



Straits Resources Debt Restructure

A New Beginning

Established Copper Producer • Solid Project Pipeline • Exploration Upside

ASX: SRQ

18 August 2015

Disclaimer

Forward-Looking Information

Certain statements contained in this press release constitute forward-looking statements or forward-looking information. The words “intend”, “may”, “would”, “could”, “will”, “plan”, “anticipate”, “believe”, “estimate”, “expect”, “target” and similar expressions are intended to identify forward-looking statements. These statements are based on certain factors and assumptions and while Straits considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are given only as at the date of this release and Straits disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Competent Persons Statement

The information in this brochure that relates to the Mineral Resources and Ore Reserves for the Tritton Operations (with the exception of the Mineral Resources for the Budgery and Budgerygar Projects) is extracted from the announcement “Tritton Copper Operations: Updated Mineral Resources Estimates as at 30 June 2014” which was released on the ASX on 17 September 2014. Straits Resources is not aware of any new information or data that materially affects the information in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources and Ore Reserves for the Tritton Operations continue to apply and have not materially changed.

The information in this brochure relating to Mineral Resources for the Budgery and Budgerygar Projects is based on, and fairly represents, information and supporting documentation prepared by Mr Byron Dumpleton, Member of the Australian Institute of Geoscientist (Member No 1598). This information is extracted from the announcement “Tritton Copper Operations: Updated Mineral Resources Estimates as at 30 June 2014” which was released on the ASX on 17 September 2014. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. It is the intention of Straits Resources to report both Mineral Resources to the 2012 Code in the future, if there is a material change to the estimates. Mr Dumpleton is a full time employee of BKD Resources Pty Ltd (ABN 81 109 376 481) and acting as the Mineral Resource Manager for Straits Resources Limited at 30 June 2014. Mr Dumpleton has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Dumpleton has disclosed to Straits Resources Limited the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. Specifically Mr Dumpleton owns 61,349 shares in Straits Resources Ltd which were issued as part of the company share plan in 2010 when Mr Dumpleton was a staff member of Straits Resources Limited.

Company Snapshot

- ▶ Established and growing copper producer (28,000tpa guidance FY2016)
- ▶ Tritton Operations performing at record levels
- ▶ Board and management team with a proven track record and clear vision and strategy
- ▶ Exciting portfolio of advanced growth projects
- ▶ Extensive landholding in a highly prospective, under-explored copper region
- ▶ Strong leverage to future copper price upside and exploration success
- ▶ Now in a position to focus on growth strategies

To become a mid-sized, multi-mine company, delivering shareholder value through an unwavering focus on operational excellence

Company Turnaround

New Management Team commenced December 2012

Improved operational performance

- ▶ Record production at Tritton
- ▶ Cost reduction strategies at Tritton implemented
- ▶ Tritton generating positive operating cash flow

Asset rationalisation

- ▶ Mt Muro exited
- ▶ Non-Core assets divested

Reduced overheads, secured the future

- ▶ Corporate Office downsized and relocated
- ▶ Investing in people and equipment
- ▶ Looking to extend Tritton Life of Mine to at least 2023

Restructured balance sheet

- ▶ Credit Suisse debt restructure round one completed (2013)
- ▶ Binding agreements signed with SCB and PAG

Debt restructure the final step of the transformation...

Position Pre Debt Restructure

- ▶ US\$111M Bridge Loan Facility with SCB due to expire (29 July 2015)
- ▶ US\$7M Convertible Notes with Credit Suisse
 - US\$3.75M matures November 2015
 - US\$3.25M matures November 2016 (50% mandatory convertible at 3 cents)
 - 10% interest rate
 - Convertible at 3 cents per share
- ▶ Balance sheet did not allow any new funding
- ▶ Share price and market cap at record lows - no capacity to raise new equity
- ▶ Limited interest from new investors due to uncertainty

Only option was to keep negotiating with SCB to find a solution...

Background to Debt Restructure

- ▶ Mid-2013 – Advised SCB that Straits would not be able to meet scheduled step-up in repayments from August 2013
- ▶ September 2013 – lower repayment structure agreed for 9 months after which debt would be restructured
- ▶ June 2014 – Copper Swap Facility converted to Bridge Loan whilst restructure undertaken
- ▶ July 2015 – Debt restructure finalised – Senior Debt reduced by 55% to US\$50M with remainder converted to “risk capital”. New investor (PAG) to provide 3 year US\$25M revolving priority debt facility



Refinancing

Overview of Debt Restructure (SCB)

SCB US\$111M debt reduced to US\$50M senior debt facility:

- ▶ 5% cash interest with 2 year payment holiday
- ▶ 10% PIK interest year 1; 12.5% year 2; and 7.5% thereafter
- ▶ 7 year term with a bullet payment

SCB to be issued with redeemable convertible preference shares:

- ▶ US\$40M Convertible into 60% of Straits post-restructuring fully diluted equity
- ▶ Straits can redeem for US\$40M plus 5% pa. coupon in first four years after issue
- ▶ Convertible anytime within 5 year term and mandatorily convertible at end of term
- ▶ 5% pa. coupon
 - To be written-off if preference shares converted into ordinary equity
 - To be paid if preference shares redeemed by Straits

Overview of Debt Restructure (SCB)

Copper Price Participation Agreement with SCB:

- ▶ Small additional payment at high copper prices
- ▶ SCB to receive on a cumulative basis:
 - 5% of incremental copper revenue when copper price between A\$8,000/t and A\$8,749/t; plus
 - 10% of incremental copper revenue when copper price between A\$8,750/t and A\$9,499/t; plus
 - 15% of incremental copper revenue when copper price above A\$9,500/t

Overview of Debt Restructure (PAG) - New Funding

PAG to provide a revolving priority debt facility of up to US\$25M:

- ▶ 2 tranches:
 - A) US\$15M available on close of transaction
 - B) US\$10M available on confirmation of Tritton Deeps resource upgrade
- ▶ 3 year term
- ▶ 5% cash interest and 6% PIK interest
- ▶ Non-Redeemable Convertible Preference Shares to be issued to PAG equivalent to 15% of Straits post-restructuring fully diluted equity
 - Mandatorily convertible after 5 years

Overview of Debt Restructure (Other)

Management:

- ▶ Both SCB and PAG requested and made transaction conditional on key management staying to deliver on business plan and growth strategy
- ▶ Key management can earn, through the issue of options over five years, up to 10% of Straits post-restructuring fully diluted equity
- ▶ Cancellation of current equity incentive scheme

Credit Suisse Convertible Notes:

- ▶ To be restructured as a condition precedent – various options being considered

