



Copper Strike Limited

ABN 16 108 398 983

Half-year Financial Report - 31 December 2021

Copper Strike Limited
Contents
31 December 2021



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Directors	Mr Mark Hanlon (Non-Executive Chairman) Mr Brendan Jesser (Non-Executive Director) Mr Anthony McIntosh (Non-Executive Director)
Company secretary	Mr Stefan Ross
Registered office	Level 4, 100 Albert Road South Melbourne Victoria 3205 Telephone: +61 3 9692 7222
Principal place of business	Level 4, 100 Albert Road South Melbourne Victoria 3205 Telephone: +61 3 9692 7222
Share register	Automic Group Level 2, 267 St Georges Terrace Perth, WA 6000 Telephone: 1300 288 664
Auditor	William Buck Level 20, 181 William Street Melbourne, VIC, 3000 Telephone: +61 3 9824 8555
Stock exchange listing	Copper Strike Limited securities are listed on the Australian Securities Exchange (ASX code: CSE)
Website	www.copperstrike.com.au

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2021.

Directors

The following persons were directors of Copper Strike Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Mark Hanlon (Non-Executive Chairman)
Mr Brendan Jesser (Non-Executive Director)
Mr Anthony McIntosh (Non-Executive Director)

Principal activities

During the financial half-year the principal continuing activities of the Company consisted of, reviewing potential exploration and development resource acquisitions (in the materials and other sectors), and management of the Company's investments.

Review of operations

The loss for the Company after providing for income tax amounted to \$679,444 (31 December 2020: \$161,872).

Financial Position

The net assets of the Company increased by \$4,580,796 to \$15,830,134 as at 31 December 2021 (30 June 2021: \$11,249,338). The main reason for the increase was due to the increase in the Company's financial assets at fair value through other comprehensive income, which increased by \$7,084,562 (before tax) during the period. As at 31 December 2021 Copper Strike owns 9,141,369 shares in Syrah Resources Limited (Syrah). The Company also holds additional unlisted investments.

The Company's working capital, being current assets less current liabilities decreased to \$644,122 (30 June 2021: \$1,114,396). The reduction in working capital was largely due to reduction in cash and cash equivalents during the period due to net payments in relation to the Company's business activities during the period.

Since the approach from the ASX over 12 months ago where ASX advised, that in their opinion, Copper Strike's current operations are not sufficient to warrant the continued quotation of its securities, the Company has reviewed a number of different projects in the Materials, Financial and Technology sectors. Acquiring a project is not necessarily a straightforward task. The Board is focused on finding a project that will add value to the share price as we go forward. The directors are also shareholders and strongly believe that the best outcome for Copper Strike will be finding an opportunity that has the potential to provide an appropriate level of upside from a growth perspective.

To date, the Board has reviewed a number of different projects in the Materials space. Some of these were located overseas and others within Australia. Many of these were not advanced enough for the Company to take further, others had technical issues that reduced their attractiveness, while others were in jurisdictions that prevented due diligence due to the impacts of COVID-19 lockouts and lockdowns.

In addition to the Materials space, the Board has reviewed a number of opportunities in the Financial and Technology space. Some of these have significant future potential however are not of an appropriate size for Copper Strike to progress, while others have vendor expectations of value that we believe will not offer Copper Strike shareholders sufficient upside through any potential transaction.

The directors currently believe that the Company's future lies within the Materials sector and is continuing to review opportunities in that space. The Company will keep shareholders informed of progress and will provide an update to shareholders at the relevant time.

An ASIC investigation into the Tracing Notice request from 2019 regarding the nature of the shareholding interest held by Mr Kevin McCrohan in the Company, is continuing.

Significant changes in the state of affairs

On 8 July 2021, the Company announced that it has been advised by the Australian Securities Exchange (ASX), that it has agreed to extend the date afforded to the Company to demonstrate that it is compliant with Listing Rule 12.1 by one month from 9 July 2021 to 9 August 2021.

In August 2021, the Company announced that it had applied for a further extension of time beyond 9 August 2021, in order to complete an appropriate acquisition. ASX advised the Company that they will respond to the Company's request for an extension in due course, and in the interim will not suspend the Company at the current time.

On 31 December 2021, the Company issued a total of 3,000,000 Performance Rights to Directors with various vesting conditions, expiring on 31 December 2024.

