

## Commerce Resources exploring tantalum/niobium prospect

by Ellsworth Dickson



Geologists Dr. Alexei Rukhlov, in white pants foreground, and Dr. Sasha Blinova, blue vest/white pants, show visitors some of the tantalum/niobium mineralized rock at the Upper Fir Zone. Photo by Ellsworth Dickson

Located between the towns of Blue River and Valemont in the Rocky Mountain Trench of eastern British Columbia, the Blue River tantalum-niobium project of **Commerce Resources Corp.** [CCE-TSXV] continues to advance with the completion of an extensive drilling program. While carbonatite bodies, the host rock of tantalum and niobium, were first discovered on the property in 1949 and a number of previous operators conducted exploration programs, it wasn't until Commerce acquired the property in 2001 that a comprehensive program of exploration took place.

Since that time, work has included new occurrence discoveries, ground geophysical surveys, several diamond drill programs, trenching, resource estimates and bulk sampling. The Blue River project comprises two known tantalum-niobium deposits, the Fir and Verity, both 100% owned by Commerce.

Commerce management targeted the Blue River Project when demand for tantalum increased significantly, causing its price to rise much faster than other metals such as copper. Tantalum demand is being fueled by the need for miniaturized electronic components, mainly capacitors, that have enabled the development of small cell phones, video cameras and computers. Niobium is used in super-conductive magnets, pacemakers, artificial joints, dentistry, alloys for steel oil and gas pipelines, and nuclear reactors.

Prior to this past summer's drilling program, an earlier resource



With a penny for scale, an unusually large crystal of pyrochlore can be seen. Pyrochlore is an oxide of sodium, calcium, niobium and tantalum. Most of the tantalum and niobium mineralization at the Blue River Project is on a much smaller scale. Photo by Ellsworth Dickson

calculation outlined an Indicated Resource of 5.65 million tonnes grading 203.1 grams  $Ta_2O_5$  (tantalum pentoxide)/tonne and 1,047  $Nb_2O_5$  (niobium pentoxide) at the Fir deposit. The Inferred Resource at the Fir deposit is pegged at 6.7 million tonnes grading 203.1 grams  $Ta_2O_5$ /tonne and 1,047  $Nb_2O_5$ . The Verity deposit, located 10 kilometres north of the Fir property, is host to an estimated Inferred Resource of 3.06 million tonnes grading 196 grams  $Ta_2O_5$ /tonne, 646  $Nb_2O_5$  and 3.20%  $P_2O_5$  (phosphate). *These estimates encompass only a portion of the known mineralization at the Fir and Verity deposits.*

The summer 2006 drill program was designed to determine the thickness and extent of the Upper Fir carbonatite-hosted mineralization. The Upper Fir carbonatite is less than one kilometer from the Fir deposit. While drill results are still coming in, it is known that the drill holes intersected carbonatite over a north-south strike length exceeding 750 metres. Total thickness of carbonatite in the 17 holes varied from 12.53 to 105.87 metres. The first hole intersected 81.61 metres grading 220 grams  $Ta_2O_5$ /tonne and 1,603 grams  $Nb_2O_5$ .

When all the drill results have been received, a new and expanded (NI 43-101 compliant) resource estimate will be prepared.

In a related development, Commerce is awaiting the permit for a minimum 10,000-tonne bulk sample from the Upper Fir deposit. The bulk sample will be pre-concentrated on site by crushing and gravity separation, then upgraded by flotation to about 60% combined tantalum-niobium. This will be shipped to the processing facilities of potential partners Fogang Jiata Metals in China and the NAC Kazatomprom/Ulba metallurgical plant in Kazakhstan.

Metallurgical studies conducted by SGS Lakefield in 2004 indicated recovery rates ranging from 83% to 91%. Commerce recently engaged consultants Mineral Development Advisory Group Inc. to facilitate development of the project, through scoping and pre-feasibility studies, and supervise environmental and permitting activities. Consultants Gartner Lee Ltd. has already begun preliminary data compilation for permitting approvals. The project has nearby power, water and rail transportation. ■

→ Blue River

# Fundamental

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Investment Analysis for Intelligent Investors