Pro Forma Debt and Equity Structure

	Current	Debt restructure	Pro forma ³
Debt Structure (US\$M)			
Current SCB facilities	111.1	(111.1)	-
Leases / other ¹	3.8	-	3.8
CS convertible notes	7.0	(7.0)	-
New SCB Facility	-	50.0	50.0
Total Debt	121.9	(68.1)	53.8
PAG Revolving Priority Debt Facility		25.0	
Equity Holdings (%)	Current		Pro forma (fully diluted)³
Ordinary Shareholders	62.6%		9.7%
Straits Management	3.5%		10.0%
Credit Suisse ²	19.8%		3.1%
SCB Private Equity	14.1%		2.2%
PAG	-		15%
SCB	-		60%
Sub-total	100%		100%

1. Lease balance as at 31 March 2015

2. Assumes conversion of Class A and Class B Notes at A\$/US\$ 0.775

3. Immediately Post Restructuring

Straits - Post Debt Restructure

Post Debt Restructure Straits will have:

- ▶ A sustainable debt position
- ▶ Access to additional funding
- ▶ A strong performing operation at Tritton
 - generating positive operating cashflows
 - long mine life
 - significant exploration upside
- ▶ Leverage to copper price
- ▶ Major shareholders and lenders aligned to grow equity value both organically and through M&A

Next Steps to Completion of Restructure

- ▶ Credit Suisse convertible note restructure
- ▶ Independent Expert's report
- ▶ Shareholder Notice / Explanatory Memorandum
- ▶ Shareholder Meeting – target mid-October
- ▶ Completion of Restructure
- ▶ Consolidation of shares
- ▶ Rename company

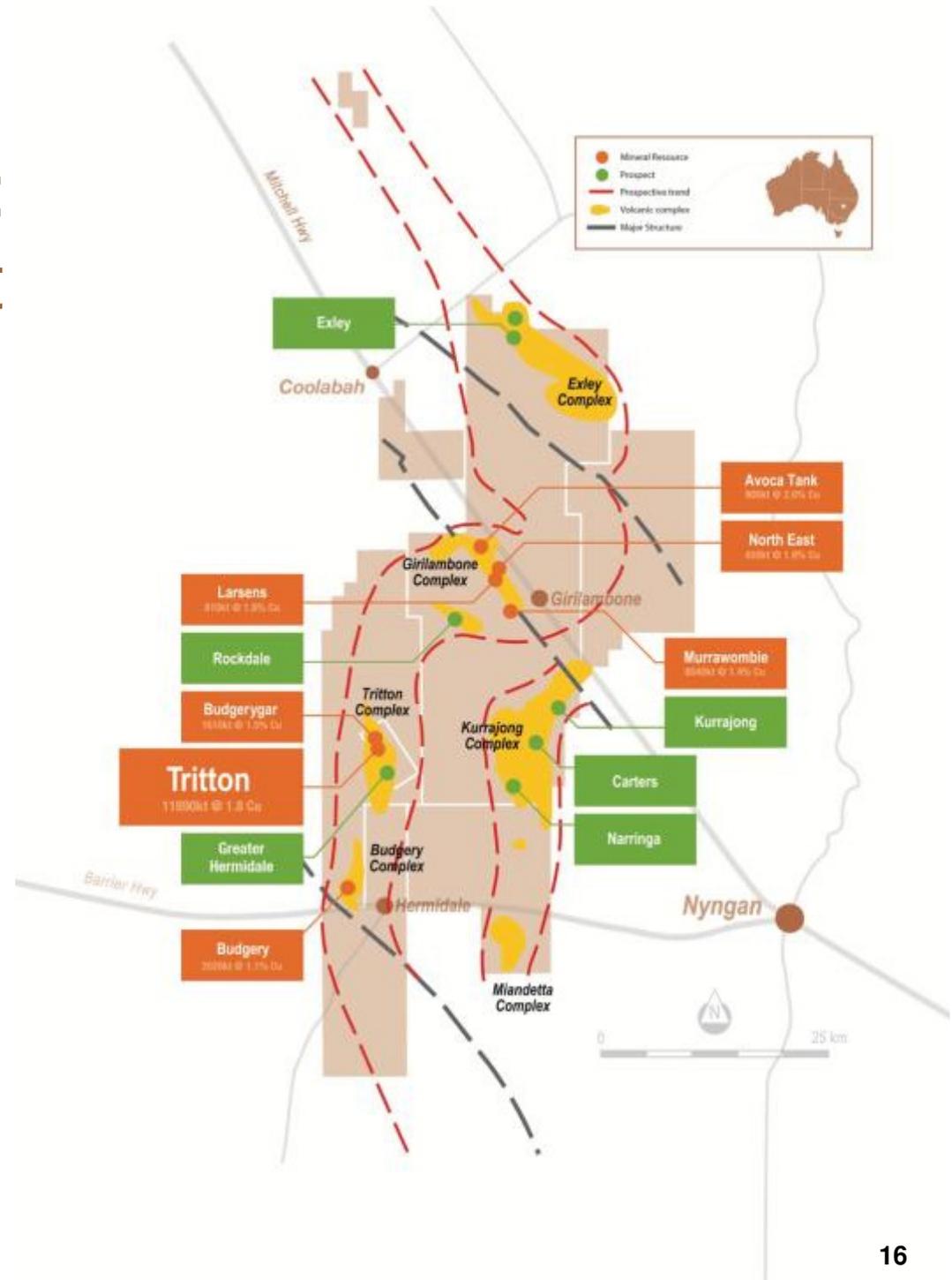
Restart as an established copper producer with a focus on growth ...



Established Copper Producer

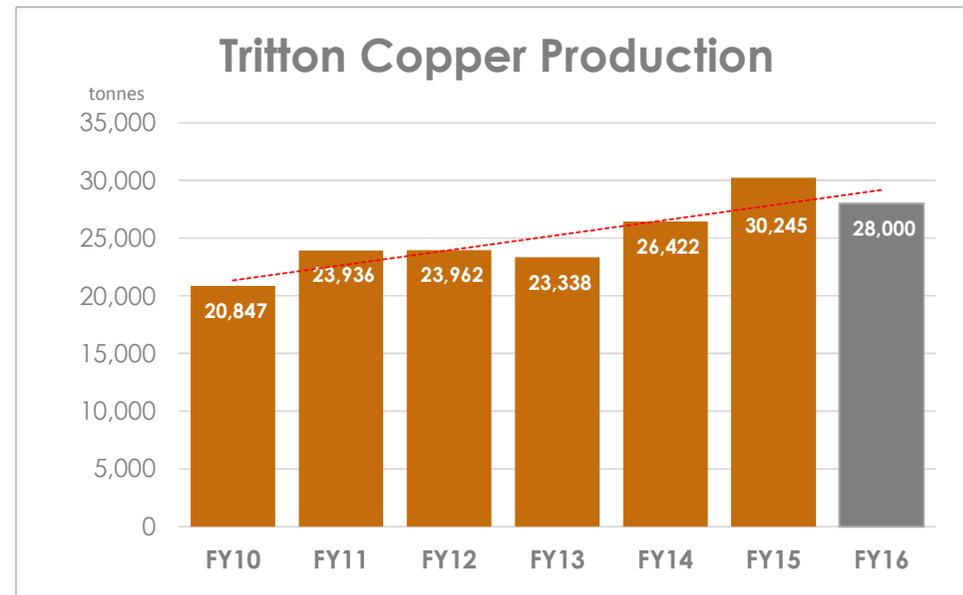
Tritton Operations: Cornerstone Asset

- ▶ **Proven copper producer**
 - ▶ Multiple mines
 - ▶ Established infrastructure
- ▶ **Long mine life**
 - ▶ Portfolio of growth projects
 - ▶ Large copper inventory
- ▶ **Exploration upside**
 - ▶ Proven copper field
 - ▶ Large portfolio of exploration targets/prospects



