



Tasman Metals Ltd: The Euro Down-Under REE Connection

A Monday Morning Musing from Mickey the Mercenary Geologist

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Abel Janszoon Tasman was a middle 17th Century Dutch seafarer in the South Pacific and the European discoverer of New Zealand, the Fiji Islands, the Tongan archipelago, and the eponymous Tasmania in 1642. In a second voyage from Batavia, Java in 1643, he mapped the north coast of Australia. Because Tasman found no trading opportunities or new shipping routes for the Dutch East India Company, the importance of his expeditions was not recognized for over 100 years.

Tasman Metals Ltd (TSM.V) takes its name from the Dutch explorer. Not surprisingly, the principals of the company are Australian. I first met these geologists during one of the infamous “Beer Nights” at the Irish Pub in Miraflores, Peru in 1997 or 1998.

Time and drink obscure the details but if you’ve ever been at one of these monthly fiestas, you’ll understand. It’s far easier to remember the *chicaguapas* that flock to the bashes than all the gringo geos you may meet. I’ll have more on the good people running Tasman later.

Tasman Metals is *the only* rare earth element junior explorer of significance in Europe, specifically Scandinavia. You know how I like emerging market countries and the “first-in” concept for exploration success ([Mercenary Musing, May 18, 2009](#)).

None of these countries are “emerging markets” or “developing countries” in any sense of the word. They boast some of the highest living standards on Earth. But Tasman has applied the “first mover” concept to modern-day REE exploration in Scandinavia.

Tasman Metals Ltd is a Scandinavian-focused mineral exploration company with extensive claim holdings in Sweden, Finland and Norway that are prospective for strategic metals, including rare earth elements (REEs) and iron ore. The region is rightly regarded as the “home of REEs” as nine elements were originally discovered in Sweden and the first discovery was by a Finn. The mineral *bastnäs* is named after the Swedish village of Bastnäs, where cerium ore was mined in the late 1800’s and it is one of Tasman Metals Ltd’s project areas.



NOR: Norra Kärr	KAT/KON: Katajakangas/Kontioaho
BAS: Bastnas	IIV: Iivaara
SAR: Särna	BIG: Biggejaväri
KOR: Korsnäs	ALN: Alnö

Tasman Metals Ltd REE Projects in Scandinavia

Scandinavia has a long and prosperous mining history and is a modern, highly mechanized, low cost region to explore and develop mines. The Scandinavian countries offer economic and political stability, good infrastructure, a productive workforce, modern mining legislation with low or no royalties, and large areas of relatively unexplored ground. The region has potential to be a long term supplier of strategic metals including rare earth elements to the green and high technology, automotive, aerospace, and medical industries in Europe.

Simply put, TSM has acquired and is still acquiring the very best projects in the geologically prospective and geopolitically favorable countries of Sweden, Finland, and Norway. Even more impressive is that they have accomplished this business plan in a scant seven months:



Tasman Metals, Ltd, a private Canadian company was rolled into an amalgamation of two capital pool companies in early November 2009. The deal was led by what John Kaiser refers to as a “savvy group of rare earth element investors”. It opened at 60 cents and consolidated between that price and 70 cents for a period of nearly four months when a sell-off occurred down to 40 cents.

Then in early March the company reported robust drill results at its flagship Norra Kärr property in Sweden and the inimitable Mr. Dines did his deed, adding Tasman Minerals Ltd as #7 on his list of selected REE companies. In three days the stock rocketed from 51 cents to \$1.50, settling within a range of \$1.20-1.40.

Tasman Metals is a tightly held company with 41.6 million shares outstanding and 55.3 million fully diluted. Insiders control 27%; there are no substantial institutional holdings. As of April 20, 2010, there were 3.0 million stock options outstanding with exercise prices ranging from 10 to 60 cents that expire from May 2012 to March 2013 and 10.7 million in-the-money warrants with exercise prices ranging from 10 cents to \$1.00 that expire from October 2011 to March 2012. Most of the private placement shares and warrants are in strong hands with the aforementioned REE investor group; that includes yours truly.

