

Straits Resources Limited ABN 22 056 601 417
ASX Preliminary final report - 30 June 2009

Lodged with the ASX under listing Rule 4.3A

Contents

	Page
Results for announcement to market	2
Commentary on results and activities	3
Preliminary income statement	12
Preliminary balance sheets	13
Preliminary statement of changes in equity	14
Preliminary cash flow statements	15
Notes to the financial statements	17

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Straits Resources Limited
For the period ended 30 June, 2009
(Previous corresponding period: 6 month ended 30 June, 2008)

Results for Announcement to the Market
30 June 2009

As reported in June 2008, the financial reporting period of the Group was changed. These results for announcement to the market are for a **12 month period** with a **6 month period** comparative.

				\$'000
Revenue from ordinary activities <i>(Appendix 4E item 2.1)</i>	down	52%	to	573,669
Loss from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	N/A		to	42,107
Net loss for the period attributable to members <i>(Appendix 4E item 2.3)</i>	N/A		to	42,107

Dividends / distributions <i>(Appendix 4E item 2.4)</i>	Unfranked amount per security (cents) 2009	Unfranked amount per security (cents) 2008
Final dividend (paid May 2008)		2
There were no dividends paid for the 6 month period June 2008	-	

Key Ratios	12 months to June 2009	6 months to June 2008
Basic earnings per share (cents)	(17.9)	(0.03)
Diluted earnings per share (cents)	(17.9)	(0.03)
Net tangible assets per share (cents)	3.20	2.41

Since year end the directors have recommended the payment of an unfranked final dividend for the year ended 30 June 2009 of 30 cents per fully paid ordinary share. There was no interim dividend paid.

The record date for determining entitlements to dividends is the 9th September 2009, and it is anticipated payment will be made on 21st September 2009.

On 23 March 2009, Straits announced it had agreed to sell a 60% interest in its wholly owned subsidiary, Straits Bulk and Industrial Pty Ltd (SBI). SBI is the holding company for the Brunei coal exploration interests, Madagascar coal exploration interests and has a 45.6% shareholding in the SGX listed Indonesian coal company, Straits Asia Resources Limited (SGX: SAR). The financial close was announced on 28 April 2009. The gain on sale after income tax on this transaction was \$259.0 million.

Notice of Annual General Meeting

The 18th Annual General Meeting of members of Straits Resources Limited will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia at midday on Monday 30th November 2009.

**COMMENTARY ON THE RESULTS AND ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2009**

STRAITS OVERVIEW

Straits Resources Limited (SRL or Straits) is an ASX 200 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 Whim Creek Copper Operation in WA, which is due for closure in December 2009, the Tritton Copper Operation and Hillgrove antimony/gold mines in NSW and the Mt Muro gold mine in Indonesia. In addition, Straits has an outstanding portfolio of mining investments, development projects and exploration ground throughout Australia and Indonesia. Straits also owns GfE, a speciality metals (noble alloys) European based distribution business, and Magontec, a producer of high quality magnesium metals, with plants in Germany and China.

As announced on 23 March 2009, Straits sold a 60% interest in Straits Bulk & Industrial Pty Ltd (SBI) to a wholly owned subsidiary of PTT Public Company Limited (PTT). PTT is a diversified energy group of companies engaged in oil and gas exploration and production, gas transmission and processing, energy trading and retail distribution segments. PTT accounts for nearly 30% of Thailand's total market capitalisation on the Stock Exchange of Thailand. SBI is the holding company for the Brunei coal exploration interests, Madagascan coal exploration interests and has a 45.6% shareholding in the SGX listed Indonesian coal company, Straits Asia Resources Limited (SGX: SAR). Straits has also transferred a team of coal executives headed by Martin Purvis as CEO to SBI as part of the Transaction. SBI has since been renamed PTT Asia Pacific Mining Pty Ltd (PTT Asia). Straits still maintains a significant exposure to bulk commodities through its remaining 40% investment in PTT Asia. SAR's production and financial information will be reported to Straits' shareholders as market announcements are made by SAR.

Subsequent Event

The total cash consideration for the sale of a 60% interest in Straits' wholly owned subsidiary Straits Bulk and Industrial Pty Ltd included a deferred performance payment of up to US\$115 million relating to certain matters in connection with reserve upgrades in relation to the mine located on Sebuku island, South Kalimantan, Indonesia, controlled and operated by Straits Asia Resources Limited (SAR).

On 17 August 2009, SAR announced that the Indonesian government had formally completed a process for re-zoning land use across South Kalimantan. The government decree for South Kalimantan includes a significant area within SAR's Sebuku coal concession that was previously restricted from mining. That land has now been re-zoned as production forest and is therefore available for mining.

The SAR announcement clears the way for Straits to claim the deferred performance payment of US\$115 million.

Base Metals

Tritton copper operation

Tritton mine production realised a steady production rate in the first half of 2009 as the mine development moved deeper into Tritton Deeps. Target ore tonnes were achieved in the December 2008 quarter and maintained since then with 932k tonnes mined during the year. Total tonnes milled for the year was 921k. Feed grades have also started to stabilise in line with expectations.

The fall in copper price in September/ October 2008 resulted in a decision to suspend mine development and production activities at the Murrawombie and North East satellite mines. Straits will reevaluate the commencement of mining operations given market conditions have improved.

Mine development focussed on establishing level development well ahead of stoping in the broader, lower ore zone, the mine has been able to achieve a steady increase in production through the second half of 2008 and the first half of 2009.

The processing plant successfully commissioned the expansion infrastructure (2 x verti mills, 2 x wemco flotation cells and an enlarged tailings thickener) during the first half of the reporting period. During the second half of the reporting period, continued optimisation of the plant highlighted name plate production design parameters being reached and sustained.

Whim Creek mine

Processing operations utilising the SX-EW plant are expected to cease in October 2009. In anticipation of the curtailment of this SX-EW processing Straits has granted an option to Finders Resources Ltd to purchase the Whim creek SX-EW plant. At that time, some 57,000 tonnes of copper will have been produced in line with original ore reserves of 6.63 mt at 1.00% Cu, 66,790 tonnes of contained copper and 56,773 tonnes of recoverable copper.

Straits has determined the Whim Creek sulphides potential does not meet its ongoing strategic objectives and has made the decision to divest this non core asset.

Subsequent Event

On 20 August 2009, Straits announced, in anticipation of the cessation of processing operations, it has agreed terms with Venturex Resources Limited (Venturex) to sell the remaining assets.

Hillgrove mine

Straits commenced construction of the Hillgrove antimony/gold mine as a demonstration plant in 2007. The plant was an innovative process designed to produce antimony metal (with gold as a by-product) on site on a commercial basis.

While the plant has produced saleable antimony metal to LME specifications for the past 12 months, the quantities produced have been significantly below design levels due to a number of issues in the processing plant. While some modifications to the plant have been made, issues still remain with effective waste water treatment, the flotation configuration and the interface between leaching and electrowinning.

Subsequent Event

On 18 August 2009, Straits announced a temporary suspension of processing activities at the Hillgrove mine. It is anticipated that processing activities will initially be suspended for up to 6 months to fully investigate the technical issues, the cost, and time required to implement the required plant modifications to achieve commercially viable production levels. During the suspension a core group of employees will be retained to continue metallurgical investigations, underground development and exploration.