Tritton Operations

- ▶ Reliable and growing copper production
- ▶ 1.6mtpa Processing Plant
- ▶ Multiple ore sources: currently mining the Tritton and North East/Larsens deposits
- ▶ Setting new mining and processing records
- ▶ Mine life extended
- ▶ JORC Ore Reserves contained copper ~ 171kt*
- ▶ JORC Mineral Resource contained copper ~ 420kt*
- ▶ Large portfolio of growth projects and exploration targets
- ▶ Proven copper district – excellent potential for further discoveries

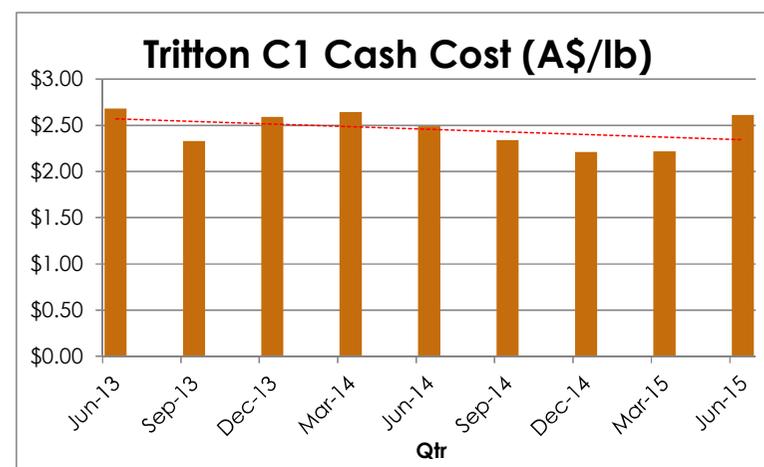
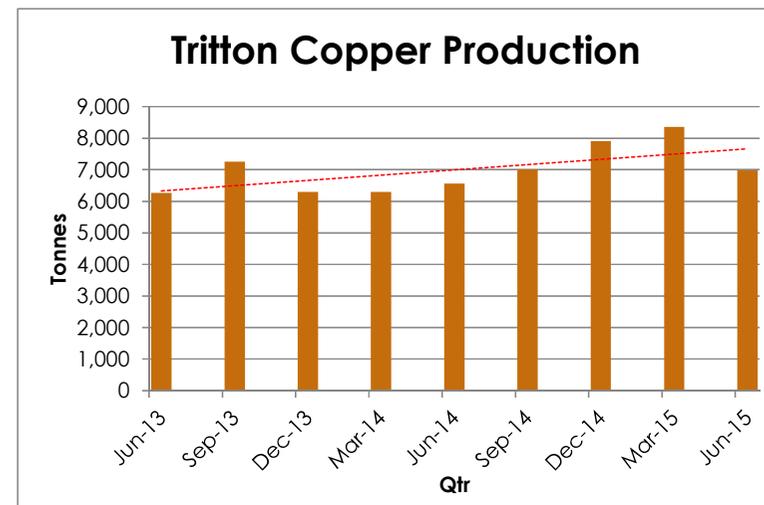


*As at 30 June 2014

Tritton Operations: Turnaround Strategy

Refocus on planning, people and maintenance:

- ▶ **Production: UP**
 - New quarterly production record of 8,352 tonnes in Mar Qtr 2015
- ▶ **Unit Costs: DOWN**
 - Includes significant investment in maintenance to improve underground fleet availability
- ▶ **Maintenance: IMPROVING**
 - Plant utilisation and throughput rates increased
 - Truck and Loader availability up
- ▶ **Mine Life: EXTENDED**
 - Advanced projects to mining ready / Pre-Feasibility Study (PFS) / scoping stages
- ▶ **High potential exploration: TARGETS IDENTIFIED**
 - Promising recent EM and aircore results



Tritton Operations: Two Underground Mines

- ▶ Tritton underground mine:
1.3mtpa @ 1.9% Cu
- ▶ North East / Larsens:
300ktpa @ 1.8% Cu



Tritton Operations: 1.6 mtpa Processing Plant

- ▶ Record throughput
- ▶ 94% recovery
- ▶ 24% copper concentrate grade



Tritton Operations: Maintenance & Fleet Strategy

- ▶ 2013 /14 - significant investment in operating maintenance and fleet rebuilds
- ▶ 2014 /15 - focus on fleet availability to underpin production
- ▶ Process plant debottlenecking continues – plans to increase throughput to 1.8mtpa



Tritton Operations: Established Infrastructure

- ▶ Mobile fleet workshop
- ▶ Paste fill plant for Tritton U/G
- ▶ Road Haulage



A smiling man with a beard, wearing a white hard hat, safety glasses, and a high-visibility orange and white striped vest over a blue shirt. He is standing in an industrial setting with large pipes and machinery. The image is overlaid with a semi-transparent orange and brown gradient.

