

## Commerce Resources Corp.

**CCE \$0.29**

TSXV Exchange | OTC: QXCMRZF | FRA:D7Ho | Market Cap C\$24M

**Company Overview:** Commerce Resources Corp. (CCE) owns 100% of the Ashram rare earth deposit in northern Quebec, one of the world's largest, most valuable and best-located resources of rare earth elements (REE). See Figure 1. Given Ashram's favorable mineralogy and geology, Commerce is able to produce a rare earth mineral concentrate which is richer than other current global producers in the most valuable rare earth oxides (REOs), termed "Magnet Feed REOs." These materials, for which there are no practical substitutes, are essential for the manufacture of permanent magnets which are then used in virtually all electric motors, including in the engines of the great majority of electric vehicles (EVs).

**Figure 1: Ashram Project Overview**

## Ashram REE & Fluorspar Deposit

### Attractive Jurisdiction

- Northern Quebec (Nunavik territory), Canada
  - ~130 km south of Kuujuaq, the administrative centre of Nunavik
- Territory is under treaty (JBNQA & NEQA)
  - Modern agreement with clear mechanisms in place for indigenous dialogue, consultation, and resource management

### 100% Ownership of Project

### Advancing Infrastructure

- Quebec government's Société du Plan Nord mandated to promote investment in northern development
  - Energy & Mineral resource development
  - Transportation infrastructure & access

### Investment of Ressources Québec

- Direct equity investment of \$1 M CAD on February 17, 2017



The government of Quebec, through Investissement Québec and the Société du Plan Nord, arranged financing and construction of the 245 kilometre long road for the Renard Diamond Project owned by Stornoway Diamond Corporation



Source: Commerce Resources Corp.

Importantly, Commerce's Ashram deposit is the largest known defined monazite deposit in North America. Both Energy Fuels Inc. (TSX: EFR), which began operating a rare earth processing facility in the U.S. state of Utah in November 2020, and the Saskatchewan Research Council (SRC), which plans to operate such a refinery in Saskatchewan, Canada, want their feedstocks to be monazite dominant, the most important of the four minerals (bastnaesite, xenotime and loparite are the others) from which rare earths have been commercially produced worldwide. This shared focus on monazite is because this type of mineralization simply has more of the four Magnet Feed REO's -- Neodymium (Nd), Praseodymium (Pr), Dysprosium (Dy), and Terbium (Tb) -- that the market has the greatest demand for, and which the market values the highest.

As the Ashram Project moves closer to production, Commerce, with a total enterprise value of just C\$19 million, could become a key player in the rare earths industry. Correspondingly, when investors begin to appreciate Commerce's potential, its valuation could expand dramatically. It is important to note that Commerce plans to ultimately process and refine Ashram's resources using proven and conventional technical steps and methods used in other parts of the world.

**Rare Earth Element Prices -- Decline Appears to Have Bottomed and Now Starting to Turn Higher:** Prices of most rare earth elements reached an intermediate peak in February 2021 and have corrected over the past three months, matching the pattern of many speculative stocks in high-growth industries such as EVs, which utilize rare earths as key inputs. In our view, the movement lower in both the rare earth commodities and EV-related stocks does not reflect a reduction in demand; instead, it appears to be a periodic market adjustment to temporarily overbought markets.

As measured by their input component value, the overall annual global sales of individual REOs, the base feed to metallization and downstream applications, is US\$3-5 billion and is rapidly expanding, according to Valuates.com. Expressed in terms of the value of the end use products which include those valuable input materials (e.g., EVs, fighter jets, etc.), the market is much bigger, perhaps US\$20 billion and growing (according to Global Market Insights Inc.).

Most experts generally see strong demand for rare earths for the foreseeable future. Indeed, there are no practical substitutes for Magnet Feed REOs in critical industries. Furthermore, the long-time continuity of supply of these critical commodities to western companies and governments is uncertain. As noted above, at least two entities will operate rare earth refining capacity in the U.S. and Canada (e.g., the ability to transform rare earth mineral concentrates into REOs and rare earth metals). However, China currently controls about 80% or more of the worldwide rare earth separation capacity (e.g., the capacity to transform rare earth mineral concentrates into individual REOs, the precursor step to refining into rare earth metals), and China periodically threatens to withhold REOs and rare earth metals from U.S. entities for political and other reasons. As refining capacity is built in North America, Ashram, one of the largest monazite-defined carbonatite deposits on earth which is not yet in production, could be an important part of ensuring an adequate supply of input rare earth materials.

