

Copper Strike Limited

ABN 16 108 398 983

Half-year Financial Report - 31 December 2015

Copper Strike Limited
Contents
31 December 2015

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Copper Strike Limited
Corporate directory
31 December 2015

Directors	Tom Eadie (Non-Executive Chairman) Brendan Jesser (Non-Executive Director) Mark Hanlon (Non-Executive Director)
Company secretary	Melanie Leydin
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	Security Transfer Registrars Pty Ltd Alexandra House Suite 1, 770 Canning Highway Applecross WA 6153
Auditor	Grant Thornton Audit Pty Ltd The Rialto, Level 30 525 Collins Street Melbourne Victoria 3000
Solicitors	Baker & McKenzie Level 19 181 William Street Melbourne Victoria 3000
Stock exchange listing	Copper Strike Limited shares are listed on the Australian Securities Exchange (ASX code: CSE)
Website	www.copperstrike.com.au

Copper Strike Limited
Directors' report
31 December 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Copper Strike Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

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 Tom Eadie (Non-Executive Chairman)
Mr Brendan Jesser (Non-Executive Director)
Mr Mark Hanlon (Non-Executive Director)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Exploration for base and precious metals, and investment activities.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$265,737 (31 December 2014: loss of \$17,774).

Financial Position

The net assets of the consolidated entity increased by \$1,487,729 to \$33,081,659 as at 31 December 2015 (30 June 2015: \$31,593,930). The main reason for the increase this financial half-year is due to the revaluation increment of \$1,221,992 attributable to the value of financial assets held.

The consolidated entity's working capital, being current assets less current liabilities increased by \$435,776 to \$910,059 (30 June 2015: \$474,283).

The Directors believe the consolidated entity is in a strong and stable position to expand and grow its current operations.

During the half-year, Copper Strike Limited renounced its entitlements in the Syrah Resources Institutional Entitlement Offer. The renounced entitlements were sold via the institutional bookbuild, with the proceeds from the sale in excess of the Offer Price returned to renouncing shareholders. Copper Strike received proceeds of approximately \$578,948 on 13th August 2015 in relation to the renounced entitlements.

In October 2015, Keybridge Capital Limited (ASX: KBC) announced that it had become a substantial shareholder in Copper Strike. KBC has continued to increase their ownership of CSE shares. As of 18 December 2015, KBC and other wholly owned entities owned 9.93% of the Company's shares.

Also during the half-year, Copper Strike enunciated its strategy with respect to its shareholding in Syrah Resources Limited (ASX: SYR). The Company is pleased with progress being made at Syrah in relation to its Balama Graphite Project. Copper Strike owns 11 million shares in Syrah, which is a holding of just under 5%. The Company notes that Syrah raised \$211 million in equity capital during the half-year via an underwritten placement and rights issue. This raising allows Syrah to progress immediately into construction of its mine, processing plant and associated infrastructure to ensure production is targeted for early 2017. Copper Strike strongly supports the Syrah strategy in relation to the development of the Balama Project and furthering studies in relation to its proposed spherical graphite processing facilities in the United States and Mozambique and its proposed vanadium processing facility at Balama. Copper Strike believes that the share price of Syrah has considerable upside now that the equity capital raising has been completed, construction has commenced and Syrah continues to release further details in relation to its dealings with its offtake partners and other stakeholders. As such the directors are of the view that it is in shareholders' best interests for the Company to continue to hold this investment to ensure that the potential upside in relation to the development of the world class Balama Project is reflected within the Syrah share price.

Significant changes in the state of affairs

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

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 on page 5.

Copper Strike Limited
Directors' report
31 December 2015

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 'E. Eadie', is positioned above a horizontal line.