Liquidity has been good since inception with average trading volume of about 650,000 shares per week. The low and high are 40 cents and \$1.50 as discussed above. TSM traded down to 81 cents during the recent sell-off and is now in the low 90 cent to \$1.00 range.

Tasman’s current market capitalization is about \$40 million and working capital is \$4.6 million. The company has enough cash to cover all anticipated general and administrative, exploration, and acquisition costs thru 2011.

TSM stock has taken a major hit with the recent market debacles and the resulting REE sell-off. It can be had for a dollar or less. Do I smell a buying opportunity here?

The major market sell-off is of little surprise to me as an analyst. I predicted a much needed correction in the big markets, specifically the S&P 500 in mid-January and it has been long overdue based on fundamental analysis. The market was so primed for a downfall that it took only a 30 minute market meltdown and a reluctant bailout of the socialistic Greeks by their new world order European Unionists to

cause massive financial panic. Do you recall that the first democratic experiment to fail was the ancient Greeks? Folks, *it's déjà vu all over again.*

The memory of October 2008 still flavors our current thinking and the catalysts for market panic can start as relatively minor events. I am not immune to these perturbations and sold out of nine companies this week, taking profits on most of them. Some were gold companies, some were minor holdings in REE space, and some were even sponsors of my website.

Remember that you must sell to make moolah.

Though an early-in participant, I will be the first to say that even the best of the best in the REE sector have market capitalizations driven purely by *speculation*. And because none have economic studies on their flagship projects, I suspect REE space will sell-off more drastically than most sectors in a financial panic or bear market.

But please note I did not sell a share of my core REE holdings. In my opinion, these are the rare earth element companies that will succeed if the green and tech sectors continue to prosper. Go to this link to learn the sponsors and affiliates of my website: [Mercenary Geologist Site Sponsors](#). These are my chosen REE explorers and Tasman Metals Ltd is included in this very select group.

Folks, sometimes I'm a gambler and I go all in. I've written about my experiences as a poker player starting at the age of 14 ([Mercenary Musing, September 2008](#)). That musing was written on the plane from Vegas after the three day junior resource meltdown in early September 2008.

I would not recommend such reckless behavior for anyone else. But in the words of Popeye the Sailor, *I yam what I yam and that's all what I yam...* and I make no excuses.

But I often digress.

I first met the Australian geologists that founded Tasman Metals Ltd when they were working for Aussie zinc producer Pasminco in Peru in 1997 and 1998. I was chief geologist for a couple of juniors with reconnaissance projects in the country. At the time, there was quite a group of expatriate geologists in country and most have gone on to head juniors exploring in South America during the current boom.

The COB is David Hendstrige with over 35 years of worldwide exploration experience, and CEO Mark Saxon and director Mike Hudson both have nearly 20 years in the business. They are good explorers with track records and are involved with other juniors including Tumi Resources in Mexico and Mawson Resources in Sweden. Other directors include Nick DeMare, an accountant who runs the corporate office in Vancouver and financier Robert Atkinson. Mariana Bermudez is the corporate secretary.

TSM has three flagship projects.

The most advanced is **Norra Kärr, southwestern Sweden**, which is a peralkaline nepheline syenite intrusion that crops out over 350 m x 1100 m. "Peralkaline nepheline syenite" is geology-speak for one type of igneous rock that can host rare metals mineralization. Norra Kärr was discovered in 1906 and test mined by Boliden in 1947 for nepheline, zirconium, and hafnium. The project is geologically similar to the rare metal mines of the Lovozero province of far eastern Russia and advanced projects at Strange Lake and Kipawa in Quebec.