Precious Metals

Mt Muro

Mt Muro sold 48,367 ounces of gold and 297,558 ounces of silver for the 2009 financial year.

Exploration activities at Mt Muro have continued with the evaluation of historical targets within the Indo Muro Kencana Contract of Work (IMK CoW). Newly discovered targets at the Lahung and Untu prospects have been elevated to the level of drill testing. With the arrival on site of a track mounted reverse circulation (RC) drill rig a number of high priority targets are to be drill tested in the first quarter of the new financial year. The IMK CoW offers excellent exposure to an extremely favourable geological setting containing exceptionally fertile gold bearing structures likely to contain additional high grade low sulphidation epithermal vein systems. Total production from the field is now approaching two million gold equivalent ounces.

Activities at the Mt Muro gold mine involved the mining of vein and alluvial gold/silver ore from a number of regionally located open pit mines, with ore being trucked to the 1.7 mtpa centrally located CIL and Merrill Crowe processing plant where gold and silver Dore is produced.

The identification and mining of remnant and previously unmined satellite resources near the plant continued into 2009. These supplementary sources of ore proved useful in allowing the mill to remain fully utilized, albeit at the cost of lower grades from alluvial material.

During the reporting period mining was undertaken at the Tasat, Icah, Sukang, West Permata, Anak Dua, Maantung, Gerantung, Luit Bawa, Serukau and Arong Maan mines, mining both lower grade alluvial material and primary vein material. In the case of Tasat, ore to the ROM pad is via road haulage and a RoRo (Roll on – Roll off) ferry that crosses the Barito River.

GfE and Magontec

GfE

The groups' revenues dropped sharply after the severe cutbacks in the steel related industries following the financial crisis. As a consequence the group has implemented a cost cutting program aimed at reducing the overall cost by 15% on a year on year basis. These programs are expected to continue to produce savings on a year by year basis as Germany emerges from its recession and investor and consumer confidence improves. The market in Europe is still down; however, the Asian and US markets are starting to show some signs of recovery.

Magontec

After the sharp market decline in the automotive industry starting in November 2008, metal sales volumes in the first half year 2009 were down 63% compared to in the first half of 2008. However, it appears that the bottom of the market has been reached and sales volumes have now started to show signs of improvement.

Exploration

The 2009 financial year has been a very trying time in the resources sector with an extremely high level of uncertainty and volatility prevalent in the world's financial markets. As such the Straits group has taken a measured approach to exploration expenditure and programs throughout the year. A considerable amount of work has been completed in consolidating current projects in preparation to recommence an aggressive exploration and definition drill program late 2009 or early 2010. The focus for the exploration group during the 2010 financial year will be the assessment of resource potential of the Goldminco Temora porphyry project; the world class Torrens iron oxide copper gold (IOCG) project, and considerable effort will be placed into the discovery and understanding of currently known systems at the Tritton copper mine and at Mt Muro. In addition Straits has been actively assessing new opportunities to grow the group's base metal business.

Investments in Associates

PTT Asia – 40%

As outlined previously, SAR's production and financial information will be reported to Straits' shareholders as market announcements are made by SAR. SAR's quarterly report was released on the 5th August 2009.

For the 6 months to June 30, SAR reported sales revenue of \$US315 million and a total profit for the period of \$US57million. Tonnes of coal sold from Sebuiku and Jembayan over the same period were 858kt and 2,895kt respectively.

Madagascan Coal Project

PTT Asia– 33.5% Red Island Minerals

Phase 2 of the drilling programme, focusing on the Sakamena area is progressing well with coal intersected throughout this area. In addition, planning and field work for Phase 3 focusing on the northern extensions of the Sakoa Prospect is complete, with drilling set to commence in the September 2009 quarter. To date some 14,600 metres have been drilled and 3,300 samples taken. Sample analysis in South Africa is ongoing.

The final EIA Report has been submitted and discussions are being held with the Ministry of Transport and the Ports Authority regarding project development.

Coal Exploration, Brunei

PTT Asia – Joint Venture 35%

The mapping program for the Temborang region was finalised in the reporting quarter with a number of coal outcrops mapped. FEE (JV Partner) are continuing with detailed mapping of the more prospective regions in the Belait and Tutong districts. The drilling program is being finalised in readiness for the granting of the prospecting licenses.

The joint venture company has been established with a branch office registered in Brunei. Labour quota's for the project will be applied for over the following month. Activities will slow over the September 2009 quarter with the commencement of the Muslim fasting and festive period (Ramadan & Idul Fitri).

Yannarie Solar Project, Western Australia

PTT Asia – 100% Straits submitted its appeal against the EPA's recommendation in August 2008. Additional supporting information was provided in March 2009. The Appeals Convenor is currently preparing a confidential report on Straits Appeal to the Minister for Environment who is expected to take several months before reaching a final decision on the environmental approval. This decision is not expected until early 2010.

HIGHLIGHTS

FINANCIAL

- Profit after tax (before minorities) of \$38.0 million (\$25 million 2008).
- Profit of \$259 million recorded on the sale of the 60% interest in SBI.
- Unfranked final dividend recommended of 30 cents per share (nil cents 2008).
- Cash on hand at 30 June 2009 of \$222.9 million not including restricted cash of \$22.0 million as security on government bonds (\$162.0 million and \$22.0 million 2008).
- \$80 million convertible note issue placed with Standard Chartered Private Equity Limited.

OPERATIONAL and EXPLORATION

- Tritton Copper production of 24kt of copper (8kt 6 months to June 2008).
- Whim Creek Copper production of 10kt (6kt 6 months to June 2008).
- Mt Muro production of 49k ounces of gold (22kt ounces 6 months to June 2008) and 304k ounces of silver (69k ounces 6 months to June 2008).
- Air core drilling programme at Goldminco's Temora project, NSW extends mineralised system significantly and still open along strike.
- Drilling commenced at Tritton Deeps, NSW.

CORPORATE

- Strategic alliance formed with the PTT, via the sale of a 60% interest in its wholly owned subsidiary Straits Bulk & Industrial Pty Ltd for US\$335 million.
- Divestments of non-core assets proceeding - sale of Whim Creek announced post year-end.
- Sebuku boundary rezoning announced in August 2009. Way forward cleared for Straits to claim US\$115 million performance payment from PTT.

FINANCE

Results

Based on the financial reporting period change for the Group in 2008, the financial statements have been prepared for the 12 month financial period to 30 June 2009 with comparatives for the six month financial period to 30 June 2008.

The June 2009 financial result for the Straits Group was impacted by the following key factors:

- the volatility and weakness in the copper price during the period;
- the disposal of a 60% interest in Straits Bulk and Industrial Pty Ltd (renamed PTT Asia Pacific Mining Pty Ltd);
- the hedge accounting over the delivery period of the original Tritton hedges now finished;
- the impairment loss taken at the Tritton mine, Hillgrove mine and the Yannarie salt project; and
- the appreciating Australian Dollar against the United States Dollar in the last quarter of the financial period. An increase of 15.6% from March 2009 to June 2009.

