



ASX Release  
31 October 2006

ASX Code  
CSE

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## QUARTERLY REPORT ON ACTIVITIES July to September 2006

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### Highlights

- The Einasleigh Feasibility Study is on track to be completed in December 2006. Current work is focussing on resource, metallurgical and mining studies of the Kaiser Bill deposit, and infrastructure associated with the whole project.
- Strong zinc / lead / silver results continue at Chloe which is located 20 kilometres SW of Einasleigh. Chloe has the potential to add a valuable new leg to the Einasleigh Project. Following up on a previously reported three hole drill programme which extended the deposit at depth and to the east (eg. 8 metres @ 6.8% zinc, 2.3% lead & 36g/t silver from 101m in hole CH010), a much larger 2400 metre drill programme is now in progress. Results are available from only one hole of this programme which returned:  
  
**21 metres @ 4.8% zinc, 2.8% lead & 90g/t silver from 134m in CH013.**
- At Kaiser Bill, the previously reported 31 hole drill programme designed to increase the confidence of the current Inferred Resource, and to assist with calculating an Indicated Resource, was followed up with seven further holes. Assays have been received from five of these holes with the best result of:  
  
**18 metres @ 1.26% copper, 0.15g/t gold & 7.2g/t silver from 34m in KBRC081.**
- A helicopter-borne electromagnetic survey was completed to cover key areas of the Einasleigh tenement. The results have outlined several new areas of interest.
- Copper Strike has signed an agreement with Paradigm Gold Limited (PDM) whereby PDM has a right to buy Copper Strike's tungsten tenements in New South Wales following the completion of an initial due diligence programme by PDM.

**Tom Eadie**  
**Managing Director**

*Copper Strike (CSE) is a mineral exploration company focused on finding copper and related base metals in eastern Australia. The company aims to create shareholder value through the development of its advanced projects and through progression of the early stage prospects. Headquartered in Melbourne, with an experienced management team and board, Copper Strike listed on the Australian Stock Exchange in November 2004. Teck Cominco is a major shareholder of the company.*

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](mailto:tom@copperstrike.com.au)  
[www.copperstrike.com.au](http://www.copperstrike.com.au)