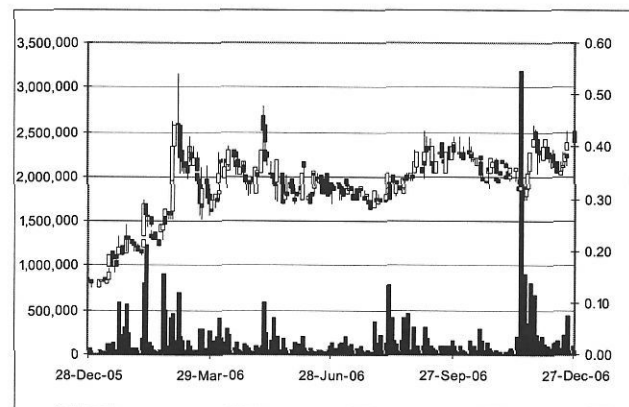
## Commerce Resources (TSX.V:CCE) – Results from Drilling at Upper Fir Confirm Potential Expansion of Resource & Reduction of Costs

Sector/Industry: Junior Mining

[www.commerceresources.com](http://www.commerceresources.com)

### Market Data (as of December 27, 2006)

Current Price	\$0.41
Fair Value	\$0.94
Rating*	BUY
Risk*	5 – Highly Spec
52 Week Range	\$0.12 - \$0.54
Shares O/S	58,019,134
Market Cap	\$23.79 million
Current Yield	N/A
P/E (forward)	N/A
P/B	10.44
YoY Return	182.8%
YoY TSX-V	32.0%



### About Commerce Resource Corp.

Vancouver based Commerce Resources Corp. (CCE), is an emerging mining and exploration company controlling 100% of the Blue River tantalum and niobium project in central British Columbia. The Blue River project is comprised of three core properties, the Fir, Verity, and Upper Fir. The company's recently completed drilling program on the Upper Fir deposit confirms the presence of a significant potential additional resource, and a NI-43-101 compliant resource estimate is expected shortly.

The table below shows the resource estimates of the company's core carbonatite prospects in Blue River.

Deposit	Drill Holes	Years Drilled	Indicated	Inferred	Ta <sub>2</sub> O <sub>5</sub> Grade	Nb <sub>2</sub> O <sub>5</sub> Grade
Verity	35	1981, 2001	-	3.1 Mt	196 g/t	646 g/t
Fir	15	1981, 2001/2	5.7 Mt	-	203 g/t	1,047 g/t
			-	6.7 Mt	203 g/t	646 g/t
Upper Fir	21	2005/06	A resource estimate is expected in Q1-2007			

### **Drilling Results on the Upper Fir Carbonatite (December 21, 2006)**

The Upper Fir Carbonatite is located 1,200 meters to the east of the Fir Carbonatite. It was identified in 2002 and four holes were drilled in Commerce's 2005 drilling program. The favorable results encouraged the company to launch an exploration program including 17 drill holes in the fall of 2006. The program was designed to test the thickness and extent of the deposit leading to the calculation of a resource estimate for the Upper Fir. In late December, the company released the assay results from the Upper Fir that revealed comparable grades to those identified at the Fir and Verity properties. **Having now identified a third deposit with sizeable tonnage, we believe the overall effect to the Blue River Project could be significant.**

Thus far, drilling has identified an intrusive carbonatite body with an area of 750 meters by 200 meters and up to 105 meters in thickness. The Upper Fir Carbonatite appears to be multiple lens-like bodies that dip gently to the south and east. The complex appears to thin to the north, with the greatest continuous thickness of a single carbonatite body yet intersected located within the southern most fence of the drill holes. Our conversations with management indicate that they will continue drilling down dip of the deposit, to the south and east, to further identify the extent of the deposit. They will also conduct reverse circulation infill drilling to upgrade the geologic certainty of the upcoming Upper Fir resource calculation.

We believe the results of the Upper Fir drill program are promising. The grades are not significantly different than those in the Fir and Verity deposits, but are in some cases lower, ranging from 147 to 237 g/t Ta<sub>2</sub>O<sub>5</sub>, and 567 to 1,941 g/t Nb<sub>2</sub>O<sub>5</sub>. In addition, the three deposits are each open in three directions. **We believe the size and thickness identified through the drilling program suggests that this deposit's resource may be equivalent to that of the Fir.**

Another significant discovery of this drilling program is the identification of the center of the volcanic plume in the southern portion of the deposit. Commerce's previous drilling program identified the northern portion of the deposit, with thinner carbonatite sections and higher niobium to tantalum ratios. The niobium to tantalum ratio decreases towards the volcanic plume. A lower niobium to tantalum ratio is considered very desirable to the tantalum industry.