Sales Revenue	Full Year 2009 \$m	Six Months 2008 \$m
Base metals - Whim Creek	56.8	45.0
- Tritton	93.9	41.6
Precious metals - Mt Muro	60.7	26.4
Sales revenue from mining activities	215.0	113.0
Metals distribution	352.5	1,102.0
Total sales revenue	567.5	1,215.0

Earnings before interest, tax, depreciation, amortisation (EBITDA) and non cash costs for impairment and exploration write-downs amounted to \$436.0 million (2008: \$114.7) million, made up of the following:

EBITDA	Full Year 2009 \$m	Six Months 2008 \$m
Base metals - Whim Creek	11.2	16.7
- Tritton	(95.6)	(9.8)
Precious metals - Mt Muro	(9.2)	(3.8)
Metals distribution	(7.8)	19.0
Other	(55.1)	(20.6)
Total EBITDA continuing operations	(156.5)	1.5
Profit from discontinued operations	592.5	113.2
TOTAL EBITDA	436.0	114.7

The Straits Group recorded a profit before minorities and after tax for the financial reporting period to June 2009 of \$38.0 million compared with a profit before minorities and after tax of \$25.0 million for the 6 month reporting period to June 2008.

The result was impacted by the provisional pricing adjustments downwards on copper revenue of \$25 million, impairment losses of \$178.2 million, gain on sale of discontinued operations net of tax \$259.0 million, adverse foreign exchange revaluations of \$53.7 million and a loss of \$44.9 million on hedge accounting of the original hedges paid out in December 2007.

Net (Loss)/Profit after Tax and Minorities	Full Year 2009 \$m	Six Months 2008 \$m
Profit from 60% disposal of PTT	259.0	-
Base metals – Whim Creek	10.6	5.9
- Tritton	(52.5)	(12.9)
Precious metals – Mt Muro	(18.4)	(7.9)
GfE and Magontec	(15.4)	4.9
Straits share of PTT profits (post disposal)	7.9	-
Profit from discontinued operation *	85.2	60.2
Fx losses	(44.2)	2.5
Other	(15.9)	(7.2)
Net Profit from operating activities	216.3	45.5
Impairment and exploration write downs	(178.3)	(20.5)
Profit after tax	38.0	25.0
Profit is attributable to:		
Equity holders of Straits	(42.1)	(6.0)
Minority interest	80.1	31.0
* includes a deferred tax liability component of \$60 million on the uplift in the fair value of the remaining 40% investment in PTT Asia.		

Financial Position

The Group's net asset position at 30 June 2009 was \$873.8 million. The remaining 40% investment in PTT Asia held by Straits has been fair valued at \$235 million as part of the deconsolidation of Straits' interest in PTT. The nominal carrying value of this interest in the group was previously \$113 million. The net assets of the discontinued operation on disposal amounted to \$594 million.

Net tangible asset backing per ordinary share has increased from \$2.34 at 30 June 2008 to \$3.20 at 30 June 2009.

The Group's net increase in cash for the period was \$61.0 million comprising operating cash outflows of \$6.9 million, investing cash inflows of \$150.0 million, an outflow from financing activities of \$51.7 million and adverse foreign exchange revaluations of \$30.4 million.

At 30 June 2009, Straits cash resources were \$223.0 million and \$22 million of restricted cash (30 June 2008: \$162.0 million and \$22 million).

OUTLOOK

The future outlook for Straits is very positive. The company has an investment interest in a relatively mature, expanding thermal coal business, an emerging relatively immature metals business and less significant and immature precious metals assets.

In addition Straits has a sizable cash resources, exploration portfolio, investments in a range of companies and a metals distribution business.

At the end of June 2009, Straits debt comprised the \$80.0 million convertible note with Standard Chartered Private Equity Limited (SCPEL) and trade finance facilities of US\$46.6 million debt within GfE/Magontec which is backed by receivables.

Ongoing investment to restructure and expand the group's base metal and gold operations to improve production platforms and process efficiencies will continue through 2010. Straits is currently undertaking efforts to simplify its balance sheet, aimed at re-focussing Straits around fewer core opportunities which may involve divesting non-performing assets to streamline the asset portfolio.

Over the next 12 months the company will concentrate on its core base metal asset, the Tritton copper mine. An aggressive exploration programme has been initiated to increase the resource and reserve base at and around the Tritton mine. Drilling has commenced targeting the down plunge extension (+200 meters) of the Tritton resources system. The operation has the capability to increase production in a short period to 35,000 tpa Cu in concentrate once Tritton has the resource base to support this production rate and once the projected financial return is compelling.

It is anticipated that Whim Creek will close the SX/EW plant in late 2009/early 2010. In June Straits sold an option to purchase the Whim Creek solvent extraction/electrowinning plant to Finders Resources for \$5m. Straits has since announced it has agreed terms with Venturex to sell the remaining assets at Whim Creek.

A number of issues in the commissioning phase of the Hillgrove antimony/gold mine have meant that the operation has so far been unable to meet production forecasts. While the plant has produced saleable antimony metal to LME specifications for the past 12 months, the quantities produced have been significantly below design levels due to a number of issues in the processing plant. While some modifications to the plant have been made, issues still remain with effective waste water treatment, the flotation configuration and the interface between leaching and electrowinning.

While exploration potential at Mt Muro is still considered good, exploration by Straits, while successfully replacing reserves, has thus far failed to find the "big deposit" hoped for. Straits now considers Mt Muro non-core to the Group, and is currently looking at ways to remove the project from the balance sheet by partially or fully divesting.

Straits will focus its exploration efforts going forward around its mine sites and at the key development projects. This revised and concentrated focus will be directed primarily to exploration targets in South Australia and the Lachlan fold belt of NSW through its subsidiary Goldminco Corporation.

BASE METALS

Base Metals include the Hillgrove antimony/gold mine and the Tritton copper mine in NSW.

HILLGROVE

Refer subsequent event note in the Overview.

TRITTON COPPER MINE

The outlook for Tritton remains positive. Exploration drilling has identified an extension of reserves in the main Tritton ore body together with indications of new mining areas in the immediate vicinity of Tritton.

PRECIOUS METALS

MT MURO

Significant capital works on the plant were undertaken in the 2009 reporting period, including the installation and commissioning of a coal fired power station delivering 2.6 MW and implemented to mitigate diesel fuel price risk in the future. Extensive review and mine planning was conducted with a view to determining the future development and operation of Mt Muro. As a result of this work, Straits has committed to a production and capitalisation plan based around the cutback and mining of the Serujan open pit, mining of the Berinjin / Merindu alluvial deposits and development and operation of the Soan deposit, which is forecast to deliver 320,000 recovered gold equivalent ounces over a minimum five year time frame.

Access to the Berinjin / Merindu alluvials has been negotiated with the Indonesian Government as part of a strategy of increasing local involvement. Ore will be mined on a contract basis by the local government mining company and delivered to the processing plant on commercial rates. An MOU has been executed to this effect and final agreements are well advanced.

Integral to this plan is the decision to recapitalise the mining and transport fleet and moving to owner operate mining during the second half of 2009. This decision to commit to the recapitalisation of the Mt Muro mining operations is a significant one and will underwrite improved operational and cost performance in the future.

Under this plan, it is expected that in excess of 68,000 gold equivalent ounces will be produced in the next financial year at a target average cash operating cost of US\$620 per ounce and reducing thereafter.

GFE AND MAGONTEC

Recent data suggests that Germany may emerge from its recession much sooner than anticipated. However, whilst investor and consumer confidence is very low but slightly improving it is expected that sales and revenue will fall over the next 12 months on the back of the general uncertainty due to the unprecedented global economic conditions.

