

# Colonial Coal update institutions and investors in London

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Colonial Coal Intl. {TSX.V: CAD} President and CEO David Austin updated institutions and investors in London recently, as he passed through on his return from a hectic schedule of meetings in the Far East.

Davis was keen to discuss with investors the opportunities that may arise from the current low price of coking coal, and he opined that the price bottom may well have been reached, as some mines, unprofitable at these price levels, have already ceased production, thus lowering the supply, and others are being forced to consider doing so.

The strong US \$ has impacted US suppliers disproportionately to their Australian and Canadian competitors, as the 10% slide in their currencies v the US\$ has resulted in US costs being higher, resulting in a number of closures.

David feels there may be a number of opportunities for those companies, such as Colonial, that are nimble, have their finger on the pulse, and have sufficient treasury, as cash strapped companies look for partners, or release licences.

Colonial's experienced management team know the Canadian coalfields like the back of their hand, a huge advantage at

times like these!

## **A quick review of Colonial Coal's current situation**

### **Huguenot**

Colonial's board have decided there is no value benefit in adding to the 400 MT of resource already established at Huguenot, spending millions of dollars more to define a larger resource in the current market will not result in much of a SP rise, and CAD have wisely decided their money will be better invested elsewhere.

### **Flatbed**

With their exploration licences and phase 1 drilling permits now in hand, CAD are ready to drill their Flatbed property, once the weather allows, which will probably be Q2 2015, but that is pure speculation, until CAD inform us otherwise.

Flatbed has historical drilling (for oil and gas) so CAD have some strong pointers as to their prospective drill targets, and are ready to go.

The feeling is that Flatbed is very prospective, especially given what is already known about the geology, and CAD may well consider a JV partner, which would allow a larger drill program and expedite the potential value uplift, should a significant discovery be made.

### **Watson Island (Watco)**

Unusually for a resource company, Colonial Coal have an interest in a port facility at Watson Island, City of Prince Rupert, B.C.

A disagreement between the city council and Colonial has resulted in legal action, which was put on hold during the recent election period.

The local mayoral elections have now just finished at Prince Rupert, and a new mayor and council have been elected, with a mandate for change, for the benefit of their citizens.

Colonial will seek to engage with the new incumbent and his council, to try to move the project forward for the benefit of the local people and the jobs that a revitalised facility would create for the local economy.

### **Opinion**

With 400 MT tons of coal at Huguenot, the market cap of Colonial Coal simply doesn't reflect the true value of the asset they hold, and certainly nothing is in the price whatsoever for the Flatbed property and the port facility.

This is therefore an opportunity for those that believe in the long term future of metallurgical (coking) coal, to invest in an undervalued company with good potential of further discoveries, and possible corporate action.

Colonial are the last junior standing in the prolific Peace River Coalfield, surrounded by mining giants such as Tech, Canadian Dehau, and Walter Energy.

The case for corporate activity and consolidation of assets in the Peace River area has never been stronger, and Colonial's management team are maintaining a dialogue with those companies that will help them deliver shareholder value.