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## Canadian Commodities & Exploration | Outlook: Remains Positive

### Comment on Commerce Resources Corp. Latest Drill News

#### RESEARCH & OPINION

1. *Commerce Resources released a follow-up set of drill results on July 2, 2014 from the Ashram Rare Earth Deposit in Quebec. The results were impressive and offered several positive surprises.*
2. *Long, continuous, high grade intersections above the average resource grade within the proposed open-pit reaffirms the economics of the initial production scenario*
3. *CCE discovered additional in-pit mineralized material at the north end of the deposit where waste was originally modeled*
4. *Interpreted extensions of the MHREO Zone where it had not been previously modelled may offer additional upside over the long-term*

#### SUMMARY:

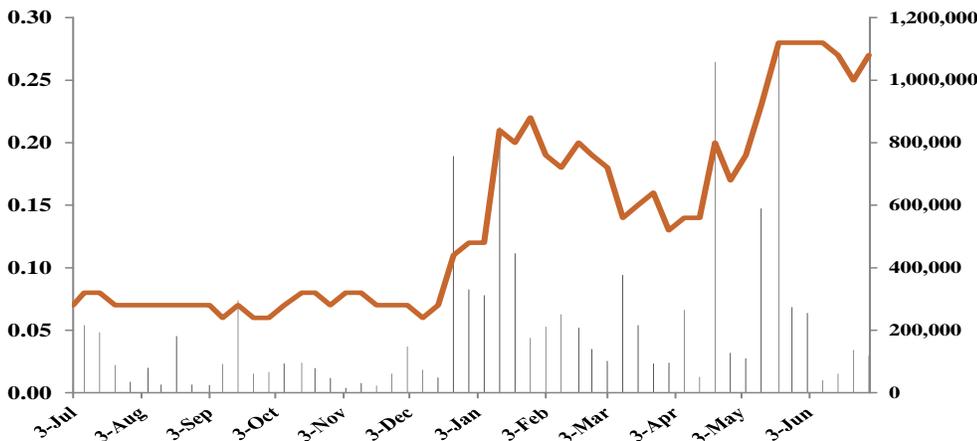


**DEREK HAMILL**

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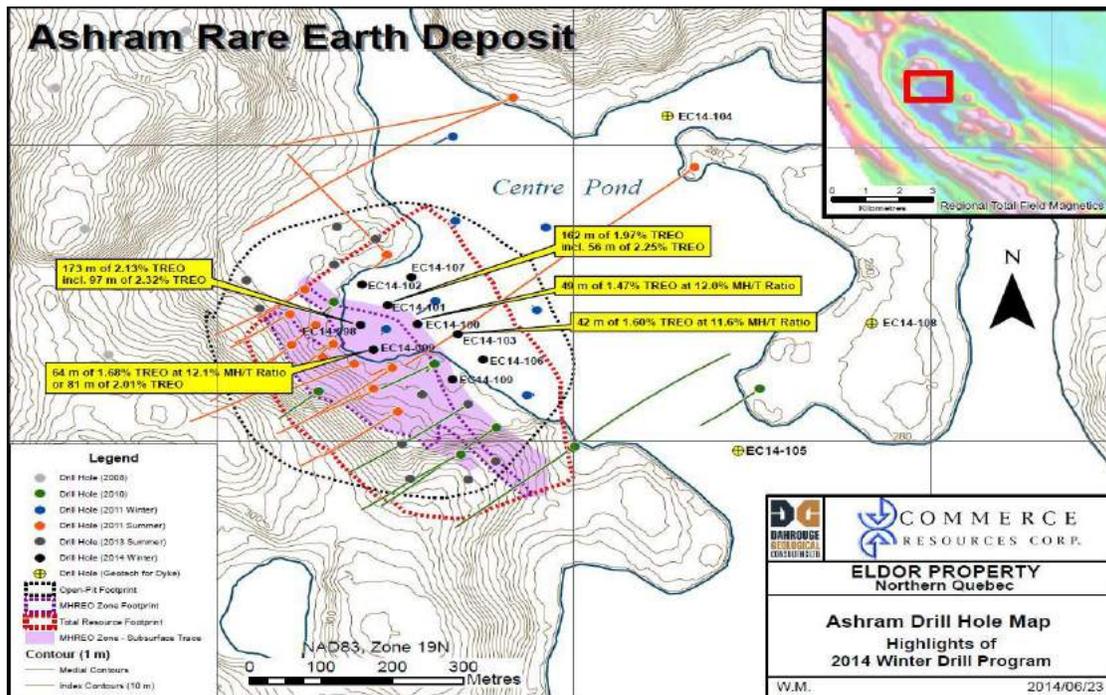
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## Introduction – Moving Forward

Commerce Resources Corp. (TSXv: CCE) released a follow-up set of drill results on July 2, 2014 from the wholly owned Ashram Rare Earth Deposit in Quebec. The results were again impressive and offered a few additional positive surprises. These most recent drill results should be considered in conjunction with the previous year’s infill drilling program – the results of which were released on January 10, 2014 – and proven ability to consistently raise capital. As recently as March 10, 2014 CCE closed a brokered private placement for the gross proceeds of C\$2,540,400 at \$0.20 per share for the non-flow through portion of the raise. Importantly, this price was more than three times the 52-week low of \$0.06 experienced in December 2013. CCE directed approximately 40% of the capital raised toward the most recent completed drill program; indicating management’s intentions to continue to advance the Ashram Deposit to Prefeasibility (PFS) while retaining sufficient cash balances and marketable securities to handle working capital requirements.



