quarter. The final \$1 million option fee is due in early February.

Safety

Tritton had one Lost Time Injury (LTI) for the quarter, an operator hurt his back when the truck hit a wall due to tyre failure. Mt Muro had an LTI free quarter. A Safety review has been initiated at Mt Muro with the focus to improve safety procedures and effectiveness at site.

There was a minor environmental spill at Mt Muro which was rectified and a clean water project for the local village was initiated as part of a program to improve general water quality in the local communities.

Operational Summary

Straits Resources had a disappointing quarter with production of 4,471 tonnes of copper from its Tritton copper operation which was a 32% reduction compared to the previous quarter. The Mt Muro gold mine produced 8,499oz of gold and 185,042oz of silver, which were reductions of 28% and 33% respectively from the September quarter. Although total costs at both operations were within expectations, unit costs were impacted by the lower than targeted production at each operation.

Exploration at the Avoca Tank project at Tritton is ongoing with encouraging results from drilling during the quarter. A maiden reserve statement is on target for release in the March quarter.

Capital expenditure in the December quarter was \$21.8M, comprising \$8.2M at Tritton, \$12.7M at Mt Muro, \$0.5M for exploration and \$0.5M for Hillgrove.



Underground Operations at the Tritton Copper Mine



Tritton Copper Mine (NSW)

PRODUCTION

Tritton had a disappointing quarter with reduced mine production. Whilst the mine schedule forecast a reduction against the preceding quarter, delays in production out of key high grade stopes in the Tritton underground mine delivered a finish to December well below expectations.

Tritton Production Statistics

		SEP 2012 QTR	DEC 2012 QTR
MINED	TONNES	338,164	275,871
GRADE	CU (%)	2.01%	1.68%
ORE MILLED	TONNES	335,422	281,807
GRADE MILLED	CU (%)	2.07%	1.75%
RECOVERY	CU (%)	93.1%	93.95%
COPPER CONCENTRATE PRODUCED	TONNES	26,398	19,339
COPPER CONCENTRATE GRADE	CU (%)	24.4%	24.0%
CONTAINED COPPER IN CONCENTRATE	TONNES	6,450	4,341
COPPER CEMENT PRODUCED	TONNES	133	130
TOTAL COPPER PRODUCED	TONNES	6,583	4,471



COSTS

The fixed operating costs at Tritton remained at levels consistent with the preceding quarter. The unit costs have risen significantly due to the lower production.

Tritton - Unit Cost Performance A\$/Lb

	SEP 2012 QTR	DEC 2012 QTR
TOTAL MINING COSTS	1.24	1.64
TOTAL SITE PROCESSING COSTS	0.42	0.63
TC/RC'S & PRODUCT HANDLING	0.37	0.38
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	(0.10)	(0.11)
OTHER DIRECT CASH COSTS	0.25	0.38
TOTAL C1 COSTS	2.18	2.92
ROYALTIES	0.09	0.09
CONCENTRATE INVENTORY MOVEMENT	0.33	(0.18)
TOTAL CASH COSTS	2.60	2.83
DEPRECIATION & AMORTISATION	0.49	0.44
TOTAL PRODUCTION COSTS	3.09	3.27

OUTLOOK

With Tritton underperforming in the December Quarter against its previously released guidance for copper production (5,000t – 5,500t) the previous full year guidance of 24,500t – 25,500t is unlikely to be achieved. The new full year guidance for copper production is 23,500t – 24,500t. Management believe there may be some opportunities to improve on this revised guidance however they will only be pursued where they make economic sense and do not compromise the longer term mine plan.



Mt Muro Gold Mine (Indonesia)

PRODUCTION

The Mt Muro mine produced below guidance production in the December quarter. The operations ramp-up continued on schedule as operator numbers increased, with the reduced production primarily due to lower than expected tonnes and grade in the newly opened western end of the Serujan pit.

Reconciliations from the eastern end of the pit remain on plan; however the western end is below plan, with the ramp up in this area mining through the bottom of the historic pit. Grade control drilling in this area has been accelerated now that access is available.

