



ASX Release
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Positive Feasibility Results at Einasleigh

Summary

The current phase of the Feasibility Study at the Einasleigh Project in North Queensland has been completed and Copper Strike is pleased to announce the results:

- **Cash margin over the 9 year life of the operation is Aus\$289 million after capital expenditure using a copper price of US\$2.50/lb (price in June US\$2.20 to \$2.40/lb) and a \$0.75 exchange rate.** There is strong scope for improving this margin through capital cost reductions (eg. using second-hand equipment), operating cost reductions and further exploration success.
- **The initial phase of the operation will see total production of 100,000 tonnes of copper, 25,000 ounces of gold and 3.5 million ounces of silver over a seven year period, followed by production of 42,000 tonnes of zinc, 25,000 tonnes of lead and 2.2 million ounces of silver over two years.** Capital costs are Aus\$108 million for the copper stage followed by Aus\$14 million for the later zinc-lead stage.
- **The Einasleigh Project is a valuable asset that will be a viable development opportunity in the short to medium term.** Prevailing global economic conditions mitigate against the ability to attract project finance on acceptable terms and efforts will now be focussed on alternative strategies for financing including the introduction of a strategic partner.
- **Concurrent with the preparation of the Feasibility Study, a review of the exploration potential of the total Einasleigh area has identified thirteen high priority targets for immediate drill testing on the resumption of field programmes.** The most advanced of these lie beside and beneath known copper resources and success would quickly increase the resource inventory, adding to the robustness of the project.

Tom Eadie
Managing Director

Copper Strike (CSE) is a mineral exploration and development company focused on finding and developing copper and related base metals in eastern Australia. The company aims to create shareholder value through the development of its advanced multi-deposit project at Einasleigh in North Queensland.

Registered Office

Copper Strike Limited ABN 16 108 398 983
Level 9 - 356 Collins Street Melbourne Victoria 3000 Australia
Ph 03 96400955 Fax 03 96420698 email tom@copperstrike.com.au
www.copperstrike.com.au

Introduction

At Einasleigh in North Queensland, Copper Strike has outlined two copper-gold-silver resources and four zinc-lead-silver resources over the last four years. The location of Einasleigh and the resources are shown in Figure 1 while the resource inventory is detailed in Table 1.

The current Feasibility Study examines economic returns from a 1.8 million tonne per year production facility at Kaiser Bill that focuses initially on copper-gold-silver production from Kaiser Bill and Einasleigh, followed by zinc-lead-silver opencut production when the copper ore is exhausted.

