



11 August 2011

Dear Shareholders

Copper Strike's (CSE's) Board provides this response to Geoff Lord's letter to CSE shareholders dated 2 August 2011 concerning the nominee directors.

As previously announced, the Board plans to return at least \$15 million of the cash proceeds, equal to 14 cents per share to Shareholders after the cancellation of Kagara's shares. CSE will retain up to \$4 million to redeploy into new exploration project opportunities, with the aim of securing at least one exciting exploration project by the end of the year.

In contrast, while making the general statement that the nominees believe "that all cash should be returned to shareholders UNLESS there is a significant opportunity to use the cash in a better way", the nominees have NOT made any firm commitment to support a capital return. They have not clarified what they believe constitutes a significant opportunity or better use for the cash.

Following the sale of the Einasleigh Project, CSE's plans are to again become a pure explorer. CSE has been a successful explorer and discovered seven deposits that have resources outlined under the JORC code. Six of these were part of the Einasleigh Project and contain total metal of 170,000 tonnes of copper, 253,000 tonnes of zinc, 105,000 tonnes of lead, 11.7 million ounces of silver and 65,000 ounces of gold (CSE 2010 Annual Report). Our discovery rate and our share price momentum suffered when we entered the Feasibility Study stage at the Einasleigh Project three years ago.

**CSE's Board does not believe that the new directors add to our already excellent exploration and discovery capacity.**

As mentioned in Geoff Lord's letter, CSE's expenditure over the past year was \$2 million. As explorers and potential developers, we would have preferred this figure to be higher. However CSE was forced to curtail its exploration and assessment budget during the first half of the financial year because of corporate disruptions (takeover bid and other competing proposals). Our expenditure is now running at about \$100,000 per month, which is about twice as much as we would be spending without issues such as preparing for the 19 August requisitioned meeting.

Your Directors continue to urge you to vote AGAINST the requisitioning parties and the uncertainty they will create.

**Tom Eadie**

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*The information in this letter as it relates to geology, geochemical 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.*

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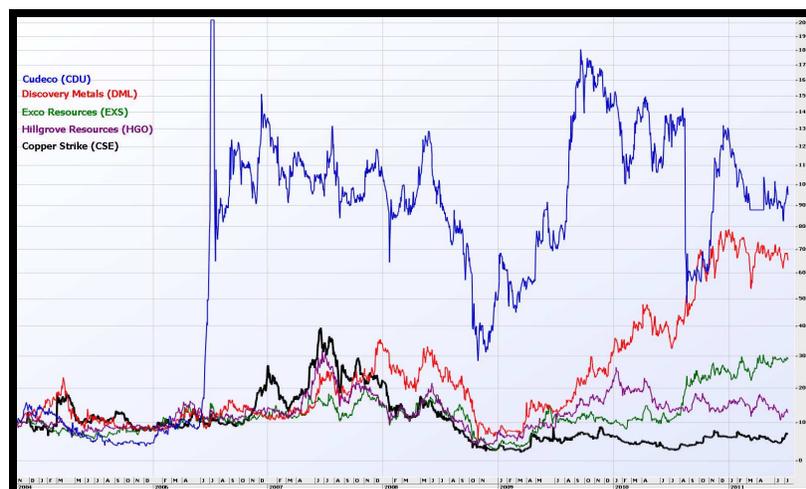
2 August 2011

Dear Fellow Shareholder,

As you are aware, I and three other colleagues have nominated for the Board at a meeting to be held on 19 August 2011.

I would like to take the opportunity to express why we have done this.

1. The resolution calls for the appointment of additional directors; NOT a vote against the current board of directors;
2. The nominees support crystallisation of the value of Copper Strike's current assets. We believe that Copper Strike is not in a position to develop these assets itself;
3. The nominees believe that all cash should be returned to shareholders UNLESS there is a significant opportunity to use the cash in a better way;
4. The nominees are opposed to the current burn rate of cash inside the company which is currently running at nearly \$2 million per annum (Quarterly Report – 26/7/2011);
5. Based on past performance, the nominees are not happy for the current board to make decisions about the future use of the company's cash without input from people like our nominees who represent a significant number of shareholders;
6. As you know the current board originally raised cash at 20c per share in 2004 and followed this up with a series of placements and rights issues ranging from 37c to 50c per share. In 2009 this was followed by an SPP at 11c per share. Total funds raised by the company have been almost \$23m. Those funds have been invested in the assets of Copper Strike and the current proposal from Kagara values the Einasleigh assets at \$19.5m (assuming \$16m in cash and a share price of 16c per share). The Walford Creek asset was sold for \$2.5m recently and other non-core assets were spun off into Syrah Resources (SYR) for 9m shares which are currently valued at approximately \$1m. So, the total value realised from the assets of Copper Strike is \$23m which is exactly what was raised from shareholders. While the executive team has doubtless had the benefit of nearly seven years of gainful employment, there has been ZERO wealth creation for shareholders. The fact that this has occurred during the biggest resources and commodity price boom in Australia's history is doubly damning;
7. The Executive Chairman has been in control since inception and holds only 2,121,714 shares. The other two members of the board have no equity interest in the company. By contrast, our nominees represent shareholders who do have a significant equity interest in the company. Because of this, your interests as a shareholder are aligned with ours; and
8. We, the nominees, are not happy to allow the current Board, who have presided over a massive diminution in real value, to determine the future course of the company. The chart below depicts the performance of the Copper Strike share price against its peers from the IPO in November 2004 until the 12<sup>th</sup> July 2011 (the day prior to our request to requisition a general meeting of shareholders).



Let me take this opportunity to introduce the nominees:

1. I am Chairman of one public company, deputy Chairman of another and director of two other public companies. In the resources area, I was previously on the board of Northern Energy which has recently been acquired by New Hope Corporation for a record price. Previously to that I was in charge of a resources investment house (Elders Resources) which we built from a market capitalisation of \$25m to \$2b over a 5 year period. Incidentally, I am a former chairman of Hawthorn Football Club and founder of Melbourne Victory Football Club.
2. Nick Stretch is a former senior partner of Gadens Lawyers with stints as Victorian and National Chairman and now runs his own law practice in Melbourne. He has been on a number of public company boards and is well versed in listed company transactions and compliance issues.
3. Peter Warren is currently the Chief Financial Officer and Company Secretary of Kingsgate Consolidated Limited. Peter has over 35 years experience in the resources industry and has been closely involved in resource project valuation, development and financing. Peter is a director of Kingsgate's Thai operating and exploration subsidiaries and of Dominion Mining Limited.
4. Adrien Wing is a Certified Practising Accountant (CPA). He practised in the audit and corporate divisions of a chartered accounting firm before providing company secretarial, corporate and accounting services to a number of public companies on the Australian Securities Exchange. Mr Wing is currently a director of two resource base ASX Listed companies being New Age Exploration Ltd and Transol Corporation Ltd; and Melbourne Capital Limited, an unlisted corporate advisory company that holds an Australian Financial Services Licence (AFSL).

It is important to note that we have not asked you to vote off any of the existing board members, rather we have asked you to add four new people with considerable expertise to the board to help steer the future direction of the company.

We are not happy to allow those who have presided over a major reduction in shareholder value to determine the future course of the company.

Feel free to call me or Nick Stretch if you have any queries or concerns. We are only happy to be frank and accessible to all shareholders.

If you wish to support us, please call or send an e-mail. We will be happy to provide you with further information and/or a proxy form if you wish.

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Yours sincerely,



Geoff Lord.

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