

# The Bridge

## The Anatomy of a Webinar - Vol XIII

March 09, 2023



Being a way for a week, roaming the hills of Mexico, chipping rocks getting a tan, and breaking bones to some, may not sound like fun, but to some of us, there is no end in sight to getting Due Diligence done. 1) You can never just turn over one stone. 2) You can never ask enough questions.

**Colonial Coal International Corporation | CAD:TSX.v** - I am currently watching the Colonial Coal International Corporation's webinar for the third time, and I must say that I am extremely interested. It is easy to overlook and undervalue some of the important aspects of the presentation. David, who is leading the webinar, is just as genuine and sincere as he appears on screen. He has an amazing sense of humor, and his modesty is understated both on and off the webinar. In fact, David and his team were responsible for selling Western Canadian Coal for an impressive \$3.3 billion while also selling NEMI to Anglo for \$400 million, which is almost \$4 billion altogether. This is quite an understatement, wouldn't you agree?

Let's analyze this in detail: In British Columbia, there have been only two significant asset sales since 1997: MacBlow for \$3.6 billion and Western Canadian Coal for \$3.3 billion. Additionally, when you add in the NEMI sale, it is evident that David and his team have achieved remarkable success. To put this into perspective, there are three individuals in Quebec known as the "Osisko Boys" with a similar track record. Sean R, John B, and Bob W, also known as D'Artagnan, Aramis, and Athos respectively, sold OSISKO #1 for an impressive \$4.3 billion. Instead of moving a mountain, they relocated an entire town, providing them with 75 years of employment. This is why experts like Rick Rule suggest following successful individuals like these. It is interesting to note that there was also a fourth Musketeer named Porthos, which dates back to approximately 1845.

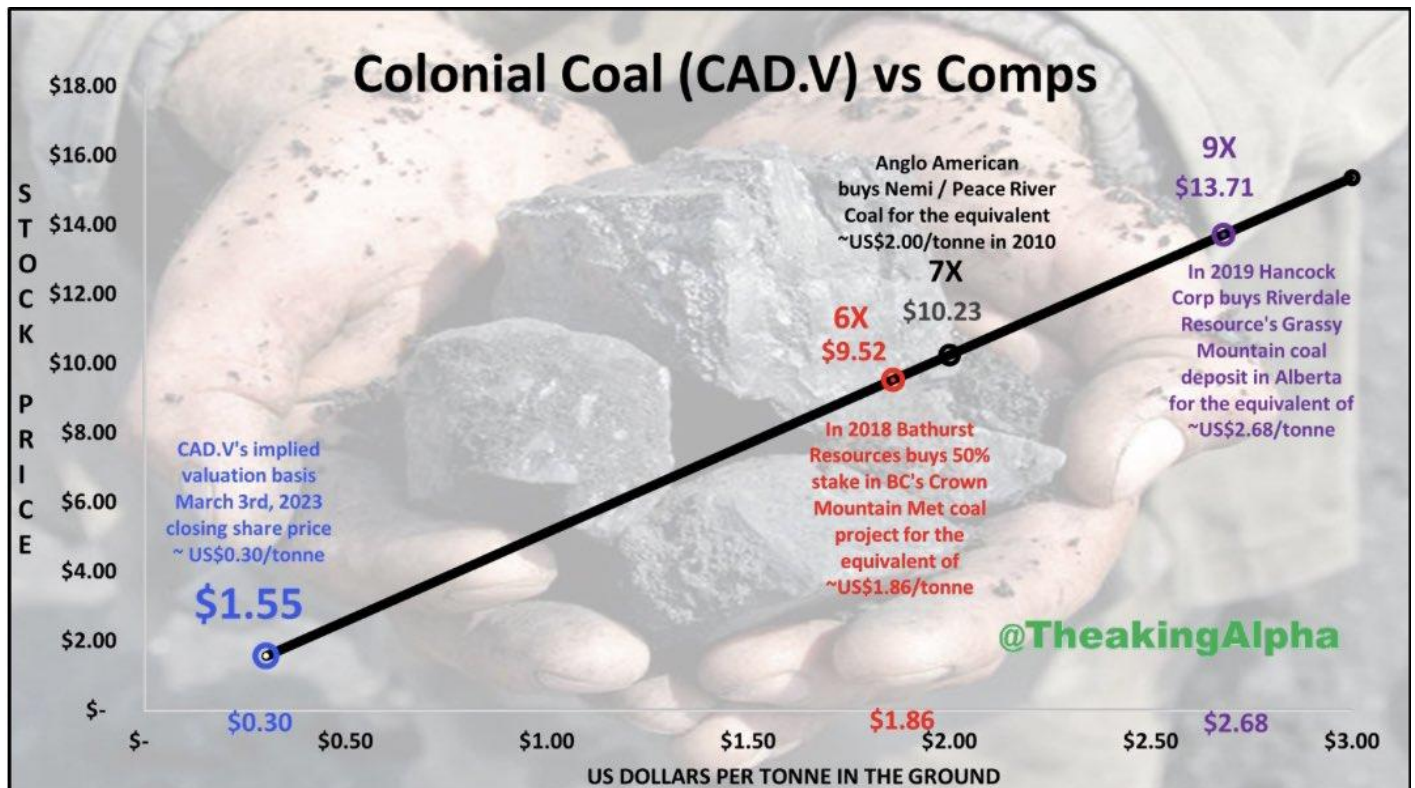
Let's divide the webinar into segments. In the first 8-9 minutes, David explains what they have. However, it is still unclear to many how they managed to reclaim it. Perhaps, we will have to wait for a book or movie to shed more light on this. Nonetheless, understanding who is involved in the mining and management processes is crucial. The team comprises individuals from Teck, Anglo, and the previous CEO and Chairman of Coal India, which happens to be the world's largest coal producer. Coal India is a publicly-owned company in India with the government holding approximately 78% of its shares.

