

# THE NORTHERN MINER

GLOBAL MINING NEWS · SINCE 1915

SEPTEMBER 6 2018 / WWW.NORTHERNMINER.COM

## Commerce hopes new US gov't policy will benefit North American REE projects



U.S. President Donald J. Trump signing an Executive Order giving conditional approval for Energy Transfer Partners' Dakota Access Pipeline for Bakken crude and TransCanada's Keystone XL pipeline to bring Canadian diluted bitumen to refineries in Texas. Credit: White House.

**POSTED BY: RICHARD QUARISA** SEPTEMBER 6, 2018

**Commerce Resources** (TSXV: CCE; US-OTC: CMRZF) has spent the past 10 years developing its Ashram rare earth element (REE) project in northern Quebec. Like many REE juniors, Commerce's fate has been influenced by a strong Chinese supply chain and, in particular, the prolific Bayan Obo REE mining district in northern China.

But Commerce president Chris Grove believes that recent U.S.-China politics may open a window for Commerce's success. He points to the U.S. imposed tariffs on Chinese goods, as well as specific language from the 2019 U.S. Defense budget to demonstrate his case.

"The language specifically prohibits the Department of Defense from the purchase of Chinese REE magnets," Grove tells *The Northern Miner*.

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A drill site on Commerce Resources' Ashram REE project in 2011. Credit: Commerce Resources.

According to Grove, U.S. legislation allows the government to view Canadian resource projects as potentially “domestic” if they are of interest to the U.S. Department of Defense.

As a result, the company has for the first time applied for a grant worth up to US\$3 million from the Strategic Materials division of the United States Defense Logistics Agency to help develop Ashram.

The company says it would use the grant to finish a pilot plant at **Hazen Research** in Golden, Colorado. It would use the plant to produce samples of its REE hydroxide product to shop to processors in the U.S., like **Ucore Rare Metals** (TSXV: UCU; US-OTC: UURAF) in Utah and **Rare Earth Salts** in Nebraska.

Commerce is filling out a separate application for its Blue River tantalum and niobium project in British Columbia. Although China buys most of its niobium from external sources, Grove says the country is a processor of tantalum it buys from Central Africa. As a result, he says the 2019 U.S. Defense budget could impact tantalum sales, as well.

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Workers collect a bulk sample at Commerce Resources' Eldor REE project in Quebec's Nunavik region. Credit: Commerce Resources.

Commerce has never before applied for one of these grants. The deadline for grant applications is Sept. 30, 2018.

The US-China monthly trade deficit hit a record high in July when it totaled US\$36.8 billion.

“This current move by the Trump government is turning up the heat exponentially,” Grove says. “I think the anxiety level is rising and the main outstanding question is: ‘What is China going to do?’”

The Ashram project sits 130 km south of the town of Kuujuaq in northern Quebec's Nunavik area. It contains 1.6 million measured tonnes grading 1.77% total rare earth oxides (TREO), 28 million indicated tonnes at 1.90% TREO and 220 million inferred tonnes at 1.88% TREO.

The company drilled nearly 10,000 metres at Ashram that it will incorporate into an updated resource estimate for a prefeasibility study. But to carry out the study, the company needs more capital.

Commerce completed a 2012 preliminary economic assessment on Ashram that pegged potential production at 16,850 tonnes of rare earth oxides per year over 25 years. It calculated a \$2.3-billion pre-tax net present value at a 10% discount rate and a 44% pre-tax internal rate of return.

Currently, two facilities in Quebec are processing material from Ashram in two separate programs financed by the Quebec government.

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Drill core at Commerce Resources' Blue River tantalum-niobium project, 250 km north of Kamloops, British Columbia. Credit: Commerce Resources.

A \$365,000 program at the University of Laval is using an Ashram sample to validate a new hydrometallurgical process for extracting rare earth elements as well as using computer software to simulate the process.

A \$300,000, three-year program at the National Institute of Scientific Research in Quebec City is focused on optimizing tailings at Ashram. The program began two years ago.

“Our material reacts extremely well to standard processing,” Grove says. “The majority of projects do not share the fundamentals of Bayan Obo, as we do.”

Commerce staked the initial Blue River project claims in 2000, about 230 km north of Kamloops, British Columbia. Between 2006 and 2011, it drilled nearly 60,000 metres into the property. In total, it's spent more than \$30 million at Blue River.

As of a 2013 estimate, the project contains 48.4 million indicated tonnes grading 197 grams tantalum oxide per tonne and 1,610 grams niobium oxide per tonne for 21 million lb. tantalum oxide and 171.5 million lb. niobium oxide. The project also contains 5.4 million inferred tonnes at 191 grams tantalum oxide per tonne and 1,760 grams niobium oxide per tonne for 2.2 million lb. tantalum oxide and 21.1 million lb. niobium oxide.

Shares of Commerce are currently trading at 6¢ with a 52-week range of 5¢ to 10¢. The company has an \$18 million market capitalization.

“Rare earth elements are a very weird commodity,” Grove says. “They're not rare. Economic deposits are rare. If you compare favourably to Bayan Obo, then you've got a legitimate shot at success.”