



TFSA Investors: This Value Stock Could Rise 1,000%

Description

Imperial Metals ([TSX:III](#)) is a Canadian [mining company](#) active in the acquisition, exploration, development, mining and production of base and precious metals. Over the last several decades, the company has undergone several transitions to become Imperial Metals. In 2002, the company completed a corporate reorganization to become Imperial Metals and divested several oil and gas assets with a renewed focus on base metals.

Stable primary markets

Imperial Metals produces [copper concentrate](#) which is shipped overseas to the Asian market. The company's business is to produce and sell metal concentrates at prices determined by world markets over which it has no influence or control. These markets are cyclical and the company's competitive position is determined by Imperial's costs compared to those of other producers throughout the world.

Demonstrated financial strength

The company has demonstrated an ability to maintain financial strength through metal price cycles and currency fluctuations. Costs are governed principally by the location, grade and nature of mineral deposits, labour, costs of equipment, fuel, power and other inputs, as well as by operating and management skill. Further, the company has shown an ability to locate, acquire and develop economic mineral deposits and replace current production, as well an ability to hire and retain skilled employees. The company competes with other mineral properties, joint venture agreements, capital and the acquisition of investments in other mining companies.

Skilled employees

Imperial's business requires skills and knowledge in the areas of permitting, geology, implementation of exploration programs, operations, treasury and accounting. Imperial has been very successful in locating and retaining employees and consultants with such skills and knowledge.

Robust operations

The company does not hedge any copper, gold or foreign exchange prices. Hence, quarterly revenues have fluctuated depending on copper and gold prices, the foreign exchange rate, the timing of concentrate sales, which is dependent on concentrate production and the availability and scheduling of transportation.

The company's goals are to search for additional zones of higher grade mineralization, and to obtain geological, geotechnical and metallurgical data to support future studies for underground block cave mining. Also, Imperial has designed a drill program to expand the company's copper and gold resources.

Prior to completion of drilling, the company initiates a concept study investigating the potential for commercial production. This study includes studying potential decline portal locations and underground development layouts to maximize the value of the existing plant and infrastructure. The indications are that production from several of Imperial's locations could re-start sooner than expected. If the planned exploration proves successful, metal prices required for restart may be reduced.

Bright future outlook

The company's plans for 2021 could be impacted, by the global pandemic, in a number of ways due to the economic slowdown and decrease in the demand for copper and gold prices. This has impacted the Imperial's ability to transport or market the company's concentrate due to disruptions in the company's supply chains. Despite this, the company's acquisitions management team continues to evaluate potential acquisitions and Imperial appears to be well positioned for the future.

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