



30 April 2020

QUARTERLY REPORT ON ACTIVITIES January to March 2020

Overview

Copper Strike Limited ("**Copper Strike**" or the "**Company**") is pleased to provide an update on its activities for the quarter ending 31 March 2020.

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 2020 Copper Strike owns 9.14 million shares in Syrah Resources Limited.

The Board continues to review opportunities in the mining space and will opportunistically seek to acquire additional investments that the Directors believe have considerable upside potential and are in the best interests of the Company and all its shareholders.

Board Changes

On 3 January 2020, the Company announced changes to the Board of Directors, which included the appointment of Mr Tim Staermose and Mr Tolga Kumova as Directors of the Company, as well as the resignation of Mr Harry Hatch.

On 21 January 2020, the Company announced the resignation of Mr Mark Hanlon as a Director of the Company due to personal commitments and the appointment of Mr Staermose as Chairman of the Company.

Change of Share Registry

On 20 January 2020, it was announced that as of Monday, 20 January 2020 the Company's provider for registry services had changed from Security Transfer Australia Pty Ltd to Automic Group.

The new share registry contact details are as follows:

Automic Group

Perth office:

Level 2
267 St Georges Terrace
PERTH WA 6000

Sydney office:

Level 5
126 Phillip Street
SYDNEY NSW 2000

All correspondence to:

GPO Box 5193
SYDNEY NSW 2001

Phone:

1300 288 664 (within Australia)
+61 (0) 2 9698 5414 (International)

Web: www.automicgroup.com.au

Copper Strike Limited | ASX:CSE

ACN: 108 398 983 | ABN: 16 108 398 983
Level 4, 100 Albert Road, South Melbourne, VIC, 3205
T: +61 3 9692 7222 | F: +61 3 9077 9233
www.copperstrike.com.au

Board of Directors:

Mr Tim Staermose – Non-Executive Chairman
Mr Brendan Jesser – Non-Executive Director
Mr Tolga Kumova – Non-Executive Director
Mr Stefan Ross – Company Secretary



Change of Company Secretary

On 27 February 2020, the Company announced the appointment of Mr Stefan Ross as Company Secretary following the resignation of Ms Melanie Leydin.

Syrah Shareholding

Key Points from Syrah Quarterly Activities Report – March 2020. Refer to the Syrah March quarterly activities and cash flow report for further details.

- Total Recordable Injury Frequency Rate ("TRIFR") of 0.6 as at the end of the quarter.
- Shutdowns in China during the quarter highlight USA and Europe's dependence on Chinese supply of lithium ion battery materials.
- Production of 12kt flake graphite during the quarter, lower than prior quarter production of 15kt due to China market conditions.
- Graphite sold and shipped of 7kt (prior quarter: 17kt). Weighted average selling price (CIF) of US\$478/t (prior quarter: US\$458/t), increase versus prior quarter largely due to geographic mix of sales.
- Natural graphite production guidance for 2020 suspended from 19 March due to operational and market uncertainty associated with impacts of Coronavirus ("COVID 19").
- Temporary suspension of operations from 28 March due to impact of COVID 19 on the domestic and international mobility of the Balama Graphite Operation ("Balama") workforce. Suspension of operations has been undertaken in an orderly manner with preservation of optionality to promptly restart operations.
- Finished product inventory of 19kt at quarter end, capability has been retained to dispatch sales orders from Balama inventory on hand during temporary suspension of production.
- Pre-existing target of 20% to 25% cost reduction (at 15kt per month production rate) achieved, with reductions of 20% implemented and realised. Operational review in progress to assess options to further preserve cash for a range of ongoing market demand and product pricing scenarios.
- Operations at Vidalia suspended during the quarter due to State-wide "Stay at Home Order" by the Governor of Louisiana, USA.
- Dispatch of qualification samples from Vidalia to potential end customers during the quarter impacted by minor equipment issues during process optimisation.
- Cash balance at 31 March 2020 US\$64.7m versus forecast of US\$64.6m.

Administration

Copper Strike's operating expenditure for the quarter amounted to \$71k.

As at 31 March 2020, Copper Strike had approximately \$123k in the bank. Expenditure for the next quarter is expected to be approximately \$61k, excluding investments and other one-off items.



Subsequent to the end of the quarter, the Company announced on 22 April 2020 that it had sold 1,959,107 fully paid ordinary shares in its listed investment, Strandline Resources Limited ("Strandline"), to fund general working capital. The consideration for the sale was gross \$229,077. The Directors considered that the sale of shares in Strandline was the most cost-efficient, non-dilutive and expedient method of funding available to it at the present time. As at the date of this announcement, Copper Strike has sold an additional 22,697 fully paid ordinary shares in Strandline, resulting in an additional gross \$2,610 in proceeds. This additional sale completes the sale of all of its investment in Strandline Shares.

Payments to related parties and their associates during the quarter was \$19k. These payments relate to salaries and superannuation paid to director related entities during the March 2020 quarter.

-Ends-

This announcement was authorised for release by the Copper Strike Board of Directors.

For further information please contact:

Tim Staermose
Chairman
+61 3 9692 7222

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

COPPER STRIKE LIMITED

ABN

16 108 398 983

Quarter ended ("current quarter")

31 March 2020

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 (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(19)	(87)
	(e) administration and corporate costs	(52)	(176)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	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	(71)	(262)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	(1,798)
	(f) 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) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	7
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(1,791)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(32)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(32)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	194	2,208
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(71)	(262)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1,791)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(32)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	123	123

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	123	194
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	123	194

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
19
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(71)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(71)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	123
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	123
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.7
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes, the entity expects that it will continue to have the current level of net operating cash flows for the time being.	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	

Answer: Yes, subsequent to the end of the quarter, the Company announced on 22 April 2020 that it had sold 1,959,107 fully paid ordinary shares in its listed investment, Strandline Resources Limited ("Strandline"), to fund general working capital. The consideration for the sale was gross \$229,077. The Directors considered that the sale of shares in Strandline was the most cost-efficient, non-dilutive and expedient method of funding available to it at the present time. As at the date of this announcement, Copper Strike has sold an additional 22,697 fully paid ordinary shares in Strandline, resulting in an additional gross \$2,610 of proceeds. This additional sale completes the sale of all of its investment in Strandline Shares. Copper Strike also has other listed investments on its balance sheet and has the option to liquidate these investments in a short time frame in order to provide further funding for the Company. The Directors are confident that sufficient funds can be secured if required by a combination of capital raising and / or sales of financial assets.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects to be able to continue its operations and meet its business objectives on the basis that it has secured funding and expects to be able to secure funding in the future as described in answer to question 8.8 (2) above.

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.

Date: 30 April 2020.....

Authorised by: The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.