

Tantalum rally continues as shortage looms, traders warn

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Offers for tantalum scrap are soaring as high as \$330 per kg as the market faces a looming shortage that has brought prices for secondary metal in line with tantalum bars, traders said on Thursday.

“There is no scrap around, we’re all calling each other saying ‘can you help me out?’,” a trader told MB.

“Traders are buying at around \$250-260 per kg; they’re all short of the Chinese material. I think, in cold blood, \$350 per kg is the level I would ask for,” the trader said.

Tantalum prices have more than doubled since the start of this year after United Nations rules regarding the supply of material from conflict zones, notably the Democratic Republic of Congo (DRC), started to affect the market.

So far, no major western producer has stepped in to fill the gap caused by the closure of Talison Tantalum’s Wodgina mine in Western Australia in 2008.

Wodgina supplied 30% of the world’s tantalum the year it closed, but is still on care and maintenance with no firm date for a restart, while Australian-owned Gippsland’s Abu Dabbab project in Egypt is not scheduled to start until 2012.

“For some reason, the Congo aspect really started playing into it in late March, early April,” a second trader told MB.

“There is a shortage looming and if Wodgina isn’t going to open soon I don’t know where the material is going to come from,” he said.

“My experience is that tantalum scrap and tantalum bars are pretty much the same. I asked a contact what he thought and he described the price difference as little or none,” the trader added.

The price hike has been exacerbated since a Chinese supplier failed to ship material to at least three western customers, claiming that it had been shut on environmental grounds by its provincial government ahead of a major athletics tournament.

The deals had been made at around \$80 per lb (\$176 per kg) and the total volume is at

least six tonnes, possibly even twelve tonnes, traders told MB.

“Prices are [now] within the range of \$300-330. I think \$330 sounds completely logical and possible,” a third trader told MB.

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