The processing plant at Xian in China is operating at full capacity as the surrounding business conditions improve, however, it is uncertain if business conditions have fully stabilised.

EXPLORATION

PRECIOUS METALS

Mt Muro, Kalimantan Indonesia

Exploration activities at Mt Muro have continued with the evaluation of historical targets within the Indo Muro Kencana, Contract of Work (IMK CoW). The newly discovered targets at Lahung and Untu prospects have been elevated to the level of drill testing. With the arrival on site of a track mounted reverse circulation (RC) drill-rig these targets will be drill tested during the 3rd quarter 2009. Straits continues to believe that the IMK CoW offers excellent exposure to an extremely favourable geological setting with a significant number of fertile gold bearing structures which are likely to host additional high grade low sulphidation epithermal vein systems. Total production from the IMK field is now approaching two million gold equivalent ounces.

Three Rivers, Queensland

Straits has a Joint Venture with Resource Exploration Ltd, a wholly owned subsidiary of Resource Mining Corporation Ltd (ASX:RMC) in the historical Greenvale nickel laterite mine and the Lucknow laterite cobalt deposits, during the year Straits increased its interest in the project from 70% to 84.27%. Remnant resource modeling has been completed for Greenvale Nickel Project. This resource has been defined as an inferred resource of 37.7 million tonnes at 0.8% Ni and 0.05% Co at a cut-off grade of 0.5%Ni.

BASE METALS

Tritton, New South Wales

A systematic review of the Girilambone mineral field is currently in progress. The aim of the review is to better understand the known mineralised systems and to assess newly discovered targets that have been derived from geological first principles and geophysical targeting. A plan to re-launch an aggressive exploration programme in the Nyngan region is currently being developed and will commence during the 2nd half of 2009. The Girilambone field collectively is a very well endowed and extensively mineralised copper district, Straits believes that there is considerable upside through extensions of known, and the discovery of new, mineralised systems.

New LandTEM and IP Geophysical surveys have been commissioned to test around the Tritton mine site and the corridor between the Girilambone North and Murrawombie mineralisation. Results for these surveys are expected during the 3rd quarter 2009.

Lake Torrens, South Australia

Straits is exploring for iron-oxide copper-gold (“IOCG”) systems in the highly prospective Stuart Shelf region of South Australia (Torrens Project). The Torrens Joint Venture is between Argonaut Resources NL (ASX:ARE) and the company (Straits earning 70%). The Torrens Project is located near the eastern margin of South Australia’s Gawler Craton, within 50 kilometres of Teck Cominco’s Carapateena copper-gold discovery and 75 kilometres from BHP Billiton’s Olympic Dam mine.

The overlapping Native Title (NT) claim issue has been progressed, with the new Kokatha Uwankara claim being lodged with the federal Court. Straits is currently in discussion with both the State Government and the new claimant group to progress the access matter.

Goldminco Corporation

Goldminco (TSX:GCP) is a junior minerals exploration company registered in Canada with headquarters in West Perth, Australia. Goldminco holds over 2,000 klm2 of exploration tenements in the highly prospective Lachlan Fold Belt (LFB) of New South Wales, Australia. The tenements are predominately 100 percent owned and operated by Goldminco and have a range of active projects for gold and porphyry copper-gold. At the date of reporting, Straits holds approximately 58 per cent of the equity in Goldminco.

A substantial diamond and reverse circulation drill program is planned to commence later in the year. This program will test for further extensions to the known resources predominately located within the Temora tenement package.

Straits Resources Limited
Preliminary income statements
For the year ended 30 June 2009

		Consolidated	
	Notes	30 June 2009 \$'000	6 months to 30 June 2008 \$'000
Revenue from continuing operations			
Sales revenue	2	567,523	1,215,002
Other revenue from ordinary activities	2	<u>6,146</u>	<u>816</u>
		573,669	1,215,818
Other income	3	1,402	244
Expenses			
Cost of goods sold	4	(705,240)	(1,209,538)
Other expenses from ordinary activities			
Marketing		(16,411)	(423)
Exploration expense	4	(14,619)	(21,899)
Administration and support expense	4	(26,742)	(28,895)
Other	4	(53,377)	3,829
Impairment loss	4	(165,884)	-
Finance costs	4	(14,347)	(10,640)
Share of profit from associates		<u>7,915</u>	-
Loss before income tax		(413,634)	(51,504)
Income tax benefit		<u>107,383</u>	<u>16,340</u>
Loss from continuing operations		(306,251)	(35,164)
Profit from discontinued operations after tax	5	<u>344,294</u>	<u>60,193</u>
Profit for the year		<u>38,043</u>	<u>25,029</u>
Loss is attributable to:			
Equity holders of Straits Resources Limited		(42,107)	(5,995)
Minority interest		<u>80,150</u>	<u>31,024</u>
		<u>38,043</u>	<u>25,029</u>
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	14	(17.9)	(2.6)
Diluted earnings per share	14	(17.9)	(2.6)

The above preliminary income statements should be read in conjunction with the accompanying notes.

Straits Resources Limited
Preliminary consolidated balance sheets
As at 30 June 2009

		Consolidated	
		30 June	30 June
		2009	2008
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents		222,961	161,999
Receivables		95,758	175,332
Inventories		112,823	195,314
Other financial assets		8,128	10,906
Derivative financial instruments		<u>226</u>	<u>399</u>
		439,896	543,950
Non-current assets classified as held for sale	5	<u>3,924</u>	-
Total current assets		<u>443,820</u>	<u>543,950</u>
Non-current assets			
Receivables		711	658
Investments accounted for using the equity method	6	242,415	51,017
Other financial assets	7	99,012	8,850
Property, plant and equipment		135,100	210,998
Exploration and evaluation		75,520	278,268
Mine Properties in use		119,846	495,183
Deferred tax assets		1,797	67,096
Intangible assets		<u>5,876</u>	<u>103,739</u>
Total non-current assets		<u>680,277</u>	<u>1,215,809</u>
Total assets		<u>1,124,097</u>	<u>1,759,759</u>
LIABILITIES			
Current liabilities			
Derivative financial instruments		94	1,909
Payables		64,002	196,092
Interest bearing liabilities		59,281	377,924
Non-Interest bearing liabilities		250	250
Provisions		9,508	17,492
Current tax liabilities		<u>3,666</u>	<u>29,796</u>
Total current liabilities		<u>136,801</u>	<u>623,463</u>
Non-current liabilities			
Interest bearing liabilities		75,373	2,333
Non-interest bearing liabilities		500	750
Deferred tax liabilities		15,508	70,357
Provisions		<u>22,117</u>	<u>19,166</u>
Total non-current liabilities		<u>113,498</u>	<u>92,606</u>
Total liabilities		<u>250,299</u>	<u>716,069</u>
Net assets		<u>873,798</u>	<u>1,043,690</u>
EQUITY			
Contributed equity	8	430,718	429,501
Reserves		35,454	368,536
Retained profits	9	<u>401,325</u>	<u>47,063</u>
Parent entity interest		867,497	845,100
Minority interest		<u>6,301</u>	<u>198,590</u>
Total equity		<u>873,798</u>	<u>1,043,690</u>

The above preliminary balance sheets should be read in conjunction with the accompanying notes.

