



ASX Release
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Proposed Acquisition of Strategic Mineral Sands Exploration Portfolio in Tanzania

The Board of Copper Strike Limited ("Copper Strike" or "the Company") is pleased to announce that it has today entered into a conditional Term Sheet to acquire Syrah Resources Limited's ("Syrah") mineral sands exploration portfolio in Tanzania. This is the culmination of an extensive review of commodities and available projects. **The properties contain several prospects with excellent indications of grade and size based on historical drill results.**

As consideration for the acquisition, the Company proposes issuing 115.7 million fully paid ordinary shares in Copper Strike to Syrah shareholders at an agreed record date on a pro rata basis. The proposed transaction will transform Copper Strike into a mineral sands explorer with exceptional prospects in the northern and central coastal areas of Tanzania, whilst enabling Syrah shareholders to retain a direct investment in these highly prospective assets in a separate listed company focussed on mineral sands.

Signing of binding agreements to finalise the acquisition is subject to completion of satisfactory due diligence by Copper Strike, which is expected by early June, and the Company obtaining shareholder approval for the proposed transaction at an EGM planned for July.

Highlights

- Upon completion of the acquisition, Copper Strike will acquire a 100% interest in 8 Prospecting Licences focused on mineral sands exploration in the northern and central coastal areas of Tanzania from Syrah Resources Limited. This significant portfolio of licences covers an area of 1350 km² and a strike extent of greater than 100 km.
- Best prospects (from historical results) include:
 - Fungoni – best intersections included:
 - 4 m containing 27.8% heavy minerals
 - 4 m containing 24.9% heavy minerals
 - 4 m containing 23.1% heavy minerals

Historical drilling was all completed with hand auger and limited to the depth of the ground water table which was at 4 m in the Fungoni area. Representative assemblage of heavy minerals is exceptional with 25% zircon, 5% rutile and 44% ilmenite. These intersections occur within a high grade zone and a larger underexplored anomalous area.

- Tajiri – best intersections included:
 - 14 m containing 9.2% heavy minerals
 - 9 m containing 12.3% heavy minerals

Average assemblage of the heavy minerals is 7% zircon, 12% rutile and 72% ilmenite. These intersections occur within a zone at least 3 km long (open), 200 to 600 m wide, and averaging 6 to 8 m thick at a grade of 4-5% heavy minerals.

- Upon completion of the acquisition, Copper Strike will control over 30 km of anomalous mineral sands stratigraphy (>200 km²) in the Fungoni area and 60 km of anomalous mineral sands stratigraphy (>300 km²) in the Tajiri.

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INTRODUCTION

Copper Strike will make a substantial commitment to explore for mineral sands and proposes to start this effort with the acquisition of Syrah's mineral sands portfolio in Tanzania. The mineral sands industry is forecast to have a bright future, and Syrah's properties in the central to northern coastal areas of Tanzania have indications of high grade and large tonnage potential – all combined with very sparse previous exploration. The south-eastern African coastline has an excellent pedigree with major deposits identified in every country except, to this point, Tanzania. The closest ones are Base Resources' Kwale mineral sands deposit is 30 km north of Tanga, the northernmost property in Syrah's mineral sands portfolio, just across the border in Kenya, while Kenmare is mining at Moma in northern Mozambique.

Copper Strike plans to acquire the 8 Prospecting Licences in the Syrah portfolio by the issue of 115.7 million Copper Strike shares to Syrah. Completion of the transaction will be subject to Copper Strike shareholders' approval at an Extraordinary General Meeting scheduled for July, requisite regulatory approval and approval of Syrah's shareholders.

ABOUT MINERAL SANDS

Copper Strike identified the mineral sands industry as one of its key areas of emphasis when deciding where to concentrate project generation efforts over the past 6 months because of the current healthy state of the sector and because of its bright future in most economic analyses. Mineral sands prices, in particular those for zircon, rutile and ilmenite, are currently at record levels.

Both rutile and ilmenite are titanium minerals that are primarily used to make white titanium dioxide pigment for use in the manufacture of paints, paper, plastics, rubber, textiles, cosmetics, leather and ceramics. Ilmenite is also used as a fluxing agent in blast furnace feeds and as a sand-blasting abrasive. Rutile is also used to produce a light, strong, corrosion-resistant titanium metal for use in aircraft, spacecraft, motor vehicles, desalination plants and surgical implants. Rutile can also be used in fibreglass, chemicals and as a coating on welding rods.

