

7 November, 2007

COPPER STRIKE LTD (CSE)

Speculative Buy

Name change to Zinc Strike?

A year ago Melbourne-based Copper Strike (CSE) was focused on the potential for development of its Einasleigh copper project in North Queensland (1.1mt@3%Cu + Au, Ag) along with the Kaiser Bill resource (13.4mt@0.83%Cu +Au, Ag). What a difference a year makes, as now the potential for the Chloe/Jackson zinc discovery is beginning to make the copper project look like an afterthought. Perhaps a name change to Zinc Strike is in order?

Drilling at Chloe earlier this year revealed intersections up to 40m@10%Zn equivalent, with the JORC compliant resource currently standing at ~2Mt@5.1%Zn, 2.2%Pb, 42g/tAg and 0.25%Cu. In addition, a neighbouring resource at Jackson has been established at 0.5mt@5.3%Zn, 4.1%Pb, 115g.tAg, and 0.11%Cu. Encouraged by the discovery, and continued strong drilling results in the district, the Company is now looking at changing the game plan to primarily focus on exploitation of the lead/zinc resources in conjunction with the higher grade Einasleigh deposit. The feasibility of a combined 500ktpa operation producing around 20ktpa Zn, 8ktpa Cu, 7kt Pb and 0.8moz Ag is being studied, with results due for the BFS mid-2008.

Whilst established lead/zinc resources are not huge, the Company believes there is good potential to significantly increase the size of the resources in the area. Based on the results to date, and the geology of the area, all indications are that they will not have significant difficulty establishing sufficient resources to justify a mining operation of at least 10yrs in duration.

By backing the Company, investors are buying into a story where there is strong potential for new discoveries, and exposure to medium term strength in a range of commodities including copper, zinc and lead. Similarities to other ASX-listed hopefuls including Prairie Downs Zinc (PDZ) and Tri-Origin Minerals (TRO) are apparent. The world's largest zinc miner, Teck Cominco is present on the register, recently electing not to participate further in the JV.

Investment Summary

Share Price \$ps	\$0.43
Target Price \$ps	\$0.70
Materials	
www.copperstrike.com.au	
Issued Capital M	91M
<small>(diluted, post issue, estimate only)</small>	
Market Cap \$M	\$40M
<small>(diluted, post issue)</small>	
Cash (est, post issue)	\$9.8M

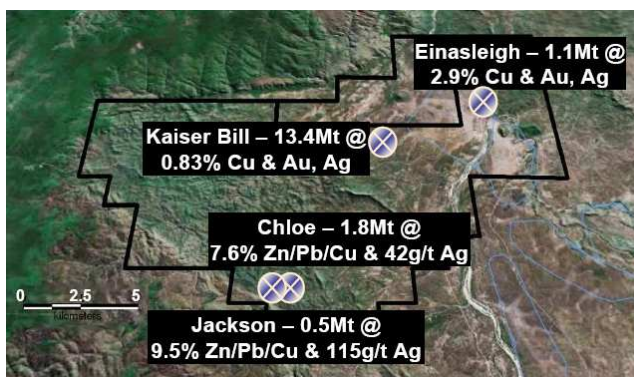
Share Price Chart



Year Hi-Lo \$ps	\$0.85 - \$0.18
Avg Monthly Vol (M)	0.6

Shareholders

Shareholder	%
Teck Cominco Ltd	12.0%
Acorn Capital	9.0%

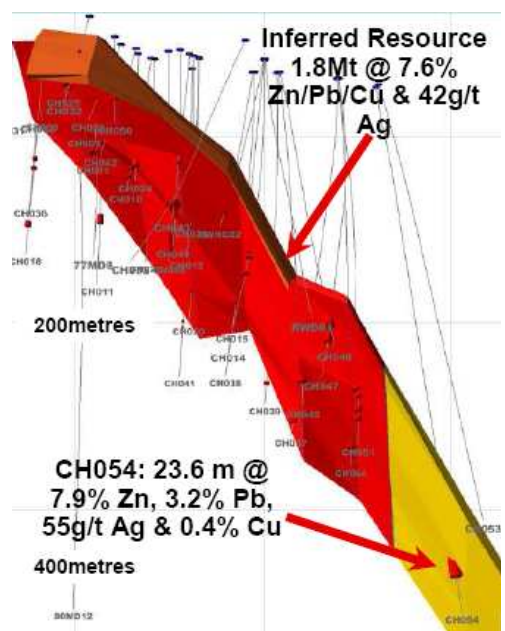


Company Activities

CSE is a mineral exploration company focused on copper and other base metals in eastern Australia.



