

## Commerce Resources Corporation and Tantalum

Ed Hone - Edmond, Oklahoma – February 28, 2007

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*“As Iron Sharpens Iron, So One Man Sharpens Another” Proverbs 27-17*

Commerce Resources Corporation (CCE.V-Toronto Venture Stock Exchange, D7H-Frankfurt Stock Exchange) is a company I stumbled upon when researching uranium mining companies on Wise Mining and Exploration Companies<sup>(1)</sup> site. I was researching every company listed with known uranium potential and Commerce has a miniscule amount of uranium associated with its discoveries so it was listed in Wise's uranium segment. Following the website's links to company websites I began researching Commerce<sup>(2)</sup> and several things peaked my curiosity and emboldened me to invest as I learned about the company.

During my twenty-some years of experience marketing in the largest commodity industry, oil and gas, along with serious study of investments I have sought to identify the key characteristics of wildly successful companies. If you are a successful investor, these keys will be obvious if not second nature to you. Here are the keys with specific relevance to Commerce. They are companies...

- with management teams that have solid track records
- with focus and strategic business plans
- with access to sufficient capital to execute their plans
- in emerging and/or rapidly growing markets
- with the ability to significantly reduce costs and raise margins
- operating in invisible markets, that is invisible at first to the general investing public
- that extend their margins by integrating their business activities in the value chain
- with products for which there are only poor substitutes
- that do not hedge their production and produce commodities that cannot be easily hedged
- that function in non-cyclical industries or that have timed their investments with the upswing of a cycle

<b>CCE.V, CMRZF, D7H</b>	<b>Commerce Resources Corp.</b>
Exchanges	TSXv, OTC, Frankfurt
Market Capitalization	\$35,187,234.68
52 week High & Low	C\$.54 - C\$.21
Authorized / Issued	100,000,000 / 67,667,759
Cash at 7/31/06 plus financings since	\$4,800,000

### ***Who is Commerce Resources Corp.?***

Commerce is a Canadian exploration and development company formed in August 2001 and focused on tantalum and rare metal deposits. Commerce's flagship property consists of 131,549 acres comprised in 134 wholly owned mineral claims in the Blue River area of east central British Columbia. Their property is easily accessible, being situated 2 km north of the town of Blue River and just east of the Yellowhead Highway 5, and the main line of the Canadian National Railways. A power transmission line runs north in the middle of the Fir claim group, Commerce has completed independent 43-101s, Canadian Mineral Resource and Mineral Reserve Estimates, on its Fir and Verity carbonatite hosted tantalum (Ta) and niobium (Nb) ore bodies since its founding.

To date, Commerce's properties contain indicated and inferred resources of 6.9 million pounds of Ta and 33 million pounds of Nb. Commerce recently commissioned an independent 43-101 on its near surface Upper Fir discovery based upon diamond drill results from 21 holes reported on December 21, 2006. The discovery remains open to the south and east. According to the press release "Based on the drilled intersections and the geochemistry, the northern portions of the Upper Fir carbonatites may represent the peripheral and more differentiated portion of the intrusion, while the thicker, southern most portions are more primitive. Hence, if the Upper Fir carbonatites is a part of a very large intrusion, it is likely centered near holes CF-06-15 and CF-06-16 and to the SE of the explored area."<sup>(3)</sup> Commerce is also encouraged by the increase in the tantalum in the Ta/Nb ratio as it moves toward what may be the source of carbonatite activity in the area.