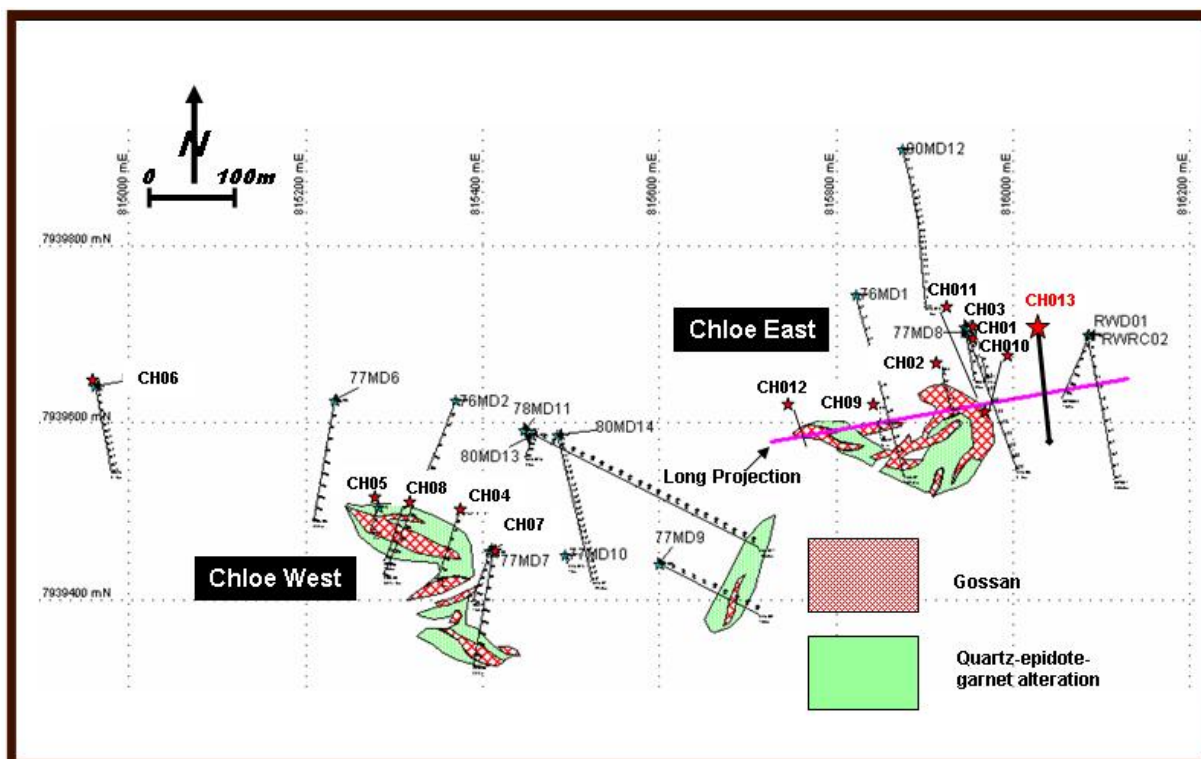
## Chloe Drilling

At the Chloe zinc / lead prospect located 20 kilometres SW of Einasleigh in north Queensland, a 2400 metre, 10-15 hole, drill programme is now in progress. The objective of this work is to delineate a shallow (<200m deep) resource at Chloe East and explore for deeper extensions of the mineralisation. In addition several holes will be targeted at the equally promising Chloe West deposit to determine if a resource can also be delineated at this prospect. Any resource identified at Chloe could be a major contributor to the profitability of the Einasleigh Project.

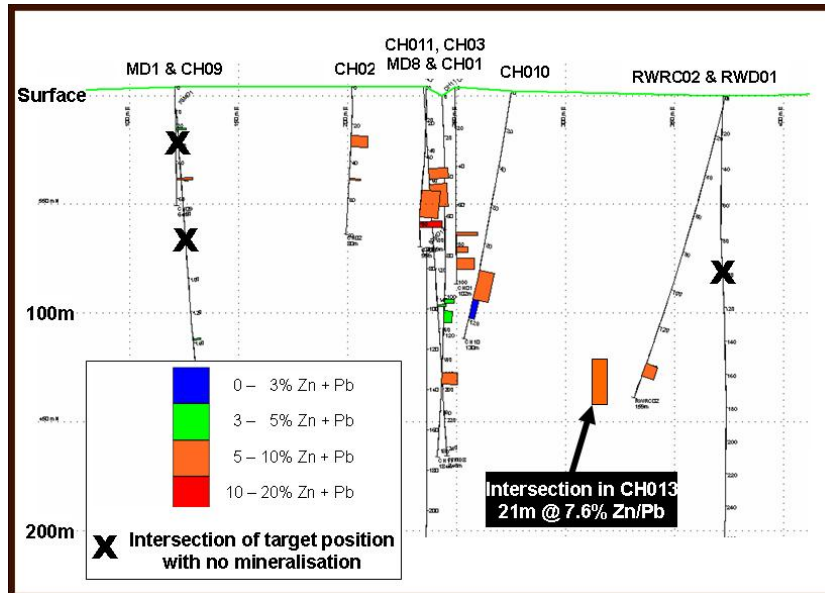
Results are now available from CH013, the first hole of the current programme. Further results will be released progressively over the next two months as they are available. The location of CH013 is shown in Figure 1 and the intersection is summarised in Table 1. Figure 3 shows the approximate location of the new intersection in a longitudinal section. It is a very important result in that it extends the known thick zone of mineralisation by at least 75 metres and shows that the deposit is still open in a down-plunge direction.

Hole	From (m)	To (m)	Int (m)	% Zn	% Pb	g/t Ag	% Cu
<b>CH013</b>	134	155	21	4.77	2.82	90	0.20
<b>Including</b>	134	142	8	5.22	2.59	53	0.28
<b>&amp;</b>	143	146	3	5.83	3.18	131	0.22
<b>&amp;</b>	149	155	6	5.79	4.27	158	0.16