During the half-year ended 31 December 2021, the Company's investments in Verrency and ThinkMarkets were converted from Convertible Notes and Convertible Preference Shares, respectively, to ordinary equity.

There were no other significant changes in the state of affairs of the company during the financial half-year.

Matters subsequent to the end of the financial half-year

On 2 February 2022, the Company announced the proposed issue of 1,000,000 unlisted options, exercisable at \$0.20 (20 cents) per option, expiring 31 January 2025 to an adviser, being issued as a performance incentive. The issue of the 1,000,000 unlisted options is conditional on completion of a potential transaction/project acquisition.

No other matters or circumstances has arisen since 31 December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read "M. Hanlon".

Mr Mark Hanlon
Non-Executive Chairman

14 March 2022
Melbourne

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF COPPER STRIKE LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck.

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

Alan F. Finnis

A. A. Finnis
Director

Melbourne, 14 March 2022

ACCOUNTANTS & ADVISORS

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Copper Strike Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



	Note	31 December 2021 \$	31 December 2020 \$
Income			
Interest revenue calculated using the effective interest method		-	18,138
Expenses			
Employee benefits expense		(104,572)	(80,668)
Fair value loss on investment	5	(197,609)	-
Other expenses		(377,263)	(99,342)
Loss before income tax expense		(679,444)	(161,872)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Copper Strike Limited		(679,444)	(161,872)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax	7	5,254,962	5,169,398
Other comprehensive income for the half-year, net of tax		5,254,962	5,169,398
Total comprehensive income for the half-year attributable to the owners of Copper Strike Limited		<u>4,575,518</u>	<u>5,007,526</u>
		Cents	Cents
Basic earnings per share	9	(0.57)	(0.15)
Diluted earnings per share	9	(0.57)	(0.15)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Copper Strike Limited
Statement of financial position
As at 31 December 2021



	Note	31 December 2021 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents		632,587	1,148,628
Other receivables		29,175	7,333
Prepayments		50,601	7,108
Total current assets		<u>712,363</u>	<u>1,163,069</u>
Non-current assets			
Financial assets at fair value through other comprehensive income	4	16,545,878	9,461,316
Financial assets at fair value through profit and loss	5	389,752	593,644
Deferred tax		77,389	77,389
Deposits		2,593	2,593
Total non-current assets		<u>17,015,612</u>	<u>10,134,942</u>
Total assets		<u>17,727,975</u>	<u>11,298,011</u>
Liabilities			
Current liabilities			
Trade and other payables		68,241	48,673
Total current liabilities		<u>68,241</u>	<u>48,673</u>
Non-current liabilities			
Deferred tax	6	1,829,600	-
Total non-current liabilities		<u>1,829,600</u>	<u>-</u>
Total liabilities		<u>1,897,841</u>	<u>48,673</u>
Net assets		<u>15,830,134</u>	<u>11,249,338</u>
Equity			
Issued capital		12,412,119	12,412,119
Reserves	7	10,590,136	5,329,896
Accumulated losses		(7,172,121)	(6,492,677)
Total equity		<u>15,830,134</u>	<u>11,249,338</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Copper Strike Limited
Statement of changes in equity
For the half-year ended 31 December 2021



	Contributed equity \$	Revaluation Reserves \$	Performance rights reserve \$	Option Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	11,221,853	(1,828,542)	-	-	(6,006,436)	3,386,875
Loss after income tax expense for the half-year	-	-	-	-	(161,872)	(161,872)
Other comprehensive income for the half-year, net of tax	-	5,169,398	-	-	-	5,169,398
Total comprehensive income/(loss) for the half-year	-	5,169,398	-	-	(161,872)	5,007,526
Balance at 31 December 2020	<u>11,221,853</u>	<u>3,340,856</u>	<u>-</u>	<u>-</u>	<u>(6,168,308)</u>	<u>8,394,401</u>
	Contributed equity \$	Revaluation reserve \$	Performance rights reserve \$	Options reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	12,412,119	5,025,444	-	304,452	(6,492,677)	11,249,338
Loss after income tax expense for the half-year	-	-	-	-	(679,444)	(679,444)
Other comprehensive income for the half-year, net of tax	-	5,254,962	-	-	-	5,254,962
Total comprehensive income/(loss) for the half-year	-	5,254,962	-	-	(679,444)	4,575,518
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	5,278	-	-	5,278
Balance at 31 December 2021	<u>12,412,119</u>	<u>10,280,406</u>	<u>5,278</u>	<u>304,452</u>	<u>(7,172,121)</u>	<u>15,830,134</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Copper Strike Limited
Statement of cash flows
For the half-year ended 31 December 2021



