

Copper Strike Limited

ABN 16 108 398 983

Half-year Financial Report - 31 December 2016

Copper Strike Limited
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31 December 2016

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Copper Strike Limited
Corporate directory
31 December 2016

Directors	Mark Hanlon (Non-Executive Chairman) Brendan Jesser (Non-Executive Director) Harry Hatch (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
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 2016

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 2016.

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 Mark Hanlon (Non-Executive Chairman)
Mr Brendan Jesser (Non-Executive Director)
Mr Harry Hatch (Non-Executive Director) (appointed 6 September 2016)
Mr Tom Eadie (Non-Executive Director) (resigned 6 September 2016)

Principal activities

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

- Reviewing potential exploration and development resource acquisitions and management of the Company's investments.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$89,451 (31 December 2015: profit of \$265,737).

Financial Position

The net assets of the consolidated entity decreased by \$22,538,354 to \$26,370,485 as at 31 December 2016 (30 June 2016: \$48,908,839). The main reason for the decrease this financial half-year is due to the revaluation decrements of \$32,069,861 attributable to the value of financial assets held.

The consolidated entity's working capital, being current assets less current liabilities decreased to \$624,152 (30 June 2016: \$785,969).

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

Copper Strike owns 11 million shares in Syrah Resources Limited, which is a holding of 4.2%. The Company remains pleased with development progress being made at Syrah in relation to its Balama Graphite Project which remains on schedule for construction completion in Q2 this year. During 2016 Syrah completed a \$194 million capital raising which, with existing cash holdings, has allowed Syrah to fully fund construction of its mine, processing plant and associated infrastructure. In addition, Syrah has accelerated its spherical graphite strategy in response to significant market demand.

Copper Strike strongly supports the Syrah strategy in relation to the development of the Balama graphite processing plant and its proposed spherical graphite processing facility in the United States.

Copper Strike believes that the share price of Syrah continues to have considerable upside as the construction phase of the Balama development draws to a close and first production commences. In addition, any announcements by Syrah in relation to its dealings with its offtake partners and other stakeholders may provide significant share price momentum. 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 immediately after this directors' report.

Copper Strike Limited
Directors' report
31 December 2016

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



Mark Hanlon
Non-Executive Chairman

10 March 2017
MELBOURNE

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2016, 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, 10 March 2017

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Copper Strike Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

		Consolidated	
	Note	31 December 2016	31 December 2015
		\$	\$
Revenue	4	6,609	5,196
Other income	5	-	522,664
Expenses			
Administration costs		(49,889)	(52,991)
Exploration expenditure written off		-	(727)
Employee benefits expense		(84,506)	(94,340)
Profit/(loss) before income tax (expense)/benefit		(127,786)	379,802
Income tax (expense)/benefit		38,335	(114,065)
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Copper Strike Limited		(89,451)	265,737
Other comprehensive loss			
<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		(22,448,903)	-
Other comprehensive loss for the half-year, net of tax		(22,448,903)	1,221,992
Total comprehensive loss for the half-year attributable to the owners of Copper Strike Limited		<u>(22,538,354)</u>	<u>1,487,729</u>
		Cents	Cents
Basic earnings per share		(0.08)	0.25
Diluted earnings per share		(0.08)	0.25

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 2016

		Consolidated	
	Note	31 December	30 June 2016
		2016	2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		629,314	800,995
Trade and other receivables		11,056	9,787
Other		21,475	1,404
Total current assets		<u>661,845</u>	<u>812,186</u>
Non-current assets			
Available-for-sale financial assets	6	33,718,090	65,753,978
Deferred tax	7	1,862,249	1,835,824
Other		18,492	18,434
Total non-current assets		<u>35,598,831</u>	<u>67,608,236</u>
Total assets		<u>36,260,676</u>	<u>68,420,422</u>
Liabilities			
Current liabilities			
Trade and other payables		37,693	26,217
Total current liabilities		<u>37,693</u>	<u>26,217</u>
Non-current liabilities			
Deferred tax	8	9,852,498	19,485,366
Total non-current liabilities		<u>9,852,498</u>	<u>19,485,366</u>
Total liabilities		<u>9,890,191</u>	<u>19,511,583</u>
Net assets		<u>26,370,485</u>	<u>48,908,839</u>
Equity			
Issued capital		11,221,853	11,221,853
Reserves	9	21,686,281	44,135,184
Accumulated losses		(6,537,649)	(6,448,198)
Total equity		<u>26,370,485</u>	<u>48,908,839</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 2016

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>

Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2016	11,221,853	(6,448,198)	44,135,184	48,908,839
Loss after income tax benefit for the half-year	-	(89,451)	-	(89,451)
Other comprehensive income for the half-year, net of tax	-	-	(22,448,903)	(22,448,903)
Total comprehensive income for the half-year	-	(89,451)	(22,448,903)	(22,538,354)
Balance at 31 December 2016	<u>11,221,853</u>	<u>(6,537,649)</u>	<u>21,686,281</u>	<u>26,370,485</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 2016

