



## Commerce Resources Corp.

Trading Symbol: TSX:V CCE

Interview from the 18th of April 2017



### Bio

Mr. Christopher Grove became President of Commerce Resources in September 2014. Previous to that he worked as Corporate Communications for the Company since 2004, and has significant contacts within the financial communities in North America and Europe. Mr. Grove joined the Commerce Resource board in 2012 and has been active in representing the company abroad.

### Fun facts

**My hobbies:** playing the Saxophone, teaching music to children

**Sources of news I use:** CBC, several newspapers

**My favourite airport:** Vancouver

**My favourite commodity:** Rare Earth Elements, Tantalum, Niobium

**My favourite tradeshow:** PDAC

**With this person I would like to have dinner with:** Donald Trump

**If I could have a superpower, it would be:** Flying

### Critical Strategic Metals for a New North America

**Isabel:** *Dear Investors, I would like to introduce you to the CEO and President of Commerce Resources, Chris Grove. Hi Chris, how are you today?*

**Chris:** Good Isabel, thank you. Good to talk to you.

**Isabel:** *Thanks for taking the time. I remember the first time that we met, almost 8 years ago, and what I really liked about you in that first meeting. You seemed to have the some of the so called stereotype German character traits, such as being on time, well organized, driven, and reliable.*

**Chris:** Oh thank you, Isabel.

**Isabel:** *Commerce Resources Project is about Rare Earth Elements. But besides REE's, what is your favourite commodity?*

**Chris:** The other two commodities I really like are Tantalum and Niobium. Tantalum is a very interesting metal that has four broad classes of use, which are unsubstitutable. It is so vital to everything that is produced, whether it is in electronics, medical sciences, or in steel. It is a fascinating metal. The second one, Niobium, is maybe a more boring commodity in terms of it's uses; it has one principle use as a strengthening alloy for steel. The Niobium market, however, is a bit more interesting, because there are very few companies active on Niobium's exploration and development and there is a couple of very large producers out there. I think there is a huge opportunity in Tantalum and in Niobium. I also like Cobalt. I think precious metals as well as base metals are so well presented on the exploration and development side that I just think that the opportunity is bigger for those where there are fewer people involved.

**Isabel:** *What do you actually like most about your job?*

**Chris:** I think the most rewarding aspect is making people money. At the end of the day, we have made quite a few people millionaires over the last 17 years. When the word comes back to you, such as people saying, "Thank you so much, I bought a house from the profits" or, "I took my family on a year vacation and we went all around the

world"; now that's really something. A very large portion of what I do is to raise money and ultimately that money is directed appropriately to the development of our projects. Hopefully with a market that is in a good mood, we can again make people a lot of money - which is the way the market is set up to work in the best-case scenario.

**Isabel:** *And what is the part that you like least of your job?*

**Chris:** Exactly the other side of that same coin; when people think you have lost their money, even though no one really knows what the market is going to do at certain points. I think generally when you see a rising gold price this has a significant effect on most commodities. Other commodities, like the ones we are active in, are maybe more ruled by supply and demand and I am a big believer about the current rally for REE's - because that makes sense in terms of the supply and demand fundamentals. However, 6 years ago, when REE prices were very high, we were talking about the same project - although it was less well-developed then, but it was at the height of the market and since that time our share price has been impacted very negatively by the falling prices of the REE's. That is the most difficult or unpleasant thing, when people buy your shares at a higher price and then believe that somehow the company has done something wrong, which is arguably not true in any sense, and is much more of a function of how the market behaves in macro terms. As we say, the market is a freight train and no company or single person can turn this freight train around.

**Isabel:** *Those are also the times when it is hard being at trade shows and people come to you, being unhappy because things have not worked out the way they expected. On the topic of tradeshow, I had the chance to spend several days with you on different tradeshow and you are the most active man that I have ever seen on a tradeshow, dragging people into the booth and telling them the Commerce story, if they wanted or not (laughing) I find that very impressive.*

**But what is the best thing that has ever happened to you on a tradeshow?**

**Chris:** That is a good question. It is always



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### A rare opportunity in Rare Earth Elements

It is always great to be out there and meeting new people or seeing shareholders at these conferences. Every once and a while you meet someone at a tradeshow and they go "Wow, that is a great story and it was a story that I didn't even know to be interested in." Such has happened to us a few times, whether or not we were talking about our Tantalum or REE project. There is an educational factor in what we have done historically, and lot of people don't know what Tantalum is or how important REE's are, although there are more people that understand the benefits or the central nature of REE's now, due to a significant increase in electric vehicles.

It is always exciting to have somebody say: "Wow, that is a great story, I had never heard about your company or that commodity before, and I am really glad I spoke to you."

**Isabel: So how did you get involved with Commerce Resources in the first place.**

**Chris:** Commerce Resources was created by Zimtu Capital. My brother-in-law, Dave Hodge, is the President of Zimtu Capital and was the original President of Commerce Resources. I was involved in one of the seed financing rounds for Commerce in 1999, and I approached my brother-in-law for a job in 2004. Dave gave me an opportunity to do investor relations for Commerce, and a decade later he said to me, "I think it's time for you to be President of Commerce Resources", which was greatly appreciated.

