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Copper Strike Limited

ABN 16 108 398 983

Half-year Financial Report - 31 December 2010

Copper Strike Limited
Corporate directory
31 December 2010

Directors	Tom Eadie John Dunlop Barrie Laws
Company secretary	David Ogg
Registered office	Level 9/356 Collins Street Melbourne Victoria 3000 Tel : 61 3 9640 0955 Fax :61 3 9642 0698
Auditor	Melanie Leydin Leydin Freyer Audit Pty Ltd Chartered Accountants Suite 304, 22 St Kilda Road St Kilda Victoria 3182
Website address	www.copperstrike.com.au

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Copper Strike Limited
Directors' report
31 December 2010

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 for the half-year ended 31 December 2010.

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 (Executive Chairman)
Mr Barrie Laws (Non Executive Director)
Mr John Dunlop (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
- continued pre-development phase of the Einaslight project

The Group continued in the pre-development phase of the Einasleigh project

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$676,114 (31 December 2009: \$825,724).

Refer to the separate operational and technical review of operations following this director's report.

Significant changes in the state of affairs

During the period 13,000,000 shares were issued to Teck Australia Pty Ltd in exchange for them relinquishing all remaining claims over the Group's exploration assets. No cash was exchanged as part of this transaction and consequently the shares were recognised at the market price at the grant date. Refer to Note 4 for details.

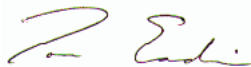
There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

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 the following page.

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



E T Eadie
Executive Chairman

12 March 2011
MELBOURNE

Operational and Technical Review of Operations

Corporate

In late September 2010, Copper Strike signed an agreement with Teck Australia Pty Ltd (Teck) to acquire all of Teck's remaining rights in the Einasleigh and Walford Creek Projects. The rights acquired included Teck's rights to earn a 51% interest in any new Copper Strike discovery and a first right of refusal on concentrate marketing. The removal of these rights was a very important milestone for Copper Strike.

The Directors of Copper Strike were advised on 12 October 2010 of Kagara Limited's intention to make a conditional takeover offer for all the shares in the Company at a price of 11c each.

Copper Strike formed a strong team to assist the Directors in responding to the Kagara offer including professionals from SLM Corporate Pty Ltd (advisor), Baker & McKenzie (legal), RSM Bird Cameron (independent accounting) and Mining One (independent technical).

In January 2011 Copper Strike announced a Placement Agreement with Beijing Jintai Yuanchung Mining Co. Ltd ("Jintai") and Taifeng Yuanchung International Development Limited ("Taifeng HK") and a Development Agreement with Taifeng HK. The Placement Agreement is subject to confirmatory due diligence, and approvals by Copper Strike shareholders, FIRB and various Chinese government agencies. The Development Agreement is subject to the above plus a successful Bankable Feasibility Study.

Walford Creek

Strong results were received from drilling by joint venture partner MM Mining (earning 70%) at the Walford Creek Project in NW Queensland. The results extend the thick high grade portion of the deposit by 200 metres to the east where it remains open at a shallow depth. Best results were in:

WFDD87 which returned 17.1 metres @ 1.94% copper, 2.41% lead, 0.71% zinc, 29.0g/t silver and 0.43% cobalt from 76 metres and

WFDD88 which returned 14 metres @ 1.63% copper, 18g/t silver and 0.086% cobalt from 164metres, as well as 5.5 metres @ 4.9% lead, 4.2% zinc and 87g/t Ag from 158 metres.

MM Mining is planning a more substantial drilling programme for 2011.

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, in relation to the Independent Half-year Auditor's Review for the half-year ending 31 December 2010, there have been:

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



MELANIE J LEYDIN
Registered Company Auditor
Registration: 212298

Dated: 12 March 2011

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Copper Strike Limited
Financial report
For the half-year ended 31 December 2010

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General information

The financial report covers Copper Strike Limited as a consolidated entity consisting of Copper Strike Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Copper Strike Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

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 9
356 Collins Street
Melbourne VIC 3000

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 report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 12 March 2011. The directors have the power to amend and reissue the financial report.