**However, we believe the key result of 2006's drilling program is the near surface nature of the deposit and its potential for open pit mining.** Due to the continuity of the carbonatite at the Upper Fir, the low cost of open pit mining could present significant economic advantages to the project.

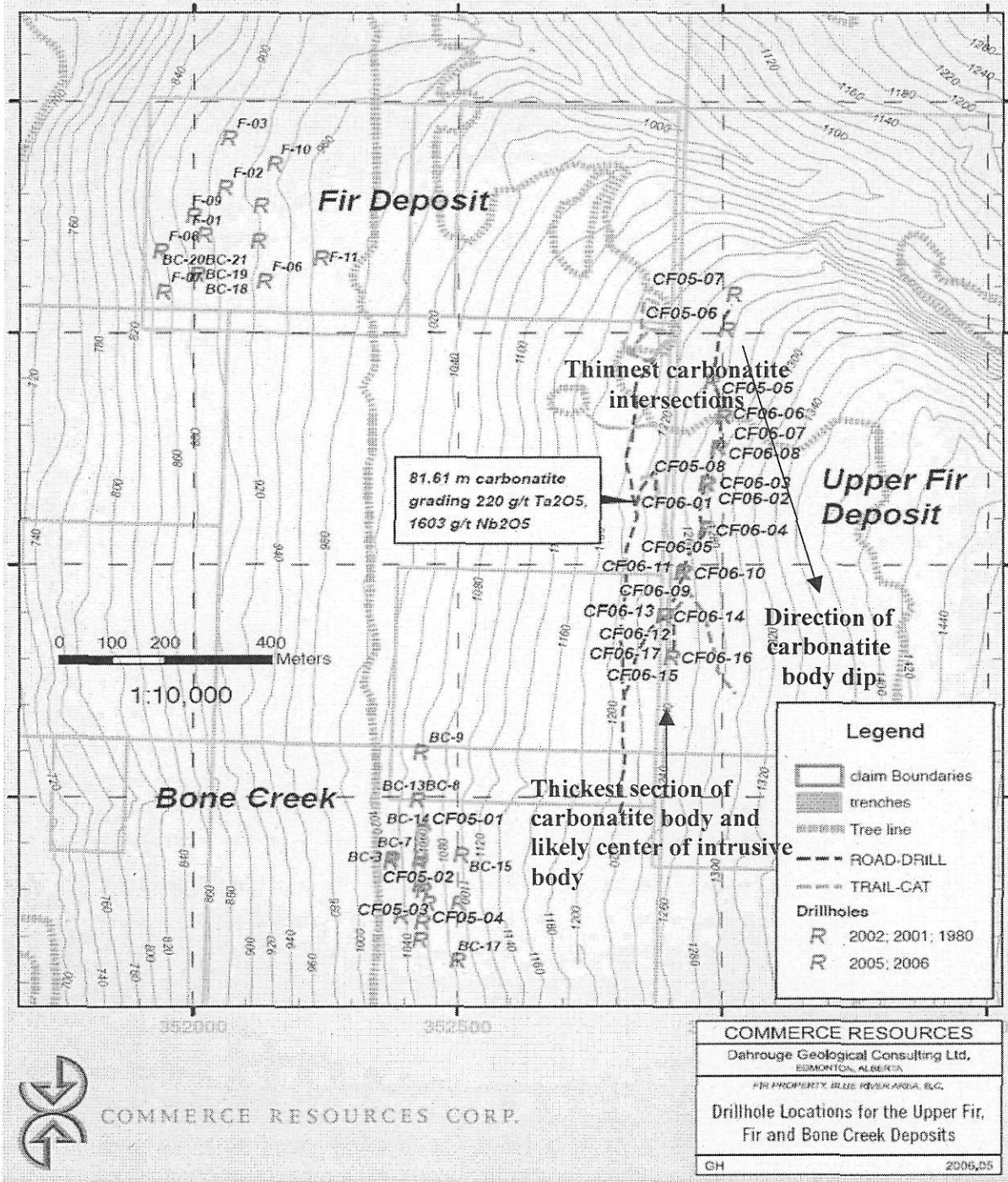
Management expects to have a resource estimate in Q1-2007, and our conversations with management indicate that they intend to **include phosphate grades in their calculations, as the grade may justify selling phosphate to help pay the mining costs for the Upper Fir deposit.** Phosphate is mainly used for agricultural fertilizer, and is often mined using open pit operations as the Upper Fir deposit may be. Carbonatites are often associated with phosphates, such as Agrium's (TSX/NYSE: AGU) Kapuskasing mine in Ontario, Canada, currently mining one of the world's highest-grade phosphate deposits using open pit methods. Their average grade is 24% P<sub>2</sub>O<sub>5</sub>. Commerce's grade is lower than this, but they are considering the feasibility of mining phosphate as part of their resource calculation expected in Q1-2007.

