

**HIGHLIGHTS****OPERATIONAL**

- Tritton produced 5,324 tonnes of copper in concentrate for the quarter, a decrease on the previous period. Annual production remains on target for 25,000 tonnes of copper.
- The Whim Creek SX-EW plant closed during the quarter producing 332 tonnes of copper.
- Agreement for the sale of Whim Creek assets (excluding SX-EW plant) to Venturex signed. Whim Creek SX-EW plant sold to Finders Resources Ltd.
- Mt Muro produced 9,840 ounces of gold and 33,167 ounces of silver. Gold production was 12% above the previous period.

**CORPORATE**

- At the end of December 2009, the Straits Group cash resources totalled A\$261 million.
- At the end of December 2009, SRL's indirect holding in Straits Asia had a market value of A\$426 million.

**EXPLORATION**

- Goldminco - drilling programme commenced at the Temora copper/gold project in NSW.
- Drilling programme continued at Tritton testing Tritton Deeps, EM anomalies and Budgery. Engineering and approvals process commenced for Budgery.

**ABOUT STRAITS**

*Straits Resources Ltd (ASX Code: SRL) is an ASX200 diversified resources company focussed on generating strong and sustainable earnings for its shareholders from a balanced portfolio of resource projects.*

*Straits controls and operates the Tritton Copper and Hillgrove antimony/gold mines in NSW and the Mt Muro gold mine in Indonesia. Straits also holds 40% of PTT Asia Pacific Mining Pty Ltd (PTT Asia) which holds 45.6% of Straits Asia Resources which is listed on the Singapore Exchange. Straits Asia controls and operates the Sebuk and Jembayan Coal mines in Indonesia.*

*In addition, Straits has an exposure to an outstanding portfolio of mining investments, development projects and exploration ground throughout Australia and Indonesia. Straits Resources also owns GfE and Magontec, a European based specialty metals businesses.*

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Quoted: 245,544,428

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		Dec 09 Qtr (Q2 FY 2010)	Sept 09 Qtr (Q1 FY 2010)	FY 2010 YTD	FY2009
<b>Tritton Copper Mine, NSW</b>					
Copper produced (100%)	tonnes	5,324	6,521	11,845	24,111
Copper sales (100%)	tonnes	5,403	5,210	10,613	25,384
Cash costs (excludes TC/RC)	US\$/lb	1.64	1.24	1.42	1.09
<b>Whim Creek Copper Mine, WA</b>					
Copper produced (stripped)	tonnes	332	943	1,275	10,089
Copper sales	tonnes	332	942	1,274	10,198
Cash costs (excludes TC/RC)	US\$/lb	5.05	1.75	2.61	2.43
<b>Mt Muro Gold Mine, Indonesia</b>					
	Ag oz	33,167	65,425	98,592	304,357
Sales	Au oz	8,519	8,841	17,360	48,367
	Ag oz	31,476	63,659	95,135	297,558
Cash costs	US\$/oz Au	1,249	1,226	1,237	918
<b>Hillgrove Sb/Au Mine, NSW</b>					
Antimony (Sb) produced	tonnes	-	198	198	745
Sales	tonnes	-	148	148	740
<b>Group Revenue</b>					
Sales Revenue (excludes GfE/Magon)*	A\$'000	48,512	54,019	102,531	216,615
GfE/Magontec	A\$'000	72,792	57,226	130,017	349,585

\* Sales revenue figure excludes revenue received from Straits Asia Resources

## BULK COMMODITIES

### Strategic co-investment alliance with PTT Group of companies

In April 2009 Straits (ASX:SRL) completed a strategic alliance with Asian energy major, the PTT Group of companies (**PTT**) of Thailand, via the sale of a 60% interest in its wholly owned subsidiary, Straits Bulk and Industrial Pty Ltd (**SBI**) for US\$335m in cash to a wholly owned subsidiary of PTT Public Company Limited.