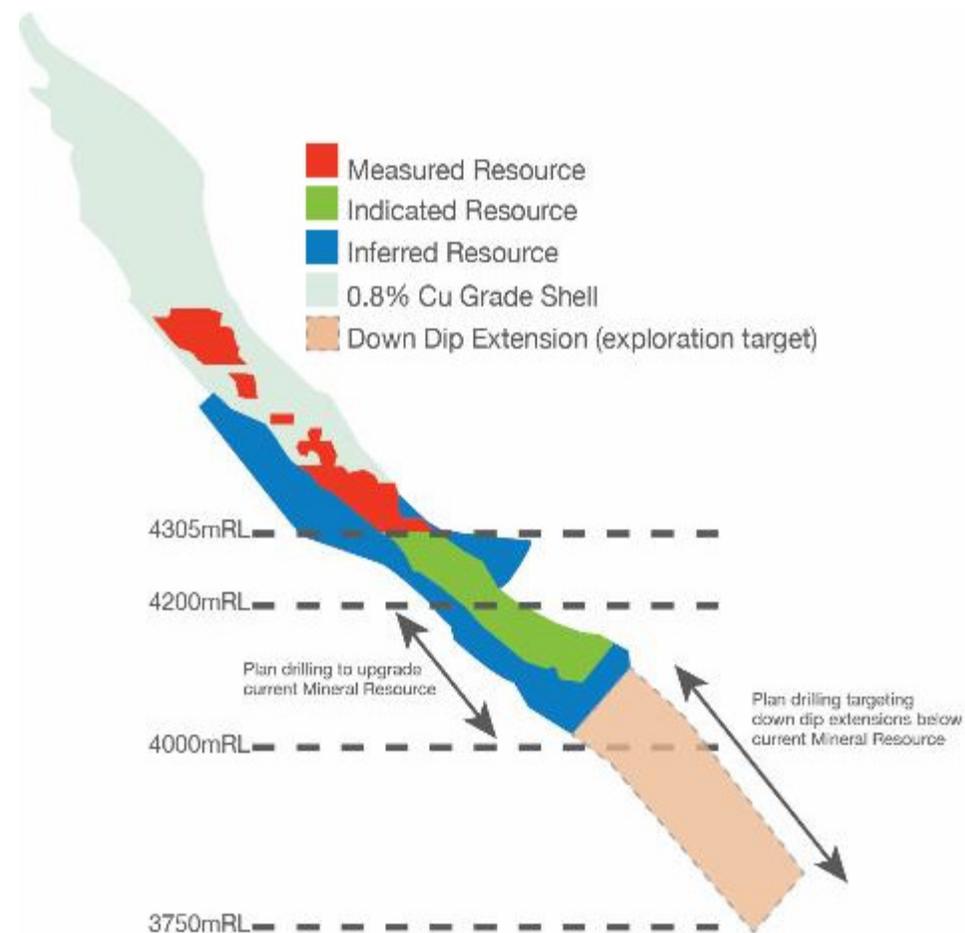
Large Pipeline of Growth Projects to Extend Mine Life

Tritton Deep

Depth extensions to Tritton orebody – single largest opportunity for significant ore reserve conversion:

- ▶ Ore Reserve 5Mt @ 1.8% Cu*
- ▶ Mineral Resource 11Mt @ 1.8% Cu*
- ▶ Current Ore Reserve extends to 4,200mRL
- ▶ Mineral Resource extends to 4,000mRL
- ▶ Mineralisation remains open at depth
- ▶ Multi-phase drill program designed to increase mineral resource confidence and extend to 3800mRL
- ▶ Drilling commenced in Q2 CY15

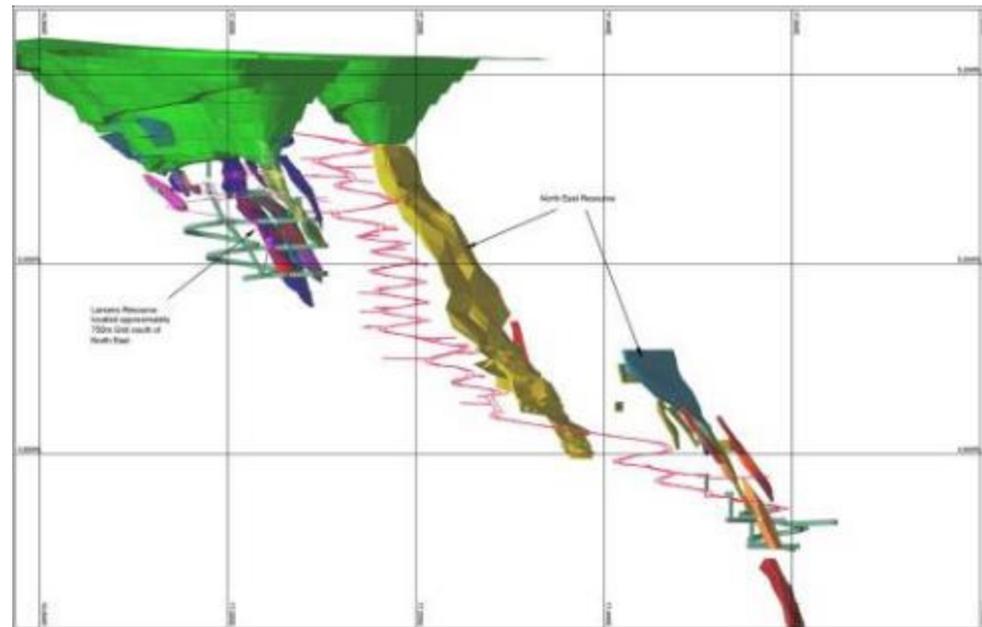
*As at 30 June 2014



North East / Larsens

Targeting additional resources to extend mine life

- ▶ Ore Reserve 0.9Mt @ 1.6% Cu*
- ▶ Mineral Resource 1.3Mt @ 1.8% Cu*
- ▶ Deposits located in north of Girilambone Complex
- ▶ Near-mine resource definition drilling planned seeking to extend the deposits and LOM
- ▶ Typical for small mines – exploration precedes mining by 1 to 2 years as mining follows lodes down-dip

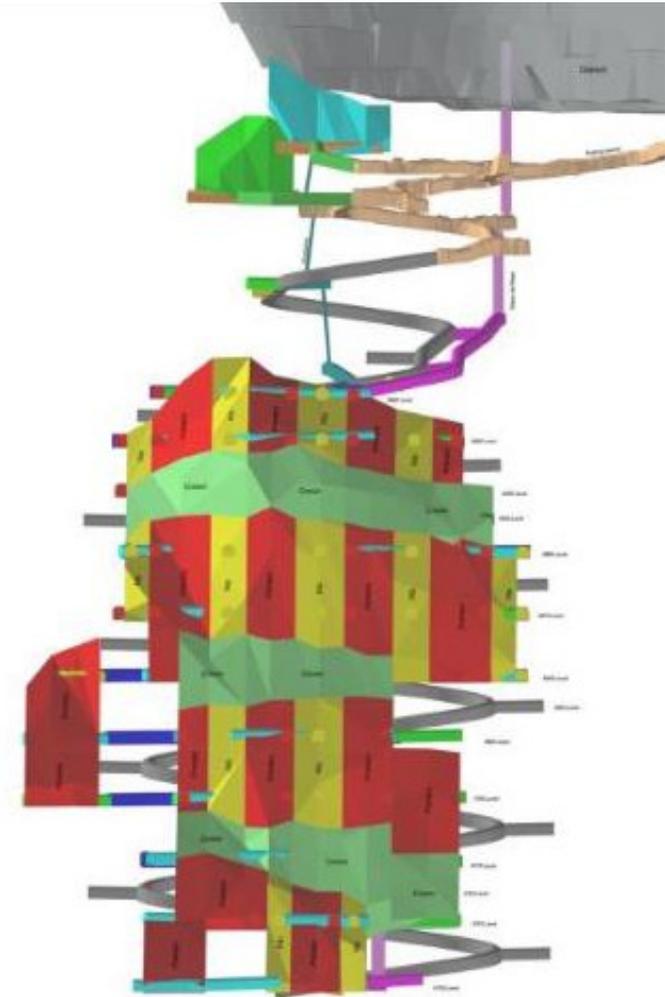


*As at 30 June 2014

Murrawombie Underground

PFS completed

- ▶ Ore Reserve: U/G 3.3Mt @ 1.3% Cu*
- ▶ Mineral Resource: 8Mt @ 1.4% Cu**
- ▶ Largest copper inventory outside Tritton Deposit: 110,000t contained Cu



*As at 30 June 2014.

