



29 July 2020

QUARTERLY REPORT ON ACTIVITIES April to June 2020

Overview

Copper Strike Limited ("**Copper Strike**" or the "**Company**") is pleased to provide an update on its activities for the quarter ending 30 June 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 30 June 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.

Funding

During 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. In addition to this, the Company also sold an additional 22,697 fully paid ordinary shares in Strandline, resulting in an additional \$2,610 in proceeds. This resulted in the Company completing the sale of all its investment in Strandline Shares during the quarter. 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 time.

The Company also sold, 1,000,000 fully paid ordinary shares in its listed investment, Superior Resources Limited ("Superior") for gross proceeds of \$4,190 during the quarter.

Change of Auditor

Subsequent to the end of the quarter, on 10 July 2020, the Company announced that William Buck Audit [VIC] Pty Ltd ("William Buck") has been appointed as auditor of the Company. This appointment followed the resignation of Grant Thornton Audit Pty Ltd ("Grant Thornton"), and ASIC's consent to the resignation in accordance with s329(5) of the Corporations Act 2001.

The Company recently undertook an audit tender process, and as part of this process considered length of tenure and costs associated with the audit, with a view to reduce costs of the external auditor where possible. The Board believes that the appointment of William Buck is in the best interests of the Company and its shareholders.

In accordance with s327C of the Corporations Act 2001, William Buck will hold office until the next Annual General Meeting at which shareholders will formally approve the new auditor.



Syrah Shareholding

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

- Ongoing focus on health and safety of personnel and ensuring compliance with internal COVID 19 protocols and government directives. No cases of COVID 19 have been identified at any of Syrah's global operations to date. Total Recordable Injury Frequency Rate ("TRIFR") was 0.8 at Balama at the end of Q2 2020.
- Production of battery specification anode precursor material has been demonstrated at commercial scale at Vidalia, Louisiana (achieved post quarter end), uniquely positioning Syrah as a credible and advanced potential supplier of battery anode material outside of Asia.
- China currently produces 100% of the natural graphite anode precursor material used for production of lithium-ion batteries in Electric Vehicles ("EV"), as well as other applications. Syrah believes the Vidalia operation is the farthest progressed alternate source of natural graphite anode precursor material ex-China.
- Anode precursor from Vidalia will be further processed to Active Anode Material ("AAM") via toll treatment and from a furnace to be installed at Vidalia over the coming quarters, which will further facilitate ongoing strategic, financial partnership, and end-customer interactions.
- Natural graphite sales from Balama during the quarter came to 9kt (prior quarter: 7kt)
- No natural graphite production at Balama during Q2 2020 (prior quarter: 12kt) due to ongoing impacts of COVID 19, specifically:
 - Ongoing travel restrictions, limiting the mobility of the Balama workforce; and,
 - Weak end user demand due to lockdowns, mobility restrictions and economic uncertainty negatively impacting year-to-date EV sales.
- Immediate-term market conditions remain weak and timing of re-commencement of production at Balama is uncertain. Although, Syrah believes strong medium to long-term growth in natural graphite demand, driven by growth in EV sales, is supported by: ongoing investments by supply chain participants (auto manufacturers and cell makers); economic stimulus packages designed to accelerate EV adoption and charging infrastructure buildout; and, the relative strength of EV sales versus Internal Combustion Engine ("ICE") passenger vehicles year-to-date.
- A labour restructure at Balama (65% headcount reduction) and other actions are being implemented to further preserve cash during the current period of suspended production, whilst also retaining operating and marketing capability to restart production once travel restrictions are lifted and improvement in end user demand is observed - restart lead time is expected to be 2 to 3 months post implementation of planned cash preservation measures.
- Cost reduction measures are expected to reduce Balama cash outflows to US\$7m per quarter, with one-off implementation cost of ~ US\$1m to be incurred in Q3 2020.
- Commitment maintained to all in-progress sustainable development and community activities.
- Cash of US\$53m at end Q2 2020. Available liquidity and measures taken to minimise fixed costs positions the company to manage an extended period of market uncertainty.



Administration

As at 30 June 2020, Copper Strike had approximately \$321k in cash and cash equivalents. Copper Strike's operating expenditure for the quarter amounted to \$44k.

Payments to related parties and their associates during the quarter was \$16k. These payments relate to salaries and superannuation paid to director related entities during the June 2020 quarter.

-Ends-

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

For further information please contact:

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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")

30 June 2020

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 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 | (16) | (103) |
| | (e) administration and corporate costs | (28) | (204) |
| 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 | (44) | (306) |

| | | | |
|-----------|---|---|---------|
| 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 (12 months) \$A'000 |
|---|---|------------------------------------|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | 236 | 236 |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | 7 | 14 |
| 2.5 | Other (transaction costs relating to disposal of investments) | (1) | (1) |
| 2.6 | Net cash from / (used in) investing activities | 242 | (1,549) |

| | | | |
|-------------|---|----------|-------------|
| 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 | 123 | 2,208 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (44) | (306) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 242 | (1,549) |
| 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 (12 months) \$A'000 |
|---|---|------------------------------------|---|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 321 | 321 |

| 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 | 321 | 123 |
| 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) | 321 | 123 |

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 |
|------------------------------------|
| 16 |
| - |

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

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

| | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---------------------------------------|---|--|
| 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.

N/A

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (44) |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d)) | - |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (44) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 321 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | 321 |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 7.30 |

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: N/A

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: N/A

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: N/A

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: 29 July 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.