### ***What is Tantalum?***

Tantalum and niobium (formerly called columbium) are rare, non radioactive metals occupying slots 73 and 41 of the Periodic Table of Elements.<sup>(4)</sup> Nb is almost always found with tantalum in nature. Tantalum was named for Tantalos, the son of Zeus and Pluto and was the King of Lydia, a notoriously wealthy kingdom from Greek mythology<sup>(5)</sup> and he was also the father of Niobe, hence niobium. Discovered in 1802 by Anders Gustaf Ekeberg, Ta was not well understood until the mid-1800s and it wasn't until 1903 when von Bolton produced the relatively pure, ductile Ta.<sup>(4)</sup>

The principal source for Ta is the mineral columbite-tantalite found in Australia, Brazil, and Canada with lesser quantities originating from central Africa and Southeast Asia. "Ta minerals with over 70 different chemical compositions have been identified."<sup>(6)</sup> You may be familiar with Ta via coltan. "Coltan is the colloquial African name for columbite-tantalite, a metallic ore comprising Nb and Ta. Mineral concentrates containing Ta are usually referred to as 'tantalite'. In appearance, coltan is a dull black mineral. The exportation of coltan helped fuel the war in the Congo, a conflict that has resulted in approximately 3.8 million deaths."<sup>(7)</sup> Similar to the visible efforts in our media to curb the trade of blood diamonds, significant

progress has been made in curbing rogue coltan sources for Ta by working backwards through the value chain from the refiners.

“In its refined forms, Ta is gray, heavy and very hard and when it is pure, it is so ductile that it can be drawn into very fine wires. Ta is used to make a variety of super alloys with desirable properties such as high melting point, high strength and good ductility. At high temperatures, Ta becomes much more reactive. The element has a melting point exceeded only by tungsten and rhenium. Scientists at Los Alamos have produced a Ta carbide graphite composite material, which is said to be one of the hardest materials ever made with a melting point of 3738°C. Ta is almost completely immune to chemical attack at temperatures below 150°C, and is attacked only by hydrofluoric acid, acidic solutions containing the fluoride ion, and free sulfur trioxide. Alkalis attack it only slowly.”<sup>(4)</sup>

### ***The Markets***

Within the current industry structure, miners wrest Ta/Nb ores from the bowels of the earth and concentrate these ores for sale to metallurgical processors who in turn separate the Ta from the Nb and remove impurities to the levels required for industry. Its broadest commercial use is in consumer electronics products such as cell phones, DVD players, computers, gaming platforms and other specialty electronics because of its unequalled capacity to store and release electrical charges. Ta is used to make electrolytic capacitors which accounts for about 60% of its use. Because it is completely immune to body liquids and is a non-irritating material it has found wide use in surgical applications.

The metal is also used to fabricate chemical process equipment, nuclear reactor components, as a coating for copper wire, in a variety of furnace parts, anodes in cathodic protection, heat exchangers, turbines for aircraft and electrical generation and in shape charges by the US military. Ta oxide films are stable and have good refractive and dielectric (anti-static) properties accounting for its use in camera lenses.<sup>(4)</sup> According to the USGS “The following materials can be substituted for Ta, but usually with less effectiveness: columbium in carbides; aluminum and ceramics in electronic capacitors; columbium, glass, platinum, titanium, and zirconium in corrosion-resistant equipment; and columbium, hafnium, iridium, molybdenum, rhenium, and tungsten in high temperature applications.”<sup>(8)</sup>

### ***Tantalum Demand***

Driven by the acceleration of miniaturization in electronics, the average yearly growth rate of Ta consumption is reported to be about 5% to 8%. This growth has caused a significant increase in exploration. Annual worldwide primary mine production excluding production from tin slags was pegged at 2.84 million pounds for 2006 by the USGS Mineral Commodity Summaries.<sup>(8)</sup> According to the US Geological Survey the US has negligible reserves, consumes 1.5 million pounds annually importing 87% of its supply while recycling to recover the balance of its

needs.<sup>(8)</sup> “A significant supply of raw material, the US Defense Logistics Agency (DLA) stockpile, which traditionally supplies approximately 500,000 lbs per annum of Ta<sub>2</sub>O<sub>5</sub> in concentrates, will be depleted within 12 months at current disposal rates.”<sup>(9)</sup>

Because of its use in consumer electronics, Ta is definitely a cyclical metal with worldwide demand estimated to have fallen from 6 million pounds at the peak in 2000 to 4 million pounds<sup>(8)</sup> at the bottom of the cycle in 2004. Tertiary Minerals plc, a British company working on its hard rock Ghurayyah project in Saudi Arabia indicates from its attendance of the Tantalum-Niobium International Study Center's annual symposium that demand has recovered to 6 million pounds.<sup>(10)</sup>