Table 1 shows pricing information over the last few days, as well as a benchmark day about two months ago, for the four Magnet Feed REOs. Prices for all appear to have bottomed and are now moving higher. Further, the main Magnet REOs are all still up significantly year-over-year.

**Table 1: RARE EARTH OXIDE PRICING DATA**

	<u>Approx. Price Expressed in US Dollars Per Kg.</u>			
	<u>19-Mar-21</u>	<u>21-May-21</u>	<u>26-May-21</u>	<u>2-Jun-21</u>
<b><u>Rare Earth Oxide</u></b>				
Magnet Feed REOs:				
Neodymium	\$105.46	\$74.89	\$75.90	\$76.29
Praseodymium	\$77.96	\$78.15	\$79.64	\$80.37
Terbium	\$1,532.31	\$968.12	\$1,017.96	\$1,038.84
Dysprosium	\$465.50	\$359.26	\$374.42	\$385.75

Source: BAIINFO

**Commerce Has Received Expressions of Interest from Major Electronics Companies Regarding the Output Potential of its Blue River Tantalum Project:** Commerce also owns 100% of the Blue River Tantalum and Niobium Project, located in east-central British Columbia, which hosts the Upper-Fir Tantalum and Niobium Deposit. According to a Mineral Resource Estimate (with an effective date of March 2015), the Upper-Fir Deposit hosts an indicated resource of 48.4 Mt at 197 ppm Ta<sub>2</sub>O<sub>5</sub> and 1,610 ppm Nb<sub>2</sub>O<sub>5</sub>, and an inferred resource of 5.4 Mt at 191 ppm Ta<sub>2</sub>O<sub>5</sub> and 1,760 ppm Nb<sub>2</sub>O<sub>5</sub> at block unit cut-off values of US\$45/t for bulk mining and US\$66/t for selective mining method. The resource contains 9,560 tonnes inferred and 1,000 tonnes indicated of tantalum oxide and 77,810 tonnes inferred and 9,600 tonnes indicated of niobium oxide. To be more specific, the project could become one of the largest and lowest-cost tantalum producers in the world over a significant mine life. See Figure 2.

Mineral resources are not mineral reserves, as they do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves.

## Figure 2: Blue River Project

### Overview

- Tantalum and Niobium deposit in British Columbia
- Largest cash positive production scenario for tantalum globally

### Attractive Location

- Mining-friendly south-eastern BC
- 250 km north of the city of Kamloops
- 23 km north of the town of Blue River
- Positive relationship with Simpcw First Nations

### 100% Ownership

- No royalties or back-in rights
- Land package of over 1,000 km<sup>2</sup>
- 249 mineral titles in good standing within the Kamloops Mining Division

### Excellent Infrastructure

- Road accessible
- Railway and airport
- Major paved highway
- Power grid nearby
- Water supply



Source: Commerce Resources Corp.

Tantalum, a rare blue-gray metal, has the highest capacitance of any known substance – being the ability to hold more electric charge per gram, which makes it the dominant source material for capacitors. Capacitors are essential for all electronics such as mobile phones, video game systems and computers. About 65%-70% of all tantalum produced worldwide is employed in tantalum capacitors. Niobium is utilized to produce high-grade structural steel and superalloys.

A number of electronics industry majors have recently contacted Commerce about the Blue River Project. Two factors likely are driving renewed interest in the project. First, tantalum production in the main producing areas of Central Africa (DRC, Uganda, Rwanda, and Burundi) has been reported as declining for several years. Fundamentally this makes sense in that these are surface deposits that are alluvial in nature, and which only are potentially ‘economic’ by the natural weathering that has occurred over several hundred million years. As such, these “showings” (as these are not defined resources by any stretch of the imagination) are very limited in amounts of tantalum minerals, which are only effectively sourced at or near surface and are, in general, not considered to be economic at depth. Second, given the increased global focus on Environmental, Social and Governance (ESG)



issues, tantalum buyers want to ensure they are not buying Conflict Minerals. (Purchases from the British Columbia-based Blue River Project would of course ensure that issue is moot.) Until now, the world has paid little attention to potential Conflict Mining in Africa -- even though the 2010 landmark U.S. Dodd-Frank financial overhaul legislation contained a specific provision which barred U.S. companies from buying Conflict Minerals.