Copper Strike Limited
Statement of comprehensive income
For the half-year ended 31 December 2010

	Note	Consolidated	Consolidated
		31/12/10	31/12/09
		\$	\$
Revenue		47,256	32,162
Share of profits of associates accounted for using the equity method	3	-	(196,417)
Expenses			
Administration costs		(217,297)	(232,602)
Exploration expenditure written off		(3,132)	(62,179)
Employee benefits expense		(488,726)	(347,601)
Depreciation and amortisation expense		(14,215)	(19,087)
Loss before income tax expense		(676,114)	(825,724)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Copper Strike Limited		(676,114)	(825,724)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Copper Strike Limited		(676,114)	(825,724)
		Cents	Cents
Basic earnings per share		(0.55)	(0.86)
Diluted earnings per share		(0.55)	(0.86)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

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Copper Strike Limited
Statement of financial position
As at 31 December 2010

	Note	Consolidated 31/12/10 \$	30/06/10 \$
Assets			
Current assets			
Cash and cash equivalents		1,290,065	2,585,259
Trade and other receivables		65,468	125,558
Total current assets		<u>1,355,533</u>	<u>2,710,817</u>
Non-current assets			
Property, plant and equipment		38,184	48,095
Intangibles		1,605	1,765
Exploration and evaluation		18,216,761	16,656,023
Other		7,680	7,680
Total non-current assets		<u>18,264,230</u>	<u>16,713,563</u>
Total assets		<u>19,619,763</u>	<u>19,424,380</u>
Liabilities			
Current liabilities			
Trade and other payables		29,381	159,673
Employee benefits		68,432	63,388
Total current liabilities		<u>97,813</u>	<u>223,061</u>
Non-current liabilities			
Employee benefits		37,590	18,445
Provisions		80,000	80,000
Total non-current liabilities		<u>117,590</u>	<u>98,445</u>
Total liabilities		<u>215,403</u>	<u>321,506</u>
Net assets		<u>19,404,360</u>	<u>19,102,874</u>
Equity			
Contributed equity	4	26,180,126	25,202,526
Reserves		-	243,783
Accumulated losses		<u>(6,775,766)</u>	<u>(6,343,435)</u>
Total equity		<u>19,404,360</u>	<u>19,102,874</u>

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

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Copper Strike Limited
Statement of changes in equity
For the half-year ended 31 December 2010

	Contributed equity \$	Reserves \$	Retained profits \$	Total equity \$
Consolidated				
Balance at 1 July 2009	22,556,251	380,013	(5,273,051)	17,663,213
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(825,724)	(825,724)
Total comprehensive income for the half-year	-	-	(825,724)	(825,724)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	2,646,275	-	-	2,646,275
Lapse of options	-	(136,230)	136,230	-
Balance at 31 December 2009	<u>25,202,526</u>	<u>243,783</u>	<u>(5,962,545)</u>	<u>19,483,764</u>
	Contributed equity \$	Reserves \$	Retained profits \$	Total equity \$
Consolidated				
Balance at 1 July 2010	25,202,526	243,783	(6,343,435)	19,102,874
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(676,114)	(676,114)
Total comprehensive income for the half-year	-	-	(676,114)	(676,114)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	977,600	-	-	977,600
Lapse of options	-	(243,783)	243,783	-
Balance at 31 December 2010	<u>26,180,126</u>	<u>-</u>	<u>(6,775,766)</u>	<u>19,404,360</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 2010

	Note	Consolidated	
		31/12/10 \$	31/12/09 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(668,096)	(581,754)
Interest received		52,173	23,819
Net cash used in operating activities		<u>(615,923)</u>	<u>(557,935)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(3,335)	(312)
Payments for intangibles		(809)	-
Payments for exploration and evaluation		<u>(675,127)</u>	<u>(277,576)</u>
Net cash used in investing activities		<u>(679,271)</u>	<u>(277,888)</u>
Cash flows from financing activities			
Proceeds from issue of shares	4	-	2,753,850
Share issue transaction costs		-	<u>(107,575)</u>
Net cash from financing activities		<u>-</u>	<u>2,646,275</u>
Net increase/(decrease) in cash and cash equivalents		(1,295,194)	1,810,452
Cash and cash equivalents at the beginning of the financial half-year		<u>2,585,259</u>	<u>1,988,436</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>1,290,065</u></u>	<u><u>3,798,888</u></u>