SBI is the holding company for SRL's Brunei coal exploration interests, Madagascan coal exploration interests and 45.6% shareholding in the SGX listed Indonesian coal company, Straits Asia Resources Limited (SGX: **SAR "Straits Asia"**).

SBI has been renamed PTT Asia Pacific Mining Pty Ltd (PTT Asia). Straits still maintains significant exposure to bulk commodities through its remaining 40% interest in PTT Asia.

**Straits Asia Resources***PTT Asia– 45.6%*

As Straits now has a minority interest in PTT Asia, production and financial information for Straits Asia will now only be reported to SRL shareholders at the same time as SGX market announcements are made. Straits Asia's annual results are due to be released in February 2010.

During the December 2009 quarter Straits Asia Resources Limited ("Straits Asia", SGX: SAR) announced that it had entered into a five year club financing facility for US\$380m (Facility). The Facility is fully committed for five years and comprises a term loan facility of US\$250m, a revolving working capital facility of US\$50m and a Letter of Credit/bank guarantee facility of US\$80m. The Facility will be used to refinance an existing US\$255m facility, provide additional working capital and funds for Straits Asia's planned expansion of its coal production.

The re-financing provides a strong financial foundation for Straits Asia to unlock significant value for its shareholders through the growth of its Sebuk and Jembayan coal operations, and should reduce the financing costs of Straits Asia, with the first drawdown targeted for January 2010.

At the end of December 2009, SRL's indirect holding of 18.2% in Straits Asia had a market value of A\$426 million.

**Madagascan Coal Project***PTT Asia– 33.5% Red Island Minerals*

Phase 3 of the drilling programme, focusing on the Andemby and Vohibory areas is progressing well. Coal is being intersected in all holes and this coal appears to be similar in quality to Sakoa. The estimated average coal thickness at Andemby/Vohibory is some six metres, over three seams, compared to Sakoa where it is 12 metres over three seams. The drilling programme is scheduled to be completed by the end of March 2010. To date some 25,000 metres have been drilled, of which 20,000 metres were drilled in 2009. Independent laboratory analysis of the large volume of drill samples is ongoing.

Environmental approval was granted in November 2009. Ongoing discussions are being held with the Ministry of Transport and the Ports Authority regarding project infrastructure development.

**Coal Exploration, Brunei***PTT Asia – Joint Venture 35%*

Mapping continued during the quarter and included a regional coastal program, detailed mapping in the south west and a joint structural geology field program with an oil and gas exploration company in the east. Results confirm our knowledge of the basin and its extensive coal potential. In addition, the on ground selection of drill sites continued in advance of the upcoming drilling program.

Considerable additional geophysical and down-hole data was obtained and a full analysis of this data will be undertaken in the next quarter. This information will serve to consolidate the growing knowledge of the basin's structure and stratigraphy and assist in generating targets for drill spacing and optimised locations.

In the next quarter, Straits Asia is undertaking key activities to accelerate the preparations required to move towards a drilling programme later in the year including the employment of key personnel.

### Yannarie Solar Project, Western Australia

*PTT Asia – 100%*

Following the Minister for Environment’s decision to accept the recommendations of the Appeals Convenor and remit the project back to the EPA for further assessment, PTT Asia Pacific Mining consulted with the key State Government departments to gain a better understanding of how the project could proceed.

The Appeals Convenors’ report provided helpful direction on how best to address the Ministers remaining concerns. In response, Yannarie Solar has established an independent peer review committee of independent, environmental experts to ensure that such concerns are thoroughly understood and that adequate specialist responses are formulated. The work to define the correct approach and strategy to remove any remaining uncertainty over the environmental impact of the project on the gulf will be the focus of the first quarter of the New Year.