Commerce's 17 hole drill program is summarized below.

Drill Hole	Carbonatite Cumulative Thickness	P <sub>2</sub> O <sub>5</sub> wt %	Nb <sub>2</sub> O <sub>5</sub> g/t	Ta <sub>2</sub> O <sub>5</sub> g/t	Nb/Ta ratio
06-01	76.07	3.94	1722	237	6
06-02	43.55	3.82	1180	162	6
06-03	39.65	3.39	1102	161	6
06-04	41.19	3.66	690	185	3
06-05	95.70	3.75	1171	178	5
06-06	16.29	3.77	1418	170	7
06-07	12.54	4.02	1315	222	5
06-08	21.21	3.57	1941	198	8
06-09	57.86	3.42	1242	187	6
06-10	63.16	3.26	1088	163	6
06-11	53.83	3.50	1511	176	7
06-12	62.18	3.50	1408	192	6
06-13	72.53	3.60	1363	164	7
06-14	36.00	3.23	972	147	6
06-15	83.05	4.28	567	176	3
06-16	83.14	3.89	699	171	4
06-17	49.00	3.80	767	192	3
<b>Average</b>	<b>53.35</b>	<b>3.69</b>	<b>1140</b>	<b>181</b>	<b>5</b>
<b>Center of volcanic plume</b>					

**Rating:** We will review our valuation of CCE as the company releases resource estimates on the Upper Fir deposit in Q1-2007. At this time, we believe CCE will have significant upside potential if the resource estimates at the Upper Fir are better than expected. Hence, we continue to reiterate our BUY rating (Risk: 5) and maintain our fair value estimate on CCE's stock at \$0.94.