Project Location; Chloe deposit (below)



Zinc Deposits (CSE 100%)

The Chloe/Jackson zinc deposit is located approximately 15km south of the Einasleigh and Kaiser Bill copper project, 200km inland between Cairns and Townsville in Queensland.

Chloe was initially drilled in the 1970's by CRA, with limited shallow drilling revealing steeply plunging Pb/Zn mineralisation. CSE farmed into the project through Teck Cominco, who had a pre-emptive right to earn 51% of the tenements subject to a 90 day period to assess the initial resource estimate. Following expiration of this period at the end of September, Teck elected not to participate further in the project, and full ownership of the deposit reverts to CSE.

An RC program by CSE in early 2006 showed encouraging results, which were followed up over the next year or so until the recent inferred resource estimate announced in August 2007 (1.8mt@9.0%Zn equivalent).

Results included 40m@6.6%Zn, 2.8%Pb, 41g/tAg and 0.3%Cu from 244m depth. Mineralisation is hosted by highly metamorphosed sediments, subject to varying degrees of alteration from chlorite through to epidote and garnet.

Recent drilling continues to extend the depth of the Chloe resource, with an intercept of 23.6m@7.9%Zn, 3.2%Pb, 55g/tAg and 0.3% Cu) announced mid October 2007 (adjacent diagram). This was the first drillhole to test down-dip extensions below 300m, and will likely extend the resource.

The present Chloe resource stands at 1.8mt@5.1%Zn, 2.2%Pb, 42g/tAg and 0.3% Cu, and the company believes this will continue to grow.

A separate, discrete open-cut resource of 0.5mt@5.3%Zn, 4.1%Pb, 115g/tAg and 0.1%Cu has been delineated at the Jackson prospect, located ~500m from the Chloe deposit.

Drilling at the deposits, along with nearby prospects is ongoing, with further results anticipated in coming months.

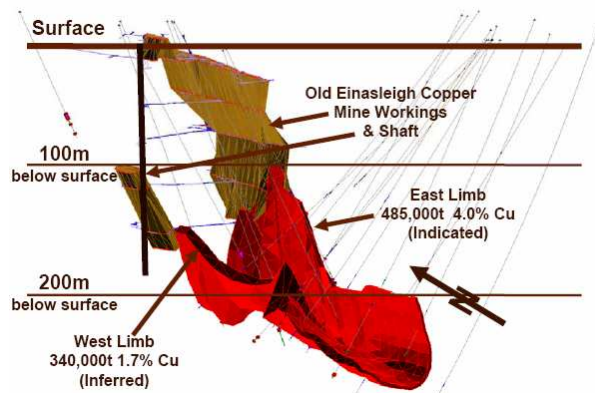
Regional Zinc Exploration

The Company has identified additional prospects in close vicinity of the Chloe/Jackson resources. At Bloodwood knoll, identified through helicopter geophysics, initial drilling has revealed a five metre intersection of similar grade to the Chloe deposit.

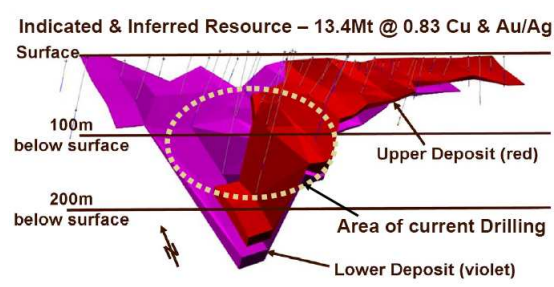
A non-JORC compliant resource of 0.5 million tonnes @ 4.2% zinc, 1.3% lead, 25 g/t silver and 0.3% copper, to a depth of approximately 120 metres was reported by CRA at Railway Flat and recent diamond drilling at Young has reported broad, lower grade intervals with some high grade sections including 3m@6.3%Zn, 2.6%Pb, 71g/tAg and 0.3%Cu.

CSE is working to establish a Joint Venture (JV) with a major at the Walford Creek deposit, located proximal to Zinifex's Century Zinc Mine in NW Queensland. Last year, CSE announced an initial JORC inferred resource of 6.5mt@2.1%Zn, 1.6%Pb, 0.6%Cu, 25g/tAg and 0.07%Co. The Company is presently working through the residual rights arrangements with previous lease holders Teck Cominco, and is due to commence exploration once the JV documents are signed.