Mt Muro Production Statistics

		SEP 2012 QTR	DEC 2012 QTR
MINED	ORE TONNES	225,128	216,004
	WASTE TONNES	1,217,264	2,148,147
ORE MILLED	TONNES	235,637	230,790
MILLED GRADE	GOLD (G/T)	1.63	1.24
	SILVER (G/T)	46.4	27.29
RECOVERY	GOLD (%)	94.4%	94.16%
	SILVER (%)	79.8%	85.89%
PRODUCTION	GOLD (OZ)	11,826	8,499
	SILVER (OZ)	277,227	185,042
	GOLD Eq(OZ)	16,938	12,026
SALES	GOLD (OZ)	10,352	8,519
	SILVER (OZ)	250,409	201,830
	GOLD Eq (OZ)	14,951	12,334

COSTS

The total production costs for the December quarter were in line with expectation. The increase in unit costs for the period resulted from lower gold equivalent ounces produced than expected:

- Processing costs – volumes milled and overall costs were similar to the September Qtr but unit costs were adversely impacted by the lower gold and silver head grades and the corresponding reduction in gold equivalent ounces produced;
- Other Direct Cash Costs – unit costs in the quarter were impacted by a number of one-off costs including legal fees for a VAT claim, consultant fees and write-offs of obsolete stores; and
- Other Non-cash costs – impacted by \$400k impairment on asset (underground mining equipment) held for sale.

**Mt Muro - Unit Cost Performance A\$/oz**

	SEP 2012 QTR	DEC 2012 QTR
TOTAL MINING COSTS	465	435
TOTAL SITE PROCESSING COSTS	428	613
TC/RC'S & PRODUCT HANDLING	8	11
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	-	-
OTHER DIRECT CASH COSTS	353	710
TOTAL C1 COSTS	1,254	1,769
ROYALTIES	100	135
OTHER INDIRECT COSTS	-	-
FINISHED GOODS INVENTORY MOVEMENT	(263)	(285)
TOTAL CASH COSTS	1,091	1,619
DEPRECIATION & AMORTISATION	351	367
OTHER NON CASH COSTS	175	375
TOTAL PRODUCTION COSTS	1,617	2,362



Mining in the Serujan Pit at the Mt Muro Gold Mine

OUTLOOK

The lower than anticipated grade in the western end of the Serujan Pit experienced during the December Quarter has continued into January. A geological review is currently underway and an update on the expected impact on full year production will be provided at the completion of this review.

