

# Bill targeting African human rights abuses boosts prospects for B.C. tantalum venture

Rare metal finds niche market among major world producers of mobile phones and other high-tech devices

By Joel McKay

Human rights violations in Africa, a U.S. Congress bill and the western world's addiction to high-tech gadgetry have created the perfect opportunity for a Vancouver company.

Commerce Resources Corp. (TSX-V:CCE) is sitting on a treasure trove of tantalum near the tiny B.C. community of Blue River.

The relatively unknown metal is used to make capacitors that power cellular phones, computers and a host of other electronic devices.

Most of the world's tantalum is mined in Australia, but the sole producer there, **Talison Tantalum**, shut its mines in 2008 due to economic concerns.

That left smaller producers in Brazil and the Democratic Republic of Congo to supply the world's needs, but a recent conflict minerals bill in the U.S. has steered consumers away from the Congo, where armed groups allegedly violate human rights and, similar to the notorious blood diamond trade, profit from the tantalum trade.

But all that bad news could be good news for Commerce president **David Hodge**.



Commerce Resources' Chris Grove (left) with president David Hodge: Hodge is bullish about the tantalum market but said the company's success rests on a scoping study

"We could be the only available supplier of tantalum to the entire western world. That's the kicker," Hodge said during an interview at his Vancouver office. "The giant electronics companies, **Intel**, **RIM**, those people aren't going to be able to operate for more than another couple of years without a new supply of tantalum. That's going to put us in the driver's position.

"Our intention is to take over the world," he added, only half-joking.

The company's Blue

River Upper Fir deposit contains approximately 3.5 million pounds of tantalum in an indicated category.

Those are early drill results, and the company has yet to release a scoping study that would show investors if the deposit is economically viable to mine.

But Commerce has attracted a lot of attention.

For starters, chairman **Axel Hoppe** is the former head of technical services and engineering at **H.C. Starck GmbH**, the world's largest producer of tantalum products.

Director **Ian Graham** was formerly a chief geologist for global mining giant **Rio Tinto plc** (NYSE:RTP).

And aside from some prospects in Egypt and Saudi Arabia, Commerce appears to be one of only two Canadian companies with prospective tantalum deposits in North America.

The other is Montreal-based **MDN Inc.** (TSX:MDN), which continues to drill for tantalum at its Crevier property in Quebec.

"Commerce has been receiving a lot of interest and attention because they're one of the most advanced explorers of tantalum in North America at this point," said **Sid Rajeev**, vice-president and head of research at Vancouver's **Fundamental Research**

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- David Hodge, president, Commerce Resources

Corp.

Unlike copper or gold, tantalum prices are based on contracts, and that means spot prices are hard to come by.

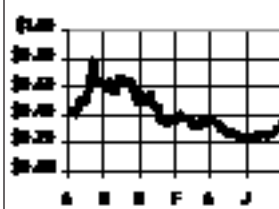
Rajeev said that's one reason why the metal remains relatively obscure and hasn't attracted a lot of investor attention, but it has strong fundamentals.

"We see increasing demand from the electronics side [and], No. 2, the supply is very concentrated."

Add to that the recent U.S. bill and tantalum has quickly become a hot topic.

In May, chip manufacturer **Intel Corp.** (NASDAQ:INTC) issued a release saying it would

## COMMERCE RESOURCES CORP. (TSX-V:CCE)



Vancouver  
**President:** David Hodge  
**Employees:** 7  
**Market cap:** \$49.6m  
**P/E ratio:** N/A  
**EPS:** N/A

SOURCES: STOCKWATCH, TSX, GLOBE INVESTOR

trace and map its supply chain to discover where its tantalum originates.

"Activities related to obtaining minerals that fuel conflict in the Democratic Republic of the Congo are unacceptable," **Suzanne Fallender**, Intel's director of CSR strategy and communications, said on an Intel post. "We are actively engaged in efforts to identify a solution through our supply chain and together with our industry."

Despite the good news for the tantalum sector, Commerce's stock continues to languish at \$0.33 per share versus a July 2007 high of \$1.55, and the company has yet to provide a definitive date for the release of its scoping study.

Still, Hodge said sectors like this are why he got into mineral exploration in the first place.

"The opportunity to be able to supply a market where virtually there's no competition? What kind of entrepreneur's dream is that? That is the excitement of the whole thing." ■

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## BREAKING GROUND

Resource industry in brief

### Job jump



**NovaGold Resources'** loss appears to be **Quadra FNX Mining's** gain after CFO **Don MacDonald** jumped from one company to the other.

MacDonald left Vancouver-based **NovaGold** (TSX:NG) in April after a seven-year stint with that company and has adopted the same role at Canada's newest mid-cap copper producer **Quadra** (QUX).

"We are delighted to have Don join Quadra FNX. Don's experience in the finance and development of large-scale mining projects will

immediately strengthen the **Quadra FNX** management team," said **Quadra** president and CEO **Paul Blythe**.

The move follows the departure of **Stuart McDonald**, the company's former and interim CFO.

**Quadra's** newest MacDonald has been involved in the operation and development of 10 mines throughout the Americas and has had a hand in more than US\$2 billion in merger and acquisition transactions.

Prior to **NovaGold**, he dabbled in the biotech space and has held positions with **Winspear Diamonds**, **Dayton Mining** and **Granges Inc.**

**Quadra's** corporate team is split between offices in Vancouver and Toronto.

### Mining history



The **B.C. Museum of Mining** has been rebranded the **Britannia Mine Museum** to herald the completion of a massive \$14.7 million three-phase redevelopment project.

The national historic site includes a completely revamped mill building, improved core shack and a new visitor centre and entranceway.

"As we head into a new frontier with our newly transformed museum and tourist destination, it's only fitting that we launch with a new name that brings us back to the importance **Britannia Mines** has played in this

storied community," said **Kirstin Clausen**, the museum's executive director. "We want to change people's attitudes as they travel along the Sea-to-Sky highway that we are now an attraction that will make an unforgettable experience for all ages."

The mine was once the largest of its kind in the **British Empire**, and the renovation is a \$20 million project that aims to make it a major tourism stop on the highway between Vancouver and Whistler.

Several Vancouver-based mining companies and executives have donated millions of dollars to support the project (see "Rebuilding **Britannia**: Industry to mine **Howe Sound** tourism exposure potential" - issue 1072, May 11 - 17).

### Soil success



Good planning has paid off for some Vancouver-based forest companies that hold timber licences in the **Quesnel** and **Vanderhoof** forest districts.

According to the province's **Forest Practices Board**, the independent watchdog for forest and range practices, **Canfor Corp.** (TSX:CFP) and **West Fraser Timber Co. Ltd.** (TSX:WFT) have used good practices to protect their timber licence areas from soil degradation.

"Conservation of soil has been an issue in some of our past audits, but the licensees we looked at in this special

investigation were generally found to be careful stewards of the soil resources and should be acknowledged for that," said board chairman **Al Gorley**.

Although it's impossible to completely avoid soil disturbance during logging operations, the board said it's important to protect it as much as possible to ensure that it can be used to grow future forests.

Vernon-based **Tolko Industries Ltd.** was also recognized for its practices.

The board examined 10,781 hectares of land in the **Quesnel** and **Vanderhoof** districts, and although 146 had large patches of soil disturbance they complied with the allowable disturbance limit.

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