



Developing the Ashram Rare Earth Deposit

January 2017



Forward-Looking Information

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Further information about the Blue River Tantalum/Niobium Project, including information relating to quality assurance and quality control procedures, is available in accordance with NI 43-101 within the Technical Report entitled “NI 43-101 Blue River Tantalum-Niobium Project, British Columbia, Canada” with an effective date of March 18, 2015, a copy of which is filed under Commerce’s profile on SEDAR at www.sedar.com. Further information about the Ashram Rare Earth Project, including information relating to quality assurance and quality control procedures, is available in accordance with NI 43-101 within the Technical Report entitled “NI 43-101 Technical Report – Preliminary Economic Assessment – Ashram Rare Earth Deposit” with an effective date of July 5, 2012 (revised date of January 7, 2015), a copy of which is filed under Commerce’s profile on SEDAR at www.sedar.com.

The technical information in this presentation has been prepared in accordance with the Canadian regulatory requirements set out in NI 43-101 and reviewed on behalf of the Company by Mr. Darren Smith, M.Sc., P.Geol., of Dahrouge Geological Consulting Ltd., a Qualified Person.

Commerce Resources Corp.

Commerce Resources Corp.

- Canadian junior exploration and development company
- Headquartered in Vancouver, BC, Canada
- Focused on rare metals and rare earth elements

Two advanced projects

- Ashram Rare Earth Project, Eldor Property, Quebec:
 - Major high-grade, large tonnage rare earth deposit, with middle and heavy rare earth enrichment confirmed
 - Positive Preliminary Economic Assessment ¹
 - Pre-feasibility Study underway
- Upper Fir Tantalum / Niobium Project, Blue River, BC:
 - Largest production scenario for tantalum globally
 - Advancing towards Pre-feasibility Study



Financial Summary

Corporate Information

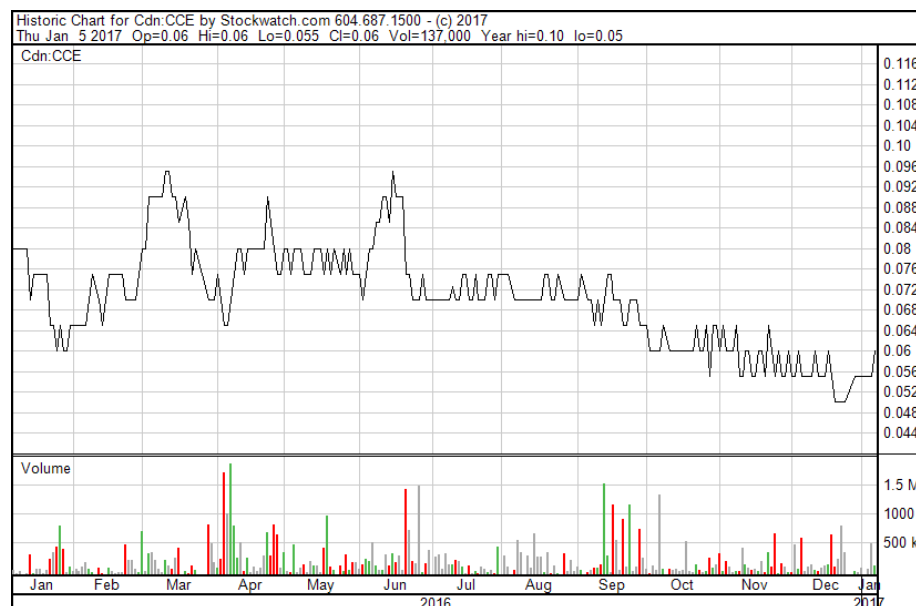
Listings:	TSX-V (Canada):	CCE
	FSE (Germany):	D7H
	OTC (USA):	CMRZF
Share Price (January 5, 2016)		\$0.06
52 Week High		\$0.10
52 Week Low		\$0.05
Shares Issued		259M
Average 90-day Volume		200k
Market Cap		\$15.6M

