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Copper Strike Limited

ABN 16 108 398 983

Half-year Financial Report - 31 December 2011

Copper Strike Limited
Corporate directory
31 December 2011

Directors	Tom Eadie (Executive Chairman) John Dunlop (Non-Executive Director) Barrie Laws (Non-Executive Director)
Company secretary	Melanie Leydin
Registered office	Level 9 356 Collins Street Melbourne Victoria 3000 Tel: 61 3 9640 0955 Fax: 61 3 9642 0698
Principal place of business	Level 9 356 Collins Street Melbourne Victoria 3000 Tel: 61 3 9640 0955 Fax: 61 3 9642 0698
Share register	Security Transfer Registrars Pty Ltd Alexandra House Suite 1, 770 Canning Highway Applecross WA 6153
Auditor	Grant Thornton Audit Pty Ltd
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 address	www.copperstrike.com.au

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Copper Strike Limited
Review of Operations
For the half-year ended 31 December 2011

Corporately Copper Strike was very active during the half year. There were two Extraordinary General Meetings plus the Annual General Meeting.

The highlights of the half year were as follows:

- Completed the sale of the Einasleigh Project to Kagara Limited for \$16 million and the cancellation of Kagara's 22 million CSE shares
- Accrued cash of \$18.1 million (\$3.1 million after the return of capital referred to below) and 11 million shares in Syrah Resources Limited (SYR)
- Returned \$15 million to shareholders via a 14c per share capital return on 6 January 2012 (after end of currently reported half).

On the exploration front, management has reviewed several projects for investment by Copper Strike. The favoured path was a merger between Copper Strike and a cash-poor, project-rich, unlisted company. However a proper valuation of Copper Strike, which is necessary to help set the terms of any merger, has been made impossible by the rapidly rising value of the Syrah shares, which have risen from 8c in October to >70c in February. This movement has effectively tripled the value of Copper Strike in four months.

Efforts continue towards securing exploration / development assets for Copper Strike. However, this will not be accomplished via the merger route, at least until the Syrah share price has stabilised. A straight out acquisition by cash and/or shares, or a joint venture, are more favoured strategies currently.

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Copper Strike Limited
Directors' report
31 December 2011

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 2011.

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

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$1,017,723 (31 December 2010: loss of \$676,114).

Refer to the detailed Review of Operations preceeding this report.

Financial Position

The net assets of the consolidated entity decreased by \$14,080,549 to \$4,850,930 as at 31 December 2011 (30 June 2011: \$18,931,479).

The consolidated entity's working capital, being current assets less current liabilities decreased by \$15,975,993 to \$2,967,760 (30 June 2011: \$18,943,753).

As a results of the above the Directors believe the consolidated entity is in a strong and stable position to expand and grow its current operations.

Significant changes in the state of affairs

During the period Copper Strike Limited sold its Einasleigh project in North Queensland to Kagara Limited for a cash sum of AU \$16,000,000, plus the cancellation of the 22.6 million CSE shares held by Kagara.

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

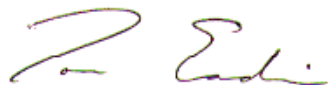
Copper Strike Limited
Directors' report
31 December 2011

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

14 March 2012
MELBOURNE

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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 2011, 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



B. L. Taylor
Partner - Audit & Assurance Services

Melbourne, 14 March 2012

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Copper Strike Limited
Financial report
For the half-year ended 31 December 2011

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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 Victoria 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 14 March 2012. 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 2011

		Consolidated	
		31	31
	Note	December	December
		2011	2010
		\$	\$
Revenue		127,991	47,256
Other income	3	1,710,000	-
Expenses			
Administration costs		(274,210)	(217,297)
Exploration expenditure written off		(68,195)	(3,132)
Employee benefits expense		(451,265)	(488,726)
Depreciation and amortisation expense		(4,933)	(14,215)
Loss on sale of assets		(21,665)	-
		<u>1,017,723</u>	<u>(676,114)</u>
Profit/(loss) before income tax expense			
Income tax expense		-	-
		<u>1,017,723</u>	<u>(676,114)</u>
Profit/(loss) after income tax expense for the half-year attributable to the owners of Copper Strike Limited			
Other comprehensive income			
Loss on the revaluation of available-for-sale financial assets, net of tax		(139,999)	-
Other comprehensive income for the half-year, net of tax		(139,999)	-
		<u>877,724</u>	<u>(676,114)</u>
		Cents	Cents
Basic earnings per share		0.79	(0.55)
Diluted earnings per share		0.79	(0.55)