Zircon is used in foundry sand moulds and zircon sand or powder is used for glazes on pottery and other ceramic surfaces as well as in the production of various refractory metals. Zircon is the major source of zirconium, a corrosion-resistant metal that is used in nuclear reactors and chemical processing equipment. Heat-resistant zirconia is used in a fused form to line ladles holding molten steel, in molten metal moulds and as small beads for abrasives. Research and development continues into the use of zirconium ceramics to improve diesel engines and in the metal extrusion industry where heat resistance and strength are required.

Demand for mineral sands components has been mainly driven by the growth of China and other emerging nations. In 2000, ilmenite, rutile and zircon prices were around US\$120, US\$475 and US\$300 per tonne respectively. Currently they are approximately US\$300, US\$1,300 and US\$2,400 per tonne respectively and rising. The mineral sands market is forecast to remain strong as supply is extremely tight and emerging markets are expected to continue to drive demand.

MINERAL SAND DEPOSITS IN SOUTH-EASTERN AFRICA

Numerous large heavy mineral ('HM') deposits exist along the south east African coastline from Kenya to South Africa, a distance of 4,600 km (Figure 1). In Kenya, the Kwale project is being developed by Base Resources and consists of total resources of 146 Mt @ 4.89% HM. In Mozambique, BHP holds the Corridor Sands project. Kenmare Resources is mining HM at Moma in Mozambique, producing about 1 Mt per annum of ilmenite dominated HM. In South Africa, the Richards Bay deposit produces approximately 1.9 Mt per annum of HM. Other major deposits in South Africa include Xolobeni (346 Mt @ 5.14% HM), Hillendale-Fairbreeze and Wavecrest.

Tanzania is the only south-east African country with a coastline that does not have a known, large HM deposit. The Tanzanian coastline runs for about 800 km and has the same ocean current patterns and coastal geology as its neighbouring countries.