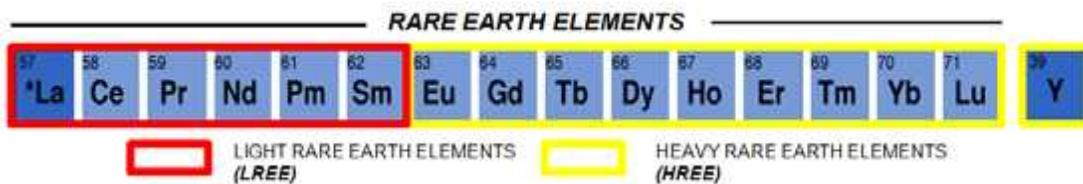


Area of 1947 Test Mining by Boliden

Tasman's shallow 26 hole winter drill program at Norra Kärr produced encouraging intersections from surface. Results from ten holes announced to date are over a strike length of 800 m and include the following:

- 108 m of 0.74% TREO and 2.10% ZrO₂
- 149 m of 0.61% TREO and 1.72% ZrO₂
- 62 m of 0.81% TREO and 1.69% ZrO₂

There is a very high proportion of high value heavy rare earth oxides averaging over 50% of the total content and high dysprosium, currently trading over \$200 per kg:



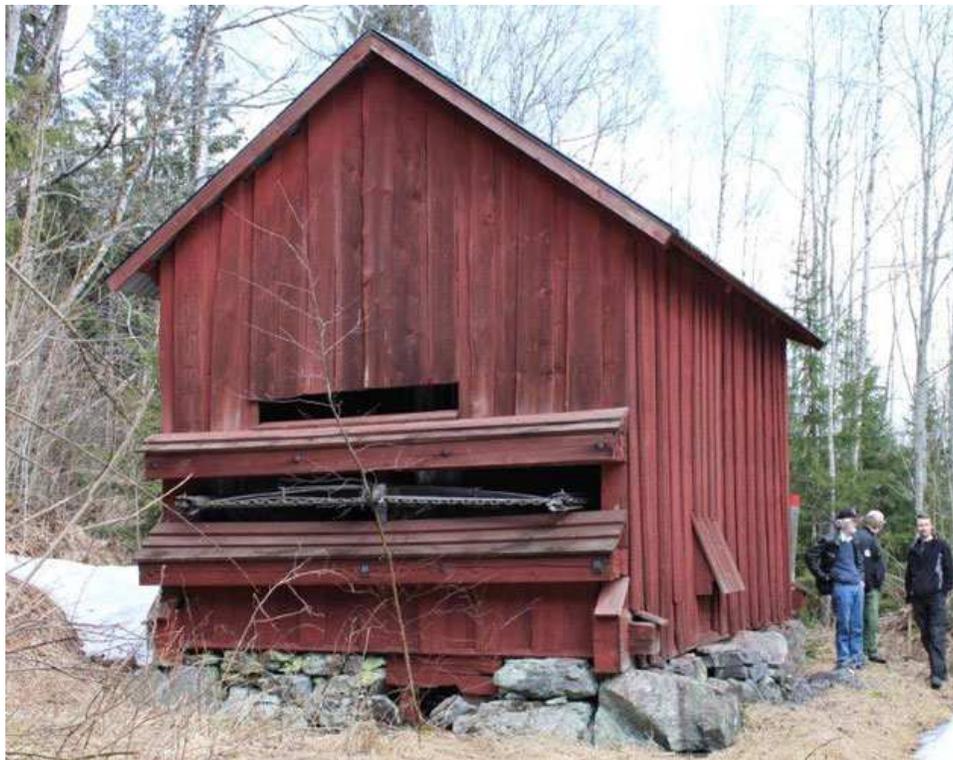
The low content of radioactive metals (averaging 15 ppm U and 10 ppm Th) is also favorable for permitting, processing, and mining operations. The project area in southern Sweden is 300 km southwest of Stockholm with excellent infrastructure and current land uses of farming and forestry:



Drilling at Norra Kärr, Southwest Sweden, December 2009

Tasman holds two claims via joint venture at **Bastnäs in central Sweden** and can earn 90% of the property with easy terms. There is a 2% NSR buyable for less than \$1 million if the partner chooses not to participate.