## The Results – Positive Surprises:

In the news released on January 10, 2014, CCE announced the completion of 1,177 metres of mostly infill drilling. The main focus of the program was centered on the Middle and Heavy Rare Earth Oxide (MHREO) Zone, where it is ultimately expected the open-pit would commence. Continuing with this expectation, the July 2, 2014 news release announced the completion of an additional 1,557 metres of infill drilling focused on the same MHREO Zone. This brings the approximate total of infill drilling of the deposit, including the MHREO Zone, to 2,734 metres.

The basic intent of these two drilling programs was to upgrade a portion of the inferred mineral resources to the measured and indicated category (M&I) for the open pit production scenario. In other words, increase the resource confidence as is required for a PFS. The expectation being, CCE requires approximately 36 million tonnes in the

M&I category for the open-pit based on the projected daily extraction rate of 4,000 tonnes. The 2012 PEA for the Ashram stated an M&I resource of 29.3 million tonnes at 1.90% total rare earth oxide (TREO) and an inferred resource of 219.8 million tonnes at 1.88% TREO based on 15,692 metres drilled. However, these figures include M&I resources from depths below the proposed pit. Therefore, the addition of over 2700 metres of infill drilling has likely materially increased the M&I category for the open-pit from ~10-12 million tonnes ever closer to the ~36 million tonne target. And while, infill drilling is typically a boring affair; CCE has made several positive discoveries that further strengthen the robust economics of the Ashram Project, including:

**1. Interpreted extensions of the MHREO Zone where it had not been previously modelled**

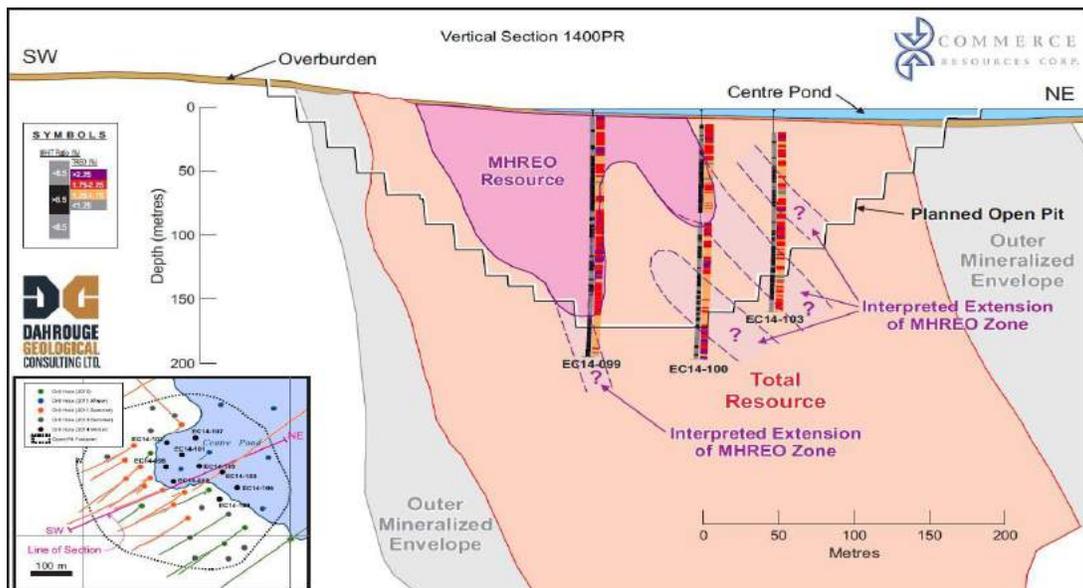
- After drilling holes EC14-099, EC14-100, and EC14-103, CCE is pleased to report the intersection of what appears to be up to four extensions of the same mineralization that is found centrally located in the MHREO Zone. Further, the MHREO Zone starts almost directly at surface under only a few metres of overburden. In the cross section accompanying this release the project geologists have suggested a scenario of how these extensions may look.

**2. Long, continuous, high grade intersections above the resource grade within the pit**

- Outside of the MHREO Zone CCE reports encountering 96.66 metres of 2.32% TREO, above the reported average grade for the Ashram Deposit of approximately 1.9%. This is a significant intersection, and the additional possibility of simply mining more material of a higher grade may be a harbinger of potentially improved economics in the PFS. However, it is important to note that this event is not necessary as the preliminary economic assessment (PEA) concluded the net asset value of the Ashram to be C\$2.3 billion with an IRR of 44%.

**3. Discovering additional in-pit mineralized material at the north end of the deposit where waste had been modeled**

- Discovering mineralized material where waste rock was initially modelled in the PEA by SGS, is another positive development for the Ashram Project. The anticipation being this should lower what was already an extremely low strip ratio of 0.2:1, as well as allowing for additional pit optimization.





On a final note, CCE has also completed 3 short drill holes in Centre Pond to identify the location of where the dyke is anticipated to be constructed. Centre Pond sits above the eastern half of the deposit, but is very shallow being only a few metres deep.

### Concluding Remarks

We view this latest news release as another signal that CCE is moving ahead in a practical manner by taking important fundamental steps to advance the Ashram Project towards a PFS and one step closer to potential production.

A handwritten signature in black ink, appearing to read "Derek Hamill", is written over a thin horizontal line.

Derek Hamill  
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