## BASE METALS

### Tritton Copper Mine, New South Wales

*Straits – 100%*

#### QUARTERLY PRODUCTION STATISTICS – TRITTON

	Units	Dec 09 Qtr (Q2 FY 2010)	Sept 09 Qtr (Q1 FY 2010)	FY 2010 YTD	FY 2009
Mined	tonnes	231,968	235,003	466,971	932,532
Grade	% Cu	2.36%	2.79%	2.58%	2.72%
Milled	tonnes	230,873	242,959	473,832	921,116
Grade	% Cu	2.36%	2.80%	2.59%	2.74%
Recovery	%	94.32%	94.55%	94.44%	94.11%
<b>Cu Concentrate</b>	<b>tonnes</b>	<b>20,717</b>	<b>25,426</b>	<b>46,143</b>	<b>95,026</b>
<b>Cu Grade</b>	<b>%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
<b>Cu in concentrate</b>	<b>tonnes</b>	<b>5,153</b>	<b>6,434</b>	<b>11,586</b>	<b>23,713</b>
<b>Cu Cement</b>	<b>tonnes</b>	<b>171</b>	<b>87</b>	<b>259</b>	<b>398</b>
<b>Total Cu Produced</b>	<b>tonnes</b>	<b>5,324</b>	<b>6,521</b>	<b>11,845</b>	<b>24,111</b>

Production from the Tritton Copper Mine in the December quarter totalled 5,153 tonnes of copper in concentrate (September quarter 6,434 tonnes). Ore mined was 231,968 tonnes in line with the previous quarter; however the grade fell to 2.36% Cu which was the major reason for the reduction in production.

The processing plant’s throughput decreased slightly during the quarter with tonnes milled of 230,873 (from 242,959 in the previous quarter).

Site cash costs (excluding TC/RC’s) increased for the quarter to US\$1.64 per pound Cu (from US\$1.24/lb in the September quarter). The key factor affecting cash operating costs per copper tonne produced was the milled grade decrease from 2.80% to 2.36% Cu which adversely impacted production by approximately 1,100 tonnes when compared to the September 2009 quarter. Some mining costs at Tritton not previously capitalised correctly in accordance with the Straits Policy were

corrected in December 2009, resulting in a one off expense of \$ 2.1 million. Grades at the Tritton mine are expected to increase in the current quarter resulting in an increase in production and decrease in cash costs. Estimated production for the full financial year to 30 June 2010 remains on target at 25,000 tonnes of copper in concentrate.

The copper cementation process produced 171 tonnes of copper for the quarter (versus 87 tonnes in September quarter).

### Whim Creek Copper Mine, Western Australia

#### QUARTERLY PRODUCTION STATISTICS - WHIM CREEK

	Units	Dec 09 Qtr (Q2 FY 2010)	Sept 09 Qtr (Q1 FY 2010)	FY 2010 YTD	FY 2009
Ore Mined	tonnes	0	0	0	864,424
Grade	% Cu	0	0	0.00%	0.94%
Ore Stacked	tonnes	0	0	0	1,384,879
Grade	% Cu	0	0	0.00%	0.95%
<b>Production (stripped)</b>	<b>tonnes</b>	332	943	1,275	10,089
<b>Cathode Sold (Cu)</b>	<b>tonnes</b>	332	942	1,274	10,198

December quarter production from the Whim Creek Copper Mine totalled 332 tonnes of copper cathode with the operation drawing down the remaining copper inventory from the heap leach pads. The operation was closed during the quarter.

In August 2009, Straits agreed to sell all the Whim Creek assets (excluding the SX-EW plant), including the Salt Creek and Balla Balla copper-zinc projects and associated tenements, to Venturex Resources Limited, for shares in that company. The consideration for this transaction was 106 million shares in Venturex at a deemed value of 7.5 cps (A\$8 million) plus A\$3 million worth of shares in Venturex after the company formally commits to a decision to mine. This agreement was signed in October 2009. After the first tranche of shares is issued to Straits (expected end January 2010), Straits will own approximately 19% of the issued shares in Venturex.

