



ASX Release  
31 July 2019

ASX Code  
CSE

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## QUARTERLY REPORT ON ACTIVITIES

### April to June 2019

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#### Overview

Copper Strike Limited ('Copper Strike' or 'the Company') is pleased to provide an update to its activities for the quarter ending 30 June 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 30 June 2019 Copper Strike owns 11.10 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 June 2019 quarter, Copper Strike acquired an additional 84,158 Syrah shares for approximately \$90K partially utilising the proceeds from the New Loan.

Copper Strike also invested in two unlisted companies during the quarter, ThinkMarkets and Verrency Holdings Limited, for \$250,000 and USD \$200,000, respectively. These investments are in the form of Convertible Preference Shares and Convertible Notes and increase the Company's exposure to alternative technology investments.

Subsequent to the end of the quarter, the Board has reviewed other opportunities in the mining space 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.

Also subsequent to the end of the quarter, the Company announced on 4 July 2019 that it had taken up 100% of its retail entitlement in the Syrah Resources pro-rata accelerated non-renounceable Entitlement Offer as announced by Syrah on 19 June 2019. The entitlement is 2,219,999 New Shares at an offer price of A\$0.81 per New Share, resulting in an application amount of approximately A\$1.8million.

The Board believes that the decision to take-up the Company's entitlement in the Syrah Entitlement Offer is in the best interests of the Company and its shareholders. The Board believes that the share price of Syrah has considerable potential upside.

As at the date of this announcement, Copper Strike owns 13.32 million shares in Syrah Resources Limited (including 4.1 million secured shares).

## **Syrah Shareholding**

### Highlights from Syrah Quarterly Activities Report - June 2019

#### Balama Graphite Operation

- Total Recordable Injury Frequency Rate (TRIFR) of 0.3 as at the end of the quarter
- Produced 44kt natural flake graphite, 8% lower than Q1 due primarily to minor equipment issues
- H1 2019 C1 operating cash cost of production US\$567/t. Higher than planned due to lower production volume.
- ISO:45001 certification and ISO:14001 re-certification achieved.

#### Sales and Marketing

- Sold 53kt versus 48kt in Q1 2019 through continued improvement in contract volume and logistics.

- Weighted average graphite price achieved of US\$457/t (CIF), down from US\$469/t in Q1 2019 due primarily to Chinese fines pricing and lower than planned coarse flake production.

#### Battery Anode Material (BAM) Project

- Unpurified spherical graphite for qualification dispatched.
- Commissioning of purification circuit underway - first dispatch of purified spherical graphite planned in Q3 2019.
- Preliminary Feasibility Study of commercial scale plant provides attractive economics.

#### Finance and Corporate

- Announced the execution of a Convertible Note Deed and an underwritten entitlement offer to raise approximately A\$111.6 million (US\$76.3 million) (refer to ASX announcement 19 June 2019).
- Successfully completed Institutional Entitlement Offer, raising A\$25 million (US\$17.6 million) (refer to ASX announcement 21 June 2019), with an additional A\$30.8 million (US\$21.2 million) from the Retail Entitlement Offer which was completed after quarter end, on 8 July 2019.
- Net cash outflow, excluding Institutional Entitlement Offer proceeds, was US\$14.8 million versus plan of US\$20 million. Cash at quarter end, including the net proceeds of the Institutional Entitlement Offer was US\$64.7 million
- Forecast cash balance at end of Q3 2019 ~ US\$64 million, exclusive of the potential proceeds from a Convertible Note to Australian Super (ASX announcement 19 June 2019).

#### **Administration**

Operating expenditure for the Quarter amounted to \$38k, whilst investing activity expenditure amounted to \$626k.

As of 30 June 2019, Copper Strike had approximately \$2.208 million in the bank. Expenditure going forward is expected to be approximately \$85,000 per Quarter including loan interest, however excluding investments and other one-off items.

#### **Corporate Details**

**Issued Capital** 106,844,810 shares

**Share Price** \$0.09 (30 July 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  
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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 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(18)	(91)
(e) administration and corporate costs	(26)	(188)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(38)</b>	<b>(270)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(c) investments	(626)	(1,995)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-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
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(626)</b>	<b>(1,993)</b>

<b>3. Cash flows from financing activities</b>		
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
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(32)	(96)
3.8 Dividends paid	-	-
3.9 Other (card scheme membership security)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(32)</b>	<b>3,756</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,904	715
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(38)	(270)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(626)	(1,993)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(32)	3,756

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,208</b>	<b>2,208</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,055	2,752
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Bank term deposits	153	152
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,208</b>	<b>2,904</b>

**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

<b>Current quarter \$A'000</b>
18
-

Salaries and Superannuation paid to director related entities during the June 2019 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

<b>Current quarter \$A'000</b>
-
-

Nil

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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 30 June 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.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	25
9.5 Administration and corporate costs	97
9.6 Other	
- Loan interest	32
- Rights entitlement take-up	1,800
<b>9.7 Total estimated cash outflows</b>	<b>1,954</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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 July 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.