



**ASX Release
6 March 2006**

**ASX Code
CSE**

Einasleigh Scoping Result Recommends Feasibility Study

Highlights

- The Scoping Study at the Einasleigh Copper Mine and Kaiser Bill prospects, carried out by Trevor Hannigan of AustralAsian Resource Consultants, indicates that the deposits have a good probability of being economically exploitable. On the basis of this positive outcome a Feasibility Study will now be initiated and is expected to take approximately six months to complete.

- At Walford Creek in NW Queensland, Independent Geologist Mark Saxon has estimated an Inferred Mineral Resource as follows:

6.5 million tonnes @ 0.6% copper, 1.6% lead, 2.1% zinc, 25g/t silver & 0.07% cobalt.

Given the low density of drilling on this prospect, the potential to increase the size is very good. The deposit is shallow and amenable to open-cut extraction.

- Resource extension drilling has been completed at Kaiser Bill; however assays are not yet available. At the Einasleigh Copper Mine, further drilling to assess extensions of the deposit to the north has not yet been completed due to drill repairs. Drilling is expected to recommence at Einasleigh and the nearby Chloe zinc prospect in mid-March.

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Einasleigh Project

As previously announced at Einasleigh in north Queensland, Inferred Resources have been outlined at the Einasleigh Copper Mine prospect (**940,000 Tonnes @ 3.3% Cu, 0.18g/t Au and 15g/t Ag**) and the nearby Kaiser Bill prospect (**11 million tonnes @ 0.84% copper, 0.15g/t gold & 6.3g/t silver**). A Scoping Study carried out by Trevor Hannigan of AustralAsian Resource Consultants to assess the viability of developing a mining / concentrating operation based on the two prospects, was commissioned and is now complete. The Executive Summary of the report follows:

“The Einasleigh and Kaiser Bill Inferred Resource technical and economic review indicates that when evaluated as a combined project the resource base has a good probability of being economically exploited.

Spreadsheet modelling indicates that the IRR should exceed 20% giving a sufficient margin to justify proceeding with the next phase of economic assessment involving resources and technical study work to support a future Mining Lease Application.

Modelling was based on AUD5,290/tonne of copper metal (US\$1.80/lb) with Kaiser Bill extraction and process recovery assumptions being 3,900,000 tonnes @ 1.1% Cu, 0.18 g/t Au, 5.6 g/t Ag and 89% recovery and Einasleigh 300,000 tonnes @ 5.5% Cu, 0.29 g/t Au, 25.2 g/t Ag and 92% recovery.

The next phase of economic assessment should target completion within six months and involve establishing land tenure agreements, upgrading the resources to indicated status, completing metallurgical laboratory test work, completing environment study work, reviewing development options and finalising development plans.”

Key assumptions made in this analysis include:

- Pre-concentration of Kaiser Bill ore by a factor of 2:1 by heavy media separation to decrease the volume while increasing the grade of material through the ball mills and flotation circuits.
- Treatment rate of 500,000 tonnes per year through the flotation circuit.
- 66% extraction of the high grade portion of Einasleigh and 87% of the higher grade resource of Kaiser Bill in a five year mining period. This leaves the lower grade areas of both deposits plus a portion of the high grade areas at both deposits for later production if economic and technical conditions permit.
- Estimates of costs of mining at Einasleigh (\$40/tonne), mining at Kaiser Bill (\$14/tonne), concentration (\$15/tonne), transport to smelter (\$104/tonne) and total capital (\$29 million). There is excellent scope for decreasing these costs as more information is gathered.
- Price assumptions of US\$1.80/lb copper, US\$500/oz gold and US\$8/oz silver.
- Production to begin in 2008.
- Discount rate of 10%.

The resultant 21% internal rate of return for this Scoping Study indicates the project should move to Feasibility Study stage immediately. The Feasibility Study is scheduled to take six months with a budget of \$2million, most of which is for drilling.

Recent activity has focused on extending the resource at Kaiser Bill. The drilling programme is now complete and assay results will be available in the next few weeks, allowing a resource update.

Further drilling to explore for additional high grade mineralisation north of the Breccia Fault at the Einasleigh Copper Mine has been delayed by the breakdown of the drill rig which is currently in Townsville for repairs. The programme is due to restart in mid-March and will be followed by a seven hole programme at the Chloe zinc prospect.