	31 December 2021 \$	31 December 2020 \$
Cash flows from operating activities		
Payments to suppliers and employees	<u>(516,041)</u>	<u>(196,022)</u>
Net cash used in operating activities	<u>(516,041)</u>	<u>(196,022)</u>
	<u> </u>	<u> </u>
Net cash from investing activities	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>
Net cash from financing activities	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>
Net decrease in cash and cash equivalents	(516,041)	(196,022)
Cash and cash equivalents at the beginning of the financial half-year	<u>1,148,628</u>	<u>321,053</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>632,587</u></u>	<u><u>125,031</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Copper Strike Limited as an individual entity. The financial statements are presented in Australian dollars, which is Copper Strike Limited's functional and presentation currency.

Copper Strike Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne Victoria 3205

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 March 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

None of these Accounting Standards and Interpretations had a material effect.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Having assessed the potential uncertainties relating to the Consolidated Entity's ability to effectively fund exploration activities and operating expenditures, the Directors believe that the Consolidated Entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it is appropriate to prepare the financial statements on a going concern basis.

Note 3. Operating segments

Identification of reportable operating segments

The Company operated predominately as an explorer for minerals within Australia.

Accounting policy for operating segments Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The CODM reviews the Company as a whole in the business segment of mineral exploration and investment management.

Note 4. Non-current assets - financial assets at fair value through other comprehensive income

	31 December 2021 \$	30 June 2021 \$
Ordinary shares in Syrah Resources Limited	<u>16,545,878</u>	<u>9,461,316</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:		
Opening fair value	9,461,316	2,513,876
fair value gain	<u>7,084,562</u>	<u>6,947,440</u>
Closing fair value	<u>16,545,878</u>	<u>9,461,316</u>

Financial assets at fair value through other comprehensive income relates to ordinary shares of Syrah Resources Limited which is a listed company. This investment has been valued at its quoted price in accordance with AASB 13, using Level 1 of the fair value hierarchy - quoted prices (unadjusted) in active markets for identical assets or liabilities.

AASB 13 'Fair Value Measurement' requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note 5. Non-current assets - Financial assets at fair value through profit and loss

	31 December 2021 \$	30 June 2021 \$
Investment in ThinkMarkets - Ordinary Shares	250,000	250,000
Investment in Verrency Group Limited (Australia)-Ordinary shares*	<u>139,752</u>	<u>343,644</u>
	<u>389,752</u>	<u>593,644</u>

*The investment in Verrency Holdings Limited is denominated in USD and subject to exchange rate fluctuations.

The Company holds ordinary shares amounting to \$250,000 in Think Financial Group Holdings Limited (ThinkMarkets). These shares are designated as Level 3 Instrument, as the fair value is based on unobservable inputs for the asset. Investment is carried at the fair value determined by the directors, which is equivalent to their acquisition cost.

The Company was holding convertible notes in Verrency Holdings Limited (Verrency). On 29 July 2021, these convertible notes were converted to 221,828,875 ordinary shares. These shares were fair valued at the conversion date fair value and the Company recognised a fair value loss of \$197,609.

The Directors considered the carrying value of the unlisted investments but are unable to assess the fair value of these investments at a higher level due to unavailability of additional information. The Directors have consulted with management of the investment companies and considered information available to the Board. Given the nature of the unlisted investments, the Directors are unable to assess an alternative value of these investments using available market information as at the end of the reporting period. Accordingly, the Directors have continued to assess the fair value of the investments at its cost.

There was no evidence of any decline in fair value below cost.