### ***Tantalum Pricing***

Like uranium, Ta is generally sold under discrete, long-term contracts with very limited information published on the contract prices (the proverbial black box). Only a small portion of sales occur as spot market sales with transparent, published prices. Long-term contract prices appear to be somewhat inferred from press releases and earnings reports by major market suppliers, processors and consumers. This is not too different than the oil market publisher who pays a man to observe Saudi crude tankers (another black box) as they leave port, gauging the volume of shipments by determining how deeply the ships sits in the water.

The “Yearend average price from trade journals, per pound of contained Ta pentoxides was \$32.40”<sup>(8)</sup> after having spiked to \$220.00 per pound in 2000<sup>(11)</sup> according to the USGS prompting users to utilize substitutes when possible and secure long-term contract supplies assuring stable pricing. An excellent source for market information appears to be Paumanok Publications, Inc. At a cost of \$2,000 for their core reports, I am studying the cost/benefit relative to my investments before I jump off. My gut is that along with most other mined commodities, Ta has gotten a lot more expensive than the USGS' paltry \$32.40. After all the US government carries its gold on the books at \$42.50 per ounce. Except that forward sales at a pre-determined price is a kind of a hedge, tantalum can not be hedged like, say oil, where the price yoyos around and no one can ever fully explain why without pointing to the futures markets.

### ***Tantalum Supply***

“The single largest source of Ta mineral concentrates is the production by Sons of Gwalia Ltd. from its Greenbushes and Wodgina mines in Western Australia. These two mines combined produce between 25 and 35% of the world's supply, with production in 2001 reported at approximately 1.8 million pounds. Additional operating mines are the Tanco Mine (Cabot) in Manitoba, Canada, the Kenticha Mine (Ethiopia Minerals Development Authority) in Ethiopia, the Yichun Mine in China, and the Pitinga Mine (Paranapanema) and Mibra Mine (Metallurg) in Brazil. The downsizing of the tin industry as in Southeast Asia and elsewhere over the period of 1980 through about 1990 has led to the reduction of Ta oxide units

available from tin slags, a by-product of the smelting of cassiterite ore concentrates for tin production. Although some tin slags are available from new tin production, the primary source today, though waning, is from digging up old dump areas containing 1.5% to about 4.0% Ta oxide. Scrap recycling generated within the various segments of the Ta industry accounts for about 20 to 25% of the total input each year.”<sup>(6)</sup>

### ***Niobium Market, Supply, Demand & Pricing***

Nb, like Ta, is a specialty metal although more abundant than Ta. “The primary mineral from which Nb is obtained is pyrochlore. The world's largest deposit is located in Araxá, Brazil and is owned by Companhia Brasileira de Metalurgia e Mineração (CBMM). The reserves are enough to supply current world demand for about 500 years, about 460 million tons. The mining of weathered ore, running between 2.5 and 3.0% Nb<sub>2</sub>O<sub>5</sub>, is conducted by simple open pit mining without the need for drilling and explosives. Approximately 85 to 90% of the Nb industry obtains its Nb ores from sources other than those associated with the mining of Ta-containing ores. Another pyrochlore mine in Brazil is owned and operated by Mineração Catalão de Goiás Ltda. and contains 18 million tonnes at 1.34% Nb oxide. The third major deposit of pyrochlore being actively mined is the Niobec Mine in Quebec, Canada, jointly owned by Cambior and Mazarin, with reserves of 18,000 tonnes. In all three facilities, the pyrochlore mineral is processed by primarily physical processing technology to give a concentrate ranging from 55 to about 60% Nb oxide.”<sup>(12)</sup>

“Nb is used in arc-welding rods for stabilized grades of stainless steel. Thousands of pounds of Nb have been used in advanced air frame systems such as were used in the Gemini space program. The element has superconductive properties; superconductive magnets have been made with Nb-Zr wire, which retains its superconductivity in strong magnetic fields. This type of application offers hope of direct large-scale generation of electric power. Nb is also commonly used in jewelry.”<sup>(3)</sup> The published price for standard-grade (steelmaking-grade) ferrocolumbium was quoted at \$7.62 per pound of columbium content”<sup>(13)</sup> at year-end 2006. Annual Nb demand is currently 120,000,000 lbs per annum and raw material prices remain stable. Due to broad commercial availability, any Nb recovered from Commerce’s discovery would likely act as a byproduct credit against the cash cost of mining Ta.