**Table 1: Results from CH013 at Chloe East**



**Figure 1: Plan of geology and drilling at Chloe**

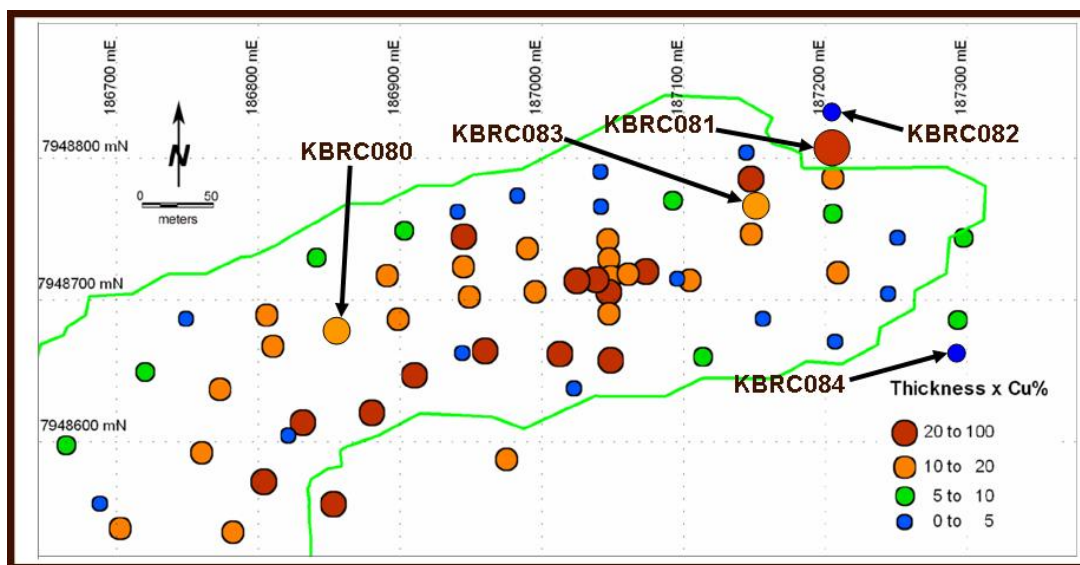


**Figure 2: Longitudinal projection of reverse circulation drilling at Chloe East with location of intersection in CH013 highlighted**

### Kaiser Bill Drilling

At the Kaiser Bill prospect, located 7 kilometres west of Einasleigh in north Queensland, Copper Strike has previously outlined a potentially opencuttable Inferred Resource of 13 million tonnes @ 0.80% copper, 0.13g/t gold and 6.3g/t silver. Earlier this quarter a 31 hole infill drill programme (previously reported) achieved several results that are expected to add to both the tonnage and grade of the current Inferred Resource, at very shallow depths, and perhaps to increase the confidence in the resource to “indicated” status.

Following this programme, seven further holes were drilled to gain further information about the resource and its mineability. Assays have been received for five of these holes. The locations of the five holes are shown in Figure 3 and the assay results are included in Table 2. Hole KBRC081 was a very good hole (18m @ 1.26% Cu) that will extend the resource to the northeast. KBRC080 and 083 were good infill holes which help to establish the continuity of the resource, while KBRC082 and 084 are clearly outside of the resource.



**Figure 3: Plan of Kaiser Bill highlighting areas of highest copper concentration (thickness in metres multiplied by % Cu). Green line is a conceptual pit design.**

Hole	From (m)	To (m)	Int (m)	% Cu	g/t Au	g/t Ag	Comments
<b>KBRC080</b>	10	23	13	0.42	0.05	1.7	oxide
<b>KBRC080</b>	23	25	2	0.80	0.27	2.6	supergene
<b>KBRC080</b>	27	40	13	0.60	0.09	3.3	
<b>KBRC080</b>	42	48	6	0.54	0.03	13.0	
<b>KBRC081</b>	0	23	23	0.30	0.01	4.0	oxide
<b>KBRC081</b>	34	52	18	1.26	0.15	7.2	
<b>KBRC082</b>	0	14	14	0.40	0.09	3.9	oxide
<b>KBRC082</b>	19	24	5	0.20	0.01	2.2	oxide
<b>KBRC083</b>	10	22	12	0.31	0.03	1.0	oxide
<b>KBRC083</b>	22	27	5	1.10	0.05	3.1	supergene
<b>KBRC083</b>	36	44	8	1.02	0.11	2.1	
<b>KBRC083</b>	47	48	1	0.81	0.09	2.3	
<b>KBRC083</b>	50	52	2	0.62	0.07	1.7	
<b>KBRC083</b>	62	64	2	1.28	0.54	4.0	
<b>KBRC084</b>							No significant results

**Table 2: Best\* results from recent reverse circulation drilling at Kaiser Bill**

\*> 0.5% Cu: also oxide results listed if > 0.2% Cu and 10m thick

## **Einasleigh Project Exploration- Helicopter EM Survey**

A helicopter-borne electromagnetic (EM) survey covered the prospective areas on the Einasleigh tenement, including Einasleigh Copper Mine, Kaiser Bill, Bloodwood Knoll, Grub, Teasdale and Chloe, with the objective of further assessing the known prospects and identifying new base metal targets. The survey, for the most part, avoided the area of black soil cover which inhibits the effectiveness of EM because of its high electrical conductivity.

Figure 4 shows the preliminary assessment of the data, presenting an interpretation of the earth's conductivity at a depth of 150 metres. The 'hotter' colours show areas of higher conductivity. Some extensive anomalies due to black soil cover can be seen in the central part of the survey area. Further interpretation will need to be carried out to determine whether or not the system can 'see through' this area of limited conductive cover.