Appendix



**Fundamental Research Corp. Equity Rating Scale:**

**Buy** – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

**Hold** – Annual expected rate of return is between 5% and 12%

**Sell** – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

**Suspended or Rating N/A**— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

**Fundamental Research Corp. Risk Rating Scale:**

**1 (Low Risk)** - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

**2 (Below Average Risk)** - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

**3 (Average Risk)** - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

**4 (Speculative)** - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

**5 (Highly Speculative)** - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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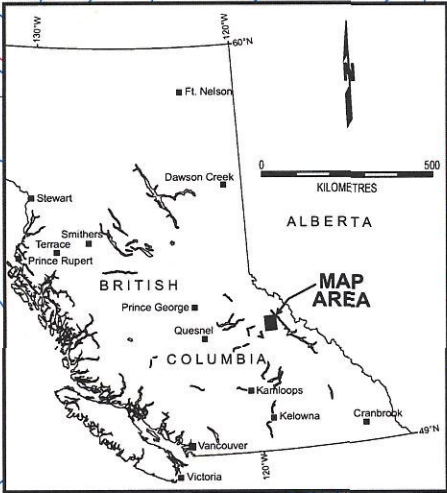
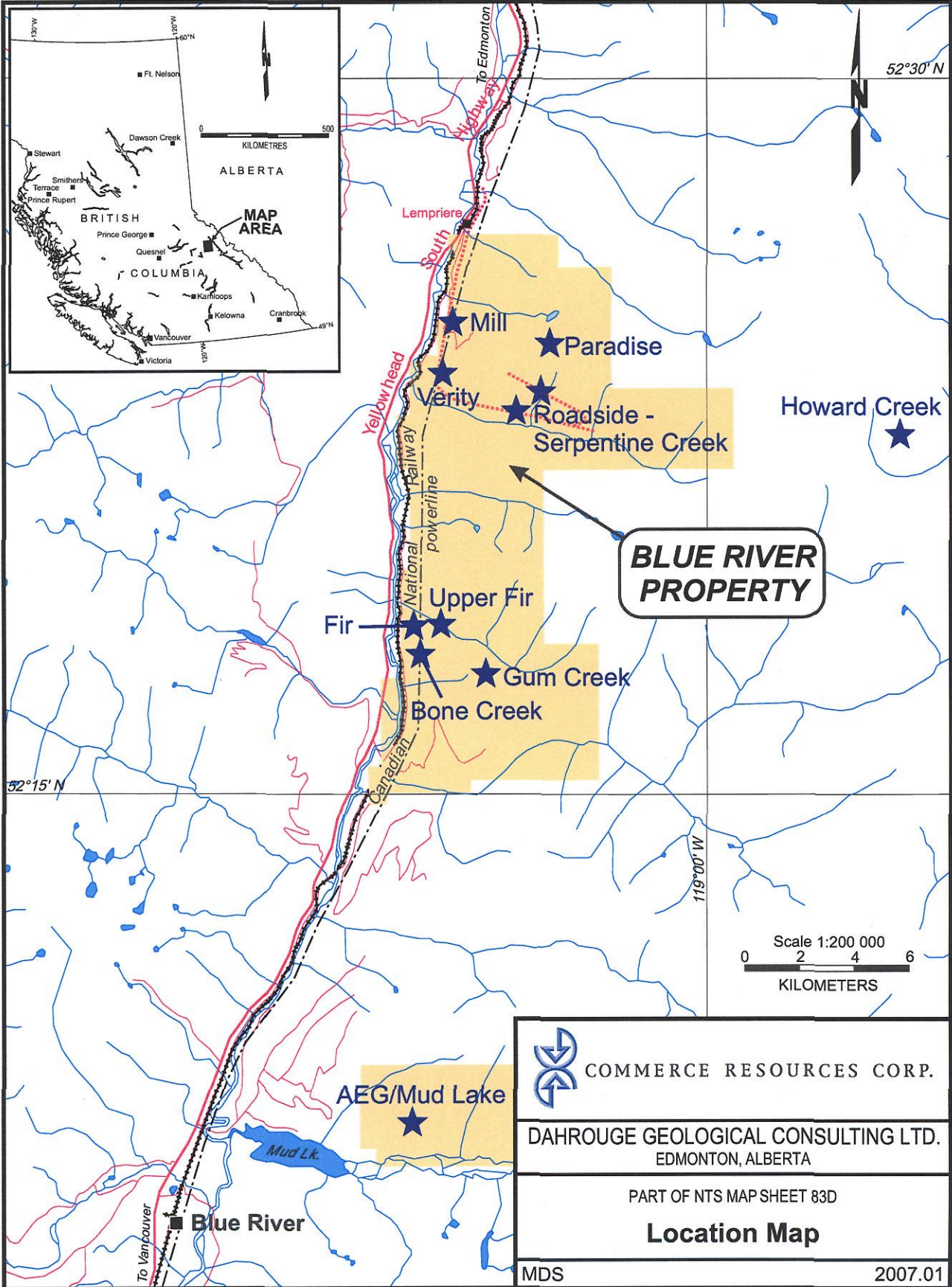
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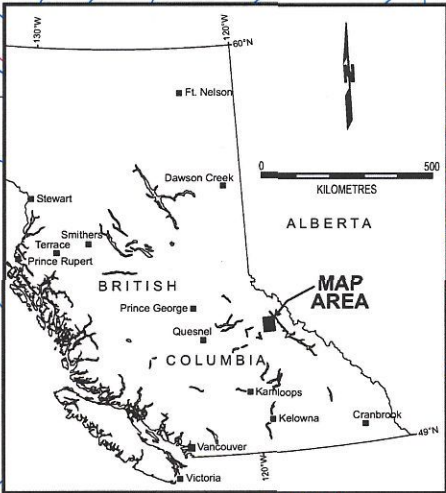
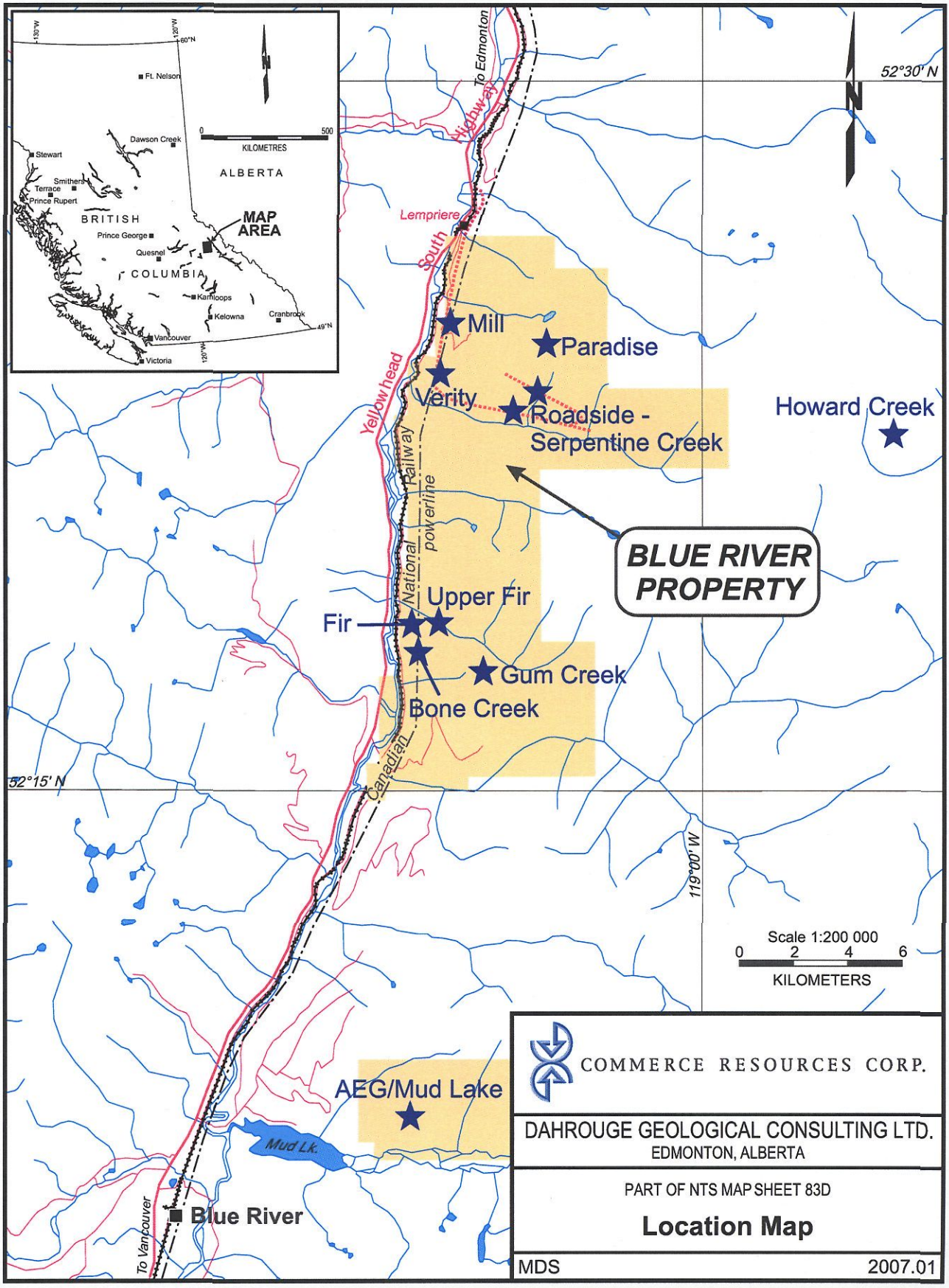
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**BLUE RIVER  
PROPERTY**

