



ASX Release
31 January 2011

ASX Code
CSE

Copper Strike Signs Agreements with Beijing Jintai Yuanchung Mining Co. Ltd and Taifeng Yuanchung International Development Group

Copper Strike Limited (ASX: CSE) is pleased to announce a major milestone for funding the development of the Einasleigh Project in North Queensland. The agreements described in this announcement are conditional upon final confirmatory due diligence by 31 March 2011 not revealing any material adverse findings, Copper Strike shareholder approval, FIRB approval, and Chinese government approvals.

On Saturday 29 January 2011, Copper Strike signed a **Placement Agreement** with Beijing Jintai Yuanchung Mining Co. Ltd ("Jintai") and Taifeng Yuanchung International Development Limited ("Taifeng HK") and a **JV Development Agreement** with Taifeng HK. Jintai is a joint venture between Sichuan Taifeng Group Ltd ("Taifeng") and Sichuan Bureau of Metallurgical Geology and Exploration (Taifeng 60%, SBMGE 40%). Taifeng HK is a wholly owned subsidiary of Taifeng.

In the Placement Agreement, Jintai and Taifeng HK have agreed to invest \$5.822m, at 18 cents per share, for a 19.99% interest (32,343,668 shares) in Copper Strike. Pursuant to the terms of the Placement Agreement Jintai and Taifeng HK will also be issued with put and call options ("Options") at 18 cents per share, for a further 13.01% interest¹ in Copper Strike, exercisable for an aggregate amount of \$5.64m (a further 31,418,031 shares) by Jintai and Taifeng HK within 3 years of their date of issue. Copper Strike may require Jintai and Taifeng HK to exercise the Options in equal tranches at the end of each year after their date of issue. The initial funding under the Placement Agreement will be used by Copper Strike to finalise a bankable feasibility study with respect to the Kaiser Bill, Einasleigh, Chloe, Jackson and Stella deposits ("Key Deposits") within the Einasleigh Tenements.

Under the JV Development Agreement, if the bankable feasibility study confirms the currently estimated recoverable resource, production costs and development costs for the Key Deposits, an unincorporated joint venture will be established for the project between Taifeng HK and Einasleigh Mining Pty Ltd ("EM"), a wholly owned subsidiary of Copper Strike which has applied for the mining leases for the Key Deposits. In the agreement, Taifeng HK will provide \$95 million by way of farm-in for a 70% interest in the Einasleigh Tenements. Taifeng HK will provide a further \$5 million loan to CSE. CSE will make available to the development funding, as necessary, the proceeds of the Taifeng HK loan and the proceeds received from the exercise of the Options.

Taifeng HK and EM have also entered into an offtake term sheet providing Taifeng HK with the right of first refusal to purchase Copper Strike's 30% of the offtake under the joint venture.

The JV Development Agreement and the offtake term sheet are subject to the completion of the placement and the successful bankable feasibility study, but are otherwise binding on the parties.

¹ This percentage interest assumes no further shares are issued.

The successful conclusion of the placement and issue of the Options under the Placement Agreement are subject to: final confirmatory due diligence by 31 March 2011 not revealing any material adverse findings, Copper Strike shareholder approval, FIRB approval, and Chinese government approvals. Prior to completion of the placement, the parties intend to enter a standard joint venture agreement incorporating the terms set out in the signed term sheet.

Details of the arrangements will be more definitively set out in materials to be sent to shareholders in due course for their consideration as part of the shareholder approval process. The following is a summary of the Placement Agreement and JV Development Agreement.

Background to Placement Agreement

Subject to the required approvals, Taifeng HK will invest approximately \$2.90m to become a 9.99% shareholder (16,171,833 shares) in Copper Strike and Jintai will invest approximately \$2.91m to become a 10% shareholder (16,171,835 shares) in Copper Strike. The issue price is 18 cents per share, a 50% premium to the price on the day prior to the placement agreement being signed. Taifeng HK and Jintai have the right to appoint nominees for the placement shares.

Subject to the required approvals (including under section 611(7) of the Corporations Act 2001 (Cth)), Taifeng HK will be issued with Options over 14,280,922 Shares and Jintai with Options over 17,137,108 Shares. If all of the Options are exercised, Taifeng HK would have a 15% interest in Copper Strike and Jintai would have an 18% interest in Copper Strike.

Copper Strike will work closely with Taifeng HK and Jintai to complete the FIRB process, due diligence and Chinese regulatory approvals as a matter of priority. If the conditions precedent are not satisfied or waived within 6 months of the date of the agreement, either party has the right to terminate.

Following the placement, Taifeng will be invited to nominate a non executive director to join the Copper Strike board.