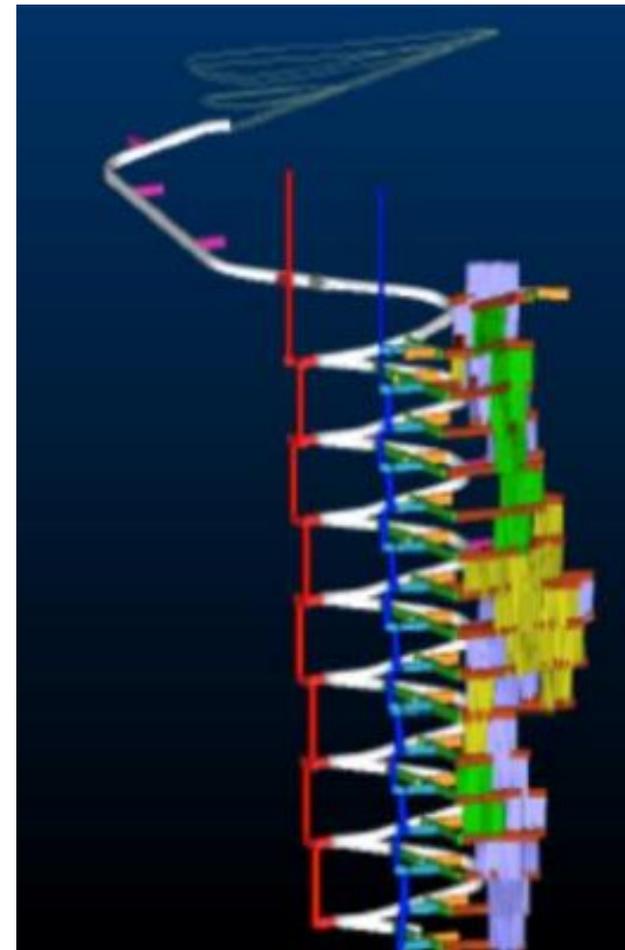
**Includes Mineral Resources for Murrawombie Open Pit

Avoca Tank

PFS completed

- ▶ Ore Reserve: 680kt @ 2.5% Cu*
- ▶ Mineral Resource: 903kt @ 2.6% Cu*
- ▶ North of Girilambone Complex and located 2km north of current mining at North East/Larsens
- ▶ Provide higher grade supplementary feed for Tritton Operations
- ▶ Mining lease application being prepared
- ▶ Deposit open below 450m vertical
- ▶ Strong potential for further discoveries

*As at 30 June 2014



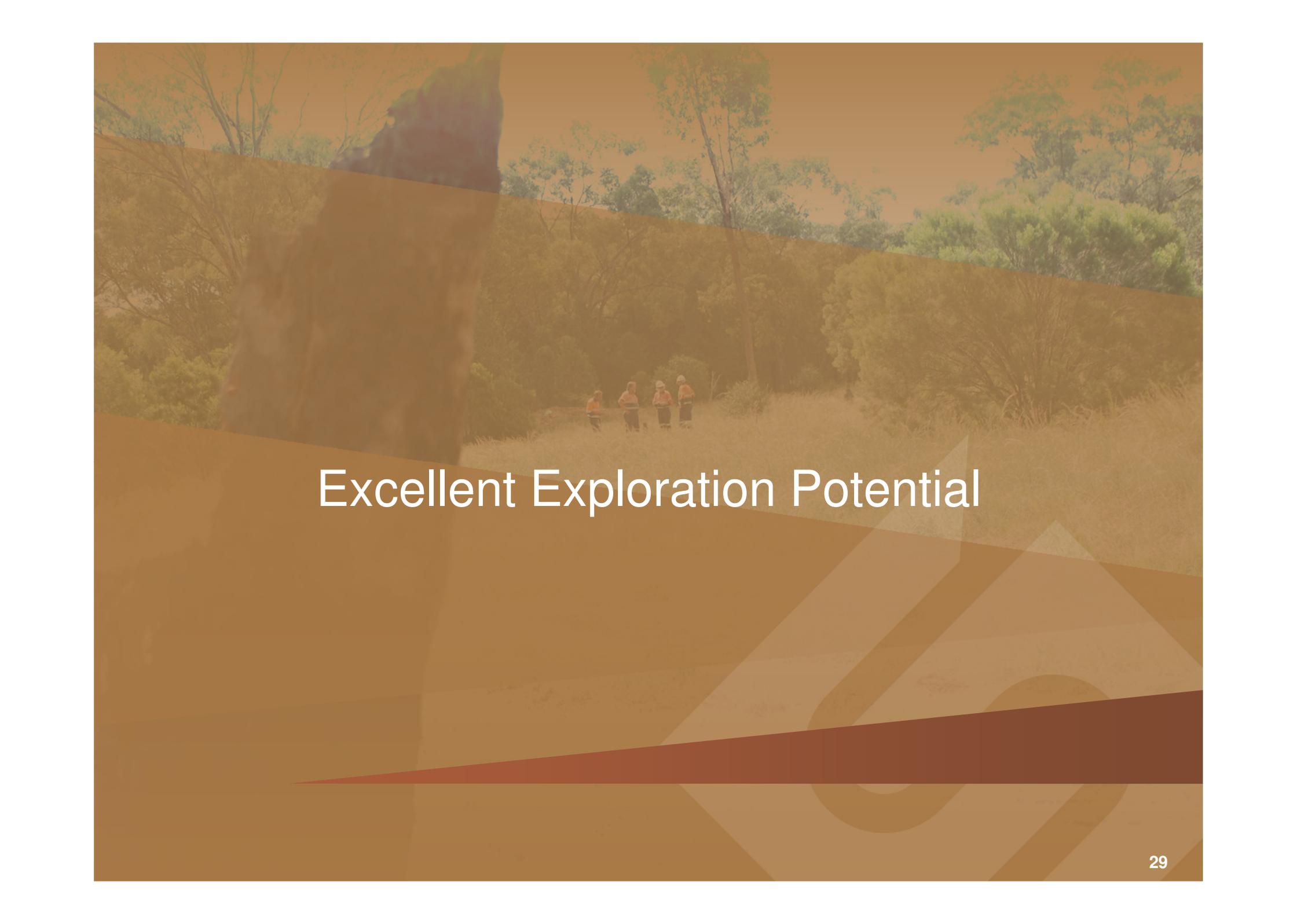
Murrawombie Open Pit Extension

PFS completed

- ▶ Ore Reserve: 0.7Mt @ 1.2% Cu*
- ▶ Modest expansion (cut-back) of Murrawombie Open Pit
- ▶ Cut-back to access 700kt of sulphide ore
- ▶ Mining of pit expansion to assist with final closure of heap leach pads and save on mine rehabilitation costs
- ▶ Scheduled to follow underground project but can be brought online earlier