### ***Why Commerce and its Resource?***

Worldwide there are ~300 known carbonate lava flows known as carbonatites. Carbonates almost always form in the oceans slowly crystallizing out of solution. Typical carbonates are limestone, calcite and marble. One might guess that carbonatites are simply melted carbonate deposits. This theory might work except that carbonates never contain appreciable rare earth elements and metals like Nb common to carbonatites. Generally, lava flows are high in silicates producing pegmatites like feldspars, micas and quartz the principal constituents of granites. A

better theory is that similar to freezing sea water which somehow excludes salts in the process, carbonatite lavas through a similar process exclude silicates otherwise dominant in the earth's crust.<sup>(14)</sup>

Commerce's resource is distributed throughout these carbonatites as crystals with Ta replacing some of the Nb normally found in the minerals. Carbonatites are calcium (sovite limestone), magnesium (beforsite dolomite), potassium or sodium rich carbonates. The Blue River deposits are primarily beforsite with some sovite bodies having been identified. Disseminated throughout the carbonatite are the payload crystals of pyrochlore, columbite or its iron-rich variety ferrocolumbite. The Nb minerals in the Blue River area commonly carry significant amounts of Ta. Other minerals present are phosphorus, zircon, uranium, magnetite, vermiculite, phlogophite, pyrrhotite and fersmite, which is another mineral of Nb.<sup>(15)</sup> With only .45 lbs of Ta and 2.31 lbs of Nb in 2,200 lbs of ore, an open pit resource is critical to the economics. The Upper Fir discovery has the strong potential to be an open pit mine with the carbonatites first encountered in outcrops.

### ***The Hardness Factor***

Carbonatites are over 50% carbonate ( $\text{CaCO}_3$ ,  $\text{MgCO}_3$ ) making them soft when compared to their pegmatite cousins. I don't know the hardness of Commerce's carbonatites, but I do know that dolomite, another carbonate rock, has a hardness rating of 3.5 to 4.0, whereas pegmatites like cassiterite and quartz have a hardness rating of 6.0 to 7.0. Thus, carbonatites are likely 30% to 50% softer than pegmatite sources of Ta ores. The critical point here is that Commerce's deposits will require much less energy to mine and reduce. Recognizing this critical factor, Commerce realized this might give them a cost advantage over other producers if it could define a large enough resource.

### ***Can Commerce Increase its Advantage?***

In early 2004 after completion of its 43-101s on Fir and Verity and the establishment of mineral resources, Commerce initiated metallurgic studies to determine the upper limits of gravity separation using a magstream separator. The University of British Columbia, along with Knelson Concentrators determined that in excess of 92% of the available Ta and Nb oxides could be obtained on a relatively coarse grind of its ore to 300 microns and hinted that further refinements could possibly be achieved in the recovery process.<sup>(16)</sup> The 43-101 on Fir pegs the recovery range of 80-85% for gravity separation. I understand the 43-101 recoveries have to be stated conservatively until bulk sample scale tests can be completed. Reporting by the Sons of Gwalia up through 2003 on its website revealed that their gravity separation yielded only 60% of the original Ta and Nb from their hard rock hosts. In the world of Ta mining, the Sons of Gwalia Mine is the 900 pound gorilla producing 30% of the world's Ta concentrate. With a large enough resource it looks like Commerce could run circles around them.