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

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Copper Strike Limited
Notes to the financial statements
31 December 2010

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

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 2010 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2 Share-Based Payment ('AASB 2') - amendments for Group Cash-settled Share-based Payment Transactions
The consolidated entity has applied the amendments to AASB 2 from 1 January 2010. These amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

AASB 3 Business Combinations ('AASB 3')
The consolidated entity has applied the revised AASB 3 for all new business combinations acquired on or after 1 January 2010. As well as the expensing of transaction costs and minority interest now being referred to as non-controlling interest, there are a number of significant changes - refer to the 'business combinations' accounting policy for further details.

Note 2. Operating segments

Identification of reportable operating segments

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

Note 3. Share of profits of associates accounted for using the equity method

	Consolidated	
	31/12/10	31/12/09
	\$	\$
Share of profit - associates	<u>-</u>	<u>(196,417)</u>

Copper Strike Limited
Notes to the financial statements
31 December 2010

Note 4. Equity - contributed

	Consolidated		Consolidated	
	31/12/10	30/06/10	31/12/10	30/06/10
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>129,455,571</u>	<u>116,455,571</u>	<u>26,180,126</u>	<u>25,202,526</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2010	116,455,571		25,202,526
Issue of shares	12 October 2010	<u>13,000,000</u>	\$0.08	<u>977,600</u>
Balance	31 December 2010	<u>129,455,571</u>		<u>26,180,126</u>

Ordinary shares

During the year 13,000,000 shares were issued to Teck Australia Pty Ltd in exchange for them relinquishing all remaining claims over the Group's exploration assets. No cash was exchanged as part of this transaction. Consequently the transaction was recognised at the market price of the shares at the grant date and recognised as an increase in the value of the exploration and evaluation asset.

Note 5. Equity - dividends

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

Note 6. Contingent liabilities

There were no contingent liabilities in existence at 31 December 2010.

Note 7. Commitments for expenditure

Exploration tenements

There has been no material change in the in the Group's commitments since the last reporting period.

Note 8. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding	
		31/12/10	30/06/10
		%	%
Einisleigh Mining Pty Ltd	Australia	100.00	100.00
Sherwood Ventures Pty Ltd	Australia	100.00	100.00

Copper Strike Limited
Notes to the financial statements
31 December 2010

Note 9. Events occurring after the reporting date

On 29 January 2011, the company signed a placement agreement with Beijing Jintai Yuanchung Mining Co Ltd ("Jintai") and Taifeng Yuanchung Interenation Development Limited ("Taifeng HK") a JV development agreement with Taifeng HK . In the placement agreement Jintai and Taifeng HK have agreed to invest \$5.822 million at 18 cents per share for a 19.99% interest in the company. Pursuant to the terms of the the placement agreement they will also be issued with put and call options at 18 cents per options for a further 13.01% interest, exercisable for a further \$5.64 million within three years of the date of issue.

On 21 February 2011, Kagara Limited advised that its take over bid for Copper Strike would not be extended beyond the closing date of 28 February 2011.

No other matter or circumstance has arisen since 31 December 2010 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.

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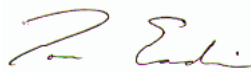
Copper Strike Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto 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 thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2010 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) of the Corporations Act 2001.

On behalf of the directors



E T Eadie
Executive Chairman

12 March 2011
MELBOURNE

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COPPER STRIKE LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Copper Strike Limited (the company) and its controlled entities (the consolidated entity), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the company at the end of the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 matters that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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 and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 audit opinion.

Auditor's Independence Declaration

In conducting our review, we have 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 and its controlled entities 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 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



MELANIE J LEYDIN
Registered Company Auditor
Registration: 212298

Dated: 12 March 2011

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