Note 6. Non-current liabilities - deferred tax

	31 December 2021 \$	30 June 2021 \$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in equity:		
Revaluation of financial assets at fair value through other comprehensive income	1,829,600	-
Deferred tax liability	<u>1,829,600</u>	<u>-</u>
<i>Movements:</i>		
Opening balance	-	-
Recognised in equity (assets fair valued through other comprehensive income)	1,829,600	-
Closing balance	<u>1,829,600</u>	<u>-</u>

The above deferred tax liability represent the estimated future tax obligations on investments in Syrah Resources Limited. This deferred tax liability is net of tax benefits on carried forward tax losses amounting to \$680,384. The Company determined that the carried forward tax losses can be utilised against any future tax obligations.

Note 7. Equity - reserves

	31 December 2021 \$	30 June 2021 \$
Revaluation reserve	10,280,406	5,025,444
Options reserve	304,452	304,452
Performance rights reserve	5,278	-
	<u>10,590,136</u>	<u>5,329,896</u>

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

On 8 December 2021, the Company obtained shareholder approval for the issue of 3,000,000 performance rights to directors of the Company. The performance rights are issued in recognition of additional services provided to the Company over calendar year 2021. The performance rights were issued on 31 December 2021 with various vesting conditions, expiring on 31 January 2024. Under IG4, which is set out in the Appendix to AASB 2 Share Based Payments, the service period was determined to be 8 December 2021. Performance rights are valued at their fair value and will vest in three tranches dependent subject to meeting the below vesting conditions:

- One-third of the performance rights vest and become exercisable when the Company's 5-day Volume weighted Average Price (VWAP) is equal to or greater than \$0.14 (14 cents) at any time between grant and expiry.
- One-third of the performance rights vest and become exercisable when the Company's 5-day VWAP is equal to or greater than \$0.17 (17 cents) at any time between grant and expiry.
- One-third of the performance rights vest and become exercisable when the Company's 5-day VWAP is equal to or greater than \$0.21 (21 cents) at any time between grant and expiry.

Following assumptions were used in assessing the fair value of the performance:

Note 7. Equity - reserves (continued)

Assumption	Tranche 1	Tranche 2	Tranche 2
Valuation Date	08-Dec-21	08-Dec-21	08-Dec-21
Spot Price	\$0.079	\$0.079	\$0.079
Exercise Price	Nil	Nil	Nil
Expiry Date	31-Jan-24	31-Jan-24	31-Jan-24
Barrier Price	\$0.14	\$0.17	\$0.21
Expected Future Volatility	95%	95%	95%
Risk Free Rate	0.55%	0.55%	0.55%
Dividend Yield	Nil	Nil	Nil

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Revaluation reserve \$	Options reserve \$	Performance rights reserve \$	Total \$
Balance at 1 July 2021	5,025,444	304,452	-	5,329,896
Fair value gain on revaluation of assets	7,084,562	-	-	7,084,562
Tax effect of revaluation of assets	(1,829,600)	-	-	(1,829,600)
Performance rights granted	-	-	5,278	5,278
Balance at 31 December 2021	<u>10,280,406</u>	<u>304,452</u>	<u>5,278</u>	<u>10,590,136</u>

Note 8. Events after the reporting period

On 2 February 2022, the Company announced the proposed issue of 1,000,000 unlisted options, exercisable at \$0.20 (20 cents) per option, expiring 31 January 2025 to an adviser, being issued as a performance incentive. The issue of the 1,000,000 unlisted options is conditional on completion of a potential transaction/project acquisition.

No other matters or circumstances has arisen since 31 December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 9. Earnings per share

	31 December 2021 \$	31 December 2020 \$
Loss after income tax attributable to the owners of Copper Strike Limited	<u>(679,444)</u>	<u>(161,872)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>120,029,019</u>	<u>106,844,810</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>120,029,019</u>	<u>106,844,810</u>
	Cents	Cents
Basic earnings per share	(0.57)	(0.15)
Diluted earnings per share	(0.57)	(0.15)

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read "M. Hanlon".

Mr Mark Hanlon
Non-Executive Chairman

14 March 2022
Melbourne

Copper Strike Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Copper Strike Limited (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Copper Strike Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

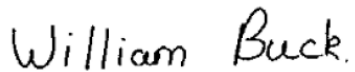
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Auditor's Responsibilities for the Review of the Financial Report

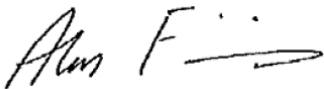
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



A. A. Finnis

Director

Melbourne, 14 March, 2022