



# Rockstone Research

June 16, 2016

## Research #17

Rare Earth Elements (REEs)



## Quebec Government starts working with Commerce Resources

Today, Commerce Resources Corp. announced that it has been awarded a \$300,000 grant from the Quebec Government (Ministère de l'Énergie et des Ressources Naturelles and Fonds de Recherche du Québec Nature et Technologie) for the optimization of waste treatment at the Ashram Rare Earth Element Deposit in Quebec. This is very favourable for Commerce as the grant applies to testwork that will be required as the project advances. Further, the grant includes funds to cover testwork relating to the upgrade of the fluorspar concentrate to acid-grade fluorspar, a more valuable product. Commerce continues to show its sensible stewardship by working with government funded programs to evaluate various aspects of the Ashram Project, with the waste management the most recent example. As the Ashram Project is located in Quebec, it is positive to see Commerce becomes increasingly involved in Quebec programs and Quebec-based enterprises. The Ashram Project has been making great strides recently with the involvement of industry, academia, and government – a clear sign of a waking visibility in the Province. This grant being only the most recent example.

### Company Details

Commerce Resources Corp.

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Shares Issued & Outstanding: 234,409,864



Chart Canada (TSX.V)

Canadian Symbol: CCE

Current Price: \$0.095 CAD (June 15, 2016)

Market Capitalization: \$22 million CAD



Chart Germany (Frankfurt)

German Symbol / WKN: D7H / A0J2Q3

Current Price: €0.063 EUR (June 15, 2016)

Market Capitalization: €15 million EUR

Technical Analysis:

Since 2001: <http://schrts.co/wR62L5>

Since 11/2013: <http://schrts.co/kAtslu>



Chris Grove, the leading force behind Commerce Resources, said in today's [press-release](#):

*"I would like to thank the Province of Québec for their support of our efforts in regards to the environmental management and sustainability of our Ashram Project."*

On top of all that, Commerce recently received a strong vote of confidence from a major industry player in April, when Glencore's NorFalco division signed a contract to be the sole provider of sulphuric acid for Ashram. Glencore clearly has a vested interest in the advancement of the Ashram Project and I look forward to any further developments that may potentially occur between the two parties.

The message from today's news is not so much about the underlying dollar value, but that the right people are getting involved and that the project is moving forward with credible partnerships and in a transparent manner. It's another valuable step forward. Commerce is real and is increasingly becoming an opportune reality for others as well. **Which other REE development project can say that?**

While almost all other REE development companies blame low REE market prices for not being active with their projects any longer (some are active only with some sort of "new technologies" but not really project-wise), Commerce's Ashram Project not only continues to be active and progressing impressively, but is continuing to attract interest from government funded programs and private industry. Blaming low REE market prices for getting into hibernation mode is clouding over reality as most other REE development projects simply lack viability, irrespective of market prices, and largely due to complex metallurgy.

On April 24 at the SME Conference in New York, Dominique Anglade (Quebec's Minister of Economy, Science, and Innovation) committed a first \$1.5 billion into the initial development of Plan Nord, a massive investment and infrastructure development plan with a focus on the

resource industry. Obviously, Quebec's Plan Nord is back and getting ready to transform the northern part of the province into a booming mining district. More than 11 undeveloped resource projects are expected to benefit from Plan Nord, including Ashram. I asked President Grove for a quote on today's news and he answered as follows:

*"We are fortunate to be the beneficiaries of the support we have received from the Government of Quebec, as represented by this grant today and as well as being one of the companies hosted recently in New York. There are abundant and obvious reasons why Quebec is considered one of the most attractive jurisdictions for mining."*

As noted in today's press-release:

*"The Federal and Quebec governments are actively supporting the advancement of clean/green technologies and renewable energy resource development as Canada transitions to a lower-carbon economy. This is demonstrated through various ongoing grant programs available at both the federal and provincial levels, as well as being recently highlighted by the legally binding, global climate change framework agreement from COP21 in Paris. An essential component of these clean/green technologies are magnets manufactured from REEs."*

REEs form the foundation of the high-tech industry and the accompanying global "green revolution" to reduce greenhouse gas emissions. The Ashram Deposit would be just the first part of a lengthy supply chain that would lead to the products required to make this revolution a lasting reality.

Take a look at Commerce's [last press-release of April 21](#), when the company announced to have completed a preliminary evaluation of local and regional wind data indicating favourable wind speeds for renewable power development as part of Ashram's energy requirements. Benefits of wind power generation for mining projects include reducing the project's overall carbon footprint through a reduction in fossil

fuel use and related transportation costs. In addition, the advancement of wind turbine technology in recent years has made the method more cost competitive and applicable to remote environments where a connection to the regional power grid is not practical. Chris Grove stated:

*"Wind power is a renewable resource that should be considered for several reasons, including reducing overall energy costs for the Ashram Project. We are happy to be working with TUGLIQ and are encouraged by these results."*

Wind power generation for northern mining projects is currently operating successfully at 2 Canadian mine sites; the Diavik Mine, NWT, with a 4 turbine wind farm (9.2 MW generating capacity) operating since 2012, and most recently at the Raglan Mine, Nunavik, Quebec, with a single 3 MW turbine and energy storage commissioned in 2014. The preliminary wind speeds recorded in the area of the Ashram Deposit are higher than those of the Diavik Mine adding further encouragement to the potential applicability to Ashram. Based on the encouraging findings, Commerce is advancing towards a collaborative agreement with TUGLIQ to prepare a more definitive assessment of the wind power generation potential at Ashram.

