TGS→Lucky Ship

The Whole Town's Talking About Moly

by Dorothy Hoffert

Molybdenum has once again become a highly lucrative commodity to explore for. The increase in world demand and reduction in exports from world producers has generated a sharp increase in the price of moly to US $38.00 per pound from its 2002 level of US $2.00 per pound. Moly is a refractory metal used as an alloying agent in steel and other metal alloys to enhance strength, hardness and corrosion resistance. It has low toxicity and is used in numerous chemical applications such as lubricants and catalysts

The western cordilleran region of British Columbia north of Terrace through Prince Rupert and Alice Arm, known as the Skeena Arch, is highly prospective for molybdenum and hosts the province's major moly producers. In 1979, when moly prices reached a high of US $30.00 per pound, this region of British Columbia underwent an exploration boom for molybdenum resulting in the discovery of numerous deposits with inferred resources, one of which is the Lucky Ship property. This region is once again undergoing a tremendous resurgence of exploration for moly.

New Cantech Ventures Inc. [NCV-TSXV] is acquiring a 100% interest in the Lucky Ship property in two stages. The first 50% interest is earned by incurring $45,000 in exploration expenditures and by making annual payments over a six-year period aggregating $485,000. The remaining 50% is earned by issuing 2 million escrowed shares of the company to New Cantech's joint venture partner **Candorado Operating Company Ltd.** [CDO-TSXV]. The Lucky Ship encompasses a surface area of 1,462 hectares and is located 80 km south of the town of Houston. Houston is a major supply centre and is serviced by the CNR railway as well as by Highway 16. Daily air service to Vancouver is available from Smithers, BC, which is located 70 km northwest of Houston. Recent logging roads provide easy access to the property.

The Lucky Ship was explored and drilled by Amax Exploration Inc. between 1964 and 1968. Exploration resulted in the discovery of six different types of mineralization found in the Main Molybdenite Zone, the Southern Lobe, the Intrusive Breccia Complex and the Massive Central Zone of the Lucky Ship Pluton. The Lucky Ship is classified as a porphyry molybdenite deposit, including quartz vein stockworks. Along with the standard exploration procedures, Amax completed 10,662 metres of diamond drilling in 23 drill holes. Amax's successor company, Canamax Resources Inc., reported a "historical drill-inferred resource estimate" of approximately 18 million tonnes grading 0.163% MoS_2 to a depth of 300 metres in a prospectus filed in 1983 (non NI 43-101 compliant).

New Cantech is currently conducting Phase 1 of its 2005 exploration program on the Lucky Ship on the Main Molybdenite Zone which contains the historical drill-inferred resource estimate. A total of $750,000 will be spent on exploration, which includes 3,000 metres of diamond drilling, along with line cutting and road rehabilitation. Magnetometer and induced polarization surveys will be carried out with the objective of defining a near-surface tonnage of 5 million tonnes down to a depth of 100 metres grading between 0.15% and 0.2% MoS_2 and to verify and add to historical tonnage estimates. A Phase 2 program will follow based on encouragement from Phase 1 with the expenditure of an additional $750,000 and another 4,000 metres of drilling to expand the Main Molybdenite Zone below 100 metres. At this writing, the company had completed its first drill hole and encountered molybdenite-bearing quartz vein stockwork that is moderately to strongly mineralized from 13.4 metres to 116.0 metres in a 122.8-metre hole. An application to extract a 10,000-tonne bulk sample is under application with the British Columbia Ministry of Energy and Mines.

The Lucky Ship lies in close proximity to operations of the Huckleberry Mine, a porphyry copper-molybdenum deposit as well as primary moly producer, Endako Mines. Canada is currently the fifth largest world producer of moly.

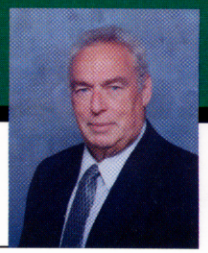
New Cantech has a highly diversified portfolio of properties. A program of line cutting, geophysics with drilling to follow has begun on the Sweeney porphyry copper-gold property which lies eight km north of the Huckleberry mill and within the property boundaries of the Huckleberry Mine. Grab samples taken from an area on the south boundary of the Cantech-Huckleberry boundary yielded up to 9% copper. The company also owns a 100% interest in the Tidewater deposit located in the Alice Arm area, another moly district of northwestern British Columbia. The Tidewater produced limited quantities of ore in the early 1900s from underground workings in a quartz-molybdenite vein system.

In Inner Mongolia, China, the BYC Gold Project is joint ventured with **Minco Mining & Metals Corp.** [MMM-TSXV] where recent drilling has intercepted 73.7 grams gold/tonne over 1.5 metres and 38.8 grams/tonne over 1.7 metres. New Cantech holds other copper-gold properties in British Columbia and diamond claims in Nunavut and the Northwest Territories.