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 2011

		Consolidated	
		31	
	Note	December	30 June
		2011	2011
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		18,068,986	3,142,175
Trade and other receivables		94,495	52,791
		<u>18,163,481</u>	<u>3,194,966</u>
Assets of disposal groups classified as held for sale	4	-	16,000,000
Total current assets		<u>18,163,481</u>	<u>19,194,966</u>
Non-current assets			
Available-for-sale financial assets	5	1,870,001	-
Property, plant and equipment		1,849	6,440
Intangibles		418	760
Exploration and evaluation		3,222	5,500
Other		7,680	7,680
Total non-current assets		<u>1,883,170</u>	<u>20,380</u>
Total assets		<u>20,046,651</u>	<u>19,215,346</u>
Liabilities			
Current liabilities			
Trade and other payables	6	15,111,478	200,717
Employee benefits		84,243	50,496
Total current liabilities		<u>15,195,721</u>	<u>251,213</u>
Non-current liabilities			
Employee benefits		-	32,654
Total non-current liabilities		<u>-</u>	<u>32,654</u>
Total liabilities		<u>15,195,721</u>	<u>283,867</u>
Net assets		<u>4,850,930</u>	<u>18,931,479</u>
Equity			
Contributed equity	7	11,221,853	26,180,126
Reserves	8	(139,999)	-
Accumulated losses		<u>(6,230,924)</u>	<u>(7,248,647)</u>
Total equity		<u>4,850,930</u>	<u>18,931,479</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 2011

	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>
	Contributed equity \$	Reserves \$	Retained profits \$	Total equity \$
Consolidated				
Balance at 1 July 2011	26,180,126	-	(7,248,647)	18,931,479
Other comprehensive income for the half-year, net of tax	-	(139,999)	-	(139,999)
Profit after income tax expense for the half-year	-	-	1,017,723	1,017,723
Total comprehensive income for the half-year	-	(139,999)	1,017,723	877,724
<i>Transactions with owners in their capacity as owners:</i>				
Return of Capital	(14,958,273)	-	-	(14,958,273)
Balance at 31 December 2011	<u>11,221,853</u>	<u>(139,999)</u>	<u>(6,230,924)</u>	<u>4,850,930</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 2011

	Consolidated	
	31 December 2011 \$	31 December 2010 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(774,519)	(668,096)
Interest received	44,176	52,173
Other revenue	44,736	-
	<u>(685,607)</u>	<u>(615,923)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for investments	(300,000)	-
Payments for property, plant and equipment	-	(3,335)
Payments for intangibles	-	(809)
Payments for exploration and evaluation	(87,582)	(675,127)
Proceeds from sale of tenements	16,000,000	-
	<u>15,612,418</u>	<u>(679,271)</u>
Net cash from/(used in) investing activities		
Cash flows from financing activities		
Net cash from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	14,926,811	(1,295,194)
Cash and cash equivalents at the beginning of the financial half-year	<u>3,142,175</u>	<u>2,585,259</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>18,068,986</u></u>	<u><u>1,290,065</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 2011

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 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 2011 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.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised and amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

The adoption of all the new, revised and amending Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The new, revised and amending Standards and Interpretations have not had a material impact and not resulted in changes to the Company's presentation of, or disclosure in, its half year financial statements.

Note 2. Operating segments

Operating segments are presented using the 'management approach', where 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.

Note 3. Other income

	Consolidated	
	31	31
	December	December
	2011	2010
	\$	\$
Gain on recognising financial asset upon loss of significant influence	<u>1,710,000</u>	<u>-</u>

Due to Syrah Resources Limited issuing 73,733,334 ordinary shares during the six months ended 31 December 2011, Copper Strike's percentage holding has been diluted and is no longer deemed to hold significant influence in Syrah. The above amount was recognised in the profit and loss upon initial recognition of the investment at fair value.

Under AASB 139 the investment in Syrah Resources Limited has been designated as available for sale and subsequent movements will be recognised in the available for sale reserve.

Copper Strike Limited
Notes to the financial statements
31 December 2011

Note 4. Current assets - assets of disposal groups classified as held for sale

	Consolidated	
	31	
	December	30 June
	2011	2011
	\$	\$
Exploration assets held for sale	-	16,000,000

On 21 December 2011 the Consolidated entity received \$16,000,000 in cash for the sale of its interest in the Einasleigh Project to Kagara Limited. The disposal of the Einasleigh Project was approved by shareholders at the general meeting on 14 October 2011.

Note 5. Non-current assets - available-for-sale financial assets

	Consolidated	
	31	
	December	30 June
	2011	2011
	\$	\$
Ordinary shares	1,870,001	-
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current financial half-year are set out below:		
Opening fair value	-	-
Additions	300,000	-
Initial gain on recognition	1,710,000	-
Revaluation decrements	(139,999)	-
Closing fair value	1,870,001	-

On 22 December 2011 the Consolidated entity purchased 2,000,000 ordinary shares in Syrah Resources Limited at a purchase price of \$0.15 cents per share (\$300,000), increasing Copper Strike's holding in Syrah Resources Limited to 11,000,005 ordinary shares or 9.61%.