*As at 30 June 2014

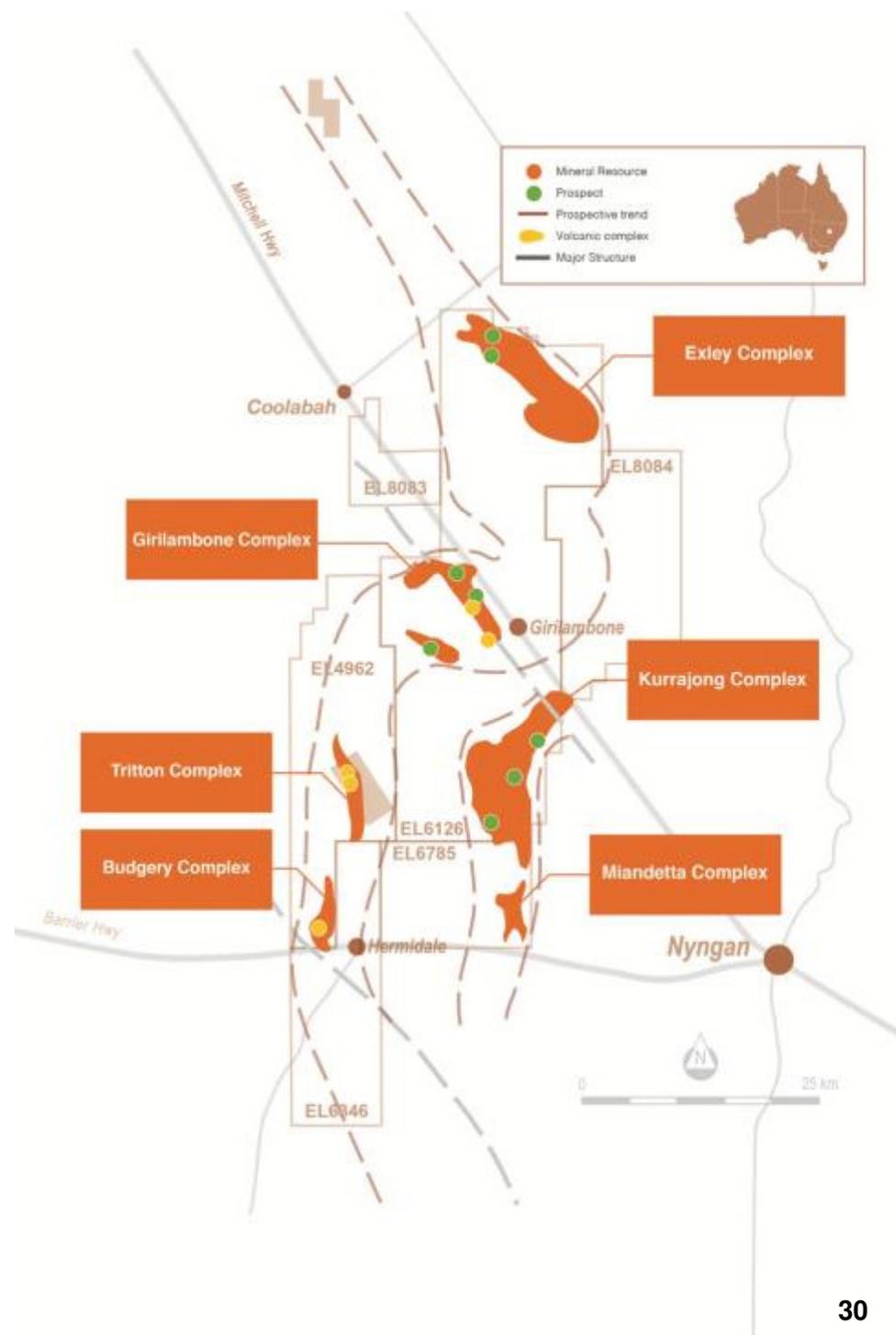


Excellent Exploration Potential

Significant Ground Position In Proven Copper Field

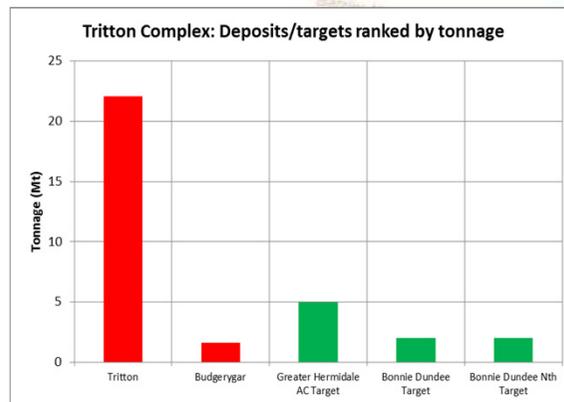
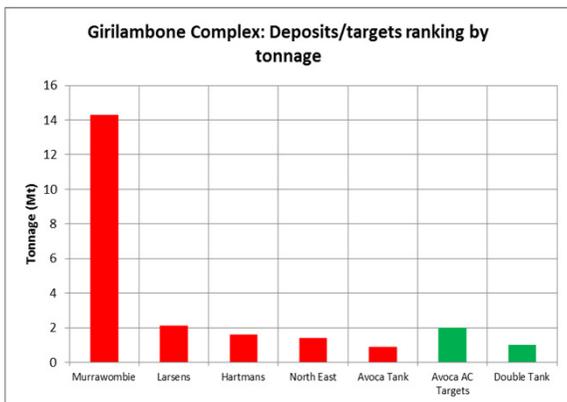
“Besshi” style VMS orebodies generally occur in clusters

- ▶ Tritton region hosts “Besshi” style VMS deposits
- ▶ Mining to date has been from Girilambone and Tritton complexes – multiple deposits discovered in each
- ▶ Huge exploration potential:
 - Multiple new mafic complexes already identified
 - Under-explored tenements
 - Many drill ready targets
 - New technology able to “see” deeper



Proven Exploration Success

Two complexes mined to date characterised by one large deposit (10-20Mt) with multiple smaller (1-5Mt) deposits