	<p>COMMERCE RESOURCES CORP.</p>
	<p>DAHROUGE GEOLOGICAL CONSULTING LTD. EDMONTON, ALBERTA</p>
<p>PART OF NTS MAP SHEET 83D</p>	
<p><b>Location Map</b></p>	
<p>MDS</p>	<p>2007.01</p>

→ Blue River Jan 09



**BLUE RIVER PROPERTY**

 **COMMERCE RESOURCES CORP.**

**DAHROUGE GEOLOGICAL CONSULTING LTD.**  
EDMONTON, ALBERTA

PART OF NTS MAP SHEET 83D

**Location Map**

MDS

2007.01





## Commerce Resources Corp. Announces Significant Tantalum Potential Identified at Upper Fir Carbonatite

**December 21, 2006** - Commerce Resources Corp. (TSXv: CCE) (FSE: D7H) (“Commerce”) is pleased to present the following update on its 2006 exploration program at the Upper Fir Carbonatite, located on its wholly owned Blue River Property, in east-central British Columbia.

During 2005 and 2006, Commerce completed two drill programs. The first was designed to confirm the economic potential of the Upper Fir Carbonatite, and the latter to define its extent, grade and thickness, in order that the company may complete a resource estimate for this near surface, tantalum-niobium occurrence. Both programs achieved their stated goals, while the latter only partially defined the limits of the carbonatite body, owing primarily to the greater than expected thicknesses, strike length and width for this intrusive body. The company has commissioned an independent NI43-101 compliant resource estimate to be completed for the Upper Fir Carbonatite.