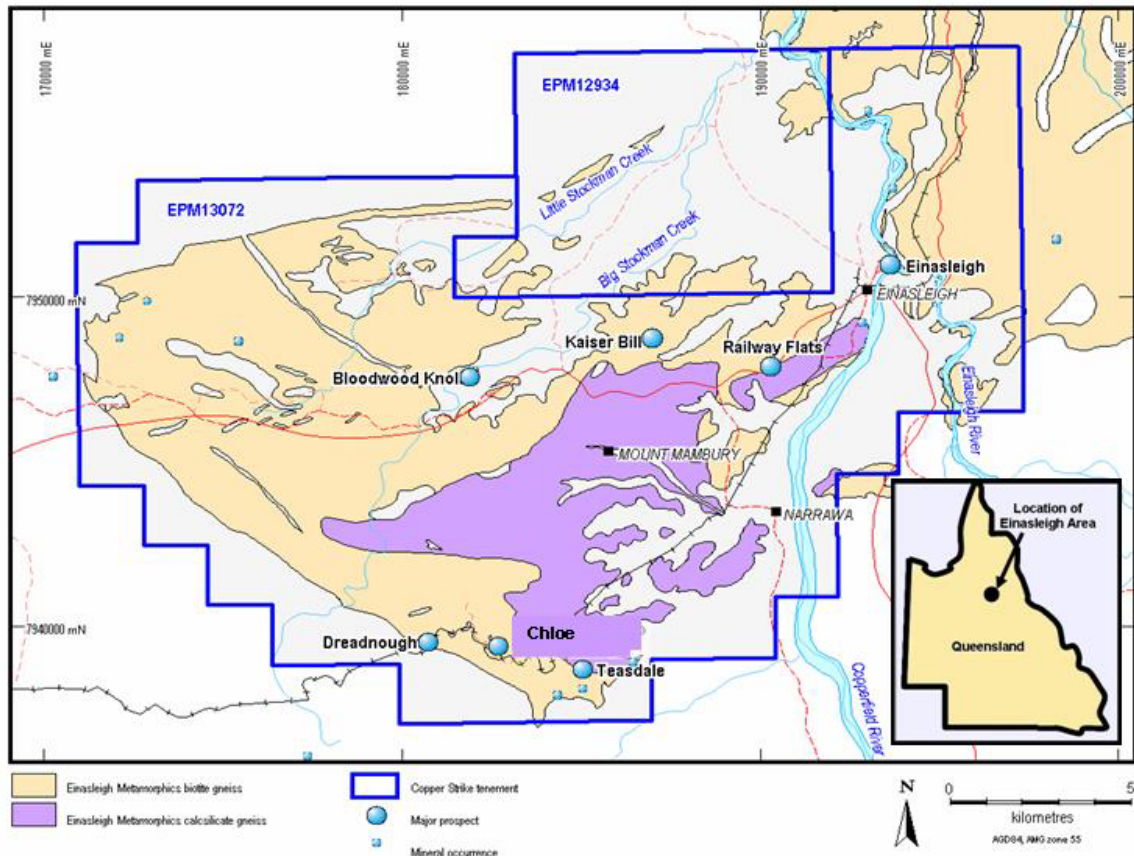


Figure 1: Map of Einasleigh Area

Walford Creek Resource

At Walford Creek located 320 km northwest of Mt Isa in NW Queensland, an Inferred Mineral Resource has been calculated by Independent Geologist, Mark Saxon. Two sections of his report have been quoted.

“An Inferred Mineral Resource of 6.5 million tonnes at 0.6% Cu, 1.6% Pb, 2.1% Zn, 25 g/t Ag and 0.07% Co has been estimated for the Walford Creek project. The estimation has been made using the results from 23 diamond and reverse circulation drill holes completed by Western Mining Corporation and Copper Strike Limited between 1985 and 2005, applying a 1% copper equivalent cut off grade and a minimum width of 4m.”

The Inferred Mineral Resource is comprised of 4 bodies which lie end to end within or close to the Fish River Fault over a total strike length of approximately 3km. Mineralisation begins from 20m depth and extends locally to a maximum depth of 180m.”

“The Resource estimate has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). The classification of the Resource as an Inferred Mineral Resource is

considered appropriate on the basis of drill hole spacing, sample interval, geological interpretation and all currently available assay data.

The estimates are based on data verified by and calculated by independent consultant Mark Saxon. Mark Saxon is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation at the property, to qualify as a Competent Person as defined in the 2004 JORC Code.”

The economic potential of the deposit as known is significant. It is relatively shallow (20 metres to 180 metres deep) and therefore possibly amenable to open-cut extraction. The gross in-ground metal value of the resource is also worth noting, averaging US\$125 per tonne (A\$ 167 per tonne) at today’s high prices for copper, lead, zinc, silver and cobalt. This is a simple calculation based on commodity prices and grade. It makes no adjustments for mining and metallurgical losses or for the capital expenditure, operating costs and other charges necessary to produce a marketable product and transport it to a customer.

The potential for increasing the size of the Walford Creek resource is excellent. As mentioned above the resource is composed of four bodies along three kilometres of the Fish River Fault. Approximately half of the Inferred Mineral Resource is within the 600 metre long easternmost deposit, which remains open in several directions. The other three zones also have excellent potential for expansion.

The cobalt grade of the resource, at 0.07%, is understated. This is because more than 75% of the holes drilled at Walford Creek, including all of the earlier WMC holes, were not assayed for cobalt and were therefore given a zero value in the calculations. The weighted average grade of cobalt in the mineralised zones that were assayed for cobalt was 0.17% cobalt.

The next stage of work at Walford Creek will include diamond drilling aimed at increasing the grade and tonnage of the resource, and perhaps lifting some of the resources to an indicated category. This is planned for mid-2006.

The information in this report as it relates to geology, geochemical and exploration results was compiled by Mr. Tom Eadie, FAusIMM, who is a Competent Person and has 20 years experience in the minerals industry and the activities being reported on. Mr. Eadie consents to the inclusion of this information in the form and context in which it appears in this report. Both Mr. Hannigan and Mr Saxon also consent to the inclusion of their information in the form and context in which it appears in this report.

Corporate Details

Issued Capital

51.7m shares

4.775m unlisted options

Share Price \$0.19 (1 March 06)

Key Shareholders

Teck Cominco Australia 16.7%

GeoDiscovery Group 9.5%

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Directors & Management

Mr Tom Eadie – Executive Chairman

Mr Neil McLean – Non Executive Director

Mr Peter Topham – Non Executive Director

Mr Terry Lees – Exploration Manager

Mr David Ogg – Company Secretary

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