



ASX Release
31 October 2018

ASX Code
CSE

QUARTERLY REPORT ON ACTIVITIES July to September 2018

Overview

During the Quarter Copper Strike Limited ('Copper Strike' or 'the Company') continued to hold its investment in Syrah Resources Limited (ASX: SYR) as Syrah continued with the ramp up of its graphite processing plant at the Balama graphite project in Mozambique.

The Company's operating costs continue to be tightly controlled, with low ongoing expenditure.

Copper Strike currently has no exploration interests.

Syrah Shareholding

Syrah Highlights during the September 2018 quarter

- Syrah continues to ramp up production of flake and fines graphite at Balama with increased recoveries and production achieved in the September 2018 quarter.
- September quarter graphite production of 38.7kt, up 83% versus Q2 with 71.1kt for the nine months year to date.
- Increased recovery and final product volume achieved in July and August, this however was impacted by consumables availability in September, subsequently slowing the rate of recovery and volume.
- Comprehensive production improvement plan continues, focus areas include graphite recoveries, process control optimisation and comprehensive equipment management, spares and consumables program.
- Sold 20kt in the September quarter for 36kt nine months year to date, with an additional 19kt allocated to sales orders at Nacala Port, with timing impacted by shipping schedule, customs resourcing and port throughput.
- 2018 production performance year to date has impacted sales contract fulfilment, with remaining volumes expected to rollover into 2019, resulting in later settlement of some new contracts.

Registered Office

Copper Strike Limited ABN 16 108 398 983
Level 4 - 100 Albert Road South Melbourne Victoria 3205 Australia
Ph 03 9692 7222

www.copperstrike.com.au

- Battery Anode Material site purchase and environmental processes completed, and major supply input terms finalised.
- Post quarter-end fire damage to the Primary Classifier Screen unit, estimated to require five weeks to return to operations with December quarter production loss of 30kt. Revised production guidance for December quarter of 30kt – 35kt , leading to FY 2018 production target 101kt - 106kt.
- Cash on hand of US\$100.3 million as at 30 September 2018 which includes Institutional Placement gross proceeds of US\$67.4 million (exclusive of proceeds from the Share Purchase Plan).
- Targeting positive cash flows from operations at Balama during the March quarter 2019 (previously late 2018).

As at 30 September 2018 Copper Strike owns 12.05 million shares in Syrah Resources Limited (including 1.8 million secured shares).

Subsequent to the end of the September 2018 quarter and pursuant to the terms of the Loan Agreement (Agreement) as at 31 October 2018 the Company has decided to provide an additional 342,067 secured Syrah shares to satisfy the Margin Call under the Agreement. This is as a result of a recent diminution in the value of the original 1,800,000 secured Syrah shares and under the terms of the Agreement a margin ratio exposure has occurred. As at 31 October 2018, the secured shares amounted to 2,142,067.

Administration

Expenditure for the Quarter was \$114,000 including loan interest on borrowings. As of 30 September 2018, Copper Strike had approximately \$601,000 in the bank. Expenditure going forward is expected to be approximately \$80,000 per Quarter including interest, and excluding one-off items.

Corporate Details

Issued Capital 106,844,810 shares

Share Price \$0.10 (30 October 2018)

Directors and Management

Mr Mark Hanlon – Non Executive Chairman

Mr Brendan Jesser – Non Executive Director

Mr Harry Hatch – Non Executive Director

Ms Melanie Leydin – Company Secretary

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

COPPER STRIKE LIMITED

ABN

16 108 398 983

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(16)	(16)
(e) administration and corporate costs	(66)	(66)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(82)	(82)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – Security Deposit refund	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(32)	(32)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(32)	(32)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	715	715
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(82)	(82)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(32)	(32)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	601	601

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	451	565
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – Bank term deposits	150	150
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	601	715

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
16
-

Salaries and Superannuation paid to director related entities during the September 2018 quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Nil

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	4,227	4,227
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


As at 30 September 2018, the Loan facility is fully secured over 1,800,000 Syrah shares, at a 2.99% interest with an origination fee of 2.50%. The loan is repayable over a term of 2 years.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	23
9.5 Administration and corporate costs	24
9.6 Other (Loan interest)	32
9.7 Total estimated cash outflows	79

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

(Company secretary)

Date: 31 October 2018

Print name: Melanie Leydin

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.