Analyst Coverage

Dealer	Date	Rating	Target
Secutor Capital Management	April 2014	Buy	\$1.44

Source: Commerce Resources, Capital IQ, Deloitte

Share Performance



Ownership

% Ownership	
Total Institutional Holders	
Marquest Asset Management	4.7%
Zimtu Capital Corp	2.3%
UBS Global Asset Management	1.2%
Zurcher Kantonalbank	0.4%
Total Institutional	8.5%
Total Insiders	0.9%
Total Corporations	0.2%
Total Retail	90.4%
Total Outstanding	100.0%

Experienced Team



Axel Hoppe
*PhD. Chem.
Chairman*

Internationally acknowledged leader in the global tantalum market

Formerly Head of Technical Services and Engineering Group for H.C. Starck; the world's largest consumer of tantalum

President of the Tantalum and Niobium International Study Center for the years 2002 and 2007



David Hodge
*Chief Executive
Officer*

Veteran resource executive with over 20 years experience

President of Zimtu Capital Corp., founder of Commerce Resources in IPO in 2001.



Chris Grove
President

Corporate Communications for Commerce Resources since 2004

Has established significant financial contacts in North America, Europe, and Asia

Has been instrumental in raising over \$70 million dollars for Commerce Resources over the past 10 years



Darren Smith
*M.Sc, P.Geol,
Ashram Project
Manager*

Project Manager for Ashram Rare Earth Project

Instrumental in the discovery of the Ashram Rare Earth Deposit and its advancement

Over ten years of experience in the mineral exploration industry



Mireille Smith
*M.Env, Ashram
Social &
Environmental
Sustainability
Manager*

Instrumental in Commerce Resources being awarded the 2015 e3 Plus Award from the AEMQ for high level of environmental and social responsibility, & adherence to industry best practices relating to the company's Eldor Property exploration and Ashram Project development



Jody Dahrouge
*P.Geol, VP
Exploration,
Director*

Instrumental in the guidance of company's exploration programs

Upper Fir Tantalum-Niobium Project

Summary Highlights

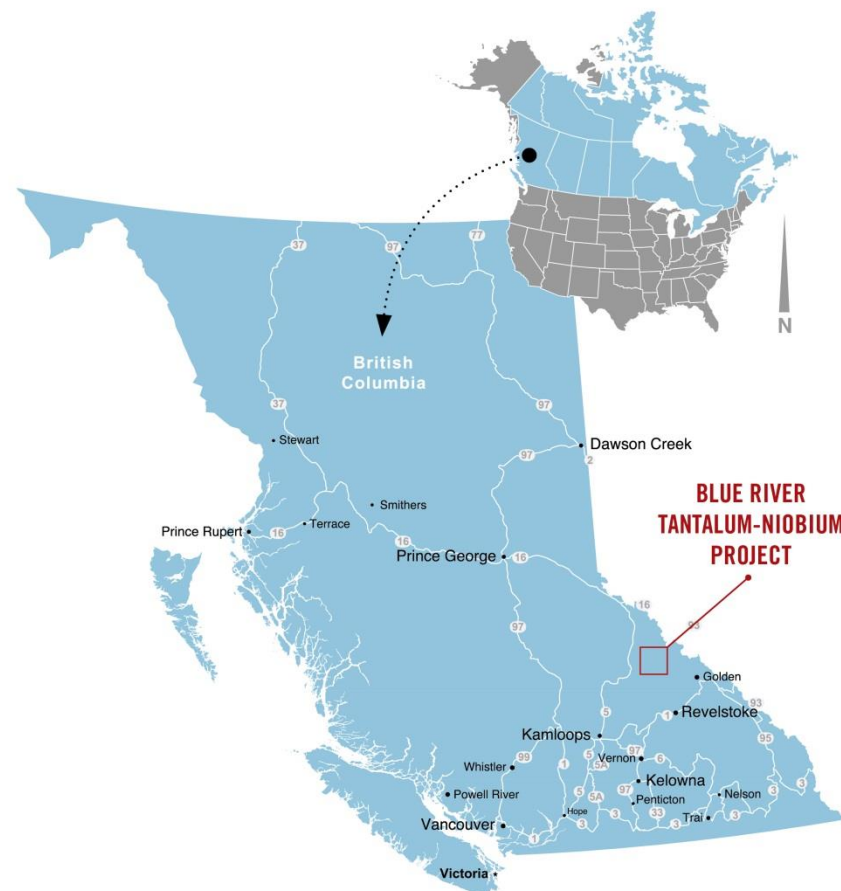
- Tantalum facing a critical supply shortage as demand rises and production declines, down 55% from 2012
- Advanced tantalum and niobium project with significant work completed – CAD\$34M+ spent to date
- Largest potential supplier of conflict-free tantalum globally – +700,000 lbs Ta₂O₅ annually
- Excellent infrastructure in mining-friendly British Columbia