Ernest Thomas Eadie
Non-Executive Chairman

8 March 2016
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Auditor's Independence Declaration To The Directors of Copper Strike Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Copper Strike Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 8 March 2016

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Copper Strike Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

		Consolidated	
	Note	31 December 2015	31 December 2014
		\$	\$
Revenue	4	5,196	56,958
Other income	5	522,664	178,257
Expenses			
Administration costs		(52,991)	(162,690)
Exploration expenditure written off		(727)	(118)
Employee benefits expense		(94,340)	(95,138)
		<hr/>	<hr/>
Profit/(loss) before income tax (expense)/benefit		379,802	(22,731)
Income tax (expense)/benefit		(114,065)	4,957
		<hr/>	<hr/>
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Copper Strike Limited		265,737	(17,774)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of available-for-sale financial assets, net of tax		1,221,992	-
Loss on the revaluation of available-for-sale financial assets, net of tax		-	(7,312,902)
		<hr/>	<hr/>
Other comprehensive income for the half-year, net of tax		1,221,992	(7,312,902)
		<hr/>	<hr/>
Total comprehensive income for the half-year attributable to the owners of Copper Strike Limited		<u>1,487,729</u>	<u>(7,330,676)</u>
		Cents	Cents
Basic earnings per share		0.25	(0.02)
Diluted earnings per share		0.25	(0.02)

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 2015

		Consolidated	
	Note	31 December	30 June 2015
		2015	2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		914,544	503,220
Trade and other receivables		17,818	7,680
Other		19,706	1,526
Total current assets		<u>952,068</u>	<u>512,426</u>
Non-current assets			
Available-for-sale financial assets	6	43,019,747	41,329,619
Deferred tax	7	1,783,452	1,940,626
Other		18,316	18,008
Total non-current assets		<u>44,821,515</u>	<u>43,288,253</u>
Total assets		<u>45,773,583</u>	<u>43,800,679</u>
Liabilities			
Current liabilities			
Trade and other payables		42,009	38,143
Total current liabilities		<u>42,009</u>	<u>38,143</u>
Non-current liabilities			
Deferred tax	8	12,649,915	12,168,606
Total non-current liabilities		<u>12,649,915</u>	<u>12,168,606</u>
Total liabilities		<u>12,691,924</u>	<u>12,206,749</u>
Net assets		<u>33,081,659</u>	<u>31,593,930</u>
Equity			
Issued capital		11,221,853	11,221,853
Reserves	9	28,208,903	26,986,911
Accumulated losses		(6,349,097)	(6,614,834)
Total equity		<u>33,081,659</u>	<u>31,593,930</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 2015

Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2014	11,221,853	(6,484,441)	30,067,816	34,805,228
Loss after income tax benefit for the half-year	-	(17,774)	-	(17,774)
Other comprehensive income for the half-year, net of tax	-	-	(7,312,902)	(7,312,902)
Total comprehensive income for the half-year	-	(17,774)	(7,312,902)	(7,330,676)
<i>Transactions with owners in their capacity as owners:</i>				
Deregistration of Sherwood Ventures Pty Ltd	-	5,511	-	5,511
Balance at 31 December 2014	<u>11,221,853</u>	<u>(6,496,704)</u>	<u>22,754,914</u>	<u>27,480,063</u>
Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2015	11,221,853	(6,614,834)	26,986,911	31,593,930
Profit after income tax expense for the half-year	-	265,737	-	265,737
Other comprehensive income for the half-year, net of tax	-	-	1,221,992	1,221,992
Total comprehensive income for the half-year	-	265,737	1,221,992	1,487,729
Balance at 31 December 2015	<u>11,221,853</u>	<u>(6,349,097)</u>	<u>28,208,903</u>	<u>33,081,659</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 2015

	Consolidated	
	31 December	31 December
	2015	2014
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(171,544)	(478,010)
Interest received	3,920	12,258
	<u>(167,624)</u>	<u>(465,752)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	-	(118)
Proceeds from disposal of property, plant and equipment	-	13,257
Proceeds from renouncement of entitlement rights	578,948	-
	<u>578,948</u>	<u>13,139</u>
Cash flows from financing activities		
Net cash from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	411,324	(452,613)
Cash and cash equivalents at the beginning of the financial half-year	<u>503,220</u>	<u>1,210,263</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>914,544</u></u>	<u><u>757,650</u></u>

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

Copper Strike Limited
Notes to the financial statements
31 December 2015

Note 1. General information

The financial statements cover Copper Strike Limited as a consolidated entity consisting of Copper Strike Limited and the entities it controlled at the end of, or during, the half-year. 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 consolidated entity'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 8 March 2016. 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 2015 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 2015 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Note 3. Operating segments

The consolidated entity is organised into one operating segment which consists of exploration for base and precious metals within Australia. This operating segment is based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining allocation of resources.

