



ASX Release
31 October 2019

ASX Code
CSE

QUARTERLY REPORT ON ACTIVITIES July to September 2019

Overview

Copper Strike Limited ('Copper Strike' or 'the Company') is pleased to provide an update to its activities for the quarter ending 30 September 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 September 2019 Copper Strike owns 9.14 million shares in Syrah Resources Limited.

During the quarter, the Company announced 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 Company also announced that it had terminated the New Loan Agreement announced on 29 March 2019.

The New Loan Agreement was terminated earlier than the original 3-year term at the Company's option and on a non-recourse basis. Cessation of the \$3.95 million loan had occurred by the Lender taking possession of 4,178,630 Syrah shares held as security, hence leaving no obligation outstanding.

As a result of the termination there is no further liability to the Company by closing out the loan and it will result in the Company recognising a gain on settlement of the liability of approximately \$1.03 million.

Registered Office

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The Board continues to review 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.

On 18 October 2019 Syrah announced an Operational Review and Restructure. This was in response to a sudden and material drop in flake graphite prices during Q3 2019. A series of significant measures are being implemented to enable the continued build of a sustainable business in the lithium-ion battery supply chain, despite very challenging conditions.

Key features are:

- Significant reduction in production in Q4 2019 and into 2020 allowing the natural graphite market to rebalance, with focus on product quality differentiation and value-in-use.
- Currently planned 2020 production of 120kt – 150kt subject to market conditions. Close monitoring of graphite market, enabling nimble response to changing conditions including ability to resume production ramp up.
- ~US\$22 million (>20%) Balama annualised cost reduction at 15kt per month versus 2019 YTD cost base (average production 15kt per month) and ~US\$1.5 million corporate overhead annualised reduction.
- Total direct cost to implement ~ US\$1.5 million, majority implementation completed by end 2019.
- Benefits of cost savings to commence from January 2020.
- Continuation of Battery Anode Material (BAM) production and product development to capitalise on investment to and capability developed date, critical for continuity of customer engagement.
- Consultation with employees, Mozambique Government, local communities and other key stakeholders to ensure support and continuity.
- Further review of Balama cost base as operation stabilises at lower volumes into 2020.

Administration

Operating expenditure for the Quarter amounted to \$150k, whilst investing activity expenditure amounted to \$1,798k.

As at 30 September 2019, Copper Strike had approximately \$228k in the bank. Expenditure going forward is expected to be approximately \$61k per Quarter, excluding investments and other one-off items.

Corporate Details

Issued Capital 106,844,810 shares

Share Price \$0.035 (30 October 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")

30 September 2019

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	(42)	(42)
(e) administration and corporate costs	(109)	(109)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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)	-	-
1.9 Net cash from / (used in) operating activities	(150)	(150)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(1,798)	(1,798)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(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	-	-
2.6 Net cash from / (used in) investing activities	(1,798)	(1,798)

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 (card scheme membership security)	-	-
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 quarter/year to date	2,208	2,208
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(150)	(150)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,798)	(1,798)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(32)	(32)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	228	228

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	228	2,055
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Bank term deposits	-	153
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	228	2,208

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
42
-

Salaries and Superannuation paid to director related entities during the September 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

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	-	-
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.		
-		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	25
9.5 Administration and corporate costs	36
9.6 Other	
- Loan interest	-
- Rights entitlement take-up	-
9.7 Total estimated cash outflows	61

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 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.