**Isabel: Tell us about your Ashram Project. What makes it so valuable?**

**Chris:** The Ashram project shares the most important fundamentals with the dominant style of commercialized REE mines in the world. Out of the 100% of the produced REE's, over 80% comes from a style of deposit that is directly comparable to the Ashram in terms of geology and mineralogy. The Ashram is

hosted by the same type of rock, carbonatite, and the same two minerals, which are bastnaesite and monazite. Ultimately, this means that standard processing techniques are extremely effective for us. On top of that, as a lot of people would know, a lot of REE producing mines also either produce REE's as a by-product, or have by-products that are of significant value. In this regard, the Ashram Project also compares favourably because we have discovered a by-product, fluorite, and that is what has brought us the interest of Glencore. The economics of the Ashram Project we released in our PEA 5 years ago were good, but we have made significant improvements over those in terms of improving our recovery rate, improving the grade of the concentrates we can produce, and also discovering the by-product of fluorite.

**Isabel: So what would you say is the most exciting thing happening in your company right now?**

**Chris:** I would say that the most exciting thing is that the government of Quebec just invested one million dollars into Commerce Resources. Quebec is a very mining friendly jurisdiction, and the government of Quebec has several additional ways in which it can support a mineral exploration company, if they so choose. Besides a direct equity investment, there are subsidy programs for the training of people interested in working in the mines, such as the Inuit and First Nations, and also the building of infrastructure as they did for Stornoway Diamonds with the construction of a 245km road, or with capital programs for the refurbishment of ports etc.. As well, we have been invited again to 2 upcoming conferences – the SME and Mines and Money in New York shortly. Last year at the SME, we were included in the Quebec Delegation, as well as at Mines and Money in September in Toronto. At these conferences, the companies in the delegation were then introduced by representatives of the Quebec Government, such as the Minister of Mines, Pierre Arcand, at receptions where they've already invited bankers and fund managers. Last year in New York the government also arranged a schedule of one-on-one meetings with those bankers and fund managers, and at these meetings I was in most cases

accompanied by government representatives. They would say things such as "We are the government of Quebec, we are the biggest shareholder of Stornoway Diamonds, and we built them a 245 kilometer long road. This is Commerce Resources and we are going to invest in them and we will look at building them a road." On the announcement that we completed this financing with Quebec, we traded 26 million shares in Toronto and 32 million shares in Germany in the 4 weeks following. I believe that this trading clearly indicates that the market recognizes that Quebec provides incredible support, besides the fact that we are seeing rising prices for REE's.

**Isabel: Let us finish up with three sentences about what the vision of your company is?**

**Chris:** The vision of Commerce Resources is to find a joint venture partner for both of our assets and then hopefully secure a project level investment, which means capital to Commerce Resources in exchange for a percentage of future off-take, or a percentage of the actual asset. In terms of these 2 styles of project level investments that I think were very attractive; one was between Mitsubishi and Copper Mountain here in British Columbia, and the other was between Posco and Fortune Minerals, also here in British Columbia. Those were both done in 2010/2011. We haven't seen a lot of deals like this in the last 5 or 6 years, but this style of investment in a commodity, that could be termed critical, is quite possible. That is my goal towards putting both of our assets into production.

**Isabel: A little bit more than three sentences on that, but thank you very much for your time. Good to have you!**





## Share Structure: (as of 1st of March 2017)

Outstanding Shares: 293 Million  
 Fully Diluted: 334 Million  
 Market Cap: 29,5 Million  
 52 weeks high/low: C\$0,11 - 0,05

## Corporate Information:

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## Commerce Resources Corp. continues to focus on the Ashram Rare Earth Deposit in Quebec

Commerce Resources Corp. is an advanced exploration and development company with 2 projects in Canada: The Ashram Rare Earth Project in Quebec and the Blue River Tantalum and Niobium Project in British Columbia.

The Ashram Rare Earth Deposit has a measured resource of 1.6 million tonnes (Mt) at 1.77% TREO, an indicated resource of 27.7 Mt at 1.90% TREO, and an inferred resource of 219.8 Mt at 1.88% TREO. The rare earth elements (REEs) at Ashram occur primarily in the mineral

monazite, and to a lesser extent in bastnaesite and xenotime. These minerals dominate the commercial production of REE's globally. The Ashram Deposit also has an excellent REE distribution with 24.7% in the magnet feed REEs (Nd, Pr, Tb, and Dy,).

A Preliminary Economic Assessment (PEA) on the Ashram Deposit was completed by SGS-Geostat of Montreal (Blainville) with an effective date of July 5, 2012 (revised date of January 7, 2015). The Ashram PEA was based upon the production of a 10% REO mineral concentrate. A Pre-feasibility Study on the Ashram Deposit is ongoing”

In the fall of 2015, the company announced initial pilot plant results (flotation and leach) that led to the production of high grade (>45% TREO) mineral concentrates, with

high recovery rates (>70%). These results are very encouraging and indicate that the Ashram flowsheet is robust at larger scales more reflective of a commercial operation.

In terms of additional improvements since the release of the PEA in 2012, testwork has indicated that there is the potential of a fluorite by-product, announced on March 1, 2016.

On April 7, 2016 the company announced that they had entered into a binding MOU with the Glencore subsidiary Norfalco Sales, with Norfalco giving Commerce Resources a significant discount on sulfuric acid. Considering that sulfuric acid is one of the most expensive consumables for the downstream processing, this savings will be a net positive for the economics of the project.

Commerce then announced on April 21, 2016 that preliminary evaluation of local and regional wind data adjacent to the deposit indicates favourable wind speeds for renewable power development as part of the projects energy requirements. The benefits of wind power generation may include reducing energy costs, as well as the overall carbon footprint of the project.

The potential economic benefits of the fluorite by product, the reduction in sulfuric acid costs, and wind power generation will all be included in the PFS.

As well, company has also drilled approximately 9,600 metres over 86 holes since the last 43-101 resource calculation was released. A new resource calculation will be included in the PFS.