Exploration

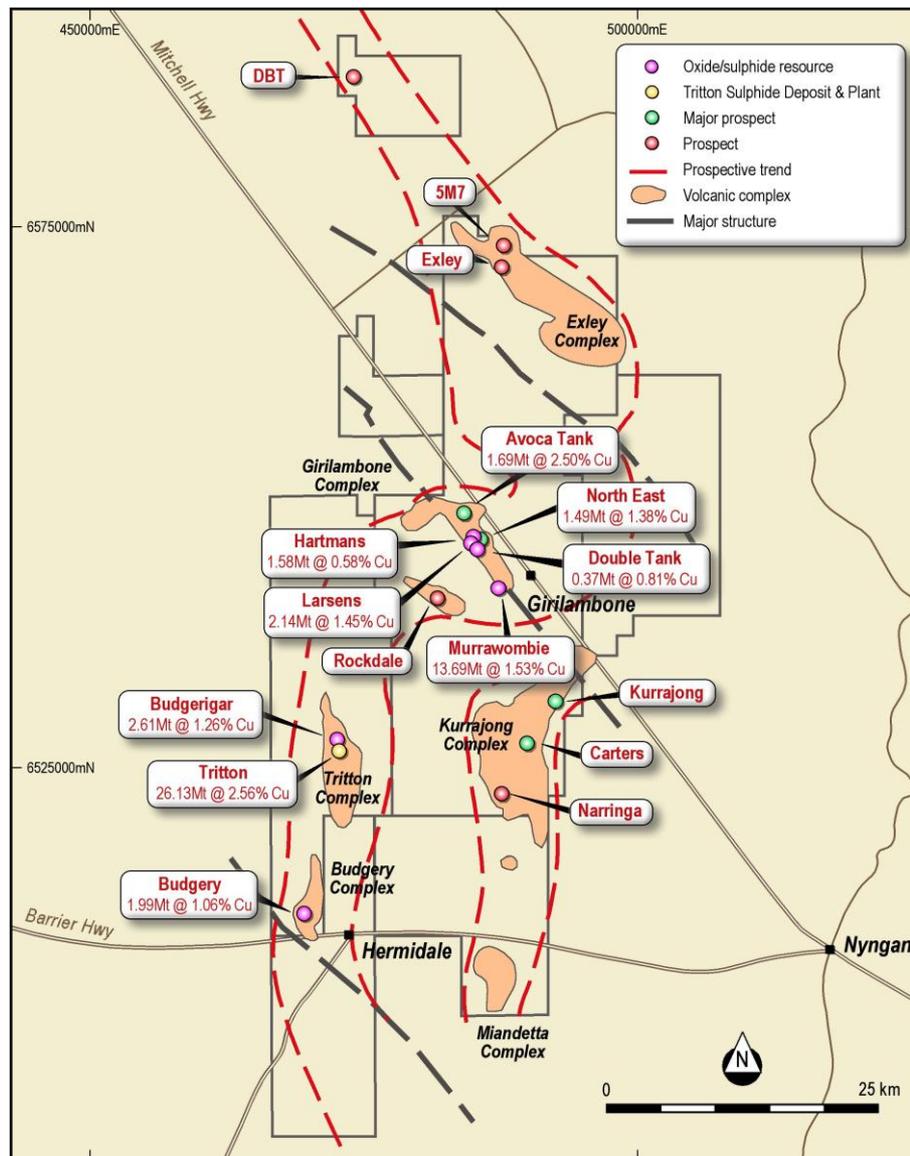
NEW SOUTH WALES

Tritton: Straits - 100%

During the quarter, drilling commenced at the Kurrajong Complex and infill drilling continued at the Avoca Tank project.

The Avoca Tank deposit remains open at depth below 450m vertical and along strike to the south. The company holds high expectations for extensional discoveries at Avoca, in addition to new mineralisation in and around the Girilambone Mafic Complex.

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



Tritton Region showing copper deposit distribution and relative size



Kurrajong:

During the December quarter two further drill holes were completed at the Kurrajong prospect TKJD010 and 11. Since the initial discovery of massive sulphides at Kurrajong during the 3rd quarter of FY2012 a total of 11 drill holes have been completed.

Drilling continues to expand the zone of mineralisation which now has a strike length of over 700 meters and has been drilled to over 500 meters vertical depth. The best assay result returned to date remains a 6m interval of massive sulphide in TKJD008 (6m @ 3.92% Cu).

Drilling has confirmed the presence of a large mineralised system at Kurrajong and additional drilling has been planned to test the significant downhole EM anomalies identified in TKJD010 and 11, which remain untested at depth. Assay results for these holes remain outstanding.

Avoca Tank:

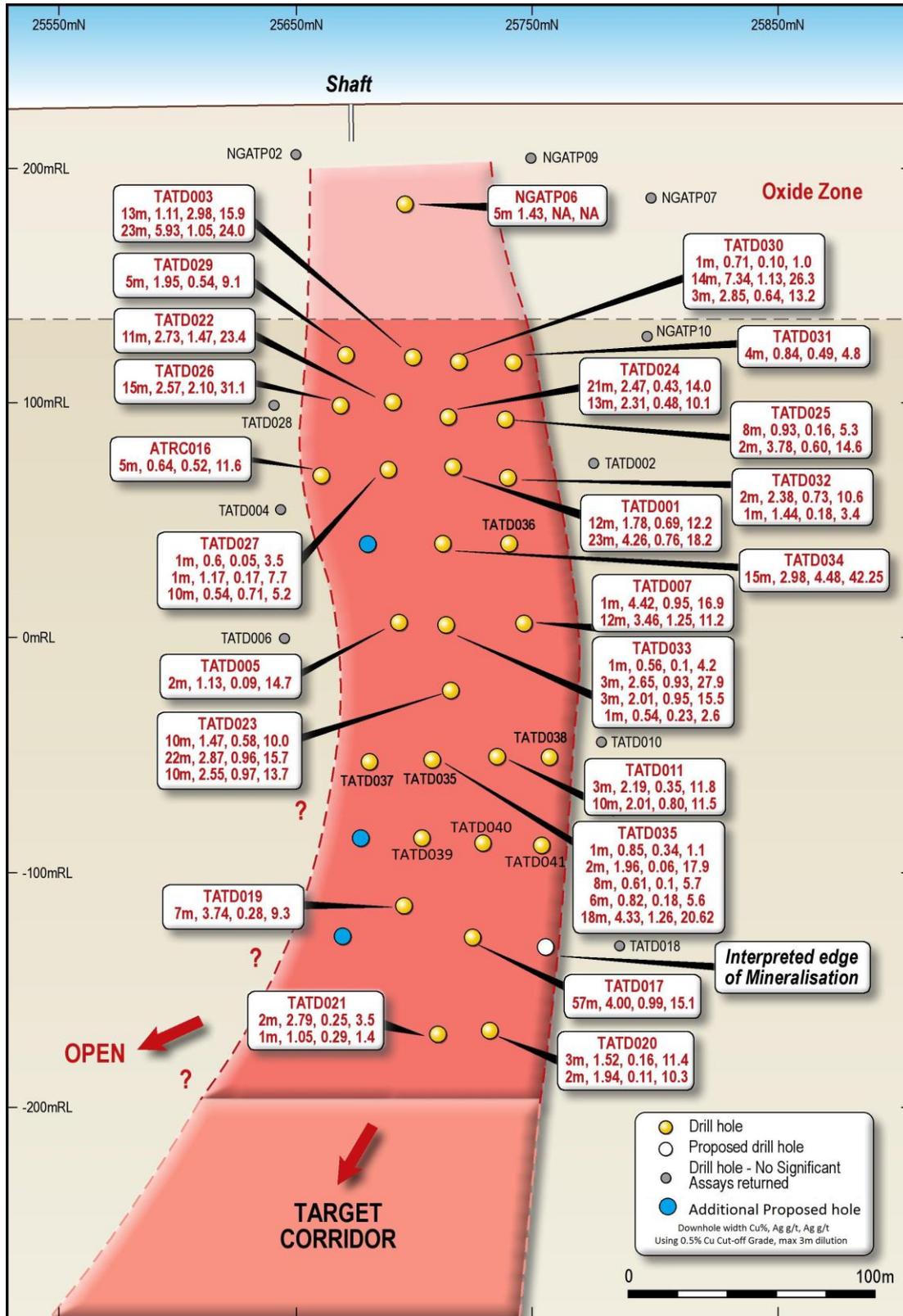
The Resource drilling program at the Avoca Tank project continues.

The current round of drilling will allow an evaluation of a mine plan and progress the development of the project.

A total of 13 drill holes TATD027 to TATD039 were completed during quarter, with assay results for TATD027 to TATD037 returned. With the addition of a number resource holes, drilling is now expected to be completed late January or early February 2013.