**Field Programs Planned in 2021:** Commerce plans to complete a 2,500-meter drilling program at Ashram this year. In addition, the company plans to complete the remaining environmental work necessary to support Ashram's ongoing Pre-feasibility Study.

Saville Resources Inc. (TSXV: SRE) also plans a 1,000-meter drilling program in 2021 on Commerce's 100%-owned Niobium Claim Group (NCG) Property in northern Quebec. This program could build on impressive drilling results achieved in 2019. See Figure 3.

In January 2018, Commerce signed an earn-in agreement with Saville whereby Saville agreed to spend \$5 million on exploration on the NGC Property over the succeeding five years in order to earn a 75% interest in the claims. In exchange, Commerce received \$250,000 in cash payments and up to a 2% Net Smelter Royalty (NSR) on the claims.

Figure 3: Niobium Claim Group Property

## 2019 – Niobium Claim Group Drill Program

Program from March 26th to April 24th.

Five (5) drill holes totaling 1,049 m completed

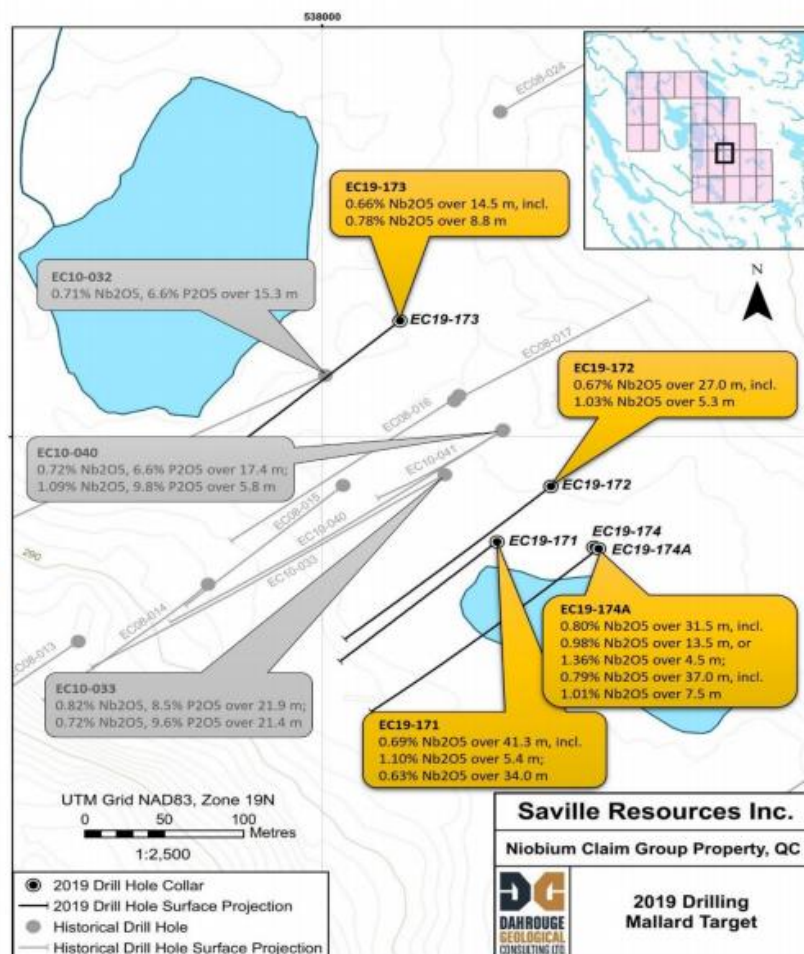
Program returned the highest-grade and widest intervals of niobium and tantalum mineralization to date

0.80% Nb<sub>2</sub>O<sub>5</sub> over 31.5 m, including  
**0.98% Nb<sub>2</sub>O<sub>5</sub> over 13.5 m**

**1.01% Nb<sub>2</sub>O<sub>5</sub> over 7.5 m**

274 ppm Ta<sub>2</sub>O<sub>5</sub> over 100.8 m,  
including **373 ppm Ta<sub>2</sub>O<sub>5</sub> over 46.7 m**

Mineralization starts at surface  
beneath shallow cover (< 5 m) and is  
open in all directions



Source: Commerce Resources Corp.

