



**COMPANY SUMMARY**

Project: Ashram Deposit (Eldor)  
 Location: Nunavik Region, Northern QC  
 Ownership: 100 %  
 Commodity: REE  
 Status: Pre-Feasibility Stage  
 Resource: 29.3 Mt 1.90 % TREO (M&I)  
 220 Mt at 1.88 % TREO (Inferred)  
 Catalysts: PFS, metallurgical results, joint venture partnership

Project: Upper Fir Deposit (Blue River)  
 Location: 250 km north of Kamloops, BC  
 Ownership: 100 %  
 Commodity: Tantalum, Niobium  
 Status: PEA complete  
 Resource: 48.4 Mt at 197 ppm Ta<sub>2</sub>O<sub>5</sub>,  
 1610 ppm Nb<sub>2</sub>O<sub>5</sub> (Indicated)  
 5.4 Mt at 191 ppm Ta<sub>2</sub>O<sub>5</sub>,  
 1760 ppm Nb<sub>2</sub>O<sub>5</sub> (Inferred)  
 Catalysts: PFS, joint venture partnership

**MARKET DATA**

Price: \$ 0.16  
 Market Cap: \$ 36.8 MM  
 Common Shares: 236 MM  
 Fully Diluted: 241 MM  
 52 Wk Range: \$ 0.34 - 0.13  
 30 Day Avg Vol: 216,500

**TOP HOLDERS**

Marquest Asset Management Inc	4.4 %
Zimtu Capital Corp	2.3 %
UBS Global Asset Management	1.2 %
Jody Dahrouge	0.6 %



Source: quotemedia

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**COMMERCE RESOURCES CORP**  
**V-CCE**

**Commerce Resources Update**  
**Ashram Pilot Plant Testing Underway...**  
**End-Product Delivery Expected in Q3/15**

On February 11th, Commerce announced the start-up of the mineral processing mini pilot plant for Ashram. During 2014, Commerce completed bench scale testing of the deposit and confirmed a mineral processing flowsheet that included a grinding circuit, a flotation circuit, a weak hydrochloric acid (HCl) leach to remove carbonate, and Wet High Intensity Magnetic Separation (WHIMS) to remove fluorite. The resultant mineral concentrate assayed 43.6 % total rare earth oxide (TREO) with recoveries of 70.7%. A mini pilot plant is the next step to substantiate the Company's flowsheet and the viability of its rare earth concentrate products. Commerce estimates that \$1.2 million will be required to complete downstream metallurgical work at Ashram, including the operation of the hydrometallurgical pilot plant portion.

With a trial production total of ~3.5 kilograms of mixed rare earth carbonate and rare earth chloride concentrate from the mini pilot plants anticipated in August or September 2015, Commerce will be in a position to demonstrate that Ashram's entire flowsheet works, and to demonstrate the viability of its products to third party processors and potential end users, as well as its versatility.

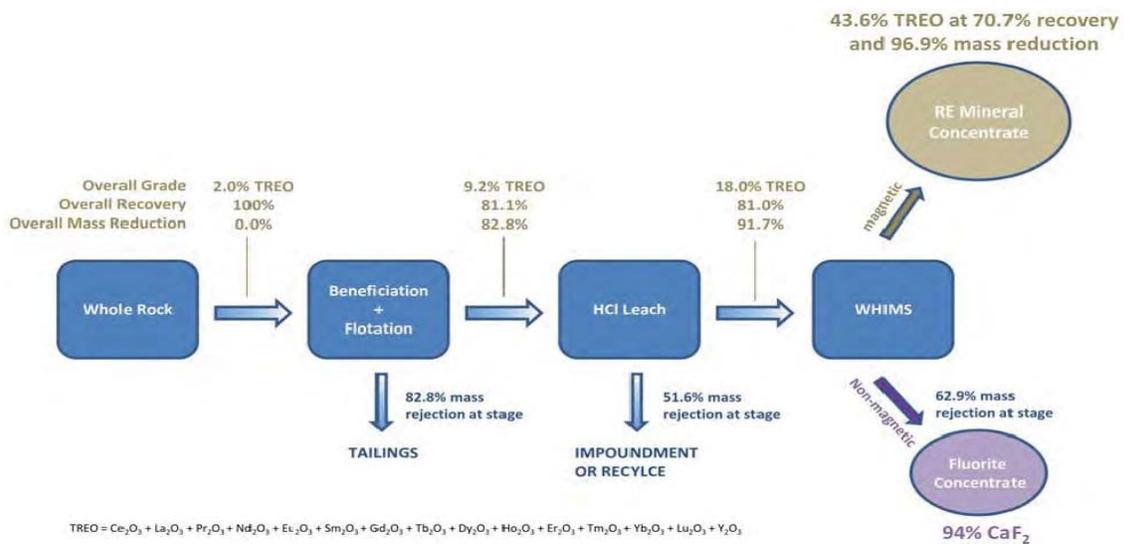
Commerce will demonstrate the scalability of the flowsheet through flotation, HCl pre-leach and WHIMS mini pilot plant testing. Earlier in February 2015, the Company began running bulk feed through the flotation mini-pilot plant at Hazen Research Inc.'s facility in Colorado, in collaboration with Eriez Manufacturing, who are also on site at the facility. The flotation tests are being run using 6-inch column cells. Bench-scale flotation testing was performed with 3-inch columns, and the Company's tests will verify that they can scale up the flotation circuit. The Company is currently running approximately one tonne of bulk sample material through the plant to refine the specifications/parameters (retention time, bubble size, air flow) for the 6 inch column cell. Once the design parameters are confirmed, Commerce will run 3.5 to 4.5 tonnes of bulk sample material at a continuous rate through the flotation pilot plant circuit, which will result in the production of a flotation concentrate which will then be fed into the HCl pre-leach circuit pilot plant shortly thereafter.