Upper Fir Resource Estimate¹ (2013)

- Indicated resource of 48.4M tonnes containing 9.5M kg Ta₂O₅ and 77.8M kg Nb₂O₅; Inferred resource of 5.4M tonnes containing 1M kg Ta₂O₅ and 9.6M kg Nb₂O₅
- Other historical resources on property (Fir and Verity)

Production scenario for potential large-scale low-cost producer of conflict-free tantalum

- Based on an underground mine, mill and concentrator, and processing facility to produce technical-grade tantalum and niobium oxides
- Most essential infrastructure already existing on site



The Paris Agreement – COP 21 & COP 22

COP 21, hosted in Paris in the fall of 2015, culminated in the landmark Paris Agreement being adopted; a new framework marking a dramatic turning point in the global effort to address climate change



*“Building on commitments and actions already taken by provinces and territories and the momentum from COP21 in Paris, **we are moving toward a pan-Canadian framework for clean growth and climate change** that will meet or exceed Canada's international emissions targets, and will transition our country to a stronger, more resilient, low-carbon economy – while also improving our quality of life.”*

- Justin Trudeau, Prime Minister of Canada (March 3, 2016, from Vancouver, BC)

“For its part, the Government of Canada committed to the following:

-**advance the electrification of vehicle transportation**, in collaboration with provinces and territories;.....; advance efforts to eliminate the dependence on diesel in Indigenous, remote, and Northern communities – and **use renewable, clean energy as a replacement [for diesel]**...”*

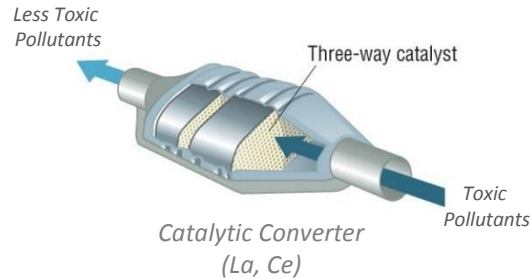
COP 22, hosted in Morocco the following year, advanced further the groundwork laid with the Paris Agreement, with ratification occurring faster than anticipated, now sitting at 125 of 197 representing more than three-quarters of global emissions

The Paris Agreement & Rare Earth Elements

REEs are the foundation of the global “green revolution” to reduce greenhouse gas emissions



Electric Vehicle
(Ce, La, Nd, Pr, Eu, Tb, Dy, Y)



Wind Turbine
(Nd, Pr, Tb, Dy)



“Québec is providing a tangible response to one of the major issues of the Paris Climate Conference.”

- Philippe Couillard, Premier of Québec



“Thank you to the people of Quebec. You are becoming known as true heroes in the world's effort to solve the climate crisis.”

- Al Gore, Former Vice President of the United States

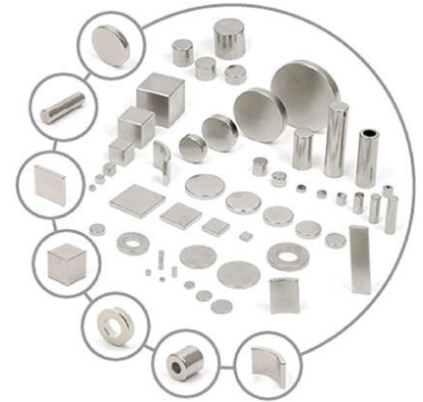


Rare Earth Magnet Motor
(Nd, Pr, Tb, Dy)

The Paris Agreement & Rare Earth Elements

REEs form the foundation of the high-tech industry and the accompanying global “green revolution” to reduce greenhouse gas emissions.