Around the 10-15 minute mark, David's sense of humor becomes apparent, as he jokes that they don't have an elk problem unless the elks intend on becoming underground miners. At 13:00, he mentions a possible

upcoming news release. However, it is unlikely that buying shares based on this information would be considered insider trading. It is worth noting that at the beginning of the webinar, they disclosed the safe harbor clause and forward-looking statements. So, while it is a useful hint or tip, investors must exercise caution and do their due diligence before making any trading decisions.

Let's be crystal clear: If anything is understated, it's the fact that this is **THE LARGEST UNDERGROUND KNOWN RESOURCE IN NORTH AMERICA, IN THE WORLD OF MET COAL- WORLD CLASS**. It's a world-class resource, with a quality second only to Peat Down Coal in Australia. David also discusses the infrastructure play, noting that any new transaction would be positive for the area. The tracks to the underutilized port at Prince Rupert - Trigon have already seen \$15 billion in investment, with heavy involvement from British Columbia's First Nations. It's essential to keep in mind that laying train tracks today costs approximately \$1 million per km, and the distance from Flatbed to Huguenot is 65 km. If a new potential acquirer were to build a facility and wash/load the coal, which has been proposed and is one of the most frequently asked questions, we could have a \$2 billion asset in the ground. Developing this district play would cost over \$1 billion. David explains the nuances of this play in greater detail than most, which may be why it's taking so long. For buyers, it's critical to get this "FIRST TIME RIGHT," especially since we now know that at least 15 CAs are in place.

Perhaps, as you re-watch this webinar, consider a different perspective. It took me about an hour to get my head around an asset sale vs a stock sale... What did David say, "Good luck, if they think anything less 140,000,000 shares are put away. Tayler Theaker has shared the chart on CEO.ca and Twitter several times. Here is the math, which is quite simple: 700 million metric tonnes of coal at \$3.00 (the price mentioned by David several times in Canadian dollars) divided by 187 million outstanding shares equals \$11.22 per share. It's important to note that coal is sold in USD globally, and in December, TECK reported an average sales price of \$278.00 USD. This indicates that \$3.00 Canadian is likely the floor, and we won't be selling at that price.



The deposit is located directly on the rail, and as my father who worked for CPR Railway would say, "Franco, it's just a switch!" This means that the coal can be transported to the farthest reaches of the USA and as far south as the end of Mexico, or by water to Asia and beyond. What's your bet?

<https://www.youtube.com/watch?v=AaasWoVT5Nk>

Here is another valuable link = Warren Irwin - (RAM) highly respected and CAD's largest shareholder  
<https://www.miningstockeducation.com/2020/11/fund-manager-warren-irwin-discusses-gold-uranium-coal-copper-and-zinc/>

Right from the horse (Trojan horse 2.23 min mark) pay attention.

<https://www.bnnbloomberg.ca/pdac-teck-resources-ceo-on-separating-coal-and-copper-business-1.1892262>

What is the risk here? That's a great question. The biggest risk is whether we can successfully cross the finish line, meaning whether David can get it done or not. Unfortunately, I can't answer that question. It reminds me of betting on horses at the Kentucky Derby. Some people bet on the horse, but they often forget to consider the track condition, the jockey, and the horse's performance in the last ten races. It's all in the card, and if you know how to read it, it has everything you need. This is called Due Diligence (DD). I remember in 2022, I picked show and place and won a whopping \$15, but I never cashed the ticket, and it's now in my memorabilia box. In the 70s, I spent months with a cat operator at Stampede Park, and Trevor taught me how to read that complicated piece of paper and why people go to the track three hours before race time.

#### **This is not a game, nor a race... its en-dur-ance**

*"Endurance was the three-masted barquentine in which Sir Ernest Shackleton and a crew of 27 men sailed for the Antarctic on the 1914–1917 Imperial Trans-Antarctic Expedition. The ship, originally named Polaris, was built at Framnæs shipyard and launched in 1912 from Sandefjord in Norway."*

It's an expedition...

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FjP

*"A port in a storm, we seek safe harbour"*

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