	Consolidated	
	31 December	31 December
	2016	2015
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(143,259)	(171,544)
Interest received	5,551	3,920
	<u>(137,708)</u>	<u>(167,624)</u>
Cash flows from investing activities		
Purchase of additional shares in Strandline Resources Limited	(33,973)	-
Proceeds from renouncement of entitlement rights	-	578,948
	<u>(33,973)</u>	<u>578,948</u>
Cash flows from financing activities		
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(171,681)	411,324
Cash and cash equivalents at the beginning of the financial half-year	800,995	503,220
Cash and cash equivalents at the end of the financial half-year	<u>629,314</u>	<u>914,544</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 2016

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 10 March 2017. 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 2016 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 2016 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 or amended Accounting Standards and Interpretations adopted

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

Any new or amended 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 2016	31 December 2015
	\$	\$
Interest	<u>6,609</u>	<u>5,196</u>

Copper Strike Limited
Notes to the financial statements
31 December 2016

Note 5. Other income

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Net fair value gain/(loss) on other financial assets	-	(56,284)
Renouncement of Rights	-	578,948
	<u>-</u>	<u>522,664</u>
Other income	-	522,664
	<u>-</u>	<u>522,664</u>

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

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Ordinary shares in Strandline Resources Limited	163,075	67,948
Ordinary shares in Syrah Resources Limited	33,550,015	65,670,030
Ordinary shares in Superior Resources Limited	5,000	16,000
Ordinary shares in West African Gold Limited	-	-
Ordinary shares in Jacana Minerals Limited	-	-
	<u>33,718,090</u>	<u>65,753,978</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	65,753,978	41,329,619
Additions	33,973	-
Initial gain/(loss) on recognition	-	(56,284)
Revaluation increments/(decrements)	(32,069,861)	24,498,243
Write off of assets	-	(17,600)
	<u>33,718,090</u>	<u>65,753,978</u>
Closing fair value	<u>33,718,090</u>	<u>65,753,978</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.

The company's investment in West Africa Gold Limited and Jacana Minerals Limited has been valued at \$Nil in accordance AASB 13, using Level 3 of the fair value hierarchy- inputs for the asset or liability that are not based on observable market data (unobservable inputs) as the investment cannot be reliably measured.

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 2016

Note 7. Non-current assets - deferred tax

	Consolidated	
	31 December	
	2016	30 June 2016
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	1,849,343	1,809,179
Impairment of receivables	5,280	5,280
Exploration expenditure	3,239	3,239
Accrued expenses	3,300	5,895
Superannuation payable	1,087	-
	<u>1,862,249</u>	<u>1,823,593</u>
Amounts recognised in equity:		
Impairment	-	12,231
Deferred tax asset	<u>1,862,249</u>	<u>1,835,824</u>
<i>Movements:</i>		
Opening balance	1,835,824	1,940,626
Recognised in profit and loss	38,656	(116,537)
Prior year under/over provision	-	(496)
Recognised in equity	<u>(12,231)</u>	<u>12,231</u>
Closing balance	<u>1,862,249</u>	<u>1,835,824</u>

Note 8. Non-current liabilities - deferred tax

	Consolidated	
	31 December	
	2016	30 June 2016
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Interest receivable	2,336	2,014
Amounts recognised in equity:		
Investments	9,850,162	19,483,352
Deferred tax liability	<u>9,852,498</u>	<u>19,485,366</u>
<i>Movements:</i>		
Opening balance	19,485,366	12,168,606
Recognised in profit or loss	322	(44,943)
Recognised in equity (revaluation of available for sale assets)	<u>(9,633,190)</u>	<u>7,361,703</u>
Closing balance	<u>9,852,498</u>	<u>19,485,366</u>

Copper Strike Limited
Notes to the financial statements
31 December 2016

Note 9. Equity - reserves

	Consolidated	
	31 December	30 June 2016
	2016	2016
	\$	\$
Available-for-sale reserve	<u>21,686,281</u>	<u>44,135,184</u>

Available-for-sale reserve

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

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 2016	44,135,184	44,135,184
Revaluation of available for sale investments	(32,069,861)	(32,069,861)
Tax effect of revaluation of available for sale assets	9,620,958	9,620,958
Balance at 31 December 2016	<u>21,686,281</u>	<u>21,686,281</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 2016.

Note 12. Commitments

The consolidated entity has no commitments at 31 December 2016.

Note 13. Events after the reporting period

Since 31 December 2016, the fair value of the investment in Syrah Resources Limited (ASX Code: SYR) has decreased to \$27,610,013 as at 9 March 2017. This is a decrease of \$5,940,002 since 31 December 2016. The net assets of the Company have also decreased by approximately \$6 million to approximately \$20 million as at 9 March 2017, since 31 December 2016.

No other matter or circumstance has arisen since 31 December 2016 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 2016

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 2016 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



Mark Hanlon
Non-Executive Chairman

10 March 2017
MELBOURNE

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2016, 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 2016 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 2016 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, 10 March 2017