In the world of Ta processing, the Cabot Corporation is the largest producing over a million pounds per year of finished product<sup>(17)</sup>. Cabot Corp. and its competitors (Tevel Technik BV, Ningxia Non-Ferrous and H. C. Starck) contribute significantly in the value chain through their processing, handling some pretty nasty chemicals to achieve their results. “These processors produce pure tantalum by electrolysis, reduction with hydrofluoric and sulfuric acid at high temperatures and the reaction of tantalum carbide with tantalum oxide. Tantalum metal powder is generally produced by the sodium reduction of the potassium tantalum fluoride in a molten salt system at high temperature. The metal can also be produced by the carbon or aluminum reduction of the oxide or the hydrogen or alkaline earth reduction of Ta chloride. Capacitor grade powder is produced by the sodium reduction of potassium Ta fluoride.”<sup>(6)</sup>

### ***Commerce Pursues Its Metallurgy***

In the fall of 2004, Commerce initiated laboratory scale metallurgic testing with SGS Lakefield Research Limited in an effort to understand the costs of processing their gravity separated concentrate (gsc) and relative to traditional sources and determine potential recoveries for feasibility purposes from secondary processing using hydrometallurgical techniques. Direct leaching of the gsc using a hydrochloric acid pre-leach stage produced a processed concentrate assaying 54.9% Nb<sub>2</sub>O<sub>5</sub> and 7.15% Ta<sub>2</sub>O<sub>5</sub> having removed about 26% of the weight. This processed concentrate then responded well to a subsequent hydrofluoric acid and sulfuric acid leach with combined Ta and Nb extractions in the range 92% to 99%<sup>(10)</sup> with indications that less acid would be consumed than reported by another commercial processor of hard rock Ta.

By mid November 2004, Commerce was reporting that reverse sulphide floatation tests conducted by SGS Lakefield indicated that recoveries were easily upgraded to 58% of the gsc and the hint of a considerable reduction in costs for subsequent offsite processing with only minimal losses. Floatation removed sulphides constituting 41% of the weight of the original gsc.<sup>(12)</sup> Commerce then commissioned SGS Lakefield to optimize the acid leach process and SGS currently has 7,725 lbs of broken core from the Upper Fir discovery on hand for a commercial bulk sample program crucial to a feasibility plan. Commerce began working on to plans to build relationships with processors and their probable market.

These events have led me to question why Commerce would expend so much energy on the metallurgy if it can separate 80% - 99% of its Ta/Nb on site with low tech gravity separation. Adding hydrofluoric and sulfuric acid to any processes at the mine site is certain to extend the environmental assessment and permitting process not to mention the capital cost of the facilities. If however, it could somehow dramatically reduce the weight of its concentrates for shipment the resulting reduction of cost would flow directly to Commerce.

## ***The Management***

I spoke personally with David Hodge, Commerce's president, something you sometimes get to do with small cap miners when you call on Saturday. As the leader of Commerce, David has many years of management experience with publicly traded companies. He has been a director of mineral exploration companies since 1996 and has launched the Blue River Project from its initial acquisition in 2000 through to current development activities. Commerce's VP of Exploration is Jody Dahrouge, a graduate of the University of Alberta with a Bachelors Degree in Science (Geology) and has run his own geological consultancy since 1998. As relative newcomers, neither David nor Jody have a lot of accolades they are boasting. There is one thing I imagine RAB Capital and I would agree on...neither are serial promoters. There is also Shaun Ledding, a member of the Board of Directors and an active participant in corporate finance, regulatory compliance and marketing. With the \$10 million raised in 2006, his credits are already flowing. By their website, these 3 guys form the nucleus of the Commerce's management.

## ***Increase the Resource and Build a Team***

Commerce spent most of 2005 raising funds to start its drilling of Upper Fir and continue acquisition of available parcels to solidify its claim position in the area. Quickly recognizing the potential from its first three holes in the outcropped Upper Fir discovery to significantly reduce the costs to establish a mine, Commerce began to assemble an advisory board in February 2006 with the expertise to catapult its discovery forward. Its first appointment was Charlie Pitcher, PE. Mr. Pitcher is an experienced veteran of the resource sector. A graduate of the Colorado School of mines, he worked for 30 years throughout North America, Africa and the former Soviet Union on underground and open-pit mining of base and precious metals and coal.