In December 2009, the Whim Creek SX-EW plant was sold to Finders Resources Limited ("Finders") by a subsidiary of Straits Resources Limited ("Straits"). As previously reported, Finders had held an option to acquire the Whim Creek plant for a price of A\$5 million payable in Finders' shares. To complete the transaction, Finders issued to Straits 12,696,801 fully paid ordinary shares at 39.38 cents per share, and paid the A\$250,000 option fee to Straits by the issue of a further 724,638 shares at 34.5 cents per share. These new shares, when added to Straits' existing shareholding, give Straits a 10.06% interest in Finders.

The Whim Creek SX-EW plant is capable of producing 18,000 tonnes of copper cathode per annum and will be used by Finders' at its Wetar Copper Project in Indonesia.

**Hillgrove Antimony/Gold Project, New South Wales**
*Straits – 100%*

## QUARTERLY PRODUCTION STATISTICS – HILLGROVE

	Units	Dec 09 Qtr (Q2 FY 2010)	Sept 09 Qtr (Q1 FY 2010)	FY 2010 YTD	FY 2009
Ore Mined	tonnes	0	14,307	14,307	120,436
Grade – Au	g/t	0	1.52	1.52	2.34
– Sb	%	0	2.05%	2.05%	3.13%
– W	%	0	0.05%	0.05%	0.05%
Ore Milled	tonnes	0	18,646	18,646	113,281
Grade – Au	g/t	0	2.24	2.24	2.01
– Sb	%	0	1.90%	1.90%	2.32%
– W	%	0	0.02%	0.02%	0.03%

In August 2009, processing activities at Hillgrove were suspended to fully investigate the technical issues, the cost and the time necessary to implement the required plant modifications to achieve commercially viable production levels.

These investigations continued during the December 2009 quarter and are expected to be finalised during the current quarter. While it is still too early to draw any firm conclusions, it is likely that any potential medium term re-start of operations at Hillgrove would be linked initially at least to the production of antimony concentrates. In this regard Hillgrove are currently in discussions with a number of potential off take partners. A strategy regarding the future of Hillgrove is expected to be made in March 2010.

**Mt Muro Gold Mine, Indonesia**
*Straits - Contract of Work 100%*

## QUARTERLY PRODUCTION STATISTICS - MT MURO

	Units	Dec 09 Qtr (Q2 FY 2010)	Sept 09 Qtr (Q1 FY 2010)	FY 2010 YTD	FY 2009
Ore Milled	tonnes	141,591	185,529	327,120	652,050
Grade – Gold	g/t Au	2.5	1.7	2.0	2.6
– Silver	g/t Ag	11.7	16	14	25
Recovery – Gold	% Au	0.9	87.6%	89.1%	88.7%
– Silver	% Ag	59.8%	66.4%	63.6%	60.2%
<b>Production (Gold)*</b>	<b>oz Au</b>	<b>9,840</b>	<b>8,760</b>	<b>18,600</b>	<b>48,846</b>
<b>(Silver)</b>	<b>oz Ag</b>	<b>33,167</b>	<b>65,425</b>	<b>98,592</b>	<b>304,357</b>
<b>Gold Sold</b>	<b>Oz Au</b>	<b>8,519</b>	<b>8,841</b>	<b>17,360</b>	<b>48,367</b>

\* Production reported is gold poured

The Mt Muro operation produced 9,840 ounces of gold and 33,167 ounces of silver, during the December 2009 Quarter (8,760 oz Au & 65,425 oz Ag in the September 2009 quarter). The operational performance was again hampered by operating bottlenecks and a lack of available ore for mining. New equipment mobilised towards the end of the quarter has already showed improved production results in December with 4,883 ounces of gold produced. Cash costs increased slightly to US\$1,243 per ounce for the December quarter (US\$1,226 per ounce previous quarter).

As discussed previously, a re-evaluation of Mt Muro has resulted in a commitment to a new production plan at Mt Muro based around the development of the Serujan open pit, the Berinjin and Merindu alluvial mines and the Soan deposit. Work will commence on the new Soan decline in the first quarter of 2010.

