

STRAITS RESOURCES LIMITED  
(ASX: SRQ)

**MT MURO OPERATIONS UPDATE:  
OPERATION PLACED ON CARE AND MAINTENANCE**

**Straits Resources Limited (ASX: SRQ)** provides an update to shareholders regarding the Mt Muro mine, operated by Straits' wholly owned subsidiary, PTIMK, following the earlier announcement by Straits regarding the restructure of the Mt Muro debt facilities.

**Mt Muro Update**

Over recent months, the Company has made substantial progress in driving a turn-around strategy for Mt Muro, aiming to put the mine into a cashflow positive position. Specifically:

- The mine plan has been redesigned to significantly reduce waste movements without a proportional reduction in gold ounce equivalent production;
- Costs have been taken out of the business in a sustainable manner; and
- Community and government engagement has been stepped up and local relations significantly improved.

Despite this progress, a number of unforeseen challenges have impacted the timing for Mt Muro to be in a cashflow positive position, including falling gold and silver prices, and the impact of illegal miners. These challenges culminated in the incident on 29 June when illegal miners caused damage to several buildings, vehicles and equipment.

Consequently, the Board considers that Straits is no longer in a position to continue providing material funding support to the Mt Muro mine, and has placed the Mt Muro operations on care and maintenance as of Friday, 2 August 2013, and is actively seeking to dispose of the asset as soon as possible.

Mr Labuschagne, said the decision to place the Mt Muro operation on care and maintenance, and to seek buyers for the asset was not taken lightly.

*"Our first preference has always been to try to turn the operation around. However, a weak pricing environment, and the recent disruptions on site have impacted our ability to continue to fund the mine until the operations can become cash self-sufficient. The Board has decided that the continued allocation of material funding to the Mt Muro operations could potentially risk the future of the group, and has made this difficult but necessary decision in order to conserve shareholder value."*

*"We are working hard to find potential buyers for the asset and are in preliminary discussions with several parties."*

*“Straits’ focus is now squarely on its copper portfolio, led by our flagship Tritton mine which has improved significantly over the last six months and exceeded its production guidance over the March quarter; and the prospective Temora development project. We continue to work to optimise the Tritton mine with a focus on productivity improvements and cost reduction strategies, and are working with our financier in Tritton on solutions to restructure and re-profile the existing copper swap arrangements.”*

ENDS

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