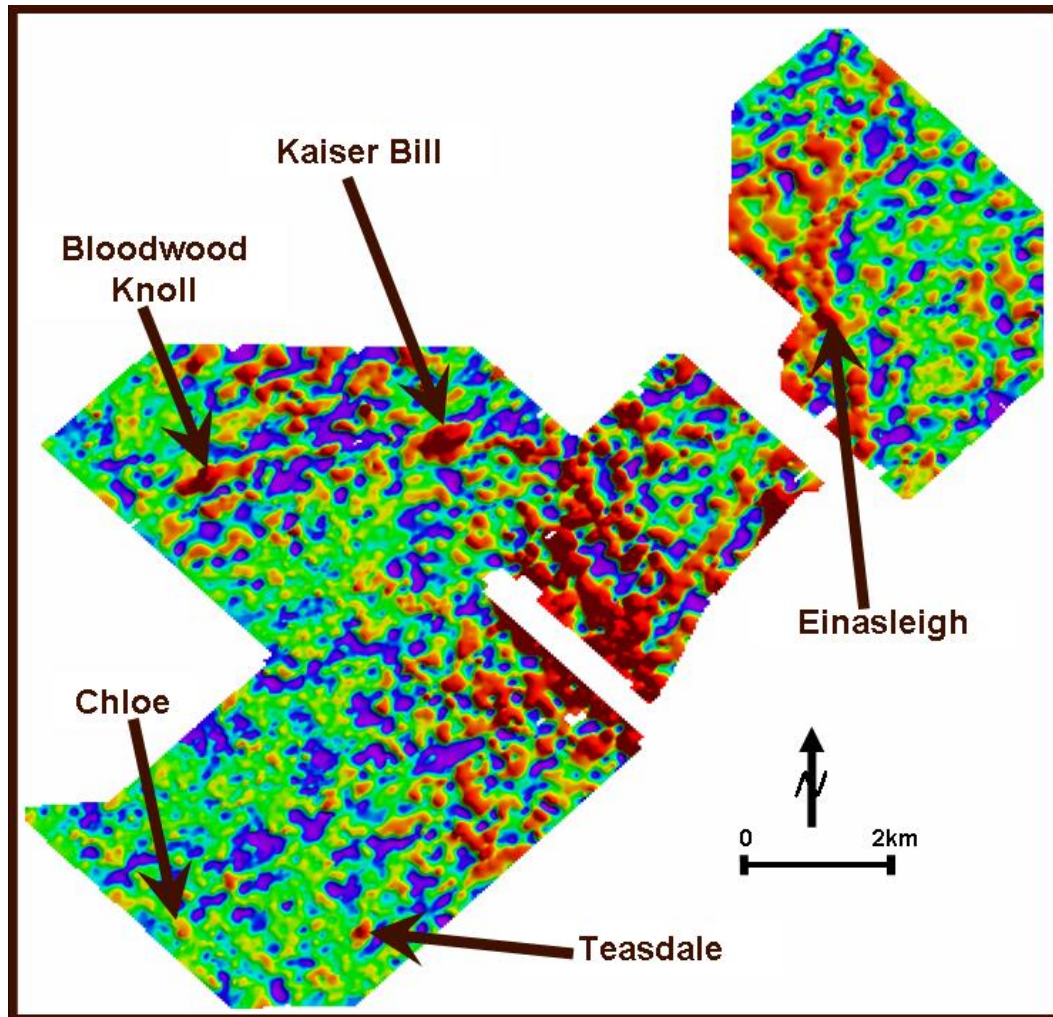
The results in areas not covered by black soils are very interesting. Einasleigh, Kaiser Bill, Chloe, Bloodwood Knoll and Teasdale are all clearly outlined by the EM survey. The Grub prospect, on the other hand, appears to be difficult to distinguish from the nearby black soil anomalies in the central part of the survey. Further work will have to be done in assessing this area.

Some very encouraging features are clearly seen in the presentation. In particular, Kaiser Bill and Bloodwood Knoll have more extensive anomalies than expected. Further investigation will be carried out to investigate these anomalies in more detail and to assess the other more subtle anomalies in this region.

Another interesting feature is the multitude of high conductivity anomalies in the general vicinity of Einasleigh. Finding more Einasleigh-type mineralisation is a key objective for the project and these anomalies may give some leads in that direction.

There are numerous other obvious and more subtle anomalies scattered around the survey area that also require follow up.

