Colonial Coal New Research by Tormont Group



Colonial Coal (TSX.V: CAD)

Tormont Investment research Group have commented on Colonial Coal, part of the 'Tormont 50' portfolio.

They see a potential catalyst in steelmaking (coking) coal prices of Australia and China reconcile their differences.

Colonial Coal	TSX.v : CAD
Stage	Exploration
Metals	Metallurgical coal
Market cap	C\$125 m @ 72 cents
Location	British Columbia, Canada

Colonial Coal — Part of the 'Tormont 50'

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differences.

Background to the dispute.

In the spring of 2020, the Prime Minister of Australia questioned the source of Covid-19, and China took exception to this, and banned imports of Australian coking coal for their steelmaking industry. This has resulted in many ships with Australian cargo being parked outside Chinese ports for some considerable time.

With ships full of cargo looking for a buyer, coking coal prices have fallen, as some importers in other countries took advantage and low balled the price, knowing sellers had little choice. 46 fully laden ships from Australia were waiting outside Chinese ports on March the 10th.

Should Australia and China resolve their dispute, coal prices are expected to rise as the desperate sellers willing to sell at bargain prices will disappear, nd normality will return to the market.

Tormont expect a coking coal price of around US \$160 per ton in such circumstances, or close to C\$200. Colonial's FOB costs are around C\$130 per ton, a healthy margin.

Recent coking transactions in

Western Canada

Tormont comment on the recent transaction by Hancock for Riversdale Resources, who paid US\$2.68 per tonne of coking coal at Grassy Mountain in Alberta.

Colonial Coal is currently valued at just US\$0.15 cents per tonne of coking coal, clearly significantly undervalued.

Tormont conclude that Colonial Coal has excellent risk reward characteristics, is led by an experienced CEO, David Austin, and trades at a fraction of its liquidation value based on the most recent coal transactions in Canada.

<u>Colonial Coal's Corporate Website can be accessed by clicking</u>
HERE

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