Pistol Bay Mining Poised to Ride Base Metals Recovery

It’s been a good month for zinc, pushing above the $1.2/lb point that’s been holding the metal under since the spring and reversing the dip that threatened its recovery. Similarly, the supply glut in the copper market over the last several years that kept prices low, changed track at the end of last year when China, which accounts for almost half of all global copper demand, significantly increased its road-building activities. Finally, it seems the dark times of the last decade may be over, and while recovery is expected to be steady rather than dramatic, diminishing stockpiles and increasing supply deficits have placed one particular junior in an enviable position.

Pistol Bay Mining Inc. (TSXV: PST) (“Pistol Bay”) is a diversified junior exploration company with assets rich in copper, zinc and uranium. The company boasts 100% ownership of 108 claims known as Confederation Lake totalling over 5,136 ha and featuring historical gradings of up to 15% zinc and 1.8% copper, as well as the C5 property in the Athabasca Basin, Northern Saskatchewan, which is under option to Rio Tinto, who have previously announced their intention to acquire 100% interest by paying Pistol Bay C$5,000,000 and 5% net profit interest.

Zinc is predominantly used to galvanize steel and iron, and emerging economies focused on construction are responsible for the increasing demand that is expected in the coming years. Furthermore, some of the largest zinc-producing mines have faced closure in recent times, and this number is only climbing, giving zinc prices a forceful upward shove. China has recently cracked down on pollution-causing industries resulting in a negative impact on metals prices worldwide, but as more and more companies begin to comply with state requirements, Chinese demand should recover as the market heals.

Copper, on the other hand, is so ubiquitous that it has been in oversupply for six consecutive years, causing a steady decline in prices that has shook producers everywhere. Miners began to focus on cutting spending and producing a small amount of cost-effective product instead of shipping volume, and a slight copper supply deficit has resulted in 2017 which should begin to eat away at stockpiles. Pistol Bay are well into their exploration phase and are currently de-risking their assets, for which the funds are on-hand.

Perhaps most excitingly for copper investors, rumour has it that China will ban the import of scrap metal before the end of next year as part of its continued crackdown on the import of foreign waste products. This alone will massively bolster demand for refined copper, and once reserves begin to fall more dramatically, new producers will likely have to enter the fray in order to meet this need.

Since the metal is used in everything from home electrics to construction and power grids, it benefits considerably from booming construction sectors, and while developed countries are currently in a bit of a construction slump, emerging economies across Asia and Africa are expected to hit the metal markets hard in the coming years. Looking around the exchanges at juniors currently hunting for a spread of metals that are on the up, Pistol Bay stood out as a company with decent assets in stable jurisdictions, and with healthy-looking financing options available. Those investors looking to get on board with the slow-and-steady base metals recovery should consider Pistol Bay as a well-rounded portfolio option.