Colonial Coal shares reach a 5 year high



Colonial Coal {TSX.V: CAD}

The value of Colonial Coal shares has risen to a five year high on the back of their recent PEA's for both Huguenot and Flatbed, which highlighted the massive undervaluation the market is giving to the company as opposed to the the asset value in the ground.

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It would appear the market has finally woken up to the underlying value of the assets Colonial Coal has in resources, in an excellent jurisdiction.

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The recently published research reports by Hallgarten & Co., and Tormont, helped highlight the massive undervaluation using the most conservative values possible for the value of the resource in the ground.

This is against a backdrop of falling prices across the mining junior sector, with the TSX Venture Exchange falling some 25% this year so far, and tax loss selling is still continuing.

If the current US v China trade spat abates, the current price of coking coal, around CAD \$266 would likely rise further as trading returns to normal. The current FOB costs are circa CAD \$130 per ton, so around a 100% margin in an industry famous for low margin high volume makes CAD an attractive target for a bidder, in my view.