Straits Resources Limited
Preliminary statements of recognised income and expense
For the year ended 30 June 2009

	Consolidated	
	30 June	6 months to
	2009	30 June
	\$'000	2008
	\$'000	\$'000
Total equity at the beginning of the financial period	1,043,690	900,887
Cash flow hedges, net of tax	36,078	10,505
Other financial assets, net of tax	(7,191)	4,597
Actuarial gain on retirement benefit obligation, net of tax	(9)	435
Exchange differences on translation of foreign operations	16,176	(42,994)
Exchange differences on translation of discontinued operations	115,999	-
Net income/(expense) recognised directly in equity	161,053	(27,457)
Profit/(loss) for the period	38,043	25,029
Total recognised income and expense for the year	199,096	(2,428)
Total recognised income and expense for the period is attributable to:		
Members of Straits Resources Limited	58,205	(14,016)
Minority interest	140,891	11,588
	199,096	(2,428)

The above preliminary statements of changes in equity should be read in conjunction with the accompanying notes.

Straits Resources Limited
Preliminary cash flow statements
For the year ended 30 June 2009

	Consolidated	
	30 June	6 months to
	2009	30 June
	\$'000	2008
		\$'000
Cash flows from operating activities		
Profit/(loss) before tax	178,836	(23,419)
Adjustments for:		
Finance costs accrued	10,963	15,717
Share of profit/loss from associates	(7,915)	345
Exchange (gains)/losses	45,266	(973)
Depreciation and amortisation	64,624	31,310
ExSAP expense	1,530	1,075
Profit on sale of available-for-sale investments	(314)	(159)
Profit on sale of fixed assets	3,089	-
Impairment loss	165,884	5,611
Profit on sale of subsidiary	(592,471)	-
Profit from discontinued operation	-	-
Exploration expenditure written off	12,406	20,490
Derivative losses on hedges settled in previous years	49,369	16,332
Decrease/(increase) in inventories	87,501	(9,482)
Decrease/(increase) in trade and other receivables	36,781	126,139
Increase/(decrease) in trade and other payables	(42,150)	(38,839)
Increase/(decrease) in provisions	(1,979)	(73)
Increase in current tax liabilities	-	(42,235)
(Increase)/decrease in deferred tax assets	-	2,268
(Decrease)/increase in deferred tax liabilities	-	(2,406)
Taxation	(1,287)	(837)
Interest received	2,848	521
Interest paid	(13,178)	(10,532)
Net cash inflow from operating activities of discontinued operation	192,112	82,163
Net cash (outflow) inflow from operating activities	191,915	173,016
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	489	504
Payments for property, plant and equipment	(94,982)	(58,181)
Proceeds from sale of investment in subsidiary	306,163	95,302
Payments for investments in shares and other securities	(7,187)	(27,742)
Payments for exploration expenditure	(11,153)	(19,553)
Proceeds from investment in shares and other securities	1,176	47
Cash outflow on sale of subsidiary	(101,723)	-
Payments for security deposits	-	(30)
Dividends received	31,623	-
Refund from prior business acquisition	-	19,524
Net cash inflow from investing activities discontinued operations	(103,398)	(13,690)
Net cash inflow (outflow) from investing activities	21,008	(3,819)
Cash flows from financing activities		
Proceeds from borrowings	-	77,547
Proceeds from issue of convertible notes	79,118	-
Repayment of borrowings	(109,568)	(187,326)
Proceeds from issues of shares	470	2,145
Proceeds from issues of shares - minority interest	867	-
Lease payments	(1,139)	(160)
Restricted cash	(21,441)	1,999
Dividends paid to company's shareholders	-	-
Dividends paid to minority interest in subsidiary	-	-
Net cash (outflow) from financing activities of discontinued operation	(69,891)	(5,203)

Straits Resources Limited
Preliminary cash flow statements
For the year ended 30 June 2009
(continued)

Cash flow statements

	Year	
	Consolidated	
	30 June	30 June
	2009	2008
Notes	\$'000	\$'000
Net cash (outflow) from financing activities	<u>(121,584)</u>	<u>(110,998)</u>
Net increase/(decrease) in cash and cash equivalents	91,339	58,199
Cash and cash equivalents at the beginning of the financial period	161,999	102,623
Effects of exchange rate changes on cash and cash equivalents	<u>(30,377)</u>	1,177
Cash and cash equivalents at end of year	<u>222,961</u>	<u>161,999</u>

The above preliminary cash flow statements should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

These preliminary consolidated financial statements relate to Straits Resources Limited and the entities it controlled at the end of, or during the year ended 30 June 2009. The accounting policies adopted are consistent with those of the previous year. Comparative information (which is for the 6 month period ended 30 June 2008) has been reclassified and repositioned where appropriate to enhance comparability with current year disclosures.

(a) Basis of preparation

The presentation currency used in this preliminary financial report is Australian dollars.

(b) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the balance sheets. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheets.

A discontinued operation is a component of the entity that has been disposed of or is classified as held-for-sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the preliminary income statement.

2 Revenue

	Consolidated	
	30 June	6 months to
	2009	30 June
	\$'000	2008
		\$'000
From continuing operations		
<i>Sales revenue</i>		
Mining activities	215,040	113,034
Metals distribution	<u>352,483</u>	<u>1,101,968</u>
	567,523	1,215,002
<i>Other revenue</i>		
Management fees	1,938	794
Interest	2,857	4,120
Other revenue from ordinary activities	<u>1,351</u>	<u>(4,098)</u>
	573,669	1,215,818

A portion of the Group's revenue from mining activities in foreign currencies and copper for commodity revenue prices is cash flow hedged. The amounts disclosed above for revenue from mining activities include the effective amount of the derivatives that are used to hedge foreign currency and commodity revenue. The amount offset against revenue is:

	Year	
	Consolidated	
	30 June	6 months to
	2009	30 June
	\$'000	2008
		\$'000
Forward currency and copper contracts - cash flow hedged	14,852	(17,334)
Closed out hedge contracts expensed over the delivery period of the original hedges *	<u>(44,942)</u>	<u>(16,417)</u>
	(30,090)	(33,751)

* During December 2007, the Group closed out the hedge contracts for its Tritton minesite operations, totalling a loss of \$61.4 million. These were recognised against revenue over the delivery period of the original hedges (from February 2008 to January 2009).

3 Other income

	Consolidated	
	30 June 2009 \$'000	6 months to 30 June 2008 \$'000
Net gain on disposal of property, plant and equipment	-	159
Fair value gains on other financial assets held for trading	1,402	-
Fair value gain on derivative contracts	-	85
	<u>1,402</u>	<u>244</u>

4 Expenses

	Consolidated	
	30 June 2009 \$'000	6 months to 30 June 2008 \$'000
Profit before income tax includes the following specific expenses:		
<i>Cost of production</i>		
Mining activities	305,092	111,070
Metals distribution	336,497	1,073,589
Total cost of production	<u>641,589</u>	<u>1,184,659</u>
<i>Depreciation</i>		
Plant and equipment	<u>20,759</u>	<u>7,152</u>
<i>Amortisation</i>		
Mine properties	42,101	17,332
Intangibles - customer relations	790	395
Total amortisation	<u>42,891</u>	<u>17,727</u>
Total cost of goods sold	<u>705,240</u>	<u>1,209,538</u>
<i>Exploration costs</i>		
Exploration expenditure incurred	2,213	1,409
Exploration expenditure written off	12,406	20,490
	<u>14,619</u>	<u>21,899</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	13,820	10,015
Unwinding of discounts on provisions	527	625
	<u>14,347</u>	<u>10,640</u>
<i>Other</i>		
Net foreign exchange (losses)/gains	<u>(53,377)</u>	<u>3,829</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<u>3,017</u>	<u>1,453</u>
Total rental expense relating to operating leases	<u>3,017</u>	<u>1,453</u>

