



ASX Release
28 May 2012

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CSE

Withdrawal from Proposed Mineral Sand Acquisition

Although a field visit, as part of an in depth due diligence process, indicated that the Tanzanian Mineral Sands Project had significantly more potential than envisaged when the conditional Term Sheet was signed with Syrah Resources Limited ("Syrah") on 4 May of this year, Copper Strike Limited ("Copper Strike" or "the Company") has decided not to proceed with this share-based acquisition because the recent rapid increase in the value of Copper Strike has made the deal prohibitively expensive.

Introduction and Summary

On 4 May, Copper Strike announced that it had signed a conditional Term Sheet to acquire Syrah's mineral sands exploration portfolio in Tanzania. The portfolio contains a 100% interest in 8 Prospecting Licences in the northern and central coastal areas of Tanzania covering an area of 1350 km² and a strike length of greater than 100 km. The portfolio is summarised later in this ASX release.

As consideration for the acquisition, Copper Strike proposed issuing 115.7 million fully paid ordinary Copper Strike shares to Syrah shareholders.

In mid-May, Copper Strike conducted a field inspection that traversed 7 of the 8 licences in the portfolio. The visit confirmed that there were several outstanding, large, continuous zones of outcropping high grade (> 3% heavy minerals (HM)) in the paleo-beaches and dunes in various levels of mineralisation. Field inspection, summarised in the Appendix, showed that the mineralisation was mostly dominated by ilmenite with some areas rich in zircon (up to 25% of the HM content) and other areas rich in rutile (up to 20% of the HM content).

On 23 May, Syrah announced that it had intersected 287.5 meters of graphite mineralisation at its Balama Project in Mozambique. Syrah's share price subsequently rose from \$0.93 to \$1.91. This increased the value of Copper Strike's 11 million shares in Syrah by approximately \$11 million or more than 10 cents per Copper Strike share. Given the dramatic rise in the Company's net asset value, Copper Strike's Board has decided that the proposed issue of 115.7 million Copper Strike shares for the mineral sands portfolio is now no longer the most attractive option from a shareholder value perspective, despite the strong economic potential of the Tanzanian ground, and has withdrawn from the proposed acquisition.

The Company is unlikely to complete a share-based project acquisition until the Syrah share price reaches a level that the Copper Strike Board believes more adequately reflects the value of Syrah's assets.

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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.

Corporate Details

Issued Capital

106,844,810 shares

Share Price \$0.17 (25 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

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Appendix

Key Findings of the Due Diligence Field Inspection

The Tanzanian Mineral Sands Project controls a 100% interest in eight Prospecting Licences in the northern and central coastal areas of Tanzania. This significant portfolio of licences covers an area of 1,350 km² and strike extent of greater than 100 km. Most of the Tanzanian coast known to be prospective for heavy mineral sands is now secured either by a Syrah application or granted licence. All projects have significant mineral sands anomalies identified by past explorers with minimal exploration follow up. The licences are shown in Figure 1.



Figure 1- Tanzanian coastline showing Syrah licences and HM project locations

As part of the Due Diligence process, in the middle of May Copper Strike conducted a field investigation of all of the licences except for the most northerly one named Tanga. Many areas of outcropping high grade mineralisation were found and assessed in the field. Samples were taken for laboratory analysis to determine the amount of the valuable heavy minerals (zircon, rutile and ilmenite) and for other accessory minerals. These results are not yet available. Most of the focus of the field examination was on the trend from Tongani to Tajiri, and on the Fungoni Prospect. In addition a few samples were taken from mineralisation on the Bagamoyo licences.

Tongani to Tajiri Trend

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 2. Of these anomalous zones, only Tajiri has been seriously followed up with further auger drilling.

The first objective of the field examination was to test the accuracy of this map which indicates that the mineralisation is continuous over a 60 km strike length with a width of up to 5 km. Additional several higher grade (>3% HM) have been indicated by the previous explorers. The second objective was to test the mineral assemblage along strike.