Global production estimated at 130k to 150k tonnes REO per year, with magnet feed REOs (Nd, Pr, Tb, Dy) comprising the dominant growth market at 8-12% CAGR



Rare Earth Magnets

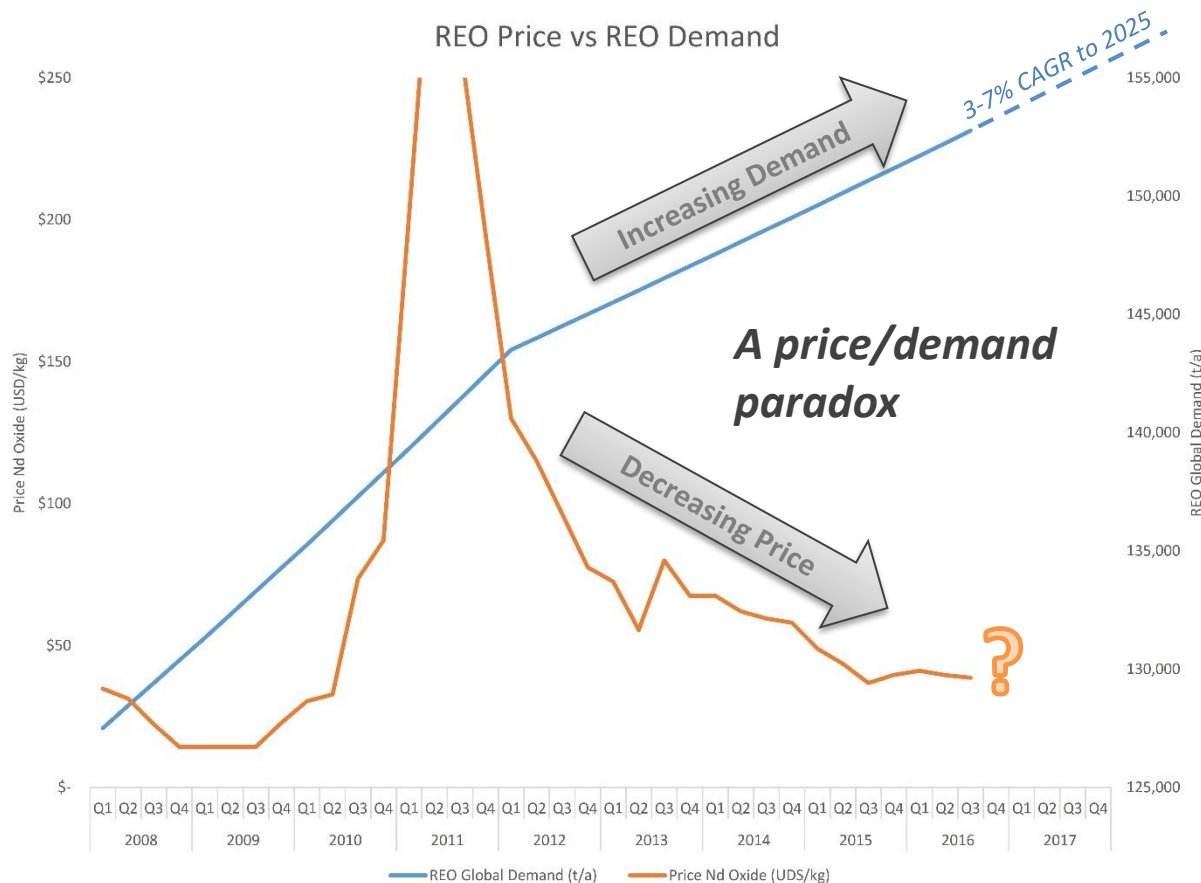


HEV car battery



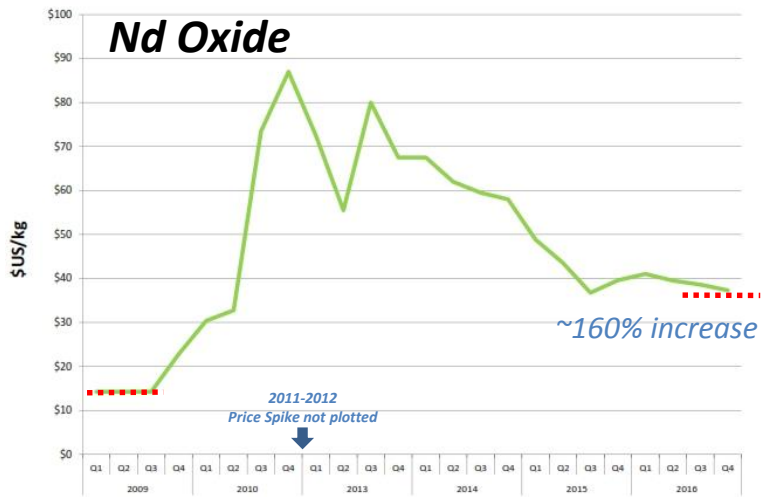
A Rare Earth Market Inflection Point?

REO demand & consumption have continued to increase while REO prices have fallen – a price/demand paradox