The company's management has many years of combined technical and financial expertise and is headed by Dalton Dupasquier, President, and Ross Blusson, Geologist, Chairman. William Meyer, P.Eng, Geologist, Richard Grayston, PhD, MBA, and James Jacuta, LLB are also directors.

Dorothy Hoffert has been an Investment Advisor for 20 years with a focus on the Mining Sector. She can be reached at Wolverton Securities at 604-662-5271. Dorothy Hoffert, her clients and/or Wolverton directors, employees or clients may own shares in any of the companies discussed.

Commerce Developing Tantalum/Niobium Projects



by Leonard Melman

Few tourists passing through the Rocky Mountains in eastern British Columbia would be aware that this spectacular region is a focal point for the search for one of earth's most intriguing metals – tantalum. Yet that is the case as **Commerce Resources Corp.** [CCE-TSXV], a Vancouver-based junior mining company, is working toward the goal of developing a major tantalum producing mining operation in this rugged area.

Tantalum, one of the world's most valuable metals, can be produced as tantalum carbide, tantalum oxide, tantalum powder and tantalum fabricated sheets, plates, rods and wires. It has a high melting point of 2,997° C, is highly resistant to corrosion, alloys well with other metals, is superconductive for electricity, and has an excellent capacity to store and release an electric charge. For these reasons, tantalum is ideal for use in capacitors which are found in computers, cell phones and video cameras.

According to the Tantalum Institute, demand rose from about 3 million pounds/year in 1993 to about 6 million by 2000. However, the technology downturn of the early part of this decade reduced demand sharply to about 3 million pounds/year by 2002, but recent estimates show it has recently recovered to the area of about 5 million pounds/year.

Drilling operations at the Verity tantalum/niobium deposit near Blue River, BC.
Photo courtesy Commerce Resources Corp.

Mineral Commodity Surveys prepared by the U.S. Geological Service show that the price of tantalum has risen faster than base metals such as copper. While copper rose 74% from 1955 to 2001, tantalum rose by a spectacular 1,047% during the same period. Because there is no open market pricing mechanism for tantalum, as there is for publicly traded metals, price quotes for tantalum are uncertain, but in April 2005, writer Dennis Zogbi claimed a current price of US $200 per pound, but offered no verifiable source for that quote.

At present, the most prominent supplier of tantalum is the Australian mining firm, Sons of Gwalia. Their current annual production is estimated to be about 3 million pounds annually, or about three-quarters of world production. However, the firm recently encountered huge economic difficulties and was placed into receivership, adding some uncertainties to the world's supply equation. The US government has classified tantalum as a strategic resource since the 1950s and this fact, combined with new and important developments on the demand side, would appear to indicate a high value will be placed on reliable new supplies if they are developed in politically stable areas such as Canada.

Commerce's tantalum prospects are located in the Rocky Mountain Trench, between the towns of Blue River and Valemount. Their two properties of interest, the Verity and the Fir, contain carbonatite bodies which typically host associated rare earth elements, phosphates, vermiculites and uranium in addition to tantalum and niobium. Niobium is utilized to make alloys used in super-conductive magnets, pacemakers, artificial joints, dentistry and nuclear reactors.

The first serious efforts at development were performed in the 1980s by Anschutz Mining when a diamond drilling program of almost 30,000 metres was undertaken involving the Verity, Fir and other mineral deposits. However, market demand at that time did not justify further expenditures and the properties lay dormant until 2000 when a new exploration program was initiated by Commerce Resource's VP Exploration, geologist Jody Dahrouge.

At the 100% owned Verity project, there is an inferred resource of 3.06 million tonnes grading 196 grams Ta_2O_5 (tantalum) and 646 grams Nb_2O_5 (niobium). At the 100% owned Fir Project, there are indicated resources totalling 5.65 million tonnes grading 203 grams Ta_2O_5 and 1,074 grams Nb_2O_5 and an inferred resource of 6.74 million tonnes of 203 grams Ta_2O_5 and 1,074 grams Ta_2O_5 . In addition, a report prepared by Ruben S. Verzosa, as amended in November, 2004, concluded that it was "not unreasonable to speculate on the possible presence" of a total resource of some 50 million tonnes of mineral resources at Fir.

The Verity deposit appears to be close to the surface, making it amenable to open pit mining, but drilling at Fir shows the tantalum-bearing mineralization is to be found at depth, which would appear to rule out surface mining. For 2005, Commerce plans to prepare a pre-feasibility study, perform further exploratory drilling and conduct a large-scale bulk sampling program. Infrastructure close to the deposits is exceptional with one of BC's major north-south highways passing nearby as does Canadian National Railway's main line. Electric power lines also are located within the property's area.

The speculations are two: First, that demand will continue to expand and exceed supply, particularly considering uncertainties with Sons of Gawlia's operations. Second, that Commerce Resources will be successful in bringing Fir and Verity into production.

Leonard Melman is a financial and political writer who focuses on issues relating to the resource sector. Mr. Melman lives in Nanoose Bay, British Columbia, Canada and can be reached at lmelman@shaw.ca