



ASX Release
31 January 2019

ASX Code
CSE

QUARTERLY REPORT ON ACTIVITIES October to December 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 December 2018 quarter

- Syrah announced a binding term sales agreement with Qingdao Taida-Huarun New Energy Technology Co. Ltd, which commences immediately and was for 20kt of natural graphite from Balama by 31 August 2019.
- Replacement of the Primary Classifier Unit at the Balama Graphite Operation was successfully installed and commissioned ahead of schedule.
- A further two sales milestones were also announced with the Company's first binding term sales agreement for coarse flake to China and first sale of 98% carbon grade product.
- Syrah announced that the production improvement plan for the Balama Graphite Operation is delivering strong results, with significant improvement in graphite recoveries and consistently high product quality have been achieved, post the resumption of production.
- Syrah also announced a binding term sales agreement with Qingdao Langruite Graphite Co. Ltd for a minimum of 48kt of natural graphite from Balama in 2019, with an additional 12kt at Syrah's option.
- First production of unpurified spherical graphite from the Battery Anode Material (BAM) facility in Louisiana was announced.
- Syrah declared commercial production at Balama with effect 1 January 2019, importantly all revenues and operating costs will now be reported to the income statement.

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

For personal use only

As at 31 December 2018 Copper Strike owns 12.05 million shares in Syrah Resources Limited (including 2.26 million secured shares).

During the December 2018 quarter and pursuant to the terms of the Loan Agreement (Agreement) the Company decided to provide an additional 117,447 secured Syrah shares to satisfy a Margin Call under the Agreement. This was as a result of a recent diminution in the value of the 2,142,067 secured Syrah shares as announced in the September 2018 quarterly report. As at 31 December 2018, the secured shares amounted to 2,259,514.

Administration

Expenditure for the Quarter was \$135,000 including loan interest on borrowings. As of 31 December 2018, Copper Strike had approximately \$468,000 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 \$0.12 (30 January 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

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

For personal use only

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 December 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 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 | (41) | (57) |
| (e) administration and corporate costs | (62) | (128) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 2 | 2 |
| 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 | (101) | (183) |

| | | |
|--|---|---|
| 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 | - | - |

For personal use only

Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 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) | (64) |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | (32) | (64) |

| | | | |
|------------|--|------------|------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 601 | 715 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (101) | (183) |
| 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) | (64) |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 468 | 468 |

For personal use only

| 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 | 316 | 451 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other – Bank term deposits | 152 | 150 |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 468 | 601 |

| 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 | 41 |
| 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 December 2018 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

For personal use only

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 31 December 2018, the Loan facility is fully secured over 2,259,514 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 | 30 |
| 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 | - | - | - | - |

For personal use only

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 January 2019

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.