

Commerce Resources Doubles its Pleasure as it Doubles the Size of its Blue River Project

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By Christina de Wit

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Commerce Resources Corp. (TSX.V: CCE, FSE: D7H) has investors seeing double – in a good way. The company has just doubled the size of its Blue River property, located approximately 200km northeast of Kamloops, B.C., by staking an additional 95 claims for a total area of 104,700 acres to the south of the Bone Creek watershed. The total size of the property now exceeds 1,000 km². This action was prompted by the discovery of a large ultramafic area of interest measuring about 6km long and 400m wide, approximately 12 km southeast of the Upper Fir Deposit. Samples taken from this ultramafic zone are being assayed, with a focus on nickel, PGEs (platinum group elements), and possible rare earth elements (REEs).

The company has also made major additions to its database for the Howard Creek Carbonatite within the northeast part of the property. According to the company's website, "this deposit has now been mapped and sampled (with a total of 43 surface rock samples) with assays ranging from background concentrations up to 7.00 % titanium (TiO₂), 8.61 % P₂O₅, 4843 g/t V₂O₅, and 3055 g/t Zircon (ZrO₂)." Sections of this extensive carbonatite complex contain significant titanium bearing minerals (ilmenite, magnetite, and titanite) and zircon. More work on the property is planned for the summer of 2008.

The Blue River Project is noted for its unusual carbonatite structure. Carbonatites are extremely rare, high carbonate, low silica igneous rocks. Carbonatite-associated deposits generally occur as intrusive bodies and are mined for a number of different minerals, including tantalum, niobium, rare earth elements, iron, copper, phosphate, nickel, uranium, gold, silver, platinum group elements (PGEs), zircon, vermiculite, and fluorite. So far, the project has proven significant grades for tantalum and niobium. The most recent (43-101-compliant) figures on the Upper Fir Deposit have outlined an indicated resource of 8.6Mt with 208.2 g/t Ta₂O₅ and 1,372.6 g/t Nb₂O₅, and an inferred resource of 5.5Mt with 208.2 g/t Ta₂O₅ and 1,349.9 g/t Nb₂O₅ (Gorham, 2007). The Fir Deposit has an indicated resource of 5.65Mt with 203.1g/t Ta₂O₅ and 1,047g/t Nb₂O₅ (Verzosa, 2003), and is also host to an inferred resource of 6.7Mt with 203.1 g/t Ta₂O₅, and 1,047 g/t Nb₂O₅ (Verzosa,2003). The Verity Deposit, 10 km north of the Fir deposit, is estimated to host an inferred resource of 3.06Mt with 196g/t Ta₂O₅, 646g/t Nb₂O₅ and 3.20% P₂O₅ (McCrea, 2001). Tantalum oxide is used in the manufacture of electronic devices called capacitors, due to its having the highest capacitance of any known metal. Niobium oxide has steel strengthening capabilities.

Specialty metals such as Ta and Nb are often found with REEs. The term "rare earths" (also referred to as the Lanthanide Series) is used to describe a group of 15 elements, plus the element yttrium. REEs have similar properties and tend to occur together in nature. The most common REEs (known as the 'light' REEs) are lanthanum, cerium, neodymium and yttrium. Previous results at Blue River have returned high values of 1905 ppm La and 2666 ppm Ce.

Cerium is used as a catalyst to produce pollution control devices for vehicles. It's also a highly effective polishing agent for glass. Lanthanum gives glass a high refractive index, as well as a high degree of transparency and light transmission. Rechargeable La-Ni-H batteries are gradually phasing out Ni-Cd batteries as the non-toxic lanthanum replaces the toxic cadmium – reducing environmental problems in terms of disposal or recycling. Environmental considerations are leading to the increasing substitution of REEs in applications presently using elements such as cadmium and lead. REEs are preferred because of their relatively low toxicity.

Demand for rare earth elements has exploded in recent years – the estimated value of refined rare earths consumed in 2005 in the United States was more than \$1 billion. Rare earth oxides, which are processed into powdered form, may range in price from US\$3.00 per kg, for cerium oxide to US\$15,000 per kg for scandium oxide. Cerium oxide and Lanthanum oxide are currently trading around \$3.85/kg and \$4.40/kg, respectively.

The U.S. Geological Survey Fact Sheet titled Rare Earth Elements—Critical Resources for High Technology, outlines many uses for REEs. "The diverse nuclear, metallurgical, chemical, catalytic, electrical, magnetic, and optical properties of the REE have led to an ever increasing variety of applications... [ranging] from mundane (lighter flints, glass polishing) to high-tech (phosphors, lasers, magnets, batteries, magnetic refrigeration) to futuristic (high-temperature superconductivity, safe storage and transport of hydrogen for a post-hydrocarbon economy)."

REEs aren't typically found in economic concentrations – in fact, most of the world's REEs come from only a few sources. The U.S. once was largely self-sufficient in REEs, but in the past decade has become dependent upon imports from China. Today, China produces approximately 97% of the world's supply, with most light REEs coming from just one mine.

To compound a tight situation, China recently announced new export restrictions on REEs from its mining operations. This policy will result in a

dramatic decrease in the REE supply. If Blue River continues to return good results, Commerce could potentially step into the vacuum as a major supplier of specialty metals and REEs for the North American and European markets. The cutting edge of technological research and development can only stay sharp if these markets take steps to secure an adequate, stable supply of REEs.

What makes Commerce a great long-term buy-and-hold is that it's essentially immune to the volatility experienced within gold and base metals markets. The market for REEs is quite illiquid and the combination of future REE demand, along with the dearth of economically viable REE deposits in the Western world puts Commerce in a position of fantastic leverage in terms of its growth potential. Results so far indicate some bright possibilities. "This is the first time in those soil samples that we've seen potentially economic rare earth [levels]," said Chris Grove, the company's head of Investor Relations.

Investors can anticipate more encouraging news from this rare bird in the next few weeks as the company awaits assay results from the ultramafic zone.

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