The new production plan is forecast to deliver 320,000 recovered gold equivalent ounces over a minimum five year time frame at average cash costs of approximately US\$600/oz. This plan requires investing US\$20 million (including US\$16 million mine development costs) in Mt Muro over the 12 month period to June 2010. Production in the March quarter 2010 is forecast to be approximately 15,000 ounces gold at cash costs of approximately US\$900 per ounce.

## GFE/MAGONTEC

### Gfe

The Groups revenues were US\$46 million for the quarter up from US\$31 million for the previous quarter. Overall turnover was stronger than expected with market conditions in China and the US improving and Europe remaining flat. Credit conditions in Europe are still difficult, and credit insurers are still following a strict policy of cancelling cover for certain industries. This impacts the ability of GfE to draw down finance to fund their receivables and the purchase of inventories to grow the business. GfE continues to focus on cost optimisation and is exploring new areas of business growth. GfE is a non-core business to Straits, and the Group is looking at divesting this business.

### Magontec

Overall production of magnesium alloy and anodes increased again over the previous quarter. Europe was weaker than the previous quarter, but lower volumes were overcompensated from sales in and out of China. The plant in Xian, China is currently operating at full capacity. The plant in Bottrop, Germany has adapted to market conditions and reduced capacity to about 50%. The Chinese and Japanese Magnesium alloy markets have improved from the previous quarter. Demand in Europe has stabilised on a low level and the US market has not recovered. Pure magnesium prices in China have increased to RMB16,500/t. For the first Quarter 2010 we expect increased metal demand in Europe with full order books for both plants.

## EXPLORATION

### NEW SOUTH WALES

#### Tritton

*Straits – 100%*

#### Tritton Copper Project

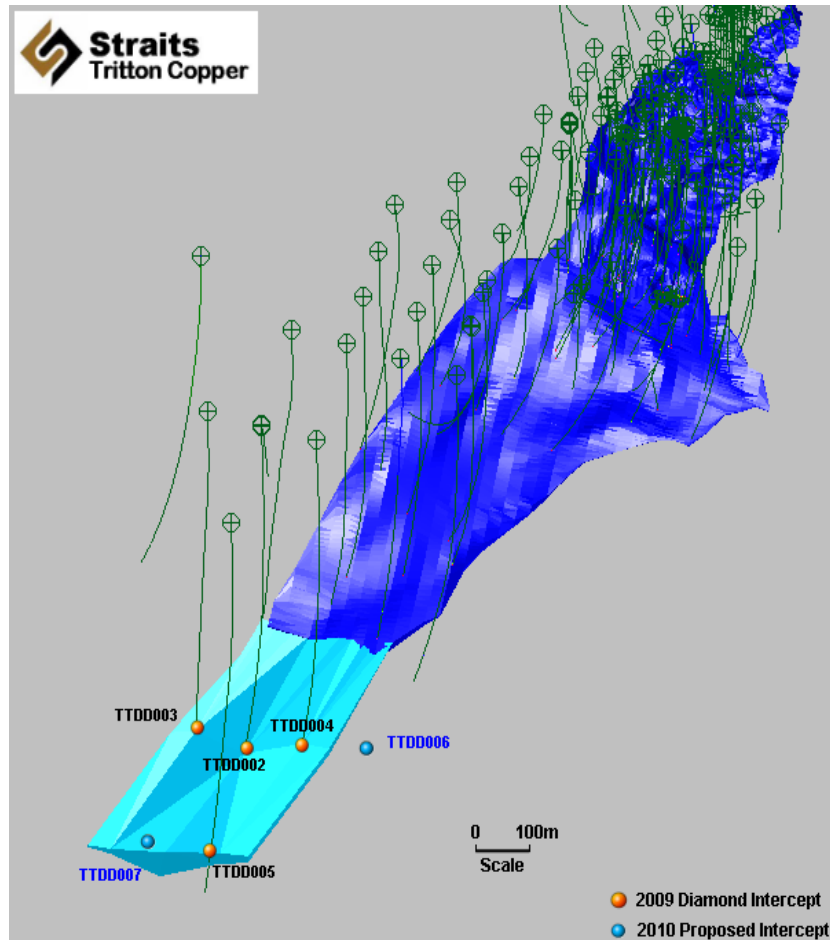
Exploration activities have continued during the quarter with continued testing of the down dip potential of the Tritton orebody below the currently defined resource/reserve and at the Budgery Project.