Importantly, drilling results at NCG suggests the property may compare quite favorably with the quality of resources owned by other niobium junior miners. For example, NioCorp Developments Ltd.'s (TSX: NB) flagship Elk Creek niobium property in the U.S. state of Nebraska contains a niobium oxide grade of around 0.5% according to a Mineral Resource Estimate prepared in February 2019. See Figure 4. As noted in Figure 3, Saville's 2019 drilling program at the NCG Property encountered significant intervals with niobium oxide grades exceeding 0.65% Nb<sub>2</sub>O<sub>5</sub>, including several intervals exceeding 1%. Many of these intervals are near surface and highlight the potential of the Property.

**Figure 4: Mineral Resource Estimate of NioCorp's Elk Creek Niobium Property**

Mineral Resource Classification	Cut-off NSR (US\$/t)	Tonnage (000's t)	Grade (Nb <sub>2</sub> O <sub>5</sub> %)	Grade (TiO <sub>2</sub> %)	Grade (Sc g/t)
Indicated	180	183,185	0.54	2.15	58
Inferred	180	103,992	0.48	1.81	47

Source: *NioCorp Developments Ltd.*

Similarly, the grades at Niobay Metals Inc.'s (TSXV: NBY) key James Bay Niobium Project in Ontario mirror those of NioCorp's project. See Figure 5.

**Figure 5: Mineral Resource Estimate of Niobay's James Bay Niobium Property**

Mineral Resource Estimate as of July 9, 2020

Niobay Metals Inc. – James Bay Niobium Project

Category	Tonnage (Mt)	Grade (%Nb <sub>2</sub> O <sub>5</sub> )	Contained Nb <sub>2</sub> O <sub>5</sub> (Mkg)
Indicated	29.7	0.53	158
Inferred	33.8	0.52	177

Source: *Niobay Metals Inc., Cut-off grade of 0.3% Nb<sub>2</sub>O<sub>5</sub>*

Both Niocorp and Niobay envision underground mining scenarios for their respective deposits; however, Saville's mineralization extends from surface, suggesting open-pit potential.

Management cautions that past results or discoveries on similar properties (i.e. Elk Creek, James Bay) may not necessarily be indicative to the presence of mineralization on the Company's properties (i.e. NCG).

Jim McFadden, CFA, MBA

06/03/2021.

## **Forward Looking Statements**

*This document contains forward-looking information which is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements. Forward looking statements in this press release include that Commerce is able to produce a rare earth mineral concentrate which is richer than other current global producers; that the Ashram project could become a key player in the rare earths industry; that if Commerce continues to meet its goals, its valuation could expand dramatically; that CCE has the potential to supply the market well beyond the initial 25 year mine-life as outlined in the PEA; that CCE could generate significant value from the sale of acidspar as a byproduct; that Commerce may fund the PFS and BFS with non-dilutive project financing where CCE would exchange a percentage of future offtake for a set period of time or perhaps a small ownership stake in the Ashram Project; that Ashram production could begin about three years from now; that concentrate would be driven by truck over a 180-kilometer (km) road which CCE (with or without government help) would build to reach a loading facility; that demand for rare minerals such as those at Ashram will continue to be strong, that Commerce will gain value as a company and that a takeover by another company is possible. These forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Risks that could change or prevent these statements from coming to fruition include that there may be delays in commencing operations; changing costs for mining and processing; increased capital costs and inability to raise sufficient funds to complete the PFS and BFS; the timing and content of upcoming work programs; geological interpretations based on drilling that may change with more detailed information; potential process methods and mineral recoveries assumption based on limited test work and by comparison to what are considered analogous deposits that with further test work may not be comparable or may prove disappointing; further testing of CCE's processes may not prove successful and even if tests are successful, the economic and other outcomes may not be as expected; there is no assurance that government will provide any funds or assistance or grant required permits; the availability of labour, equipment and markets for the products produced; and despite the current expected viability of the project, conditions changing such that the minerals on CCE's property cannot be economically mined, or that the required permits to build and operate the envisaged mine cannot be obtained. The forward-looking information contained herein is given as of the date hereof and Tormont and CCE assume no responsibility to update or revise such information to reflect new events or circumstances, except as required by law.*

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