

CSE

AUD \$0.120

Spec.

HIGH

Moving on

It has been a long road for Copper Strike, as the company has been seeking an event to optimise the value of its Syrah shareholding, for its own shareholders. The company holds 11 million shares in Syrah Resources, with that company now producing graphite from its Balama mine in Mozambique, but the road has not been an easy one.

Balama has not operated to our expectations, with several issues that have impacted on production from the commencement of operations in late 2017, which caused weakness in Syrah's share price. The following chart shows the Syrah share price:



Source: TradingView

This has been a disappointment, given the market dynamics that was in the share price during the development stage of the Balama mine.

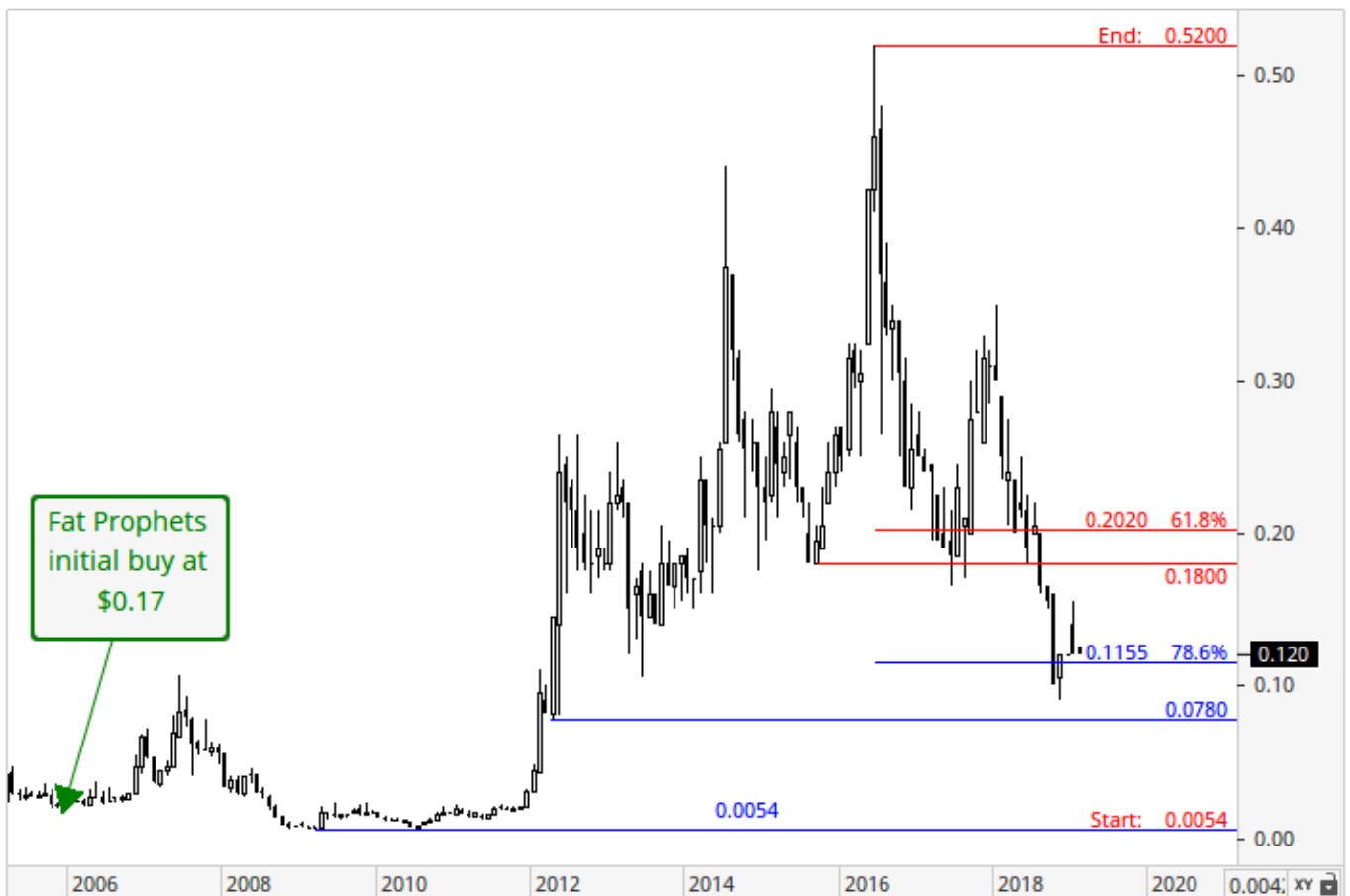
The graphite price has in the latter part of 2018 and early 2019 recovered from its lowers on fears of market over supply. Recent graphite projects, including Balama, have sufficient reserves to more than adequately supply demand. Only the curtailing of capacity has, we believe, maintained some market equilibrium.

COPPER STRIKE LTD - CSE (ASX) - 1 Day CandleStick Chart - AUD



With Balama now in production, in our view, only a production event and/or a graphite pricing event can optimise the value of Syrah Resources. The pricing event is presenting itself.

COPPER STRIKE LTD - CSE (ASX) - 1 Month CandleStick Chart - AUD



We will take advantage of the recent firmer graphite prices and the transition of Syrah to a producer, albeit warts and all, as an opportunity to exit the stock. **We recommend Members who hold Copper Strike sell their holding at the current market price.** Fat Prophets will cease coverage of Copper Strike immediately.

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Snapshot CSE

Copper Strike

The company is focused on finding and developing copper and other base metals in eastern Australia, specifically concentrating on the development of its advanced projects in northern Queensland. Since listing in late 2004, Copper Strike has successfully taken several prospects in the Einasleigh area of North Queensland from early stage exploration projects up to the feasibility stage. The Einasleigh Project is Copper Strike's main focus, having recently completed a Bankable Feasibility Study. The company now aims to refine this study, where it believes further enhancements to profitability can be made.

Market Capitalisation: \$12.18m

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