By the end of the quarter, a further 2 drill holes had been completed; TTDD004 & TTDD005. Hole TTDD004 was drilled north of TTDD002 whilst TTDD005 was drilled to target the down-dip plunge component of the mineralised system. The drilling continues to confirm the depth continuity of the mineralised zone which at this stage appears to be getting wider and lower grade. A down-hole EM survey was carried out on hole TTDD005, with results indicating the presence of a stronger conductor occurring down plunge. This target is planned to be drilled during the first Quarter 2010.

**Tritton Deeps Significant Assay Results.**

(1% Cut-off grade, max 3m internal dilution) Datum AGD66

Holeid	East_AMG	North_AMG	Dip	Az (mag)	From (m)	Width (m)	Cu%	Zn%	Au g/t	Ag g/t
TTDD004	474471	6526282	-85	254	1085	33	0.96	0.13	0.06	3
incl					1100	11	1.59	0.19	0.07	4
TTDD005	474684	6526213	-85	254	1186	28	0.74	0.10	0.04	2
incl					1187	4	1.03	-	0.04	3
and					1201	9	1.00	0.14	0.05	3

**Drilling Tritton Deeps in relation to the current Resource/Reserve Dark Blue.**


The 3 best moving loop LandTEM responses located south of the Tritton mine were tested during the quarter. No significant mineralisation was intercepted and Down Hole EM was conducted on all drillholes in order to resolve the source of the conductors, this work is currently ongoing with final data and report pending.

A drilling programme at the Budgery prospect near Tritton was completed, extending the known mineralisation significantly, as reported to the ASX on 24 November 2009. Mineralisation is still open both at depth and along strike in a westerly direction. Preliminary mine planning optimisation studies indicate that the Budgery project can be mined profitably by open pit methods. Drilling was also undertaken during the quarter for metallurgical work and a new programme in the current quarter will test for strike extensions to the mineralisation.

Budgery has now been elevated to project status and once this current drill programme is completed, a new resource will be calculated and a detailed study examining the potential development of an open pit operation will be undertaken. The underground operation at Tritton is currently producing 25ktpa Cu in concentrates and the processing plant has the capacity to produce at a 35ktpa Cu in concentrate rate. Budgery therefore has the potential to add to the mine life and economic value of the Tritton operation.

**Goldminco**

*Straits - 66% (TSX-V: GCP)*

During the December 2009 quarter, Goldminco Corporation (GCP) completed an IP survey to test for chargeability anomalies associated with either McPhillamys (366m @ 1.85g/t Au – Newmont/Alkane JV) or Lucknow (historical production of 700K Oz Au) style mineralisation concealed by the Tertiary aged rocks in the NE confines of the Blayney project area. The results have identified a large north-south trending, low level chargeability anomaly within the southern portion of the survey area which contains a series of stronger (>20mV/V) discrete chargeability zones that, for the majority, are concealed by a large alluvial plain. The anomalous responses remain open to the south. In addition to the southern anomaly, several other chargeability anomalies were identified in the central portions of the survey. The results are considered very promising and as such, drilling is planned to test the chargeability anomalies during 2010.

A new drill programme commenced in December 2009 at the Temora project to test for extensions to the Cu/Au porphyry mineralised systems already defined.