Drilling at the Kamaga prospect, close to ZFX's Century zinc mine has commenced. Previous explorers including Newmont, CRA and MIM Holdings have identified a resource believed to be up to 50mt@2.0%Zn. The deposit is a large, low grade system, with previous results up to 34m@3.3%Zn.



Cross-section of Einasleigh deposit



Cross-section of Kaiser Bill copper project

Copper Deposits (CSE 100%)

CSE has an advanced copper project south-west of Cairns in Queensland, the other side of the Atherton Tableland. The project consists of two separate deposits, the Kaiser Bill copper deposit (13.4mt@0.83%Cu with minor precious metals) and the Einasleigh deposit (1.1mt@2.9%Cu, 0.2g/tAu, 15g/tAg).

Work conducted on the Kaiser Bill project has upgraded the resource from inferred to indicated JORC category, whilst highlighting the potential for further high grade portions at depth.

Mining lease applications have been lodged with feasibility studies underway to determine how best to progress the project.

The deposits are located in close proximity to the Chloe and Jackson zinc deposits, highlighting the polymetallic nature of mineralising systems in the area.

Mining Methodology

CSE plan to adopt the methodology of using a centralised treatment facility to truck ores in from nearby discrete mines. The concept has been used successfully by Queensland base metal producer Kagara Zinc (KZL).

The current plan involves establishing an underground mine to produce high grade ore feed (4% Cu) from the Einasleigh deposit at a rate of 100ktpa, supplemented by the lead/zinc deposit of Jackson, followed by Chloe at a rate of 400ktpa.

Total production of 500ktpa could generate up to 8kt of Cu, 25ktZn and 8ktPb in concentrates from 2010. Mining studies are presently underway, with the view to completing the feasibility study by Mid-2008.

Based on our brief assessment and discussions with the company, the project could have an NPV in excess of A\$100m, assuming the majority of Chloe resources are convertible to reserves and some expansion of the present resource base occurs.

Board/Management

Tom Eadie – MD. M.Sc., F.AusIMM, SA Fin. Board member since 30 March 2004. Tom Eadie has held senior executive positions with major mining companies including Pasminco, where he was exploration director, Aberfoyle Resources and Cominco. He is a past director of the AusIMM.

Peter Topham – Non-Exec Dir. B.Ec, LLB, M.AusIMM. Board member since March 2004. Peter is presently chairman and Managing Director of Royalco Resources (RCO). Previously held positions include MD of Mineral Commodities Ltd, and various roles in the finance industry. Peter is a qualified Barrister and Solicitor of the supreme court of Victoria.

Richard Potts – Non-Exec Dir. BSc (mining eng), CEng (UK) Appointed Feb07. Richard has 40yrs experience in the minerals industry throughout the world, and has previously worked for Rio Tinto, Pasminco and MIM. Richard is presently a director of Indophil Resources (IRN) and Riverdale Mining (RIV) amongst other roles.

Conclusion

CSE has enjoyed considerable success with the discovery of the Chloe lead/zinc deposit. Whilst tonnage is small so far, the grade is reasonable, and the metallurgical test work to date indicates good recoveries. The proposal to construct a treatment facility to process both copper and lead/zinc ores may be achievable, and should metal prices remain firm once in production, the capital returns from the project should be high.

The real upside to the company as we see it, would be establishment of additional resources at Chloe, or nearby, with the aim of proving up between 5mt and 10mt at similar grades. In addition, the potential of Kamarga and Walford Creek, being strategically located close to ZFX's Century mine, is presently understated.

Following the capital raising underway, CSE should be well placed to build on the success to date, and with the results of the feasibility study due in 2008, along with results from continued drilling, investors can expect plenty of news flow. CSE is presently looking at strengthening the Board as they progress their aim of transitioning from explorer to producer.

RISK STATEMENT The analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their SHAW advisor before making any investment decision.

Company Directors

Mr Peter John Topham
Mr E Thomas Eadie (Tom) (Ch/MD)

Mr Richard Dick Potts

Company Activities

Copper Strike Ltd (CSE) is a mineral exploration company focused on finding copper and other base metals in eastern Australia. Copper Strike Ltd (CSE) formed a new company Syrah Resources Limited in June 2007.

Information for Company Activities is sourced from Huntley Investment Information Pty Ltd.

Zinc equivalent grades based on prices as at 21/09/07. Zinc at US\$2906/t, Cu US\$7980, Pb US\$3450, Ag US\$13.62/oz

Disclosures and Disclaimers

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