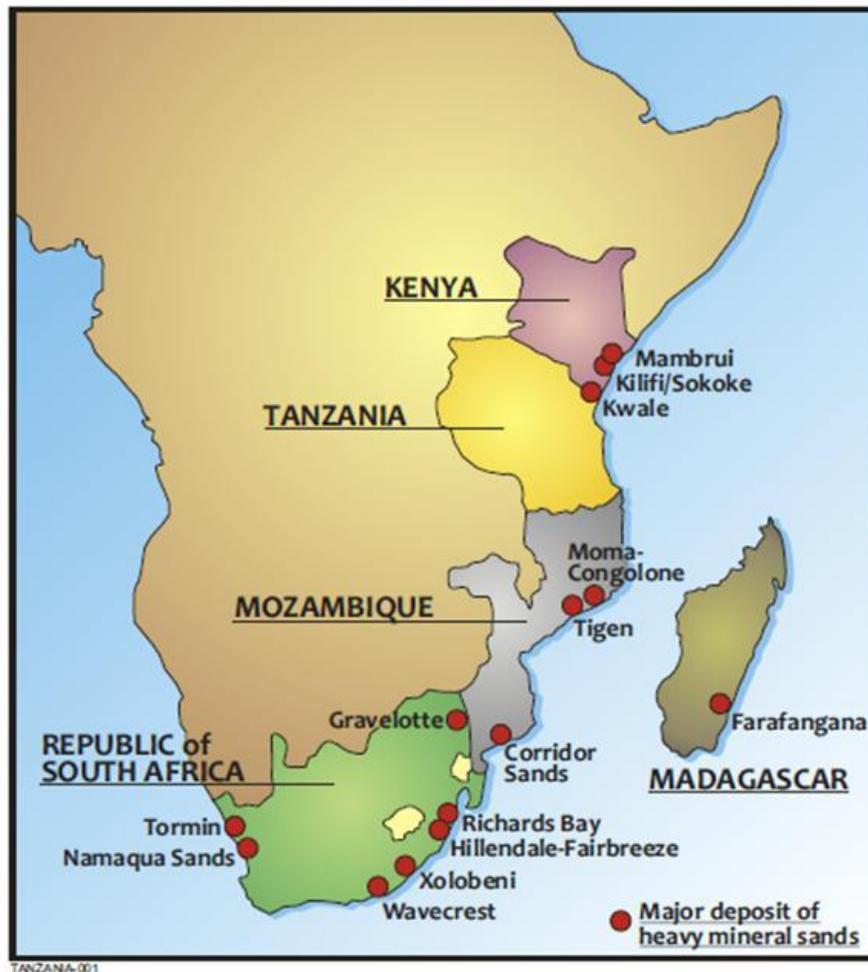


Figure 1 - Major HM deposits in southern Africa

HISTORY OF TANZANIAN HM EXPLORATION

Tanganyika Gold conducted the first systematic HM exploration in Tanzania. They conducted sampling along the entire Tanzanian coastline over an 18 month period from mid-1998 to late 1999. The field work initially consisted of visual inspection followed by a rough grain count of the more promising areas. Limited reconnaissance drilling along with pits to a depth of about 0.5 m was conducted on what were considered the most prospective areas.

Tanganyika Gold subsequently dropped all exploration in Africa to concentrate on projects in Australia. Various licences for heavy minerals were spun out into Omegacorp Limited in 2004, which became a uranium explorer in 2005. Omegacorp did little work on the projects other than some initial scout drilling by a hand held auger in 2005. In 2007, Omegacorp was taken over by Denison Mines, a focused uranium mining company. The licences were subsequently relinquished by Denison. Based on Syrah's research no further work has been undertaken on these areas.

An Independent Geologist report by the Snowden Group in respect of Omegacorp's HM portfolio concluded as follows in relation to Tanzanian HM prospectivity:

"The Tanzanian coastline is considered highly prospective for HM deposits. Recently discovered significant HM anomalies and high-grade mineralisation are very encouraging. The presence of several large HM projects along the east coast of Africa in Kenya, Mozambique and South Africa, and the coast of Madagascar provide further impetus to exploration along the coast of Tanzania".



Figure 2 - Tanzanian coastline showing the licences in the portfolio and HM project locations

FUNGONI

Location

The Fungoni prospect is located on a promontory approximately 25 km southeast of Dar es Salaam, the capital of Tanzania (Figure 3). Although very close to Dar es Salaam, the area is sparsely populated due to the lack of permanent water in the area and the sandy nature of the soil. The prospect is about 15 km inland and as such does not interfere with any local fishing villages.

Past exploration

Initial reconnaissance soil sampling at Fungoni covered the coastal plain. This was followed up by over 800 pits dug to a depth of 0.5 m, spaced 400 m apart on lines 5 km apart. Two arcuate zones over 20 km long of > 1% HM were outlined. In 2005, Omegacorp drilled fifty-three hand held auger holes to follow up the highest grade area at Fungoni. This drilling outlined a very high grade zone surrounded by a lower grade halo. The bulk of the two large anomalous zones > 1% HM covering a strike length of several tens of kilometres was not tested.

At Fungoni, there is a 300 m x 150 m very high grade core at the northern end of the prospect containing **over 15% heavy minerals**. One hole recorded **4 m at 27.8% HM** and another **4 m at 24.9% HM**. Holes were only 4 m deep because the drilling method used, hand auger, could not collect representative samples beneath the water table. Therefore the **depth extent of the mineralisation is unknown**. The results of the Omegacorp drilling are shown in Figure 4.