On December 6, 2002, Mr. Pitcher had joined Western Canadian Coal Corp (TXN-WTN) as President and CEO to oversee the completion of feasibility studies and plans for production. During 2002, WTN was raising capital by issuance of stock at C\$.50 to C\$.55. In September 2004, WTN shipped its first coking coal from its Dillon Small Mine in the Burnt River area and was well on its way to construction of its Wolverine Mine. In the 4<sup>th</sup> quarter of 2004, WTN topped C\$6.00. Mr. Pitcher now heads up WTNs joint venture Northern Mining & Energy Inc. and continues as non-executive board member while consulting with Commerce. Accomplished in the fast track development of mines, Mr. Pitcher lends valuable experience to the project.

Jeff Austin, PE, a second member added to the team is a graduate of the University of British Columbia whose specialty is mineral process engineering. With 25 years experience, Jeff managed significant metallurgic test work on the Blue River carbonatites while managing International Metallurgical and Environmental, Inc. and currently serves as president of Western Canada Limestone, Ltd.

### ***The All Canadian Initiative***

In May 2006 Commerce announced a letter of intent on a strategic alliance with Fogang Jiata Metals Co. Ltd. of China to process its 20 tonnes of its concentrates for technical information to use in a pre-feasibility study.<sup>(12)</sup> A month later it announced a letter of intent on strategic alliance with the Russian NAC KazAtomProm with the same intent.<sup>(13)</sup> Neither culminated in formal agreements. Nonetheless, Commerce continues execution of its strategy to insure a market and hopefully develop partnerships vertically in the supply chain to upgrade the ultimate value of their Ta resources. With Mr. Pitcher's lead, Mr. Austin is helping guide what Commerce's investor relations representative is calling its "All Canadian Initiative".

Sixty miles east of Toronto, Canada on the shores of Lake Ontario is the town and harbor called Port Hope. Port Hope is home to Cameco Corp.'s uranium production and metal casting facilities with a capacity of 12,500 tonnes per year of uranium hexafluoride, 2,800 tonnes of uranium oxide and 2,000 tonnes of uranium as metal. One of only four such facilities in the west, Cameco is one of the larger consumers of hydrofluoric acid in the western hemisphere, fully permitted and (ISO)14001 certified. Hydrofluoric acid is one of the key ingredients needed to further concentrate Commerce's gravity separated concentrate.

### ***More Credits to Offset Production Costs, Yippee?***

Commerce reports in its 43-101 that ~3% of its ore is phosphorus pentoxide ( $P_2O_5$ ) apparently contained in apatite crystals distributed throughout the host rock. I am curious whether the percentage of  $P_2O_5$  is high enough for a phosphorous processor to be interested given the reduced costs as a result of probable primary processing of the host rock to 300 microns. Phosphorus pentoxide could provide another byproduct credit to offset against the cash costs of Ta production.

Small amounts of uranium are common in phosphorus production and in Upper Fir's case could be contained in the apatite distributed through the host rock. As yet, there is no indication the apatite could be gravity separated so any uranium content in apatite would either have to be processed at the mine or left in the tailings. If however, as in the case of Bone Creek the uranium is associated with the Ta/Nb recovered in the gravity concentrate, Cameco would probably be very interested in processing Commerce's gravity concentrate for its uranium content. If not Port Hope and not Cameco, there are numerous uranium mining operations in Canada that use acids and could consider adding a tantalum processing circuit. With the uranium content at .01% of the host rock and potentially as high as 12.6% of the gravity concentrate, uranium could add yet another byproduct credit. With the spot price for uranium, having clocked in at \$85/lb in February 2007 with no signs of abatement, the credit could be significant.