The HCl pre-leach pilot plant testing will also be done at the Hazen facility in Colorado. The HCl pre-leach circuit is already set up and ready to receive feed from the flotation pilot plant. Following testing of the HCl pre-leach pilot plant circuit, Commerce anticipates initiation of WHIMS pilot plant testing in mid-March 2015. The WHIMS pilot plant unit has already been delivered to site at the Hazen facility. The Company will spend some time refining the WHIMS process to improve recoveries on the bench scale and then apply this information to the WHIMS pilot unit in preparation for the pilot run. Commerce believes that recoveries can be improved to the low to mid 90s, and there may also be room to improve the grades of the resulting concentrate through refinements to the cleaning process.

Commerce is targeting the production of ~3.5 kilograms of marketable rare earth carbonate concentrate (REC) and rare earth chloride concentrate (RECI) products in August or September 2015. These products will be aligned with the specifications of suppliers and end-users. Commerce’s pilot plant will also demonstrate the production of a product within allowable radionuclide levels. The Company anticipates that its rare earth products will have nil uranium levels, and thorium levels with a concentration under 10 ppm, which is well within the tolerances of world rare earth oxide (REO) separation facilities.

**Fluorite Concentrate Production Could be a Nice Kicker.** Over the near-term, Commerce will also evaluate the economic potential of fluorite concentrate production. Fluorite concentrate is a by-product of the WHIMS stage, and the Company may potentially be able to sell it to enhance the economics of the project. The product may be marketable without any further cleaning and any upgrading required is likely to be very low cost. The Company is planning to commission a low-cost market study for the fluorite concentrate to confirm specifications and to locate the most logical point of sale for the product.

**Simplified Flowsheet for the Production of a Rare Earth Mineral Concentrate**



Source: Commerce Resources

**4,000+ Metres of Drilling Will Support a Resource Update.** In early February, Commerce announced the initiation of its 2015 drill program. The Company’s drilling and ground work program this year will allow Commerce to advance Ashram to a prefeasibility study (PFS) level. During the year, Commerce plans to drill at least 4,000 metres. During the winter program, the Company will complete 2,000 to 3,000 metres of drilling. The winter drilling will include lake-ice drilling and minor land drilling, as well as geotechnical and hydrological testing downhole. Following break-up, Commerce will start the summer drill program to complete the requirements of the PFS. The Company anticipates that the summer program will be completed during July and August, and will include 1,500 to 2,000 metres of infill drilling, as well as some drilling in the tailings and related infrastructure areas. Commerce will use the drill data to upgrade in-pit inferred resources to the measured & indicated category in advance of the PFS, which will result in the conversion of a portion of these resources to the reserve category.

Commerce previously updated the resource estimate for Ashram in March 2012. The resource includes 29.3 million tonnes of measured & indicated resources grading 1.90% and 219.8 million tonnes of inferred resources grading 1.88% total rare earth oxides (TREO) at a cut-off grade of 1.25% TREO. The estimate was based on 15,692 metres drilled in 45 holes. Ashram has been traced over 700 metres along strike, over a width of 500 metres, to a depth of 600 metres, and remains open to the north, south, and to depth.



**Summary.** The Ashram Project has the potential to be one of the world's largest REE producing mines. While China still dominates the world's REE production, commanding approximately 90% of the market, companies have successfully developed rare earth mines outside of China in recent years. Ongoing concerns about the detrimental environmental impact of Chinese mines, as well as concerns about China's status as the prevailing REE supplier will continue to increase the attractiveness of projects like Ashram.

Commerce's May 2012 PEA outlined a project NPV of C\$2.3 billion, an IRR of 44%, and a 25 year-mine life based on only 15% of the total resource. Importantly, the project's mineralogy is simple (relative to other REE deposits) due to the presence of the minerals monazite, bastnaesite, and xenotime, which dominate commercial processing in the REE space. Consequently, Commerce should be able to use standard processing techniques for Ashram, with bench scale and pilot scale testing thus far demonstrating that it can be done. In the baseline flowsheet, Commerce showed that the deposit could produce a high-grade (>40% TREO) mineral concentrate, allowing the Company to achieve much lower processing costs than many other projects. Commerce will continue to optimize pH levels, temperature, and the consumption of other reagents, mineral liberation and metallurgical recoveries of Ashram, continuing to further improve the project's economics.



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