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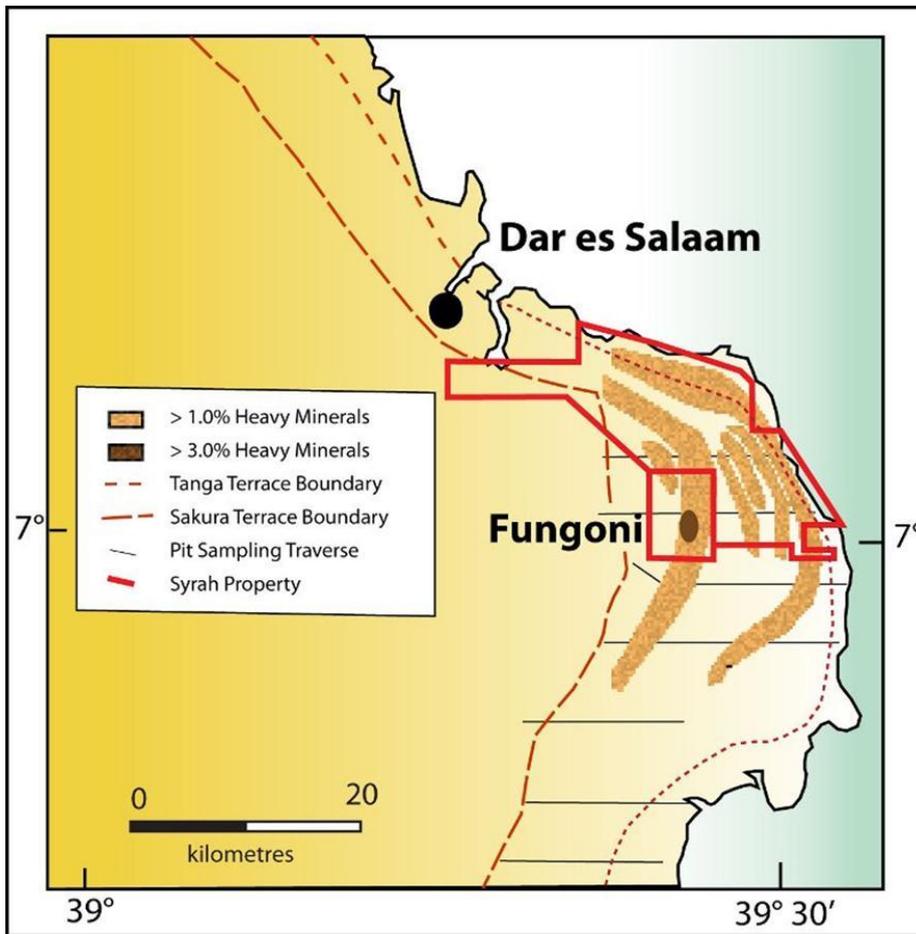


Figure 3 – Fungoni project licences showing known high grade area and underexplored anomalous areas (>1% HM)