Note 4. Revenue

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Interest	5,196	14,150
Rent	-	42,808
Revenue	<u>5,196</u>	<u>56,958</u>

Copper Strike Limited
Notes to the financial statements
31 December 2015

Note 5. Other income

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Net fair value gain/(loss) on other financial assets	(56,284)	165,000
Net gain on disposal of property, plant and equipment	-	13,257
Renouncement of Rights	578,948	-
	<u>522,664</u>	<u>178,257</u>
Other income	<u>522,664</u>	<u>178,257</u>

The amount of (\$56,284) recognised in the current period relates to the initial loss on recognising the value of Copper Strike Limited receiving 13,589,570 fully paid ordinary shares in Strandline Resources Limited, a listed Company.

Note 6. Non-current assets - available-for-sale financial assets

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Ordinary shares in Strandline Resources Limited	95,127	-
Ordinary shares in Syrah Resources Limited	42,900,020	41,140,019
Ordinary shares in Superior Resources Limited	7,000	7,000
Ordinary shares in West African Gold Limited	17,600	17,600
Ordinary shares in Jacana Minerals Limited	-	165,000
	<u>43,019,747</u>	<u>41,329,619</u>

Reconciliation

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	41,329,619	45,549,021
Initial gain/(loss) on recognition	(56,284)	182,600
Revaluation increments	1,760,001	-
Revaluation decrements	(13,589)	(4,402,002)
Closing fair value	<u>43,019,747</u>	<u>41,329,619</u>

Financial assets available for sale for Syrah Resources Limited, Superior Resources Limited and Strandline Resources Limited are ordinary shares in listed companies, and West African Gold Limited and Jacana Minerals Limited are ordinary shares in unlisted companies.

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).

Copper Strike Limited
Notes to the financial statements
31 December 2015

Note 7. Non-current assets - deferred tax

	Consolidated	
	31 December	
	2015	30 June 2015
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	1,772,088	1,932,287
Exploration expenditure	3,239	3,239
Accrued expenses	3,300	5,100
Superannuation payable	748	-
	<u>1,779,375</u>	<u>1,940,626</u>
Amounts recognised in equity:		
Investments	4,077	-
Deferred tax asset	<u><u>1,783,452</u></u>	<u><u>1,940,626</u></u>

Note 8. Non-current liabilities - deferred tax

	Consolidated	
	31 December	
	2015	30 June 2015
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Interest receivable	267	-
Revaluation of available-for-sale financial assets	-	49,500
	<u>267</u>	<u>49,500</u>
Amounts recognised in equity:		
Investments	12,649,648	12,119,106
Deferred tax liability	<u><u>12,649,915</u></u>	<u><u>12,168,606</u></u>

Note 9. Equity - reserves

	Consolidated	
	31 December	
	2015	30 June 2015
	\$	\$
Available-for-sale reserve	<u><u>28,208,903</u></u>	<u><u>26,986,911</u></u>

Available-for-sale reserve

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

Copper Strike Limited
Notes to the financial statements
31 December 2015

Note 9. Equity - reserves (continued)

Movements in reserves

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

Consolidated	Available- for-sale \$	Total \$
Balance at 1 July 2015	26,986,911	26,986,911
Revaluation of available for sale investments	<u>1,221,992</u>	<u>1,221,992</u>
Balance at 31 December 2015	<u><u>28,208,903</u></u>	<u><u>28,208,903</u></u>

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Contingent liabilities

There has been no material change to the consolidated entity's contingent liabilities as at 31 December 2015.

Note 12. Commitments

The consolidated entity has no commitments at 31 December 2015 or 31 December 2014.

Note 13. Events after the reporting period

Since 31 December 2015, the fair value of the investment in Syrah Resources Limited (ASX Code: SYR) has increased to \$48,290,022 as at 7 March 2016. This is an increase of \$5,390,002 since 31 December 2015.

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Copper Strike Limited
Directors' declaration
31 December 2015

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 consolidated entity's financial position as at 31 December 2015 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



Ernest Thomas Eadie
Non-Executive Chairman

8 March 2016
MELBOURNE

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Independent Auditor's Review Report To the Members of Copper Strike Limited

We have reviewed the accompanying half-year financial report of Copper Strike Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and 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, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of Copper Strike Limited 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, 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 Copper Strike Limited consolidated entity’s financial position as at 31 December 2015 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. As the auditor of Copper Strike Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

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 consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 8 March 2016