The Placement Agreement includes certain warranties from Copper Strike in relation to its business and certain restrictions on its operations during the period between signing and completion of subscription. If Copper Strike breaches these restrictions Jintai and Taifeng HK may terminate the agreement. In addition, Jintai and Taifeng HK have the right to terminate the agreement if a Material Adverse Event occurs in relation to Copper Strike, including if its key Einasleigh exploration tenement is revoked or Copper Strike becomes insolvent.

If shareholder approval is not obtained for the issue of the shares and the Options under the Placement Agreement, Copper Strike has agreed to reimburse costs to Taifeng HK and Jintai which in aggregate will not exceed 1% of the proposed subscription funds.

During the period before completion, the board is not able to solicit or initiate discussions with any third party in relation to the issue of new Shares (other than if it first seeks Taifeng's assistance to raise funds) or the sale of its relevant assets.

Background to JV Development Agreement

Subject to the bankable definitive feasibility study confirming the estimated recoverable resource, production costs and development costs, an unincorporated joint venture will be established for the development of the Key Deposits between Taifeng HK and EM.

Taifeng HK is to provide a bank guarantee or security acceptable to EM for the first year's development expenditure within 6 months of the issue of the bankable feasibility study or within 2 years of the date of the placement, whichever is the later. Once such bank guarantee or security is issued, Taifeng HK shall earn a 51% interest in the Einasleigh Tenements (and have a right to nominate another non-executive director to the board of Copper Strike). Taifeng HK will provide the same bank guarantee or security for the balance of the \$95 million for the second year's development expenditure and once Taifeng HK has contributed half of the \$95 million, it will have earned its full 70% interest. If Taifeng HK subsequently defaults in its funding obligations and for any

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reason the bank guarantee or security is not enforceable, Taifeng HK will return to EM a pro-rata interest in the Einasleigh Tenements.

The JV Development Agreement is a short form binding document, which is intended to be replaced with a standard farm-in and joint venture agreement. Its terms include the appointment of Taifeng HK as the manager of the joint venture, the inclusion in the joint venture of all other tenements held by Copper Strike (other than those related to the Walford Creek project), the establishment of an Operating Committee where the parties will have a voting interest equal to their joint venture interest and, in order to further protect Copper Strike's interests, a list of operational matters that require the unanimous consent of the parties.

About Sichuan Taifeng Group

Founded in 1997, Sichuan Taifeng Group Co., Ltd. is a privately owned company based in Zigong in Sichuan Province, China. Taifeng has businesses in materials trading, real estate development, industrial manufacturing, mineral resources development and education sectors, with more than 1500 employees. Taifeng has been given an "AAA Credit Enterprise" rating by Agricultural Bank of China Sichuan branch for the past seven years and has been listed in the Top 100 Enterprises with Best Growth potential in Sichuan Province.

The materials trading business has been the cornerstone for Taifeng's development, specialising in chemicals, building materials, steel products, tungsten, glass products, etc. Since 2001, Taifeng has been involved in real estate development, with developments covering office buildings, convention and exhibition centres, shopping malls and large-scale residential developments. Taifeng is jointly developing Aerospace Tower, the tallest building in Chengdu, Sichuan Province. Taifeng manufactures industrial pumps, wear resistant cast iron pipes, high pressure gases compressors, nitrogen manufacturing equipment and liquid gas transportation pressure vessels.

In the resources sector, Taifeng is involved in a tailings project focused on the recovery of tungsten, copper and sulphur. Taifeng has been actively looking for overseas investment opportunities in the resources sector. In January 2010 Taifeng announced a \$47.1m funding agreement with Australian listed company IMX Resources Limited for the Cairn Hill development which was completed during 2010.

About Sichuan Bureau of Metallurgical Geology & Exploration (SBMGE)

Based in Chengdu, Sichuan, China, SBMGE is a stated owned, professional exploration and minerals development bureau with 50 years of minerals exploration and 10 years of minerals development and mining experience. It has three mines in China including two gold mines and one lead-zinc mine. SBMGE has a very good and high level exploration team including geochemical, geophysical, and topography survey teams, as well as a drilling company and an assay laboratory.

About Copper Strike Limited

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 and further exploration at the Walford Creek Project in NW Queensland.

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.

Copper strike is being advised in this transaction by Baker & McKenzie (legal) and SLM Corporate (financial).

Corporate Details

Issued Capital

129,455,571 shares

Share Price \$0.12 (28 Jan 11)

Key Shareholders

Teck Australia Pty Ltd 16.7%²

Citicorp Nominees 7.0%

Acorn Capital 5.5%

Registered Office

Level 9 – 356 Collins Street

Melbourne Victoria 3000

Directors & Management

Mr Tom Eadie – Executive Chairman

Mr Barrie Laws – Non Executive Director

Mr John Dunlop – Non Executive Director

Mr David Ogg – Company Secretary

Registered Office

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² Held subject to an option in favour of Kagara Limited as announced to ASX on 12 October 2010