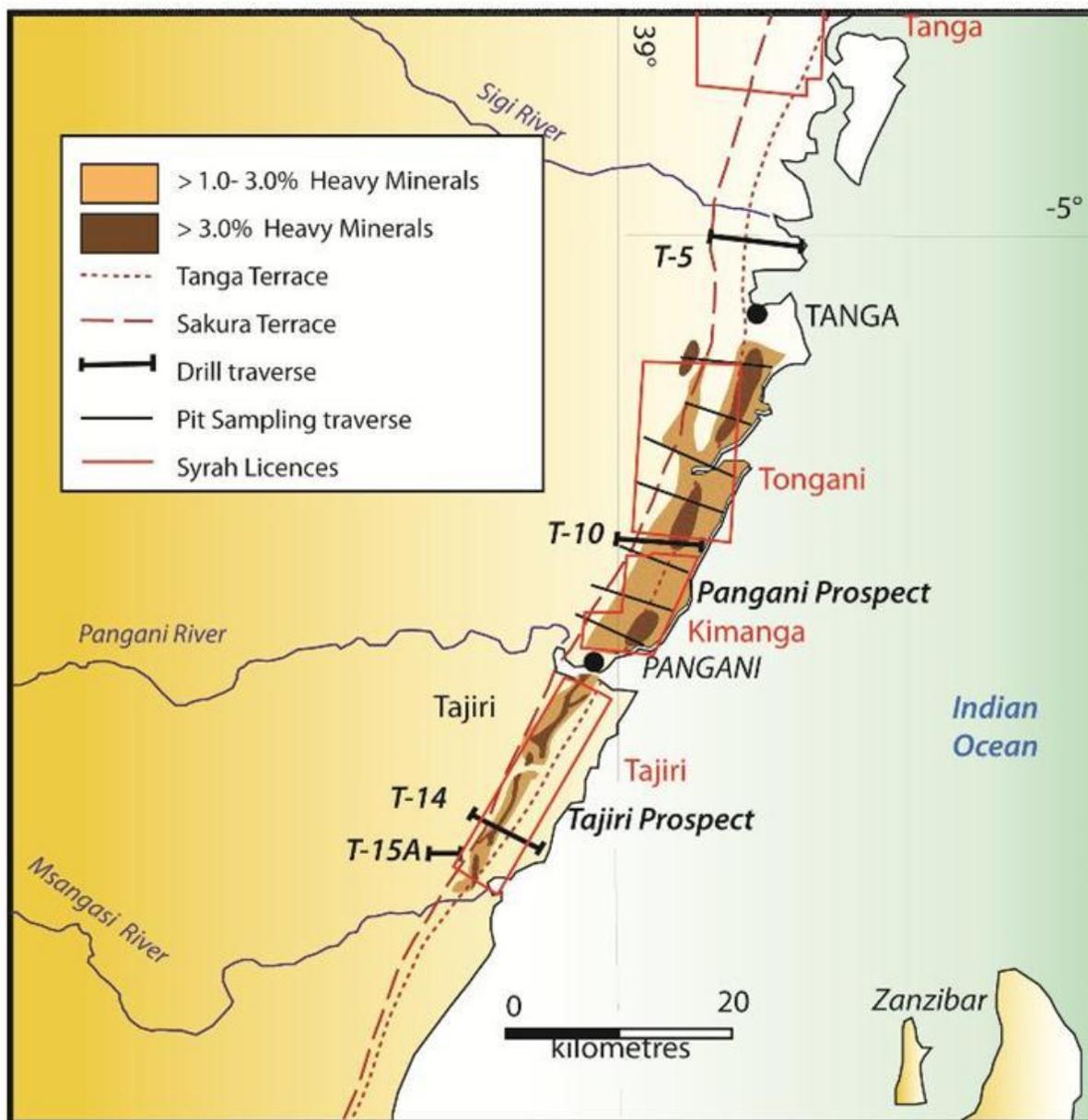


Figure 2 – Tongani to Tajiri trend showing key prospects and anomalous areas

The results of the field examination were that the Figure 2 is a fairly accurate depiction of the heavy mineral content on the licences. Certainly the 1-3% HM mineralisation extends in an east-west direction from the current day beaches inland to the western edge of the Tanga Terrace (see Figure 1). It also extends in a north-south direction from at least Tongani to Tajiri. The Sakura Terrace was not visited on this trip.

In addition, two of the high grade areas shown on the map (Tongani and Tajiri) were inspected and both showed impressive outcropping high grade mineralisation. At Tongani, high grade mineralisation comes to surface over an area of several hundred metres by about a kilometre.



Figure 3 – Clockwise from left: Tongani high grade zone; close up of Tongani high grade zone; result of initial panning of Tongani sand showing separation of black heavy minerals.

The Tajiri zone was also impressive at surface with obvious high grade mineralisation (Figure 4), although the surface exposure observed was limited to about 300 metres along the road across the deposit.



Figure 4 – Left: Exposure of high grade mineral sands at Tajiri and Right: Simple panning of the sand results in easy separation of the black heavy mineral content.