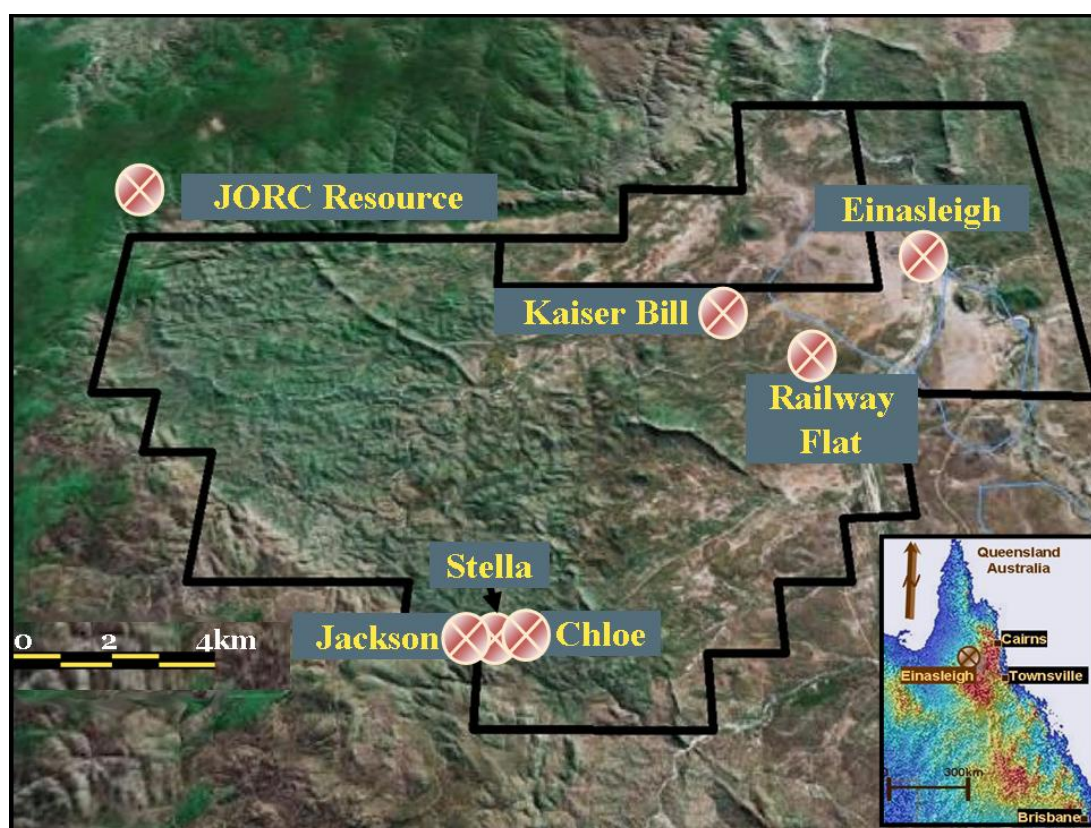


Figure 1: Location of Einasleigh and the resources

Deposit	Resource	Size (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)
Kaiser Bill	Indicated	13.4	0.86	0.13	7	-	-
	Inferred	2.2	0.99	0.09	11	-	-
Einasleigh	Indicated	0.5	4.0	0.22	18	-	-
	Inferred	0.6	1.9	0.10	8	-	-
Chloe	Indicated	2.2	0.2	-	39	4.7	2.0
	Inferred	0.5	0.3	-	32	6.9	2.1
Jackson	Indicated	1.1	0.1	-	78	4.6	2.4
	Inferred	0.4	0.2	-	64	4.6	1.4
Stella	Inferred	0.4	0.2	-	51	3.9	1.8
Railway Flat	Inferred	0.9	0.2	-	16	3.4	0.9

Table 1: Copper Strike's JORC compliant Resources in the Einasleigh Area

Results of the Feasibility Study

Key Assumptions

Prices:	Copper	US \$2.50/lb
	Zinc	US \$0.83/lb
	Lead	US \$0.83/lb
	Gold	US \$850/oz
	Silver	US \$12.50/oz
Exchange Rate:	Aus \$ = US \$0.75	
Inflation:	3% pa for costs and 2% pa for commodity prices	
Treatment & Refining Charges:	Copper TC	US \$75/tonne
	Copper RC	US \$0.075/lb
	Zinc TC	US \$233/tonne
	Lead TC	US \$120/tonne
Transport:	Total of Aus \$118/tonne of copper concentrate to Asian market	
Metallurgical Recoveries:	Copper 94%, gold 60%, silver ranges from 60% (to Cu con) to 90% (to Pb con), zinc 91%, lead 92%	
Ore throughput:	Up to 1.8mtpa of copper ore from Years 2 to 8 0.7mtpa of zinc-lead ore from Years 9 and 10	
<i>Total Metal Production</i>		
Years 2 to 8	100,000 tonnes of copper 25,000 ounces of gold 3.5 million ounces of silver	
Years 9 and 10	42,000 tonnes of zinc 25,000 tonnes of lead 2.2 million ounces of silver	
<i>Financial Outcomes</i>		
Capital Cost	Copper project – Aus \$108 million (no contingencies) Zinc-lead project – Aus \$14 million (no contingencies)	
Cash Margin after Capex	Aus \$289 million through life of mine (before tax) Aus \$200 million (after tax of 30%)	
Internal Rate of Return	26% after tax	
Net Present Value	Aus \$81 million after tax at a 10% discount rate	

Inputs into the Feasibility Study

The Feasibility Study was coordinated by Joel Ray, General Manager Einasleigh Project for Copper Strike. The following major parts of the study were completed:

- 1) Environment – The Environmental Management Plan was coordinated by AARC with input from Fraser Osborn (civil engineering and earthworks) and Rockwater (groundwater).
- 2) Process Plant – The plant design and costings for the copper-only circuit have been completed by Intech Engineers, in conjunction with Gunn Metallurgy.
- 3) Open Pit Mining – Owner operated mining costs and final Whittle pit design were completed by IMC.
- 4) Underground Mining – Byrncut Mining submitted underground mining costs for the Einasleigh Copper deposit based on a design by Golder Associates.
- 5) Infrastructure – Hill Michael, on Copper Strike's behalf, and Ergon Energy have completed a costing for the best powerline solution for the Einasleigh Project.

