Colonial Coal shares reach a 5 year high

Colonial Coal {TSX.V: CAD}

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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.