4 Expenses (continued)

	30 June 2009 \$'000	6 months to 30 June 2008 \$'000
<i>Administration and support</i>		
Asia	3,760	5,455
Australia	14,705	14,027
Europe/China	<u>8,277</u>	<u>9,411</u>
	<u>26,742</u>	<u>28,893</u>
<i>Impairment</i>		
Tritton mine	133,000	-
Hillgrove mine	26,301	-
GfE Germany	<u>6,583</u>	<u>-</u>
	<u>165,884</u>	<u>-</u>

5 Non-current assets classified as held for sale and discontinued operation

(a) Non-current assets classified as held for sale

	Consolidated	
	30 June 2009 \$'000	30 June 2008 \$'000
Plant and equipment	<u>3,924</u>	<u>-</u>

On 1 June 2009, Straits announced it had granted an option to Finders Resources Limited to purchase the Whim Creek SX-EW Plant.

(b) Discontinued operation

(i) Description

On 23 March 2009, Straits announced it had agreed to enter into a strategic alliance with Asian energy major, the PTT Group of Companies (PTT) via the sale of a 60% interest in its wholly owned subsidiary, Straits Bulk and Industrial Pty Ltd (discontinued operation) for up to US\$335 million in cash to a wholly owned subsidiary of PTT Public Company Limited. The financial close of its strategic co-investment alliance with PTT via the sale of a 60% interest in the disposal group was completed on 28 April 2009. The disposal group is reported in this financial report as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 15 - segment information.

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the ten months ended 28 April 2009 (2009 column) and the 6 months ended 30 June 2008.

5 Non-current assets classified as held for sale and discontinued operation (continued)

	Consolidated	
	30 June	6 months to
	2009	30 June
	\$'000	2008
		\$'000
Revenue	687,384	290,854
Expenses	<u>(466,632)</u>	<u>(201,743)</u>
Profit before income tax	220,752	89,111
Less Income tax expense	<u>75,434</u>	<u>28,918</u>
Profit after income tax of discontinued operation	<u>145,318</u>	<u>60,193</u>
Impairment loss on Straits Salt Pty Ltd prior to disposal	(12,312)	-
Gain on sale of the discontinued operation before income tax	384,030	-
Less income tax expense *	<u>(172,742)</u>	<u>-</u>
Profit from discontinued operation after tax	<u>344,294</u>	<u>60,193</u>
* includes a deferred tax liability component of \$60 million on the uplift in the fair value of the remaining 40% investment in PTT Asia.		
Profit attributable to minority interest	(80,455)	(31,170)
Net cash inflow from operating activities	192,112	82,163
Net cash inflow (outflow) from investing activities (2009 includes an inflow of \$311,426,000 from the sale of the discontinued operation)	208,028	(13,690)
Net cash (outflow) from financing activities	<u>(69,891)</u>	<u>(5,203)</u>
Net increase in cash generated by the discontinued operation	<u>330,249</u>	<u>63,270</u>
<i>(iii) Details of the sale of the discontinued operation</i>		
Consideration received or receivable:		
Cash	311,426	
Fair value of performance payment on disposal of 60% of PTT Asia	<u>110,711</u>	
Total disposal consideration	422,137	
Fair value of retained 40% investment in associate includes a goodwill component of \$122 million	234,500	
Carrying amount of the Group's net assets sold	<u>(280,000)</u>	
Transaction costs	<u>(4,919)</u>	
Gain on sale before income tax	371,718	
Income tax expense	<u>(112,800)</u>	
Gain on sale after income tax	<u>258,918</u>	

The total cash consideration of up to US\$335 million (approx A\$422 million) comprises an upfront completion payment of \$311,426,000 (US\$220 million), received on the 28 April 2009, and a performance payment of up to \$162,843,387 (US\$115 million) payable post completion. (refer note 7 - Non current assets - other financial assets.) The performance payment relates to certain matters in connection with reserve upgrades in relation to the mine located on Sebuk island, South Kalimantan, Indonesia controlled and operated by Straits Asia Resources Limited (SAR) or as otherwise agreed between PTT and SRL. (refer note 13 - Events occurring after the balance sheet date.)

5 Non-current assets classified as held for sale and discontinued operation (continued)

The carrying amounts of assets and liabilities as at the date of sale (28 April 2009) were:

	Consolidated	
	30 June 2009 \$'000	30 June 2008 \$'000
Current assets		
Cash and cash equivalents	101,723	91,171
Receivables	148,941	277,504
Inventories	13,899	12,405
Available for sale investments	-	10,906
Non current assets		
Receivables	29	-
Investments in associates	50,923	51,017
Available for sale investments	4,676	2,050
Mine properties	609,301	253,838
Exploration	28,118	203,883
Property plant and equipment	183,893	69,014
Deferred tax assets	3,183	3,138
Intangible assets	69,885	91,462
Total assets	<u>1,214,571</u>	<u>1,066,388</u>
Current liabilities		
Trade payables	122,378	100,826
Interest bearing liabilities	171,807	229,264
Income tax payable	16,499	25,792
Provisions	4,000	1,260
Non current liabilities		
Interest bearing liabilities	172,676	-
Deferred tax liabilities	97,615	74,588
Provisions	2,697	1,739
Total liabilities	<u>587,672</u>	<u>433,469</u>
Net assets	<u>626,899</u>	<u>632,919</u>

6 Non-current assets - Investments accounted for using the equity method

	Consolidated	
	30 June 2009 \$'000	30 June 2008 \$'000
Shares in associates (note 12)	<u>242,415</u>	<u>51,017</u>
	<u>242,415</u>	<u>51,017</u>

(a) Shares in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity (refer to note 12).

7 Non-current assets - other financial assets

	Consolidated	
	30 June 2009 \$'000	30 June 2008 \$'000
Fair value of performance payment on disposal of 60% of PTT Asia	96,891	-
Listed available-for-sale investments	<u>2,121</u>	8,850
	<u>99,012</u>	<u>8,850</u>

8 Contributed equity

	Consolidated and parent entity		Consolidated and parent entity	
	30 June 2009 Shares	30 June 2008 Shares	30 June 2009 \$'000	30 June 2008 \$'000
(a) Share capital				
Ordinary shares				
Issued and paid up capital	226,708,744	217,614,310	430,718	429,501
ExSAP loans - contributed equity	<u>18,835,681</u>	<u>15,275,000</u>	-	-
	245,544,425	232,889,310	430,718	429,501
Total contributed equity - parent entity			<u>430,718</u>	<u>429,501</u>

9 Reserves and retained profits

Retained profits

Movements in retained profits were as follows:

	Consolidated	
	30 June 2009 \$'000	6 months to 30 June 2008 \$'000
Balance at the beginning of the period	47,063	57,277
Net profit for the year	(42,107)	(5,995)
Dividends	-	(4,654)
Other	(27)	435
Transfer from capital reserves upon disposal of 60% of SBI	371,505	-
Asset revaluation reserve transferred on impairment writedown	<u>24,891</u>	-
Balance at the end of the period	<u>401,325</u>	<u>47,063</u>