The Bastnäs mines were first reported in the literature in 1692, have a 1000 year mining history, and played a pivotal role in the history of REEs. Several economically important rare earth minerals were first discovered at Bastnäs including bastnäsite, cerite, and törnebohmite. Rare earth element mineralization is associated with a felsic metavolcanic horizon that hosts iron ore, zinc, and copper mines in the region.



Hoist Building for the New Bastnäs Mine

From 1860 to 1919, high grade cerium and lanthanum ores were mined intermittently from the Cerite mine. During WWII cerium was extracted from waste dumps around the project area. The Bastnäs-Riddarhyttan ore field has been mined regularly for iron ore and explored for copper. REE-bearing minerals are localized within amphibole alteration adjacent to iron oxide deposits. Copper, molybdenum, bismuth and local gold mineralization also occur.

Korsnäs in west-central Finland is a rare earth element and lead skarn mined by Outokumpu Oy via open pit and underground from 1959 to 1972. REE-Pb mineralization occurs within a skarn of calcite, feldspar, diopside, apatite, galena, scapolite, fluorite, and barite and is hosted by mica-carbonate gneiss. The mined and drill-defined ore body is approximately 20 m thick, trends over a minimum strike length of 300 m, and extends from surface to 175 m.

The Korsnäs mine site has been reclaimed except for some mine buildings. It lies 25 km from a port on the Baltic coast and is well serviced by local infrastructure including power, roads and water. There is year round access and a skilled and well-equipped local community.



Korsnäs Mine and Plant Prior to Reclamation, West-Central Finland

In addition to its three flagship properties, Tasman is 100% owner of seven iron ore exploration claims close to the Kiruna mines and has 48 claims and claim applications for strategic metals including rare earth elements in Sweden, Finland, and Norway. I expect Tasman to monetize non-core assets in the future thru joint venture or sale.

Europe is an industrialized region with a high standard of living and per capita consumption of metals and energy. Because domestic production is only 3% of global production the European Union is highly dependent on import of metallic minerals.

The EU is developing a policy for current and future supply security of strategic metals including rare earth elements. Past Chinese sources do not insure future delivery of rare earth metals that are increasingly influenced by political and nationalistic issues. Securing reliable access to raw materials is an important factor for the EU's competitiveness and is crucial to growth, trade, and employment. In

addition, European governments, manufacturers, and consumers emphasize the environmental and social costs of extracting metals and energy and will demand clean and efficient supply chains in the future.

Tasman Metals Ltd is well situated to be a supplier of strategic metals to Europe in the mid-term future. It has the requisite share structure, people, and projects and has a much lower market capitalization than its more advanced peers. I think that TSM has a good chance of doubling its share price in the next 12 months. Upcoming catalysts include assays from the remaining 16 holes at Norra Kärr, additional REE acquisitions from the company's Scandinavian project pipeline, and monetization of non-core prospects.

However, the rare earth element explorers are dependent on continuing demand from green and high technology applications and logistical and economic support from Western governments that require alternative supplies outside of China.

Analysts' prediction of a 10% year over year growth in rare earth element demand and increasing metal prices is predicated on a robust world economy. If there is another global financial crisis looming, demand will be flat at best and the current speculation in the REE sector will dry up and market participants will sell-off.

But this is the game we always play in the junior resource sector: Perceived high risk for potential high reward. In my opinion, Tasman is a good speculative risk play.

Please note that I have participated in three private placements in Tasman Metals Ltd and hold in-the-money warrants. My cost basis is lower than the current share price and Tasman is also a sponsor of my website. Therefore, I have a vested interest in success of this company.

Ciao for now,

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The [**Mercenary Geologist Michael S. "Mickey" Fulp**](#) is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 30 years experience as an exploration geologist searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey has worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for the past 22 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

Mickey is well-known throughout the mining and exploration community due to his ongoing work as an analyst, newsletter writer, and speaker.

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