Due to Syrah Resources Limited issuing 73,733,334 ordinary shares during the six months ended 31 December 2011, Copper Strike's percentage holding has been diluted and is no longer deemed to hold significant influence in Syrah.

The initial recognition was recognised in the profit and loss. Under AASB139 the investment in Syrah Resources Limited has been valued at fair value with subsequent movements being recognised directly to equity through the revaluation reserve.

Copper Strike Limited
Notes to the financial statements
31 December 2011

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31	
	December	30 June
	2011	2011
	\$	\$
Trade payables	153,205	200,717
Return of capital payable	14,958,273	-
	<u>15,111,478</u>	<u>200,717</u>

On 6 January 2012 the consolidated entity returned \$14,958,273 million to shareholders through a 14 cent per share return of capital. The return of capital was approved by shareholders at the general meeting held on 14 October 2011 and as a result has been accounted for in the current period.

Note 7. Equity - contributed

	Consolidated		Consolidated	
	31		31	
	December	30 June	December	30 June
	2011	2011	2011	2011
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>106,844,810</u>	<u>129,455,571</u>	<u>11,221,853</u>	<u>26,180,126</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2011	129,455,571		26,180,126
Cancellation of shares (1)	21 December 2011	(22,610,761)		-
Return of capital (2)	31 December 2011	-		<u>(14,958,273)</u>
Balance	31 December 2011	<u>106,844,810</u>		<u>11,221,853</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(1) In addition to the \$16,000,000 it paid for the Einasleigh tenements, Kagara also returned all of the shares that it held in the Company. These shares were then cancelled.

(2) On 6 January 2012 the consolidated entity returned \$14,958,273 million to shareholders through a 14 cent per share return of capital. The return of capital was approved by shareholders at the general meeting held on 14 October 2011 and as a result has been accounted for in the current period.

Copper Strike Limited
Notes to the financial statements
31 December 2011

Note 8. Equity - reserves

	Consolidated	
	31	
	December	30 June
	2011	2011
	\$	\$
Available-for-sale reserve	<u>(139,999)</u>	<u>-</u>
	Available- for-sale	Total
	\$	\$
Consolidated		
Balance at 1 July 2011	-	-
Revaluation of available for sale investments	<u>(139,999)</u>	<u>(139,999)</u>
Balance at 31 December	<u><u>(139,999)</u></u>	<u><u>(139,999)</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.

Note 9. Equity - dividends

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

Note 10. Contingent liabilities

The consolidated entity had no contingent liabilities at 31 December 2011.

Note 11. Commitments

	Consolidated	
	31	
	December	30 June
	2011	2011
	\$	\$
<i>Groups Commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	30,000	2,125,000
One to five years	890,000	3,310,000
More than five years	<u>-</u>	<u>500,000</u>
	<u><u>920,000</u></u>	<u><u>5,935,000</u></u>
<i>Operating Rental Leases - Commitments for expenditure</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	<u>-</u>	<u>6,339</u>

Note 11. Commitments (continued)

In order to maintain current rights of tenure to exploration tenements, the Company and consolidated entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided for in the accounts, but are payable.

Note 12. 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 December 2011	30 June 2011
		%	%
Einasleigh Mining Pty Ltd *	Australia	-	100.00
Sherwood Ventures Pty Ltd	Australia	100.00	100.00

* Einasleigh Mining Pty Ltd was sold as part of the asset sale agreement to Kagara Limited regarding the disposal of the Einasleigh project.

Note 13. Events after the reporting period

On 6 January 2012 the consolidated entity returned \$14,958,273 million to shareholders through a 14 cent per share return of capital. The return of capital was approved by shareholders at the general meeting held on 14 October 2011.

As at 13 March 2012 the consolidated entity's fair value investment in Syrah Resources Limited has significantly increased, due to the escalation in the share price of Syrah Resources Limited post 31 December 2011. As at 13 March 2012 the investment value has increase to approxiamely \$8.47 million.

No other matter or circumstance has arisen since 31 December 2011 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.

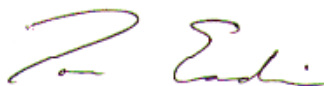
Copper Strike Limited
Directors' declaration

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 2011 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

14 March 2012
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 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes 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 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 establishing and maintaining internal controls 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 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 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 2011 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.

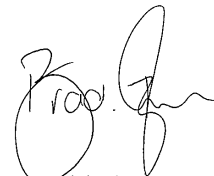
Conclusion

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 2011 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



B. L. Taylor
Partner - Audit & Assurance Services

Melbourne, 14 March 2012