10 Dividends

Parent entity

	6 months to
30 June	30 June
2009	2008
\$'000	\$'000

(a) Ordinary shares

Unfranked final dividend for the year ended 31 December 2007 of 2 cents (2006 - 5 cents) per fully paid share paid on 23 May 2008 (2007 - 3 May 2007)

-	<u>4,654</u>
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Parent

	6 months to
30 June	30 June
2009	2008
\$'000	\$'000

(b) Dividends not recognised at year end

Since year end the directors have recommended the payment of an unfranked dividend for the year ended 30 June 2009 of 30 cents per fully paid ordinary share. The aggregate amount of the proposed dividend expected to be paid out of retained profits at 30 June 2009 but not recognised as a liability at year end, is:

<u>73,663</u>	<u>-</u>
---------------	----------

\$

\$

Franking credits available for subsequent financial years based on a tax rate of 30% (2008 - 30%)

<u>2,606,818</u>	<u>2,606,818</u>
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The above amounts represent the balance of the franking account as at the end of the 2008 and 2009 financial periods.

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11 Contingencies

The Group has contingent liabilities at 30 June 2009 in respect of:

a) In prior years, PT Indo Muro Kencana (PT IMK) as owned by previous owners, was served with legal proceedings commenced on behalf of 29 persons claiming to have been operating local community mining within the Contract of Work Area prior to 1987 when PT IMK took possession of the mine site. The claim is made for loss of improvements on the land of about US\$ 40,000 but also includes a very broad ambit claim totalling Rp 100 billion (approximately US\$10.8 million). The claim is under appeal by the plaintiffs in the Supreme Court, having been unsuccessful in both the District Court and High Court. PT IMK and its lawyers believe that the ambit claim is lacking any legal basis and that there are strong grounds to defend the claims. Management is therefore confident that the Supreme Court will uphold the lower court's decision.

No adjustments relating to these uncertainties have been included in the financial statements.

No material losses are anticipated in respect of any of the above contingent liabilities

b) A controlled entity PT IMK currently has a number of tax disputes outstanding with the Indonesian Tax Office ("ITO") arising from tax audits in respect of corporate income tax, withholding tax and VAT covering a number of years. The assessed amounts, net of cash paid and outstanding refunds that remain in dispute total \$5,078,716 (US\$4,097,000).

In addition, management have provided \$4,491,137 (US\$3,623,000) for non recoverability against other receivables to reflect current legal and taxation advice. Appeals in respect of all disputed assessments have been lodged with the Tax Court and these are being vigorously pursued. Given the current differences of opinion with the ITO in respect of these matters, it is not possible to predict at this time the ultimate outcome of these matters

12 Investments in associates

(a) Carrying amounts

Upon disposal of 60% of the shareholding in Straits Bulk and Industrial Pty Ltd, Straits Resources Limited retains a 40% investment in this company.

Straits Bulk and Industrial Pty Ltd has since changed its name to PTT Asia Pacific Mining Pty Ltd

Name of company	Principal activity	Ownership interest		Carrying value	
		30 June 2009 %	30 June 2008 %	30 June 2009 \$'000	30 June 2008 \$'000
PTT Asia Pacific Mining Pty Ltd	Mining	40	-	242,415	-

The above associate is incorporated in Australia.

Consolidated	
30 June 2009 \$'000	30 June 2008 \$'000

(b) Movements in carrying amounts

Carrying amount at the beginning of the financial year	51,017	-
Share of acquisition investment in Red Island Minerals Ltd	-	51,362
Share of loss after income tax	-	(345)
Fair value of remaining 40% investment	234,500	-
Share of profit after income tax	7,915	-
Disposal of associate in discontinued operation	(51,017)	-
Carrying amount at the end of the financial year	<u>242,415</u>	<u>51,017</u>

12 Investments in associates (continued)

(c) Summarised financial information of associates

The Group's share of the results of its principal associates and its aggregated assets and liabilities are as follows:

	Ownership Interest %	Company's share of:			
		Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit \$'000
2009					
PTT Asia Pacific Mining Pty Ltd	40	<u>485,828</u>	<u>235,069</u>	<u>228,672</u>	<u>7,915</u>
		<u>485,828</u>	<u>235,069</u>	<u>228,672</u>	<u>7,915</u>

There are no contingent liabilities of the associate at the end of the period for which the parent company is severally liable.

13 Events occurring after the balance sheet date

(a) Deferred payment consideration on disposal of discontinued operation

The total cash consideration for the sale of a 60% interest in Straits wholly owned subsidiary Straits Bulk and Industrial Pty Ltd included a deferred performance payment of up to US\$115 million relating to certain matters in connection with reserve upgrades in relation to the mine located on Sebuku island, South Kalimantan, Indonesia, controlled and operated by Straits Asia Resources Limited (SAR).

On 17 August 2009, SAR announced that the Indonesian government had formally completed a process for re-zoning land use across South Kalimantan. The government decree for South Kalimantan includes a significant area within SAR's Sebuku coal concession that was previously restricted from mining. That land has now been re-zoned as production forest and is therefore available for mining.

The SAR announcement clears the way for Straits to claim the deferred performance payment of US\$115 million.

(b) Hillgrove Mine

On 18 August 2009, Straits announced a temporary suspension of processing activities at its Hillgrove Mine in Armidale NSW.

While the plant has produced saleable antimony metal to LME specifications for the past 12 months, the quantities produced have been significantly below design levels due to a number of issues in the processing plant. While some rectifications to the plant have been made, issues still remain with effective waste water treatment, the flotation configuration and the interface between leaching and electrowinning.

It is anticipated that processing activities will initially be suspended for up to 6 months to fully investigate the technical issues, the cost, and the time required to implement the required plant modifications to achieve commercially viable production levels.

(c) Whim Creek Mine

As previously announced mining operations at Whim Creek have ceased. Whim Creek continues to produce copper from its existing heaps.

On 20 August 2009, Straits announced in anticipation of the cessation of processing operations it has agreed terms with Venturex Resources Limited (Venturex) to sell:

- (i) all the issued capital of Straits (Whim Creek) Pty Ltd, the beneficial owner of the Whim Creek Mine and all associated exploration tenements including the sulphide resources at Whim Creek Mons Cupri, and the Whim Creek Hotel but excluding the SX-EW plant which is subject to an option to purchase agreement with Flinders Resources Limited; and
- (ii) the Salt Creek and Balla Balla copper-zinc projects and associated tenements.

The consideration for the acquisition is:

- (i) 106 million fully paid Venturex shares at a deemed value of 7.5 cents per share (\$8 million) on completion of the transaction, and

13 Events occurring after the balance sheet date (continued)

(ii) fully paid ordinary Venturex shares or cash to the equivalent value of \$3 million based on a share price of 30 day VWAP preceding Venturex formally committing to a "Decision to Mine".

