

Commerce Resources on track to become largest North American tantalum supplier

Commerce Resources Corp. (TSXV: CCE; FSE: D7H), bolstered by its latest drill results, is on track to break ground on North America's first stand alone tantalum/niobium mine within two years.

However, that's not going to happen fast enough to help The Boeing Company meet a 2008 year-end delivery deadline for its new 787 Dreamliner commercial aircraft.

Chicago-based Boeing, in a move that points to a global shortage of tantalum, has recently pushed its Dreamliner schedule back by six months. The first 30 to 35 of the new passenger aircraft won't be delivered until 2009, because of both software integration problems and a shortage of corrosion-resistant tantalum fasteners.

Commerce is still in the midst of a two-year-long provincial environmental assessment on its Upper Fir property, 300 kilometers north of Kamloops, in central British Columbia, which should be done by May or June 2008.

With that certificate in hand, the Vancouver-based company will then turn to the British Columbia Ministry of Mines for a permit to work its Blue River property in the interior of the province.

If all goes well, the permit will come through in time for a 2009 spring start.

Tantalum has the highest capacitance of any metal known, meaning the ability to hold and release electrical charge instantaneously. That makes it essential to most electronic devices as the material used for the capacitors found in most consumer goods such as mobile phones, computers and digital cameras as well as in automotive applications (anti-locking brakes, airbag-firing mechanisms) and medical technologies such as hearing aids and pacemakers.

The world's largest tantalum producer, Sons of Gwalia Ltd., now known as Talison Minerals, has, historically, supplied up to 55% of the world market from its Greenbushes and Wodgina mines in Western Australia. In the West, that market percentage could run as high as 85%.

However, SOG disclosed in July, 2004 that it may have run out of its surface high grade (300 g/t with a 55% recovery rate), forcing capital spending on underground mining of lower grade deposits.

Shortly afterwards, the public company went into receivership, and was purchased and renamed by private American interests only this year.

Drill results since Commerce started staking its Blue River property in 2000 have established Upper Fir as a viable mine site with a 6-10-year life.

The prospective mine life may double or even triple with the results from 18 more holes drilled this past summer. Those results not only confirmed that the Upper Fir carbonatite is sub-horizontal, allowing for open-pit mining, but also enlarged the strike area to more than a kilometer north-south and more than half a kilometer east-west.

(Carbonatites are rare rock types containing equally rare minerals, including niobium and tantalum.)

As well, this past summer's exploration turned up two new carbonatites - Lower Gum Creek and Lower Switch Creek - about two kilometers east of the Upper Fir deposit. Currently, the company is expecting the results back from the drilling of the Switch Creek site, spurred by one anomalous sample from the late 1980s containing 2,900 grams per tonne (g/t) tantalum. That compares to an average of 200 g/t in the Upper Fir deposit.

While work is now concentrated on the Upper Fir, Commerce had staked an area covering about 500 square kilometers, including the Fir and the Verity properties. Last month, the company doubled its property by staking another 95 claims covering more than 100,000 acres to the south of the Bone Creek watershed.

The new claims cover a large ultramafic area about 12 km southeast of the Upper Fir deposit, and give Commerce ownership of mineral tenures in areas where mine infrastructure may be built.

The Upper Fir property has an indicated resource of 8.6 million tonnes, grading 208.9 g/t Ta₂O₅ and 1,372 g/t Nb₂O₅, and an inferred resource of 5.5 million tonnes, grading 208.2 g/t Ta₂O₅ and 1,349g/t Nb₂O₅.

The Fir deposit has an indicated resource of 5.65 million tonnes grading 203.1 g/t Ta₂O₅ and 1,047 g/t Nb₂O₅, with an inferred resource of 6.74 million tonnes, grading 203.1 g/t Ta₂O₅ and 1,047 g/t Nb₂O₅.

The Verity property has an inferred resource of 3.06 million tonnes, grading 196 g/t Ta₂O₅ and 646 g/t Nb₂O₅.

The metal niobium has a wide range of properties - heat resistance, high thermal conductivity, elasticity, corrosion resistance, and the ability to form a stable and adhesive layer of oxide.

But it is most prized for its use in steel alloys used in pipelines, cars and structural steels. A 2% alloy of niobium can triple the tensile strength of steel from a PSI (pounds per square inch) of 40,000 to a PSI of 120,000, making it a reasonable alternative to vanadium.

Niobium's price has also skyrocketed this year, from US per pound in January to its current level of around US/lb. Encouraged by the healthy market, Commerce last spring staked 88 claims in Quebec's Labrador Trough, surrounding eight claims held by Virginia Mines Inc. (TSX: VGQ).

Those eight claims cover most of the Eldor Carbonatite Complex, an elliptically-shaped area approximately 7.75 km by 2.5 km with known, localized high concentrations of niobium and tantalum. Grab and channel samples have ranged from 1.15% to 11.4% Nb₂O₅ and 0.046%-0.21% Ta₂O₅.

In May, for the price of 710,000 shares and 290,000 share purchase warrants, Commerce took over those claims from Virginia Mines and embarked on a summer of soil sampling and line cutting. The results of those assays should be available by November.

The Eldor Carbonatite compares in size to the Araxa Carbonatite Complex in Brazil, which measures about 4.5 km in diameter. It contains the world's largest known deposit of pyrochlore, from which niobium is obtained, and is mined by the Brazilian company, Companhia Brasileira de Metalurgia e Mineracao (CBMM).

CBMM, currently supplying up to 70% of the world market, says it has enough reserves to meet the global need for niobium for the next 500 years. But the private company may not be meeting the same disclosure standards as Canadian public companies. As well, buyers looking at the quality of CBMM's product are known to be checking around for other suppliers.

While Commerce has had a standing invitation for partnership proposals, a recent private placement of .746 million, added to the .5 million already in hand, means the company can now manage on its own.

Another million could be raised through the exercise of warrants bringing total financing to just over million, enough to get Blue River into production.

With the Yellowhead Highway and the Canadian National Railway both crossing Commerce's property, the company will have an easy choice of sending its tantalum concentrate, processed at the mine site, to either Vancouver or Edmonton.

The next step would be to turn the concentrate into tantalum oxide, but Commerce hasn't yet considered whether it would build its own processing plant, partner with another company or hand off the product at that point.

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