## Conclusion

In my opinion, the Ashram Project remains the best positioned in the REE space to advance to production. Once the full pilot plant program is completed and samples produced for the various parties that have made requests, I strongly expect several potential strategic partners to take a serious look at coming to the table and bring Ashram into production.

Under the auspices of Plan Nord, a 240 km long road was built in 2011-2014 and the Renard Project (Stornoway Diamonds) could go into production. The Ashram Project just needs a 185 km long haul road, which is projected to be less geo-technically challenging and less costly to construct compared to the route outlined in its PEA.



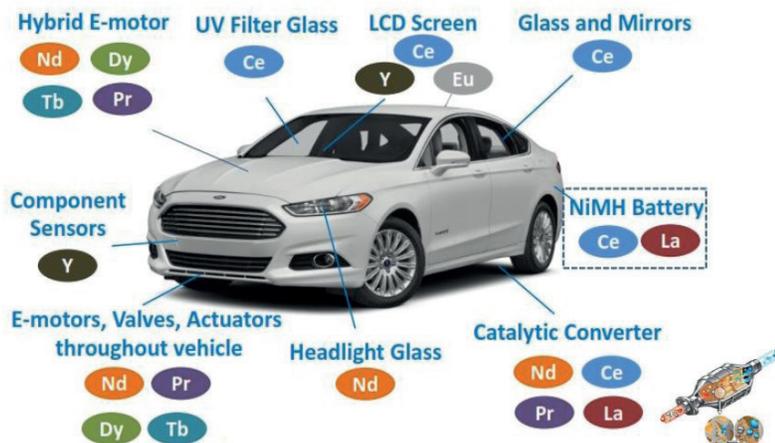
Recipient of the 2015 e3 Plus award from the AEMQ for high level of environmental and social responsibility, & adherence to industry best practices



Frank Marriage, President of AEMQ (left), Mireille Smith, Ashram Social & Environmental Sustainability Manager (centre), Darren L. Smith, Ashram Project Manager (right)



### Rare Earth Elements – Hybrid Vehicles



A typical Hybrid Electric Vehicle (HEV) will use ~1.5 kg (Li-ion) to 4.5 kg (NiMH) REEs

Source: modified from Leyi Zhu, Ford, adapted from Science News 2011.

### Analyst Coverage

[Research #16](#) “Glencore to trade with Commerce Resources”

[Research #15](#) “First Come First Serve”

[Research #14](#) “Q&A Session About My Most Recent Article Shedding Light onto the REE Playing Field”

[Research #13](#) “Shedding Light onto the Rare Earth Playing Field”

[Research #12](#) “Key Milestone Achieved from Ashram’s Pilot Plant Operations”

[Research #11](#) “Rumble in the REE Jungle: Molycorp vs. Commerce Resources – The Mountain Pass Bubble and the Ashram Advantage”

[Research #10](#) “Interview with Smith and Grove while the Graveyard of REE Projects Gets Crowded”

[Research #9](#) “The REE Basket Price Deception & the Clarity of OPEX”

[Research #8](#) “A Fundamental Economic Factor in the Rare Earth Space: ACID”

[Research #7](#) “The Rare Earth Mine-to-Market Strategy & the Underlying Motives”

[Research #6](#) “What Does the REE Market Urgently Need? (Besides Economic Sense)”

[Research #5](#) “Putting in Last Pieces Brings Fortunate Surprises”

[Research #4](#) “Ashram: The Next Battle in the REE Space between China & ROW?”

[Research #3](#) “Rare Earth Deposits: A Simple Means of Comparative Evaluation”

[Research #2](#) “Knocking Out Misleading Statements in the Rare Earth Space”

[Research #1](#) “The Knock-Out Criteria for Rare Earth Element Deposits: Cutting the Wheat from the Chaff”



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Stephan Bogner studied at the International School of Management (Dortmund, Germany), the European Business School (London, UK) and the University of Queensland (Brisbane, Australia). Under supervision of [Prof. Dr. Hans J. Bocker](#), Stephan completed his diploma thesis ("Gold In A Macroeconomic Context With Special Consideration Of The Price Formation Process") in 2002. A year later, he marketed and translated into German Ferdinand Lips' bestseller ("Gold Wars"). After working in Dubai for 5 years, he now lives in Switzerland and is the CEO of [Elementum International AG](#) specialized in duty-free storage of gold and silver bullion in a high-security vaulting facility within the St. Gotthard Mountain Massif in central Switzerland.

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