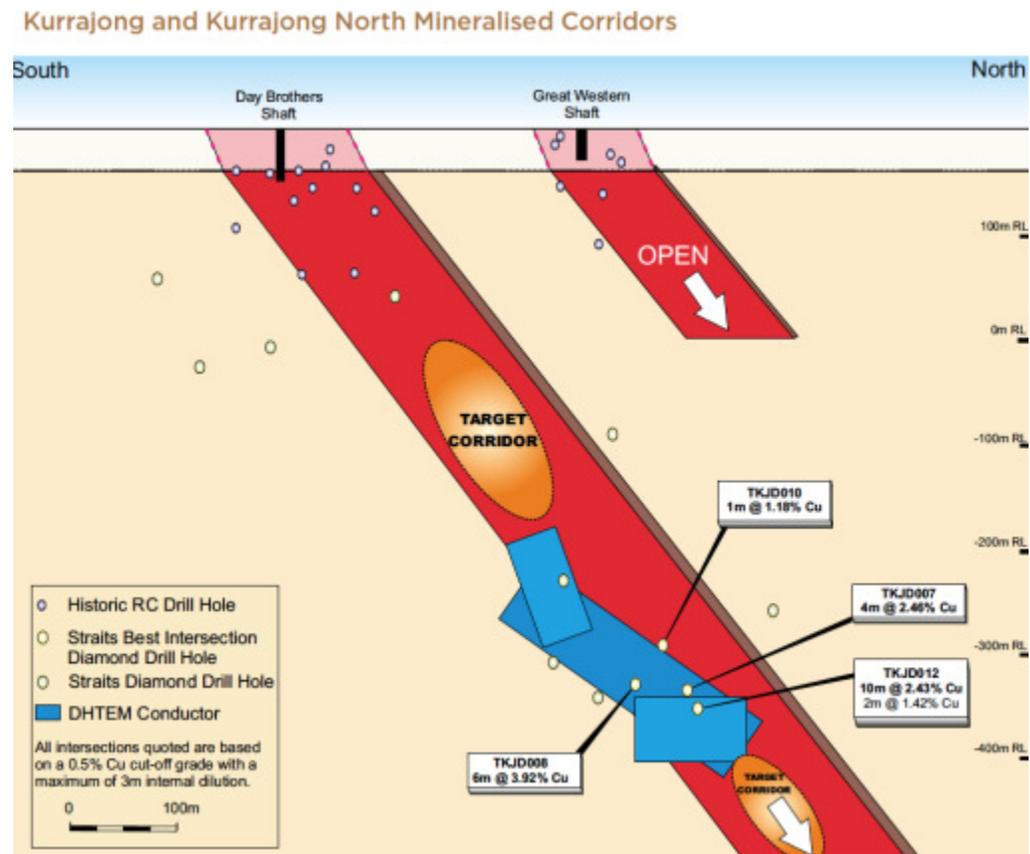
Target Rich Tenement Package

Aim to Progress Projects & Prospects to Higher Levels of Quality



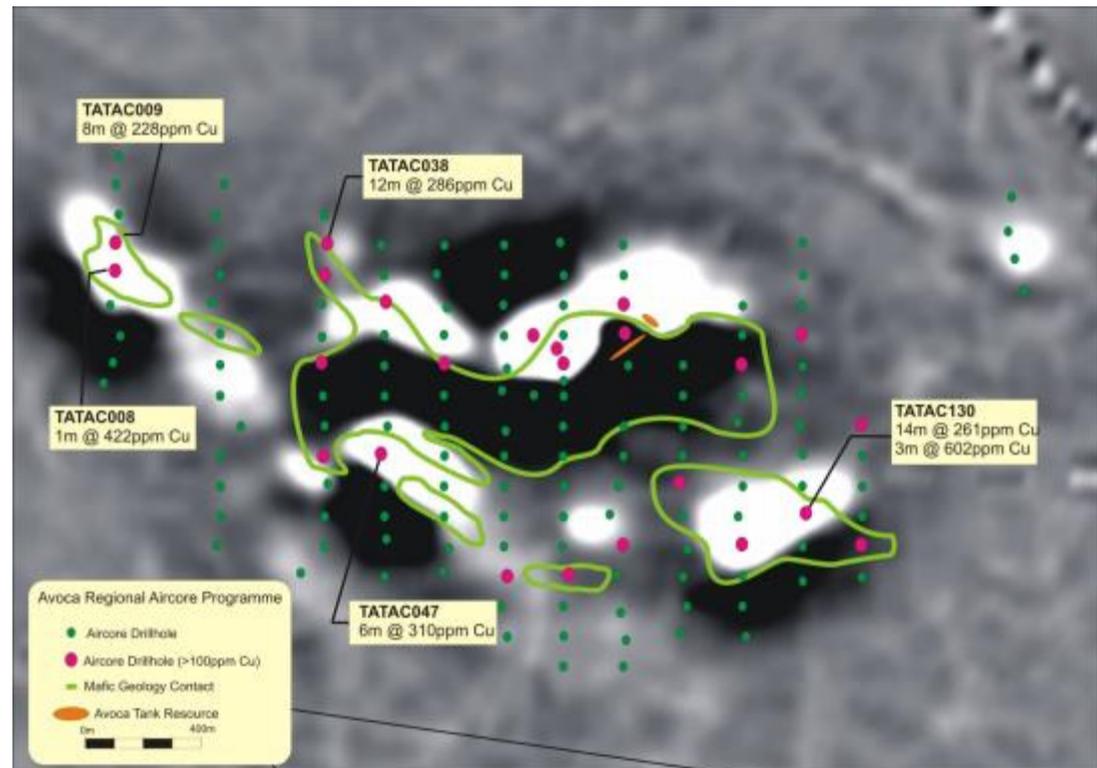
High Potential Targets: Kurrajong

- ▶ EM signature twice the size of Tritton
- ▶ All recent holes intersected mineralisation
- ▶ Three holes indicated grades above 2% Cu
- ▶ Next stage is drilling program to better define target
- ▶ Target 10Mt at >2%