14 Earnings per share

(a) Reconciliation of earnings used in calculating basic and diluted earnings per share

	Consolidated	
	30 June	6 months to
	2009	30 June
	\$'000	2008
		\$'000
<i>Basic and diluted earnings per share</i>		
Profit/(loss) from continuing operations	(306,251)	(35,164)
Profit from discontinued operations attributable to minority interests	(80,150)	(31,024)
Profit from discontinued operation	344,294	60,193
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	(42,107)	(5,995)

(b) Weighted average number of shares used as the denominator

	Consolidated	
	30 June	30 June
	2009	2008
	Number	Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share</i>	235,348,581	231,249,334
Adjustments for calculation of diluted earnings per share:		
Options	60,810	370,378
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share</i>	235,409,391	231,619,712

15 Segment information

(a) Description of segments

Business segments

The company is organised on a global basis into the following divisions by product and service type.

Base Metals

Consists of the Whim Creek copper mine, Hillgrove mine and the Tritton copper mine.

Precious Metals

Consists of the Mt Muro gold and silver mine operated by PT Indo Muro Kencana in Indonesia.

Metals Distribution

Consists of the Varomet Holdings Limited group of companies, a non-ferrous metal and noble alloy products distribution business.

The Group's business segments are Base Metals, Precious Metals, Metals Distribution and Other (not material to be classified as a separate segment). Other includes greenfield exploration not specifically attributable to an operating mine.

Geographical segments

The Group operates in a number of geographical areas:

Australia

The home country of the parent entity. Activities are principally copper mining, project development and exploration activities.

South East Asia

Principal activities in this region comprise the Mt Muro gold operation.

Europe/China

Metals distribution.

(b) Segment results

Included in the June 2009 segment results is the discontinued operation segment relating to the disposal of the SBI group of companies. The comparative segment result has also been reclassified to reflect the disposal.

15 Segment information (continued)

(c) Primary reporting format - business segments

30 June 2009	Base Metals \$'000	Precious metals \$'000	Metals Distribution \$'000	Other \$'000	Total continuing operations \$'000	Discontinued operation \$'000	Inter- segment eliminations/ unallocated \$'000	Total \$'000
Sales to external customers	154,366	60,674	352,483	-	567,523	687,290	-	1,254,813
Total sales revenue	154,366	60,674	352,483	-	567,523	687,290	-	1,254,813
Shares of net profit of associates (note (12))	-	-	-	7,915	7,915	94	-	8,009
Other revenue/income	574	-	375	1,804	2,753	-	-	2,753
Unallocated revenue	-	-	-	-	-	-	4,795	4,795
Total segment revenue/income	<u>154,940</u>	<u>60,674</u>	<u>352,858</u>	<u>9,719</u>	<u>578,191</u>	<u>687,384</u>	<u>4,795</u>	<u>1,270,370</u>
Segment result	<u>(299,317)</u>	<u>(19,235)</u>	<u>(18,180)</u>	<u>(5,841)</u>	<u>(342,573)</u>	<u>592,470</u>		249,897
Unallocated revenue less unallocated expenses								<u>(71,061)</u>
Profit before income tax								178,836
Income tax expense								<u>(140,793)</u>
Net profit for the year								<u>38,043</u>
Segment assets	<u>296,177</u>	<u>50,624</u>	<u>140,071</u>	<u>1,084,324</u>	<u>1,571,196</u>	<u>-</u>	<u>(448,894)</u>	1,122,302
Unallocated assets								1,795
Total assets								<u>1,124,097</u>
Segment liabilities	<u>386,329</u>	<u>101,052</u>	<u>51,956</u>	<u>6,027</u>	<u>545,364</u>	<u>-</u>	<u>(448,894)</u>	96,470
Unallocated liabilities								153,829
Total liabilities								<u>250,299</u>
Investments in associates (note (6))	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,415</u>	<u>242,415</u>	<u>-</u>	<u>-</u>	242,415
Acquisitions of property, plant and equipment, intangibles and other non- current segment assets	<u>65,496</u>	<u>5,658</u>	<u>1,799</u>	<u>2,292</u>	<u>75,245</u>	<u>-</u>	<u>-</u>	75,245
Depreciation and amortisation expense	<u>51,897</u>	<u>7,943</u>	<u>3,584</u>	<u>1,201</u>	<u>64,625</u>	<u>-</u>	<u>-</u>	64,625
Impairment of assets	<u>159,301</u>	<u>-</u>	<u>6,583</u>	<u>-</u>	<u>165,884</u>	<u>-</u>	<u>-</u>	165,884

15 Segment information (continued)

30 June 2008	Base Metals \$'000	Precious metals \$'000	Metals distribution \$'000	Other \$'000	Total continuing operations \$'000	Discontinued operation \$'000	Inter- segment eliminations/ unallocated \$'000	Total \$'000
Sales to external customers	86,588	26,446	1,101,968	-	1,215,002	285,149	-	1,500,151
Total sales revenue	86,588	26,446	1,101,968	-	1,215,002	285,149	-	1,500,151
Shares of net loss of associates	-	-	-	-	-	(345)	-	(345)
Other revenue	242	1	-	180	423	2,414	-	2,837
Unallocated revenue	-	-	-	-	-	3,637	638	4,275
Total segment revenue/income	<u>86,830</u>	<u>26,447</u>	<u>1,101,968</u>	<u>180</u>	<u>1,215,425</u>	<u>290,855</u>	<u>638</u>	<u>1,506,918</u>
Segment result	<u>(10,116)</u>	<u>(5,391)</u>	<u>10,279</u>	<u>(11,289)</u>	<u>(16,517)</u>	<u>89,111</u>	<u>-</u>	72,594
Unallocated revenue less unallocated expenses								<u>(34,985)</u>
Loss before income tax								37,609
Income tax benefit								<u>(12,580)</u>
Net loss for the year								<u>25,029</u>
Segment assets	<u>436,301</u>	<u>53,242</u>	<u>213,017</u>	<u>317,933</u>	<u>1,020,493</u>	<u>1,180,930</u>	<u>(488,960)</u>	1,712,463
Unallocated assets								<u>47,296</u>
Total assets								<u>1,759,759</u>
Segment liabilities	<u>49,293</u>	<u>11,974</u>	<u>157,175</u>	<u>471,774</u>	<u>690,216</u>	<u>118,732</u>	<u>(488,960)</u>	319,988
Unallocated liabilities								<u>396,081</u>
Total liabilities								<u>716,069</u>
Investments in associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,017</u>	<u>-</u>	51,017
Acquisitions of property, plant and equipment and other non-current segment assets	<u>62,095</u>	<u>3,794</u>	<u>589</u>	<u>4,330</u>	<u>70,808</u>	<u>32,469</u>	<u>-</u>	103,277
Depreciation and amortisation expense	<u>16,965</u>	<u>4,119</u>	<u>1,186</u>	<u>428</u>	<u>22,698</u>	<u>18,168</u>	<u>-</u>	40,866

(b) Secondary reporting format - geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment and other non-current segment assets	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Australia	160,230	41,635	676,931	591,476	67,788	67,722
South East Asia	742,100	356,548	293,039	848,336	3,571	33,477
Europe/China	<u>352,484</u>	<u>1,101,968</u>	<u>152,332</u>	<u>272,650</u>	<u>3,886</u>	<u>2,078</u>
	<u>1,254,814</u>	<u>1,500,151</u>	<u>1,122,302</u>	1,712,462	<u>75,245</u>	<u>103,277</u>
Unallocated assets			<u>1,795</u>	<u>47,297</u>		
Total assets			<u>1,124,097</u>	<u>1,759,759</u>		

Status of audit

This preliminary report is based on Financial Statements which are in the process of being audited.