On the Kimanga licence which is in between Tongani and Tajiri, several areas of mineralisation were observed. The most impressive was on the current day beach (Figure 5) which shows that the same heavy mineral concentrating environment is still working today.



Figure 5 – Heavy mineral sand accumulations on the present day beach on the Kimanga Licence.

The assemblage of the heavy minerals was examined by hand lens at every site and samples were taken for later laboratory examination. It was clear from the field examinations that ilmenite was the dominant mineral at every location, ranging from 70-80% of the heavy minerals. Rutile ranged from about 5% at Tongani to over 10% at Tajiri and up to 20% in some of the Kimanga samples. Zircon appeared to be under 10% in most areas except for Tajiri where it was just over 10%. These levels of valuable heavy minerals confirm the findings of the previous explorers.

Fungoni Prospect

The Fungoni prospect is located on a promontory approximately 25 km southeast of Dar es Salaam, the capital of Tanzania (Figure 6). 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. At Fungoni, there has been some limited hand auger drilling. The best intersections included:

4 m containing 27.8% heavy minerals

4 m containing 24.9% heavy minerals

4 m containing 23.1% heavy minerals

Because the historical drilling was completed with hand auger, it was 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 all occur within a 300 m by 150 m high grade zone at the Fungoni prospect which is located in Figure 8. This prospect has not been closed off in any direction, particularly at depth because of the drilling method noted above. It lies within a larger underexplored anomalous area which comprises two 20 km long, arcuate belts of >1% heavy minerals.

The objective of the Due Diligence field visit was to check the setting of the Fungoni deposit and the impressive mineral assemblage. High grade mineralisation was found at surface and the mineralogy was confirmed by inspection in the field.

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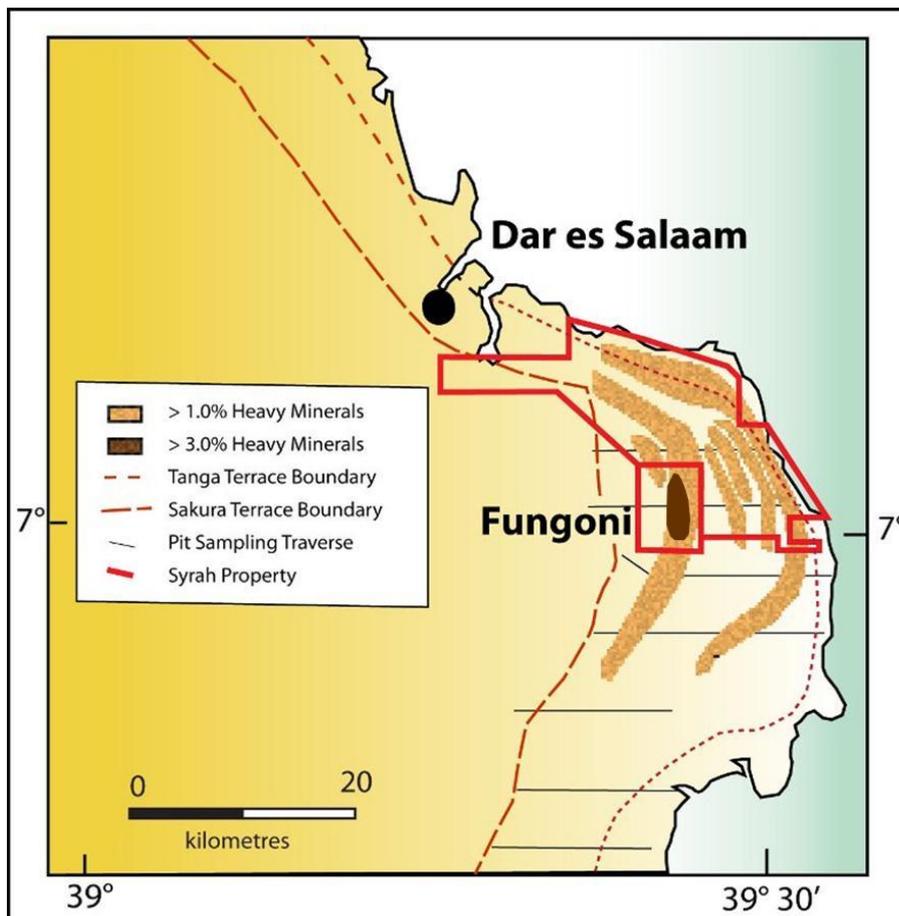


Figure 6 – Fungoni project licences showing known the known high grade area at Fungoni and the surrounding underexplored anomalous areas (>1% HM)

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