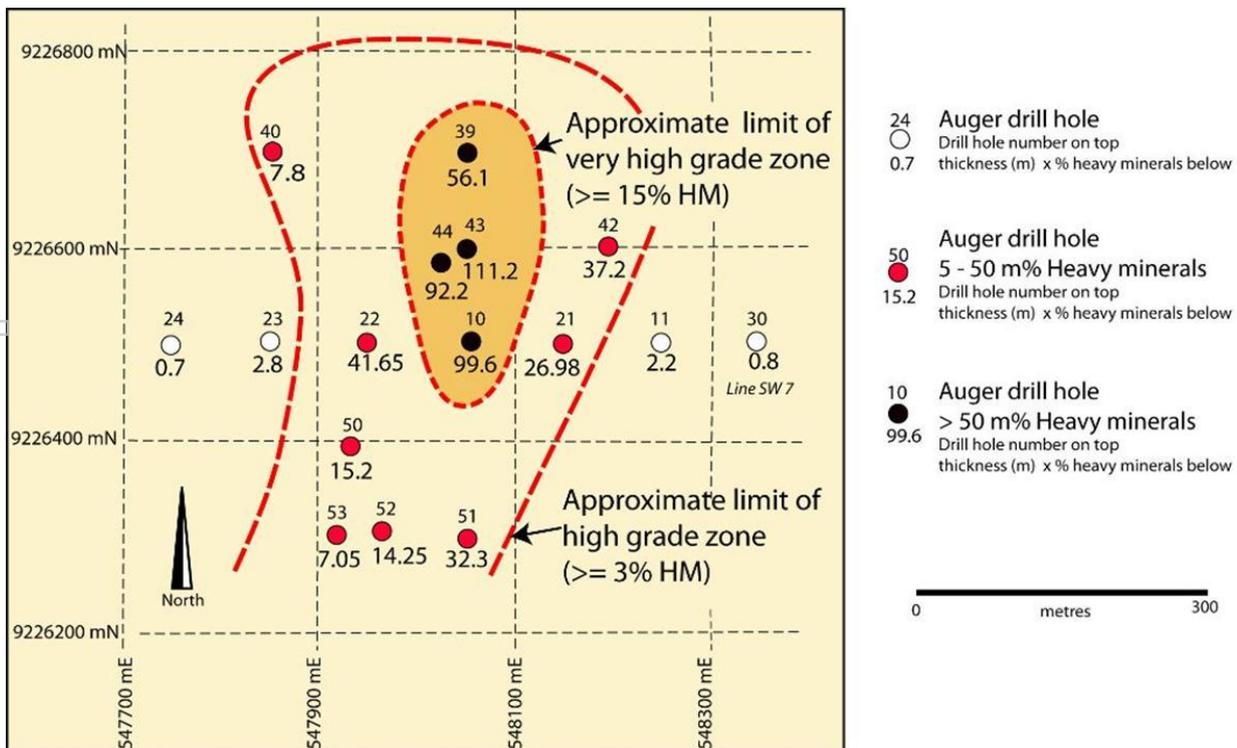


Figure 4 - Fungoni HM deposit showing high grade and medium grade areas. The heavy minerals are made up of 25% zircon, 5% rutile and 44% ilmenite.

The most important aspect of the Fungoni mineralisation is the assemblage. DuneLabs Pty Ltd of Perth examined a composite concentrate made up from individual samples from 4 representative holes across the deposit. **The heavy minerals are made up of 25% zircon, 5% rutile and 44% ilmenite. The exceptionally high zircon content of this mineralisation makes Fungoni a high priority exploration target, supported by existing historical drilling.**

TAJIRI PROJECT

Location

The Tajiri Prospect lies within the southernmost of the three Syrah licences to the south of Tanga on the northern coastline of Tanzania. The coastline in this area runs uniformly north northeast and has several major rivers entering the Indian Ocean over the 50 km strike length of the licences. The three licences **contain several zones that have been interpreted to be > 3% HM from surface sampling**, some exploration pits and some limited hand auger drilling as shown in Figure 5. Of these anomalous zones, only Tajiri has been seriously followed up with further auger drilling.