Assay results for Avoca Tank are detailed in Table 1. Significant results include:

- **14m at 7.34% Cu, 1.13g/t Au, 26g/t Ag & 0.05% Zn**
- **15m at 2.98% Cu, 4.48g/t Au, 42g/t Ag & 0.32% Zn**
- **18m at 4.33% Cu, 1.26g/t Au, 21g/t Ag & 0.43% Zn**



Long section of Avoca Tank



Table 1: 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
TATD027	484708	6548465	-60	228	119	1	0.60	0.08	0.05	3.5
					132	1	1.17	0.56	0.17	7.7
					149	10	0.54	0.19	0.71	5.2
TATD029	484679	6548421	-60	228	125	5	1.95	0.41	0.54	9.1
TATD030	484661.32	6548450.39	-60	228	65	1	0.71	0.12	0.10	1.0
					129	14	7.34	0.05	1.13	26.3
					166	3	2.85	0.43	0.64	13.2
TATD031	484653.6	6548463.2	-60	228	197	4	0.84	0.16	0.49	4.8
TATD032	484691	6548495	-60	229	228	2	2.38	1.34	0.73	10.6
					224	1	1.44	0.05	0.18	3.4
TATD033	484691	6548495	-60	228	198	1	0.56	0.38	0.10	4.2
					214	3	2.65	0.33	0.93	27.9
					285	3	2.01	0.65	0.95	15.5
					326	1	0.54	0.16	0.23	2.6
TATD034	484713.3	6548497.8	-60	230	183	15	2.98	0.32	4.48	42.3
TATD035	484789.1	6548528.6	-60	232	247	1	0.85	0.04	0.34	1.1
					255	2	1.96	0.24	0.06	17.9
					266	8	0.61	0.06	0.10	5.7
					287	6	0.82	0.21	0.18	5.6
					306	18	4.33	0.43	1.26	20.6
TATD036	484691.6	6548525.6	-60	232	204	2	0.6	0.06	0.05	2.2
					229	6	3.61	0.06	0.30	16.2
					244	1	0.54	0.13	0.00	1.5
TATD037	484807	6548513	-60	232	229	1	0.76	0.03	0.18	5.1

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

OTHER AUSTRALIAN EXPLORATION ASSETS

During the quarter Straits consolidated its South Australian exploration footprint by acquiring the minority interest in the Stuart Shelf tenements from its joint venture partner, UXA Resources Limited. The acquisition removes Straits' earn-in requirement under the existing joint venture agreement and the commitment to spend an additional \$8.5 million to earn a 70% interest.

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 anticipation of an expanded exploration program.



Corporate

Cash, Debt & Hedging

At the end of the December 2012 quarter, Straits had total cash and investments of \$54.7 million including:

-	Useable cash	\$25.5 million
-	Investments	\$ 8.0 million
-	Restricted cash	\$21.2 million

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 December 2012 quarter, Straits had debt of \$106.4 million including:

-	Standard Chartered Bank (SCB) copper swap	\$79.8 million
-	SCB working capital facility	\$14.1 million
-	Financed mining equipment & other loans	\$12.5 million

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

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.

Corporate Restructuring

On the 27th November 2012 the Straits Board articulated 5 key objectives that it was pursuing over the coming months – a separate detailed update outlining progress on each of these objectives was released on 30 January 2013. A summary of a number of key actions that occurred during the quarter and that relate to these objectives are summarized below:

Board & Management Changes

- Mr Adrian Redlich joined the Board as a non-executive director on 14th November 2012. He was subsequently appointed Chairman on 27th November, with Mr Alan Good resigning as a director on 29th November.
- On 21st December Mr Milan Jerkovic stood down as CEO and Managing Director and was replaced by Mr Andre Labuschagne.
- On 21st December Mr Robert Brainsbury was appointed Chief Financial Officer.

Sale of Hillgrove

In November 2012 the Company entered into an exclusive arrangement with Bracken Resources Pty Ltd to sell the Hillgrove Mine. The transaction consists of three \$1 million non-refundable option fees paid in accordance with an agreed schedule and \$27 million cash to purchase the mine plus replacement of \$4 million in bonds.

As at the end of the quarter the first two \$1 million non-refundable option fees had been received, in accordance with the agreed schedule.



For further information contact:

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Mr Robert Brainsbury – Chief Financial Officer
(08) 9480 0500

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 Person's 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.