**SOUTH AUSTRALIA****Torrens EL4296**

*Straits – earning 70%*

The Torrens Joint Venture comprises Argonaut Resources NL (ASX:ARE) and Straits (earning 70% interest).

Straits is exploring for iron-oxide copper-gold (“IOCG”) systems in the highly prospective Stuart Shelf region of South Australia (Torrens Project). The Torrens Project is located near the eastern margin of South Australia’s Gawler Craton region (Stuart Shelf), within 50 kilometres of Teck Cominco’s Carapateena copper-gold discovery and 75 kilometres from BHP Billiton’s Olympic Dam mine.

Straits are in negotiations with numerous stakeholders including the state government and Native Title claimants to resolve access issues and recommence drilling operations. A section 23 application in accordance with *South Australian Governments* Aboriginal Heritage Act 1988 has been lodged with the Aboriginal Affairs and Reconciliation Division of the Department of Premier and Cabinet.

**INDONESIA****Mt Muro (IMK)***Straits – 100%*

Exploration activities at Mt Muro have continued with the evaluation of historical targets within the Indo Muro Kencana, Contract of Work (IMK CoW). The IMK CoW continues to offer excellent exposure to a range of geological settings with excellent potential for several styles of mineralization including: Low sulphidation Au-Ag epithermal systems, currently being exploited and explored for, Mesel style “Carlin” systems (ie. 2.1 Moz Au), Porphyry Cu-Au-Mo-Ag systems and High sulphidation Au-Cu-Ag style mineralisation.

**QUEENSLAND****Yandan***Straits – 100%, Drummond Gold – earning 51%*

Drummond Gold Limited (ASX:DGO) has entered into an agreement with Straits to earn a 51% interest of the Yandan Project. DGO are preparing to recommence drilling activities in and around the East Hill Prospect during March.

**Greenvale (Three Rivers)***Straits – previously 84.27% (MLM 100%)*

Straits have completed the sale of its 84.27% interest in Greenvale Project. Metallica Minerals Limited (MLM) purchased a 100% interest in the Greenvale Mine site tenements for a consideration of \$1.65 million (\$650,000 cash and 3.33 million Metallica ordinary shares at a deemed price of A\$0.30 per share).

**CORPORATE****Cash & Debt**

At the end of December 2009, the Straits Group cash resources totaled A\$261 million (approx 53% held in US\$).

In addition, Straits has investments of approximately A\$20 million in listed companies excluding Straits Asia and Goldminco.

At the end of the December 2009 quarter, Straits debt comprised the \$80.0 million Convertible Note with Standard Chartered Private Equity Limited (SCPEL) and trade finance facilities of US\$46 million debt within GfE/Magontec which is backed by receivables.

**Hedging**

There are forward exchange hedges in place at 31 December 2009 totalling US\$28.3 million for settlement from January 2010 through to June 2010. Currency hedging is at an average US\$/A\$= 0.82. These FX forward were put in place to lock in the A\$ receipts forecast to be received from copper shipments over this period.

By Order of the Board

**Milan Jerkovic**  
Chief Executive  
25 January 2010

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

***About Straits Resources***

Straits is an ASX200 diversified resources company focussed on generating strong and sustainable earnings for its shareholders from a balanced portfolio of resource projects and investments. Based in Perth, the company has a management team with an impressive track record of advancing resource projects through to full-production. Straits controls and operates the Tritton Copper and Hillgrove antimony/gold mines in NSW and the Mt Muro gold mine in Indonesia.. Straits also holds 40% of PTT Asia Pacific Mining Pty Ltd (PTT Asia) which holds 45.6% of Straits Asia Resources which is listed on the Singapore Exchange. Straits Asia controls and operates the Sebuk and Jembayan coal mines in Indonesia. In addition Straits has an exposure to an outstanding portfolio of mining investments, development projects and exploration ground throughout Australia, Indonesia, Madagascar & Brunei. Straits also own GfE and Magontec, European based specialty metals businesses.

**PROJECT LOCATIONS**