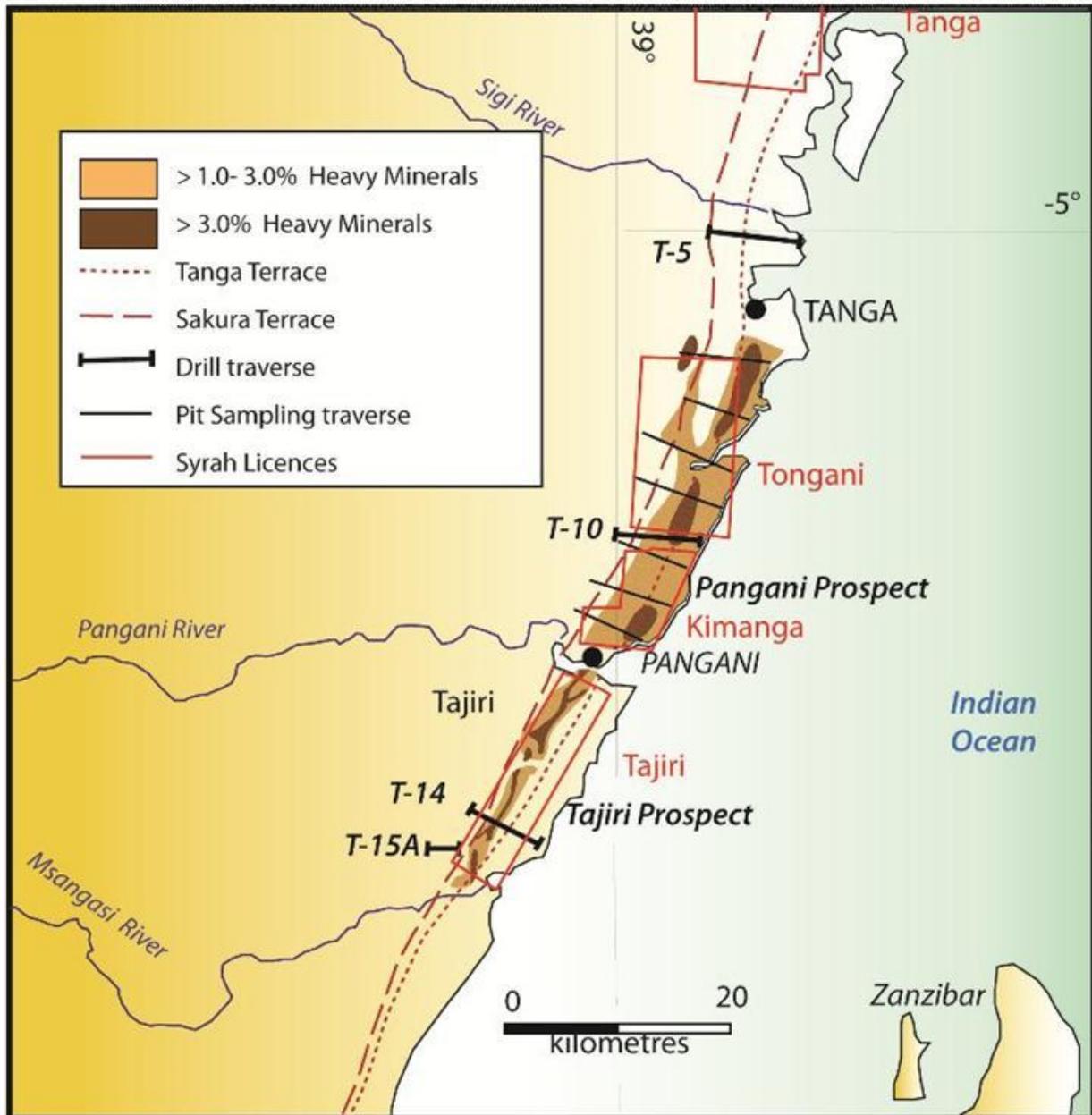


Figure 5 – Syrah’s northern mineral sands licences showing key prospects and anomalous areas

Past exploration

The location of the discovery drill line, T-14, at Tajiri is shown in Figure 5. The results from this line are shown in cross section in Figure 6 and consisted of two very good holes – **TGAC46: 14 m @ 9.2% HM** and **TGAC48: 9 m @ 12.3% HM**.

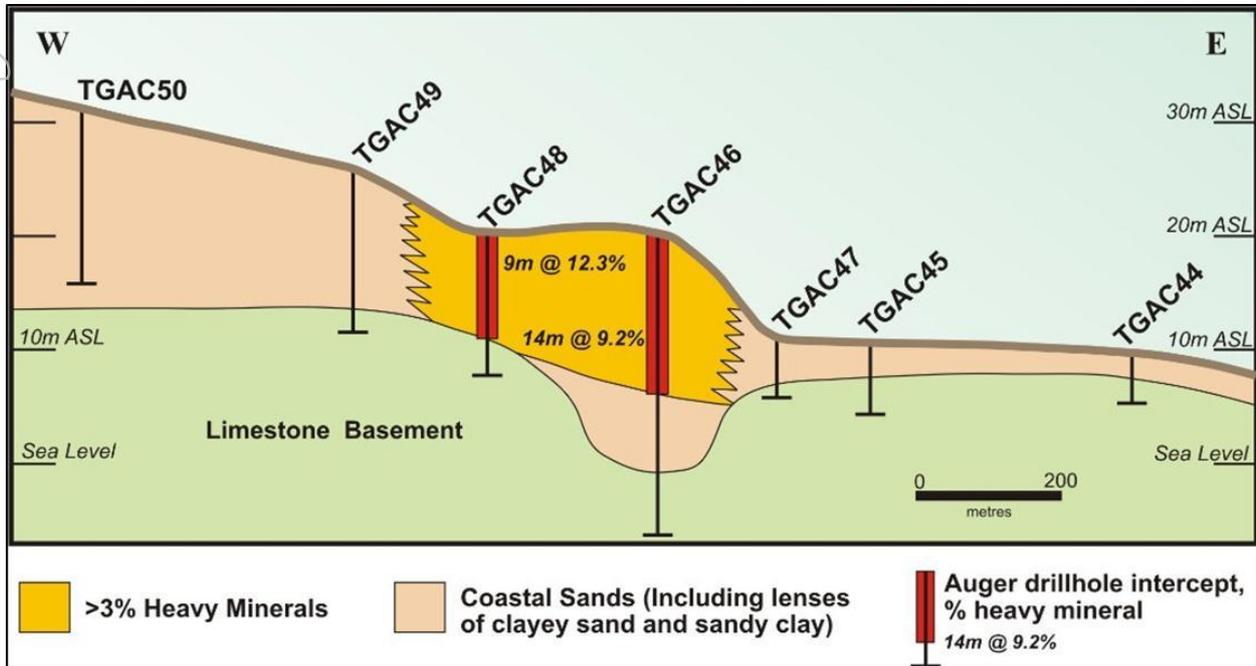


Figure 6 – Cross section for discovery Line T-14 at Tajiri showing thick high grade mineralisation