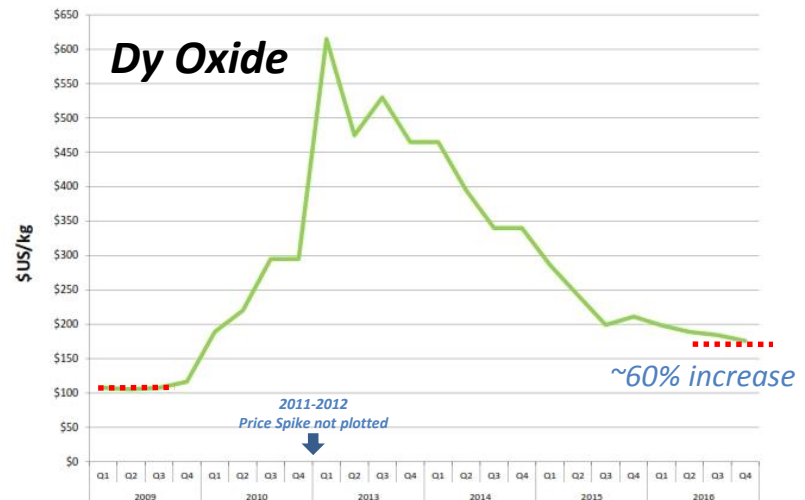
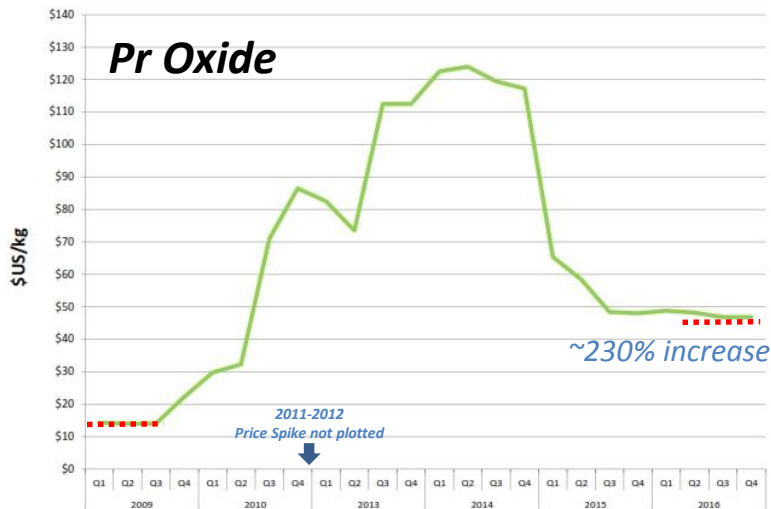
- Leading analysts are forecasting a 3-7% CAGR for REO demand out to 2025 (195-280 kt REO/annum)
- REO prices appear to have eased, giving further credence to an upward breakout
- A Nd oxide price of \$60-90 USD/kg is forecasted for sustainability over the long-term