Discussion

The Project is sensitive to the price of copper and to the Aus\$ / US\$ exchange rate. For example, a 10% rise in the copper price from US\$2.50 to \$2.75, increases the NPV of the project to Aus\$128 million and lifts the IRR to 35%, all other things staying constant. However a drop in the assumed price of copper or an upward movement in the value of the Aus\$, has a similar negative impact on the project. For example, at US\$2.25 copper, the NPV is Aus\$33 million.

The Einasleigh Project is a valuable asset and Copper Strike is confident that it will become a robust development opportunity in the short to medium term through one of, or a combination of the following factors:

- A decrease in capital costs by sourcing second-hand plant or mobile equipment.
- A decrease in operating costs. Copper Strike is confident that some of the decreased costs associated with the current collapse in the world's economy have not yet been incorporated totally into the feasibility study costs.
- Utilisation of the shallow sub ore-grade material from Kaiser Bill. There is substantial copper-bearing material that will be mined and not processed (in the current study) from the shallow parts of Kaiser Bill. Investigations are being made into the possibility of upgrading this material to improve early cash flows.
- The likelihood of finding additional copper resources adjacent to and beneath both Kaiser Bill and Einasleigh is excellent. Major drilling programmes will be initiated as soon as field operations recommence in the Einasleigh area. Additional ore close to planned production areas would make a significant improvement in project economics.
- Away from the current resources there is a whole suite of exploration possibilities from advanced targets with potentially ore grade / ore thickness intersections (Teasdale, Bloodwood Knoll) to totally untested geophysical and geochemical anomalies. These zones have an excellent chance of leading to new resources.

The economic downturn has made project financing on acceptable terms more difficult. Therefore several possible financing strategies for both the short term (further exploration and assessment work) and the medium term (development finance) are in progress. One strategy is the introduction of a strategic mining and/or smelting partner.

Exploration Potential of the Einasleigh Area

Tremendous exploration potential exists in the Einasleigh area ranging from immediate opportunities to add to existing resources through to unexplored grass roots regions with world class potential. Different target areas include:

- Near to current resources with immediate potential to add to resources

- Other advanced prospects
- Drill-ready electromagnetic, magnetic or geochemical anomalies often associated with outcropping gossans (weathered iron-rich, mineralised rock units)
- Other geophysical or geochemical anomalies that have not yet been checked out on the ground
- Other totally unexplored new ground that has not yet been covered with prospecting or geophysics. In the last month, Copper Strike has acquired two new licences to the west and the north because of their geological similarities to the Einasleigh area.

Drill targets

Drilling is warranted at the following targets within or near existing resources:

Kaiser Bill

- To upgrade Inferred Resources to Indicated
- Along the northern edge of the Kaiser Bill gossan, where the deposit is open
- To define and expand the area of high grade intersections in the middle part of the deposit
- Down plunge of the thick intersections in the deeper part of the Kaiser Bill deposit
- Extensions to the mineralised system to the west, targeting magnetic anomalies

Einasleigh

- On the north side of the Breccia Fault, directly along strike from the old stopes and current resources

Dreadnought-Young-Jackson-Stella-Chloe trend

- Define and extend the deeper, higher grade part of Chloe
- Define and extend the deeper part of Jackson, near the thick intersection in JA081
- Drill to define a potential resource at Young

The following prospects require further drilling to follow up mineralised intersections:

- Teasdale; where several copper intercepts are still open along strike and down-dip
- Bloodwood Knoll (intersection of 5m @ 9.3% zinc-lead)

Within the Einasleigh licence, there are several other prospects with defined drill targets:

- Stockmans Creek area; several targets including the Big Goanna and several other gossans
- By Chance area

All of these target areas are identified on Figure 2 along with the magnetics data.

Regional Exploration

The overall focus on building the resource inventory at Einasleigh, has led to a situation where regional exploration retains considerable potential.

Away from the prospects mentioned above, Copper Strike's regional exploration has comprised the following work:

- Data compilation of previous explorers
- Airborne electromagnetics and magnetics (2 surveys) covering most of the licence
- Ground magnetics over some of the magnetic and/or EM anomalies
- Mapping, rock chip sampling and soil geochemistry at various targets

Previous explorers identified several gossans in the western part of the licence, some of which ran greater than 5% copper or lead, and over 1000g/t silver. Some of the gossans and anomalies have been drilled. In general however, the exploration was not thorough and the previous explorers lacked the local knowledge, data and techniques that are now available to Copper Strike.