In 2005, this line was followed up with the drilling of four parallel lines. The results from this auger drilling are shown in Figure 7. Best follow up results were obtained in three very good holes – **TJR3: 7 m @ 14% HM**, **TJR4: 15 m @ 7.7% HM** and **TJR5: 10 m @ 8.2% HM**. The zone is open to the north and south, and is currently over 3 km long, 200 to 600 m wide, averaging 4 to 6 m thick at a grade of 4-5% HM. **The average assemblage of the heavy minerals at Tajiri is 7% zircon, 12% rutile and 72% ilmenite.** Clearly more drilling is necessary to assess this very prospective prospect.

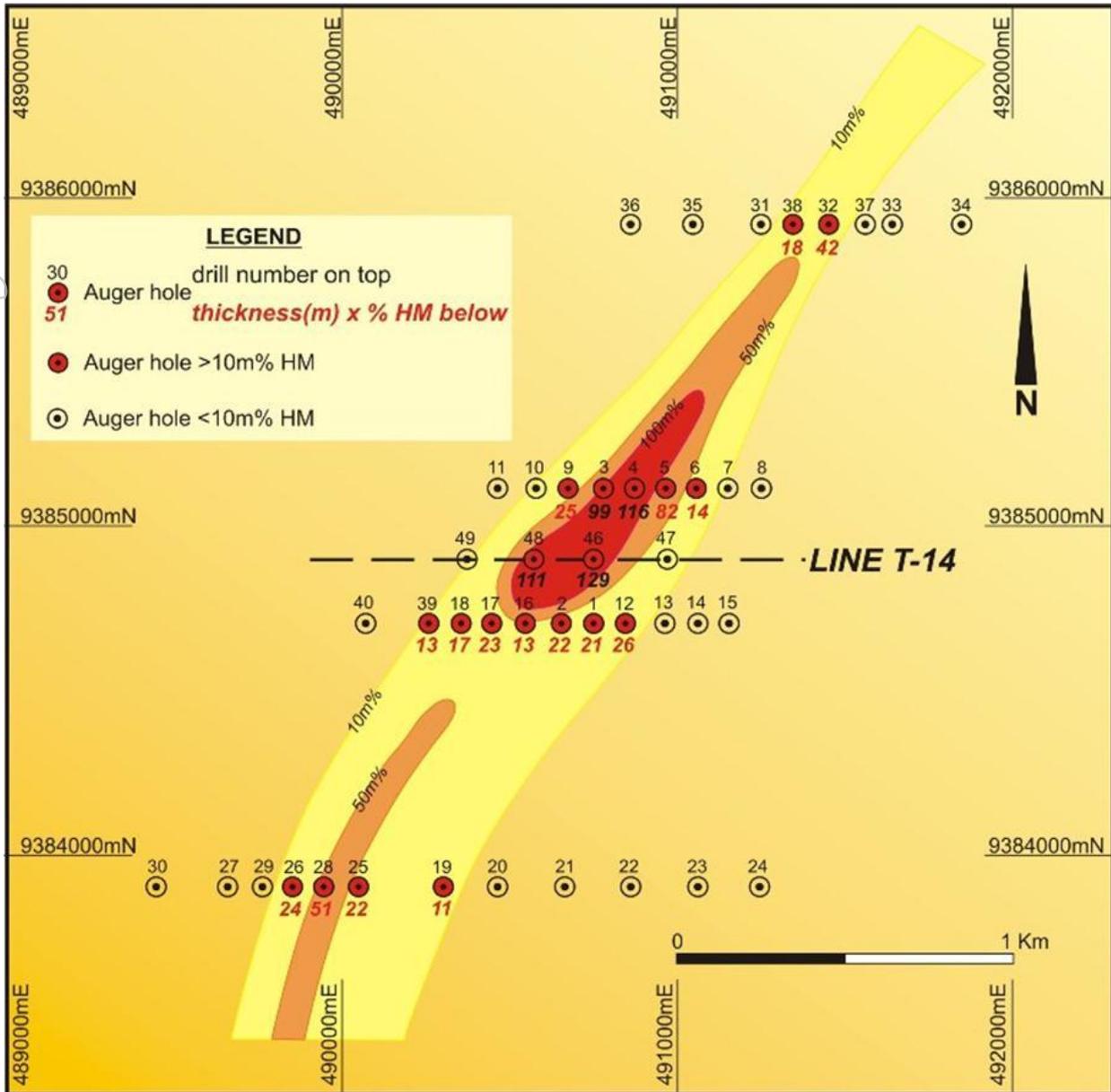


Figure 7 – Plan of follow up drilling at Tajiri. Mineralisation is open to north and south.