## ***Nanotechnology, Batteries, Fuel Cells, Hydrogen Storage and Market Upside***

After Steve Forbes announced nanotechnology as the investment wave of the future over five years ago, I know I cannot with certainty point to one new product that I know to have resulted directly from nanotechnology. However, after researching for this publication, I see it is possible that Sanyo's nickel hydride batteries employ nanotechnology in creating what is called a superalloy lattice to move electricity in and out of its batteries and to curb the problem of self discharge. Sanyo doesn't report the contents of the superalloy it employs in its new nickel hydride batteries, just that there is one. Toyota uses them in their new hybrid cars. That is energy and I like investing in energy.

My efforts to determine the elemental constituents of the Sanyo's superalloys dredged up nada. Yet, when you study references to superalloy lattices on the internet, you find that there is lots of research going on with superalloys. Basically, the "nanotechnologists" appear to be growing specialized crystalline structures or lattices with a bunch of esoteric and rare earth metals. Just a few of the elements found in superalloy lattices are nickel, tantalum, niobium, ruthenium, chromium, cobalt, tungsten and molybdenum.

So what if they start using tantalum for its super conductance and capacitance characteristics? Maybe they already are. Go to a Toyota dealer and ask them what is in it. They can't tell you other than nickel. I have heard rumors that they contain very fine wire gold filigree like lattices. Gold conducts electricity, is ductile enough to make fine wires and is non-corrosive. Tantalum conducts electricity, is ductile and non-corrosive. Then ask Toyota what a nickel hydride battery costs, they can't tell you. Maybe all this study of superalloy lattices is going on for the development of better fuel cells or hydrogen storage matrix. They are energy and I like energy.

### ***Conclusions***

In summary, Commerce has a tantalum discovery that is growing in size. Commerce has announced that it has contracted with Gartner Lee Ltd to start environmental permitting and begin work on a pre-feasibility or scoping study. Tantalum is a significant metal in our high tech world. The tantalum market is cyclical because of its tie to consumer electronics. It looks like Commerce will possibly double its resources and its latest discovery is open to the south east and possibly at depth should it find the source of the intrusion. Commerce will continue drilling in 2007 to extend its resources. Commerce has a cost advantage. That cost advantage could get significantly larger.

Price is a black box, but I think the price looks much higher than reported by the USGS. There is no futures market for tantalum. The price of tantalum will drop if demand softens, but it will not drop because some speculators are buying and selling futures contracts. Commerce sold its gold project and is focusing solely on its tantalum projects. RAB Capital likes Commerce so much it bought 26% of the

company. Its present holdings are reported to be 19.9%, that magic number that cuts all kinds of red tape with securities regulators. In July 2006, Commerce had about C\$900,000 on hand and has raised about C\$6.4 million in the equity markets since. This capital may be sufficient to carry them to the point of mine construction. Commerce just increased their undivided (100% CCE owned) claim position by 350%.

Disclosure: The author has not been paid to write this article, nor has he received any other inducement to do so. The author is a shareholder in the company and may benefit from any increase in the company's share price. Disclaimer: The author's objective in writing this article is to invoke an interest on the part of potential investors in this stock to the point where they are encouraged to conduct their own further diligent research. Neither the information, nor the opinions expressed should be construed as a solicitation to buy or sell this stock. Investors are recommended to obtain the advice of a qualified investment advisor before entering into any transactions in the stock.

#### Footnotes and References:

To access URLs hold down the control key and then left-click the URL with your mouse

- (1) <http://www.wise-uranium.org/ucomp.html>
- (2) <http://www.commerceresources.com/>
- (3) <http://www.commerceresources.com/s/News-Releases.asp?ReportID=164402& Type=News-Releases& Title=Commerce-Resources-Corp.-Announces-300000-Flow-Through-Private-Placement>
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- (9) <http://www.sog.com.au/pages/tantalum.asp> Removed from Sons of Gwalia's website the week of 2/26/07. SOG is in receivership for missteps in gold hedging. New website put up.
- (10) <http://www.commerceresources.com/s/News-Releases.asp?ReportID=140387& Type=News-Releases& Title=Commerce-Resources-forms-Strategic-Alliance-with-NAC-KazAtomProms-Tantalum-...>  
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