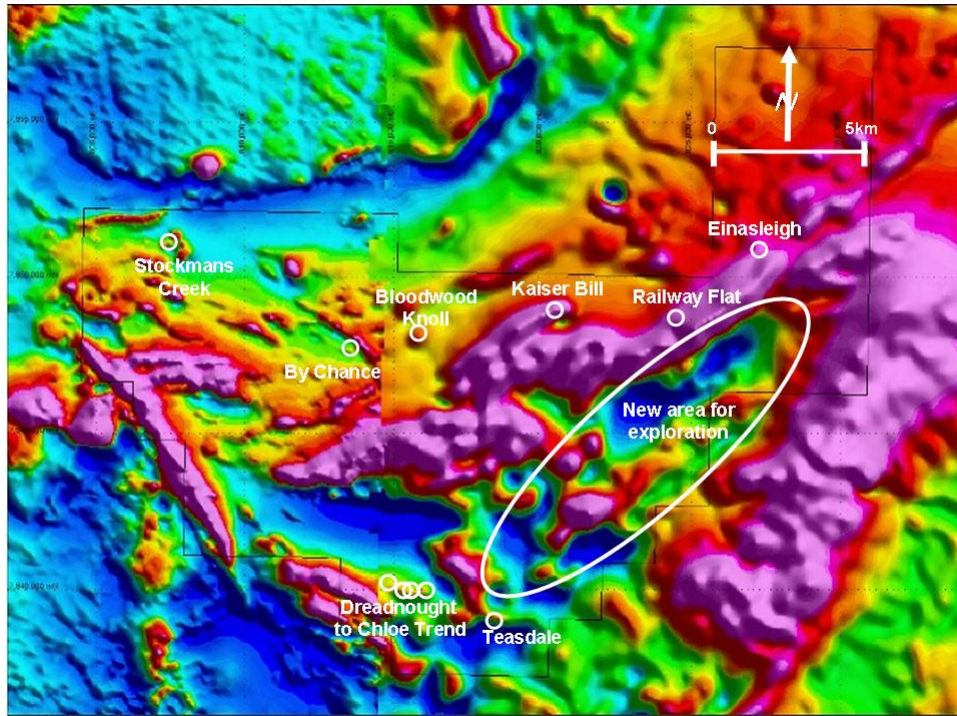


Figure 2: Location of drill target areas as well as the magnetic data covering the Einasleigh area. The data shows that there are many target anomalies as well as identifying whole new areas for exploration.

The magnetic data is shown in Figure 2. Of particular interest are the myriad of anomalies, most of which have not been examined on the ground. In addition, the area marked “New area for exploration” was always thought to occur within the non-prospective calc-silicate suite. Copper Strike now believes that this area is underlain by highly prospective rocks. Magnetic anomalies within this area rate highly for follow up.

The electromagnetic data that Copper Strike has collected over the past few years also shows many anomalies that warrant follow up. It is also interesting to note that most of the “new area for exploration” identified by the magnetics in Figure 2, is covered by black soil that has rendered the electromagnetic coverage ineffective. This will make efficient exploration more difficult though still very possible.

Copper Strike renewed interest and focus on regional exploration in the Einasleigh area has led to the application for more ground in the surrounding area. Two new tenement applications have been made in the past month.

The information in this report as it relates to geology, geochemical, geophysical and exploration results was compiled by Mr. Tom Eadie, FAusIMM, who is a Competent Person and a full time employee of Copper Strike Limited. Mr. Eadie has more than 20 years experience in the activities being reported on and consents to the inclusion of this information in the form and context in which it appears in this report.

Corporate Details

Issued Capital

91,420,571 shares
 4,200,000 unlisted options
 Share Price \$0.10 (17 June 09)

Key Shareholders

Teck Cominco Australia 9.4%
 Acorn Capital 6.2%

Registered Office

Level 9 – 356 Collins Street
 Melbourne Victoria 3000

Directors & Management

Mr Tom Eadie – Executive Chairman
 Mr Barrie Laws – Non Executive Director
 Mr Peter Topham – Non Executive Director
 Mr Terry Lees – Exploration Manager
 Mr David Ogg – Company Secretary
 Mr Joel Ray – GM Einasleigh