In total, 21 holes have been completed, 4 during the fall of 2005 and 17 during the summer/fall of 2006. The company is now in receipt of assay results from the 17 drill holes completed during 2006. Results for the drill holes are summarized in the following table, while additional information (such as a location map) is provided on the company’s website. Essentially, 20 of the 21 holes intersected carbonatite host rock and were completed within an area measuring 750 m north-south, by 200 m east-west. Drilled thickness varied from 8.77 m to 95.70 m. In some cases, the drilled thickness may exceed the true thickness by 10 to 15 per cent, owing to the interpreted shallow east-dip of the carbonatite, and the orientation of the drill holes. Average grades of carbonatite for the 17 holes completed in 2006, range from 147 to 237 g/t Ta<sub>2</sub>O<sub>5</sub>, and 567 to 1941 g/t Nb<sub>2</sub>O<sub>5</sub>.

### Detailed Results

Results for Drill Holes CF-06-01 to CF-06-17, completed during 2006, are summarized below:

**Table 1. Summary of weighted average grades for Upper Fir drill holes for 100 g/t Ta<sub>2</sub>O<sub>5</sub> cut off level.**

Drill Hole Number	Carbonatite zone			Carbonatite cumulative thickness (m)	P <sub>2</sub> O <sub>5</sub> wt %	Nb <sub>2</sub> O <sub>5</sub> g/t	Ta <sub>2</sub> O <sub>5</sub> g/t	Nb/Ta wt
	From (m)	To (m)	Interval (m)					
<b>CF-06-01</b>	57.65	167.87	110.22	<b>76.07</b>	<b>3.94</b>	<b>1722</b>	<b>237</b>	<b>6</b>
<b>CF-06-02</b>	74.55	133.00	58.45	<b>43.55</b>	<b>3.82</b>	<b>1180</b>	<b>162 (149)</b>	<b>6</b>
<b>CF-06-03</b>	51.19	146.00	94.81	<b>39.65</b>	<b>3.39</b>	<b>1102</b>	<b>161 (168)</b>	<b>6</b>

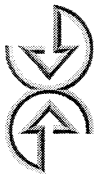


<i>CF-06-04</i>	44.38	101.00	56.62	<b>41.19</b>	<b>3.66</b>	<b>690</b>	<b>185</b>	<b>3</b>
<i>CF-06-05</i>	64.78	193.57	128.79	<b>95.70</b>	<b>3.75</b>	<b>1171</b>	<b>178</b>	<b>5</b>
<i>CF-06-06</i>	51.29	67.58	16.29	<b>16.29</b>	<b>3.77</b>	<b>1418</b>	<b>170</b>	<b>7</b>
<i>CF-06-07</i>	69.02	81.56	12.54	<b>12.54</b>	<b>4.02</b>	<b>1315</b>	<b>222</b>	<b>5</b>
<i>CF-06-08</i>	104.85	129.50	24.65	<b>21.21</b>	<b>3.57</b>	<b>1941</b>	<b>198</b>	<b>8</b>
<i>CF-06-09</i>	44.00	184.68	140.68	<b>57.86</b>	<b>3.42</b>	<b>1242</b>	<b>187</b>	<b>6</b>
<i>CF-06-10</i>	40.00	137.49	97.49	<b>63.16</b>	<b>3.26</b>	<b>1088</b>	<b>163</b>	<b>6</b>
<i>CF-06-11</i>	46.50	165.69	119.19	<b>53.83</b>	<b>3.50</b>	<b>1511</b>	<b>176</b>	<b>7</b>
<i>CF-06-12</i>	53.79	168.42	114.63	<b>62.18</b>	<b>3.50</b>	<b>1408</b>	<b>192</b>	<b>6</b>
<i>CF-06-13</i>	81.78	235.41	153.63	<b>72.53</b>	<b>3.60</b>	<b>1363</b>	<b>164</b>	<b>7</b>
<i>CF-06-14</i>	111.00	147.00	36.00	<b>36.00</b>	<b>3.23</b>	<b>972</b>	<b>147</b>	<b>6</b>
<i>CF-06-15</i>	73.61	156.66	83.05	<b>83.05</b>	<b>4.28</b>	<b>567</b>	<b>176</b>	<b>3</b>
<i>CF-06-16</i>	94.00	184.56	90.56	<b>83.14</b>	<b>3.89</b>	<b>699</b>	<b>171</b>	<b>4</b>
<i>CF-06-17</i>	114.00	205.00	91.00	<b>49.00</b>	<b>3.80</b>	<b>767</b>	<b>192</b>	<b>3</b>
<i>All holes average</i>				<b>53.35</b>	<b>3.69</b>	<b>1140</b>	<b>181</b>	<b>5</b>