OTHER LICENCES

Tongani and Kimanga

The Tongani and Kimanga licence locations are shown on Figures 2 and 5. The major port town of Tanga is only 10 km north of the Tongani licence. Tanga can be reached in 4 hours by major sealed road from Dar es Salaam. The Tongani and Kimanga applications cover a very large HM anomaly called Pangani that stretches for about 28 km along the Tanzanian coast. Syrah's Prospecting Licences cover the vast majority of the Pangani anomaly.

Pangani was discovered by Tanganyika Gold as a result of its coastal sampling program. A traverse was subsequently drilled by Tanganyika Gold which yielded values up to 5.4% HM. Pit sampling was undertaken over a 30 km long stretch of coastal plain from Tanga to Pangani. A total of 165 samples were taken from 0.5 m pits at intervals of 200 m to 400 m and traverse lines spaced about 5 km apart. Much of the area was found to be anomalous with greater than 1% HM being recorded. **Two further extensive anomalies were identified containing greater than 3% HM**, with values up to 5.2% HM being recorded.

Grain counts from seven samples within the prospect area averaged 2.82% HM (range 1.25% to 5.2%) with 66.8% ilmenite (range of 41.4% to 79.9%), 7.3% rutile (range of 5.3% to 8.7%) and 4.0% zircon (range 2.2% to 5.9%), with a combined rutile, ilmenite and zircon content of 78.1%.

Tanga

Tanganyika Gold earmarked the Tanga licence area (Figures 2 and 5) as one of their top priorities and drilled a traverse over the Tanga licence. The licence is located only 30 km south of the Kwale mineral sands deposit currently being developed by ASX listed Base Resources Limited. An expanse of sand totalling about 17 km long and 1 to 3 km wide is considered the main area of prospectivity.

Bagamoyo

The two Bagamoyo licences are located approximately 70 km north of Dar es Salaam and are shown on Figure 2. Three arcuate zones of anomalous (>1% HM) mineral sands that are 200 to 400 m wide run for 5 to 10 km across the licence. Highest grades found were 8.6% HM in soil sampling and 5.7% HM in pit sampling. A total of 13 heavy mineral concentrates from the prospect had an average assemblage of 5.5% zircon, 5.5% rutile and 59% ilmenite.

The Bagamoyo prospect has only been lightly explored and warrants further assessment.

ACQUISITION TERMS

As consideration for the acquisition, the Company proposes issuing 115.7 million fully paid ordinary shares in Copper Strike to Syrah shareholders at an agreed record date on a pro rata basis. The proposal is subject to Copper Strike shareholder approval at an Extraordinary General Meeting scheduled for July.

SUMMARY

The mineral sands industry is booming with record high prices for zircon, rutile and ilmenite. Copper Strike proposes to acquire a project in an underexplored section of the Tanzanian coastline that has exceptionally high grade results and tonnage potential indicated by the limited amount of work completed to date. All countries situated along the south-eastern coast of Africa host commercial HM deposits with the current exception of Tanzania. Copper Strike believes that the explanation for this is the lack tenacious follow up of initial HM discoveries in Tanzania.

In each instance, there appears to have been specific reasons why former holders have dropped prospective licence areas. Tanganyika Gold made a strategic decision to drop all African exploration in favour of their Australian projects. Omegacorp changed its strategic direction from HM to uranium and was subsequently taken over. Its acquirer, Denison Mines had no interest in HM exploration projects because it is a specialist uranium miner. Further, ilmenite, rutile and zircon prices were considerably lower than prevailing prices.

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 Managing Director 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.

Corporate Details

Issued Capital

106,844,810 shares

Share Price \$0.145 (2 May 2012)

Directors & Management

Mr Tom Eadie – Executive Chairman

Mr Barrie Laws – Non Executive Director

Mr John Dunlop – Non Executive Director

Ms Melanie Leydin – Company Secretary