The survey has been very effective in establishing new target areas that may represent mineralisation to contribute to the profitability of the Einasleigh Project. The current plan is to have several deposits feeding material into a centralised concentrating facility, probably located near Kaiser Bill. Large new discoveries could point to an increase in size of the development, while smaller deposits could increase the project's longevity and flexibility.



**Figure 4: Presentation of the preliminary automated interpretation (depth 150m) of the Helicopter electromagnetic survey over the Einasleigh area. The main prospect areas are well detected as are several other areas of possible interest.**

## **Sales Agreement on White Rock Licences, NSW**

Copper Strike Limited has signed an option agreement with Paradigm Gold Limited (PDM) whereby PDM can purchase outright two exploration licences (ELs 6274 – Kangiara & 6590 - Frogmore) surrounding the White Rock tungsten deposit in NSW.

The consideration to Copper Strike is a package of cash and share options, subject to a due diligence period, with additional cash payable on exploration success (see below). The option agreement may be exercised any time before the completion of a 6 week due diligence period.

The terms of the option agreement are as follows. Following a 6 week due diligence period, PDM may elect to purchase 100% of the tenements by issuing to Copper Strike five million, three year unlisted options with a strike price of 7.5 cents, and will commit to the following additional payments:

- Reimbursement of CSE’s exploration costs up to a maximum of \$100,000, as soon as \$350,000 additional funds are raised by PDM;
- \$500,000 in cash when a JORC Indicated Resource of at least 5,000 tonnes of WO<sub>3</sub> at a grade of not less than 0.5% WO<sub>3</sub>, or a JORC compliant Indicated Resource of another metal of at least equivalent value, is found on the tenement(s);
- \$1,500,000 in cash when a positive feasibility study or decision to mine is reached on any metal deposit within the tenements.

## Programme for the December Quarter

- Complete Feasibility Study on the Einasleigh Project
- Complete 2400 metre drill programme at Chloe prospect
- Initiate assessment work of Helicopter EM survey at Einasleigh
- Drill induced polarisation anomaly at Lake Margaret in Tasmania.

Further work on Copper Strike's properties in NW Queensland (Walford Creek, Kamarga, Levuka) has been delayed until after the wet season.

***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 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.***

### **Corporate Details**

#### ***Issued Capital***

59.32m shares  
5.075m unlisted options  
Share Price \$0.21 (30 Oct 06)

#### ***Key Shareholders***

Teck Cominco Australia 14.6%  
GeoDiscovery Group 8.3%

### ***Registered Office***

Level 9 – 356 Collins Street  
Melbourne Victoria 3000

### ***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

### **Registered Office**

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Copper Strike Ltd

ABN

16 108 398 983

Quarter ended ("current quarter")

September 2006

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3... months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(631)	(631)
(b) development	-	-
(c) production	-	-
(d) administration	(187)	(187)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	34	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(5)	(5)
<b>Net Operating Cash Flows</b>	<b>(789)</b>	<b>(789)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(789)</b>	<b>(789)</b>

1.13	Total operating and investing cash flows (brought forward)	(789)	(789)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net financing cash flows</b>		-	-
<b>Net increase (decrease) in cash held</b>		(789)	(789)
1.20	Cash at beginning of quarter/year to date	2765	2765
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1976	1976

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	108
1.24	Aggregate amount of loans to the parties included in item 1.10	-

### 1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes payments to Geo Discovery Group Pty Ltd for geological and exploration services., including expenses incurred on our behalf. Mr McLean, a director of the company, is a director and shareholder of Geo Discovery Group Pty Ltd. It also includes payments to Inkprintz for geological services. Inkprintz is controlled by the wife of a director, Mr T Eadie.

### Non-cash financing and investing activities

#### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

#### 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	
4.2 Development	-
<b>Total</b>	

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	329	329
5.2 Deposits at call	9	9
5.3 Bank overdraft	-	-
5.4 Other (provide details) Bank Term Deposits	1638	1638
<b>Total: cash at end of quarter</b> (item 1.22)	1976	1976

### Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed			
6.2 Interests in mining tenements acquired or increased			

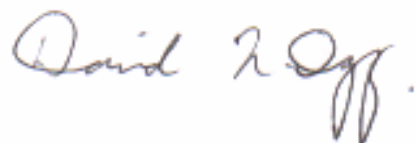
## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	59,320,000	52,045,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,900,000 2,175,000	-	<i>Exercise price</i> 20 cents 25 cents	<i>Expiry date</i> 31st October 2009 31st October 2010
7.8 Issued during quarter		-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



31/10/2006

Sign here: ..... Date: .....  
(Company secretary)

David L Ogg  
Print name: .....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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