

# Colonial Coal bouyed by rising coking coal price

Colonial Coal's {TSX.V: CAD} share price has doubled in just two months from a low of 8.5c, registered mid July.

The price is responding to the rapidly rising price of metallurgical (coking) coal, which has been climbing strongly in the international markets. The current price still looks low when CAD's assets are taken into consideration.

**Colonial Coal increase in price and volume as interest returns to the coal sector.**

Is coal the new lithium?

Six months ago you would have laughed at such a question, but today?

The price of coal, coking coal in particular, has had a spectacular increase during the last few months, and finally coal companies who were bumping along the bottom with no investor interest have sprung back into life as investors return to the sector.

Colonial has doubled in value in two months, and volumes are up substantially, evidence that the shrewd money at least has moved back into the sector.

At the current share price, Colonial is valued at just around 5c per ton of resource in the ground, a simply ludicrous valuation, in my opinion, and surely one that will correct in time to something more realistic?

Currently coking coal is selling for up to CAD \$ 180 per ton, a healthy margin given that rough mining costs for a company like Colonial are around CAD \$140 per ton. Add in a bit extra to transport down to the ship, and a very healthy margin remains.

Should the current price of coking coal remain stable, or increase further, at some point the valuation per ton of resource in the ground will surely have to more closely reflect the true value to a miner?

As an example, at a miserly 50c per ton of resource in the ground, and the current amount of shares in issue, CAD would be valued at just over of CAD \$2 per share!

Current volumes suggest investors may be waking up to those numbers.