



ASX Release
30 April 2019

ASX Code
CSE

QUARTERLY REPORT ON ACTIVITIES January to March 2019

Overview

Copper Strike Limited ('Copper Strike' or 'the Company') is pleased to provide an update to its activities for the quarter ending 31 March 2019.

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

Copper Strike currently has no exploration interests.

Corporate Activities

As at 31 March 2019 Copper Strike owns 11.02 million shares in Syrah Resources Limited (including 4.1 million secured shares).

During the March 2019 quarter, the Company decided to terminate the Loan Agreement ('Original Loan') announced on 4 October 2017. The Original Loan was terminated earlier than the original 2-year term at the Company's option and on a non-recourse basis. Cessation of the \$4.2 million Original Loan occurred by the Lender taking possession of 2,281,782 Syrah shares held as security, hence leaving no obligation outstanding.

The Company also announced that it had entered into a New Loan Agreement ('New Loan'), whereby the Company received \$3.95 million with the New Loan initially secured by the provision of 4,100,000 Syrah shares by way of security.

A summary of the material terms of the new loan are as follows:

- Loan: \$3.95 million
- Repayment Date: 3 years
- Interest Rate: 3.25%
- Origination Fee 2.50%
- Initially Secured Syrah Shares: 4,100,000

The purpose of the New Loan is to enable Copper Strike to acquire additional investments and replaces the terms of the Original Loan that resulted in a reduction of

the Company's investment in Syrah by 2,281,782 shares and a substantial gain on settlement of the Original Loan.

During the quarter, Copper Strike acquired an additional 1,250,000 Syrah shares for \$1.369 million partially utilising the proceeds from the New Loan. This additional purchase of Syrah shares confirms the Board's views that it believes that the share price of Syrah has considerable potential upside and is the Director's view that it is in the best interests of the Company and its shareholders to increase this investment supported by a moderate amount of gearing.

Subsequent to the end of the quarter, the Board has reviewed other opportunities and will opportunistically seek to acquire additional investments that the Director's believe have considerable upside potential and are in the best interests of the Company and shareholders.

Syrah Shareholding

Highlights from Syrah Quarterly Activities Report - March 2019

Balama Graphite Operation

- Produced 48kt, including March production record of ~19kt, up 45% relative to Q4 2018.
- C1 operating cash cost continues to decline.
- Initial Vanadium sampling completed, facilitating market engagement.

Sales and Marketing

- Sold 48kt versus 37kt in Q4 2018 through continued improvement in contract performance and logistics.
- Weighted average graphite price achieved of US\$469 per tonne (CIF), lower than planned.
- End-market demand drivers positive: 2018 steel production and global electric vehicle sales up 4.6% and 64% respectively.

Battery Anode Material (BAM) Project

- Unpurified spherical graphite for qualification dispatched, targeting ex-China customers.
- Commissioning of the purification circuit commences in May with first purified spherical production planned during Q2 2019.
- Major review of BAM commercial scale plant and product range essentially completed, providing attractive economics.

Finance and Corporate

- Net cash outflow was US\$14.7 million versus plan US\$20 million with difference being ~US\$5m payments timing variance. Cash at quarter end was US\$62.4 million.

Registered Office

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- Q2 2019 planned net cash outflow of US\$14.5 million plus US\$5 million carried over from Q1 for total forecast US\$19.5 million. Forecast cash balance at end of Q2 2019 ~ US\$43 million.
- Extensive engagement in development of debt funding during Q1 with Syrah continuing to evaluate options.

Administration

Operating expenditure for the Quarter amounted to \$50,000, whilst investing activity expenditure amounted to \$1.369 million.

As of 31 March 2019, Copper Strike had approximately \$2.904 million in the bank. Expenditure going forward is expected to be approximately \$85,000 per Quarter including interest, and excluding one-off items.

Corporate Details

Issued Capital 106,844,810 shares

Share Price \$0.099 (29 April 2019)

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

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")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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)	(73)
(e) administration and corporate costs	(34)	(162)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
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	(49)	(232)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(1,369)	(1,369)
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	2
2.6 Net cash from / (used in) investing activities	(1,367)	(1,367)

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	3,852	3,852
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	(64)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	3,852	3,788

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	468	715
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(49)	(232)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,367)	(1,367)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,852	3,788
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	2,904	2,904

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	2,752	316
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – Bank term deposits	152	152
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,904	468

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	16
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	

Salaries and Superannuation paid to director related entities during the March 2019 quarter.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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	3,950	3,950
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.		

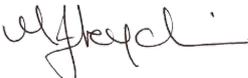
As at 31 March 2019, the Loan facility is fully secured over 4,100,000 Syrah shares, at a 3.25% interest with an origination fee of 2.50%. The loan is repayable over a term of 3 years.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	24
9.5 Administration and corporate costs	29
9.6 Other (Loan interest)	32
9.7 Total estimated cash outflows	85

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:  Date: 30 April 2019
(Company secretary)

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.