Results are based on ICP-MS analyses at Acme Analytical Laboratories Ltd (Vancouver, British Columbia). Values in parentheses are based on re-run analyses by INAA (Method BQ-NAA-1) at Becquerel Laboratories Inc., Mississauga, Ontario)

#### New Exploration Potential for the Upper Fir

The explored portion of the Upper Fir Carbonatite is interpreted to represent a network of multiple lens-like bodies that dip gently to the south and east. The complex appears to thin to the north, with the greatest continuous thickness of a single carbonatite body yet intersected (83.05 m within hole CF-06-15) being located within the southern most fence of the drill holes. Adjacent to the east of CF-06-15, hole CF-06-16 intersected a total of 83.14 m of carbonatite, with two thin xenoliths of country rock.



The thickness of carbonatite intersected in these two drill holes is significant because:

- 1) it opens the exploration potential, for additional, significant tonnages of carbonatite, to the south and east;
- 2) the near surface nature of the deposit would support an open pit mining scenario
- 3) the overall ratios of Nb/Ta appear to decrease from North (6 to 8) to South (3 to 4);
- 4) the tantalum grades are nearly constant; and
- 5) the mineralogy of the carbonatite and its ore minerals may change from north to south.

Based on the drilled intersections and the geochemistry, the northern portions of the Upper Fir Carbonatite 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 Carbonatite 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. Also, evidence to date indicates that the overall chemistry of this centre may be similar to that of carbonatite in holes 15 and 16, where relatively high-grades of tantalum, but generally lower overall ratios of Nb/Ta were observed.

Dave Hodge, President of Commerce, commented, "In 2006, for the first time, we have established significant tonnage potential at the Upper Fir. Drilling to date suggests that the tantalum- and niobium-bearing carbonatite, intersected in numerous locations over a 750m x 200m area, and up to 105.87m in thickness, may comprise part of a contiguous system, lending strong support for the overall economic potential of the project, not to mention the fact that the deposit is accessible from surface".

Jody Dahrouge, P.Geol., and director, a qualified person as defined by National Instrument 43-101, supervised the preparation of the technical information in this release. Except as noted above, all samples were analyzed at Acme Analytical Laboratories Ltd. in Vancouver, British Columbia, using ICP-MS.

#### **About Commerce Resources Corp.**

Commerce Resources Corp. continues to maintain its focus on the development and exploration of its Fir and Verity tantalum and niobium projects in British Columbia, Canada. Commerce is one of the most active tantalum explorers in North America, conducting detailed exploration of its Fir and Verity deposits. Exploration to date at the Fir deposit has outlined an indicated resource of 5.65Mt with 203.1g/t Ta<sub>2</sub>O<sub>5</sub> and 1,047g/t Nb<sub>2</sub>O<sub>5</sub> (Verzosa, 2003). The Fir is also host to an inferred resource of 6.7Mt with 196g/t Ta<sub>2</sub>O<sub>5</sub>, 646g/t Nb<sub>2</sub>O<sub>5</sub> and 3.20% P<sub>2</sub>O<sub>5</sub> (McCrea, 2001). The Verity deposit, 10 km north of the Fir property, is estimated to host an inferred resource of 3.06Mt with 196g/t Ta<sub>2</sub>O<sub>5</sub>, 646g/t Nb<sub>2</sub>O<sub>5</sub> and 3.20% P<sub>2</sub>O<sub>5</sub> (McCrea, 2001).

Detailed information on both resource estimates for the deposits may be viewed in the company's public disclosure on SEDAR. Commerce Resources Corp. trades on the TSX Venture Exchange under the symbol "CCE".



COMMERCE RESOURCES CORP.

For further details on Commerce Resources Corp. and the Blue River Tantalum Property, visit the corporate website at [www.commerceresources.com](http://www.commerceresources.com), or contact Investor Relations at (604) 484 2700 or toll free at (866) 484 2700.

On Behalf of the Board of Directors  
**COMMERCE RESOURCES CORP.**

"Dave Hodge"

David Hodge  
President and Director  
Tel: 604 484 2700

*The TSX Venture Exchange has neither approved nor disapproved the information contained herein*