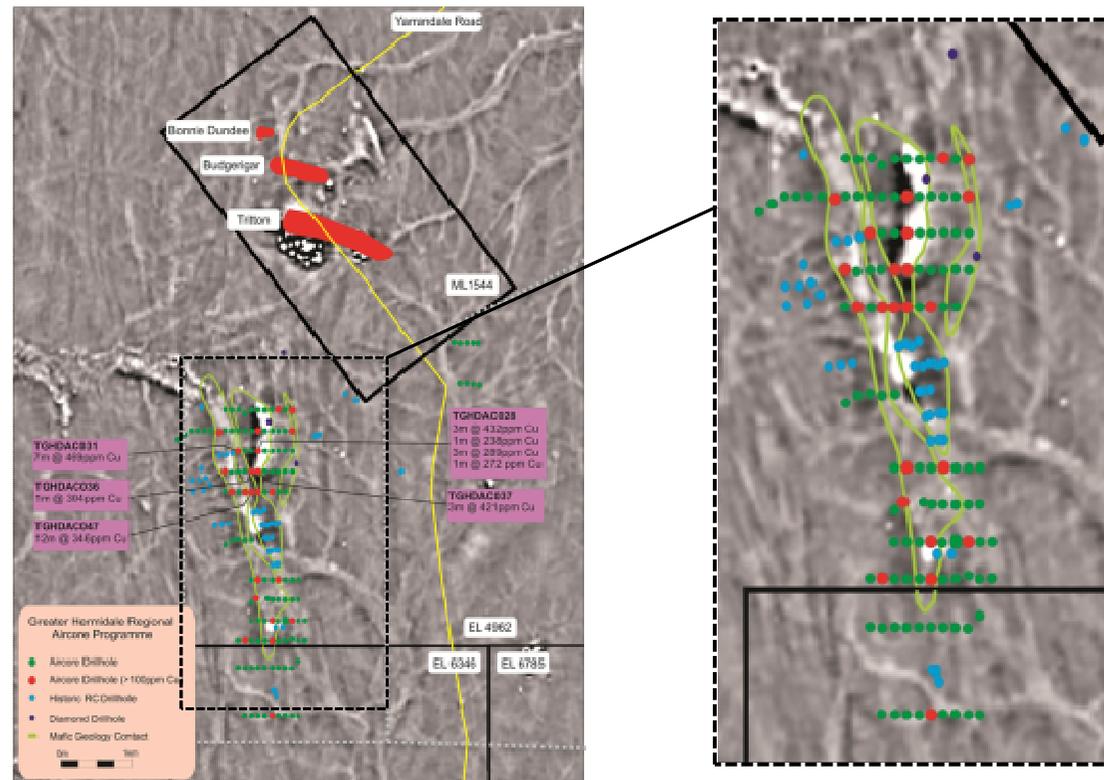
High Potential Targets: Avoca Tank Repeats

- ▶ Avoca Tank Ore Reserve (as at 30 June 2014): 680kt @ 2.5% Cu, 0.8g/t Au
- ▶ VMS deposits typically occur in clusters
- ▶ Remainder of the magnetic high complex is under-explored
- ▶ Recent aircore drilling delivered exciting results adjacent to known orebody
- ▶ RC drilling programme underway



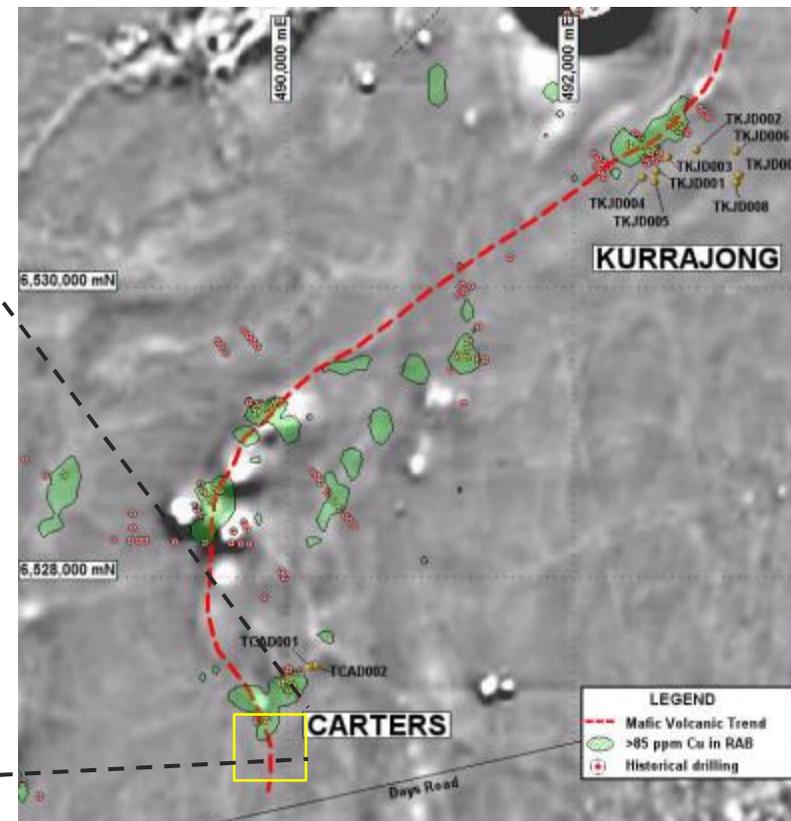
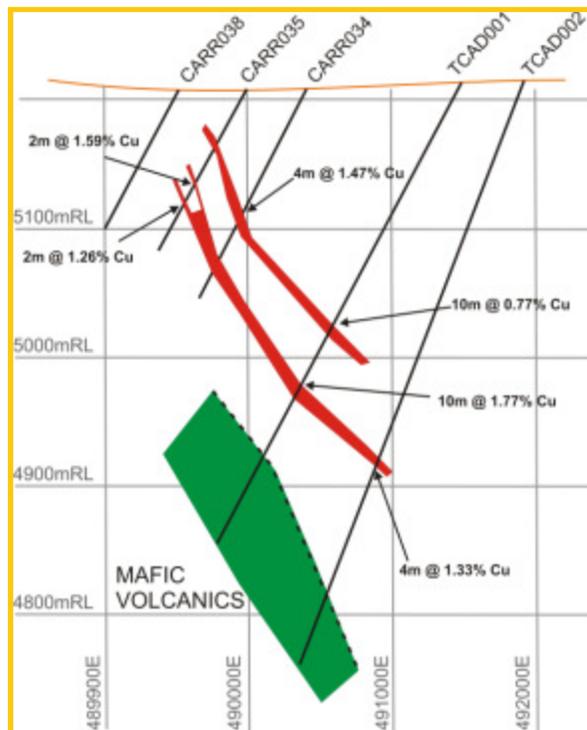
High Potential Targets: Greater Hermidale

- ▶ Along strike from Tritton
- ▶ Significant strike extent
- ▶ Exciting recent results
- ▶ Anomalous Cu adjacent to EM anomaly
- ▶ Drill program planned to test targets



High Potential Targets: Carters

- ▶ Exciting results from limited drilling
- ▶ Many untested targets in close proximity to Carters
- ▶ Hard work completed – ready to drill



Investment Rationale: Poised for Growth

- ▶ Established and growing copper producer (28,000tpa guidance FY2016)
- ▶ Tritton Operations performing at record levels
- ▶ Board and management team with a proven track record and clear vision and strategy
- ▶ Exciting portfolio of advanced growth projects
- ▶ Extensive landholding in a highly prospective, under-explored copper region
- ▶ Strong leverage to future copper price upside and exploration success
- ▶ Now in a position to focus on growth strategies

To become a mid-sized, multi-mine company, delivering shareholder value through an unwavering focus on operational excellence

Thank you

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