The Anchor Markets: Magnet Feed Price History



Since 2009, prices for Nd, Pr, & Dy have increased significantly

The main economic driver for the Ashram Deposit is Nd, Pr, & Dy. These elements form the project's 'anchor' markets, with a projected long-term CAGR of 8-12%



Introduction to the Ashram Project

Attractive Jurisdiction

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

100% Ownership

- One claim block covering 115 km²
- Control over entire prospective district
 - REE, Nb, Ta, Fluorspar, Phosphate

Advancing Infrastructure

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



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

Ashram Project Advantages

Simple mineralogy amenable to reproducible high-grade mineral concentrates (fundamental to low-cost processing)

- 42% TREO at 76% recovery, 46% TREO at 71% recovery, and 49% TREO at 63% recovery
- Monazite, bastnaesite, & xenotime rare earth mineralogy, with all sharing conventional processing characteristics

By-product potential with no negative impact on REE flowsheet/recoveries

- Fluorspar

One of the highest grades of the large tonnage, advanced-stage REE deposits

- Measured resource of 1.6 million tonnes (Mt) at 1.77% TREO, an indicated resource of 28 Mt at 1.90% TREO, and an inferred resource of 220 Mt at 1.88% TREO

Favourable and well-balanced REE distribution, with enrichment in the Magnet Feed REE's (Nd, Pr, Tb, Dy)

- Anchored by Magnet Feed REEs (Nd, Pr, Tb, Dy) with strongest market fundamentals over the near, mid, and long-term
- Primary mineralized zone contains 24% combined NdPr (19% Nd, 5% Pr) with significant Dy (0.9%) and Tb (0.2%)

Robust economics indicated from Preliminary Economic Assessment (PEA)¹ completed in May 2012

- Pre-tax² NPV of \$2.3 billion CAD, IRR of 44%, payback period of 2.25 years, and a 25 year initial mine-life
- CAPEX of \$763 million CAD (including sustaining capital) and OPEX of \$7.91/kg (in CAD) of REO produced (to mixed REC)
- Mineralized from surface with industry low strip ratio (0.2:1), allowing for a relatively low-cost, open-pit operation

Located in a mining friendly jurisdiction

- Quebec consistently ranked as a top destination globally for mining investment
- Société du Plan Nord mandated to promote investment in the development of Quebec's northern resources

Strong management team with expertise in project development and rare metals

- Management and Directors have extensive experience in exploration, development, and rare metal markets

1. Results of the PEA represent forward-looking information. This economic assessment is by definition preliminary in nature and it includes inferred mineral resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized. Mineral resources are not mineral reserves as they do not have demonstrated economic viability.

2. The current Ashram Technical Report dated January 7, 2015 explains why no after-tax case is presented, and that a combined tax rate of around 32.5% may apply to production.

Mineralogy and Geology

1. Over 150 rare earth minerals exist, but **only 4 have been commercialized** (monazite, bastnaesite, xenotime, and loparite)
 - Monazite, bastnaesite, and xenotime account for >80% of global REO production, current and historic
 - Remainder is dominated by the ion-absorption type clay deposits in China
2. Only **monazite, bastnaesite, and xenotime** mineralogies are amenable to producing high-grade mineral concentrates of >40% REO (up to ~75% REO)
3. The host rock type for >80% of current global REO production is **carbonatite**

The Ashram Deposit has all of these traits, along with a demonstrated ability to produce high-grade (>45% REO) mineral concentrates at high recoveries (>75%)



High-grade (46% TREO) rare earth mineral concentrate produced from Ashram Deposit

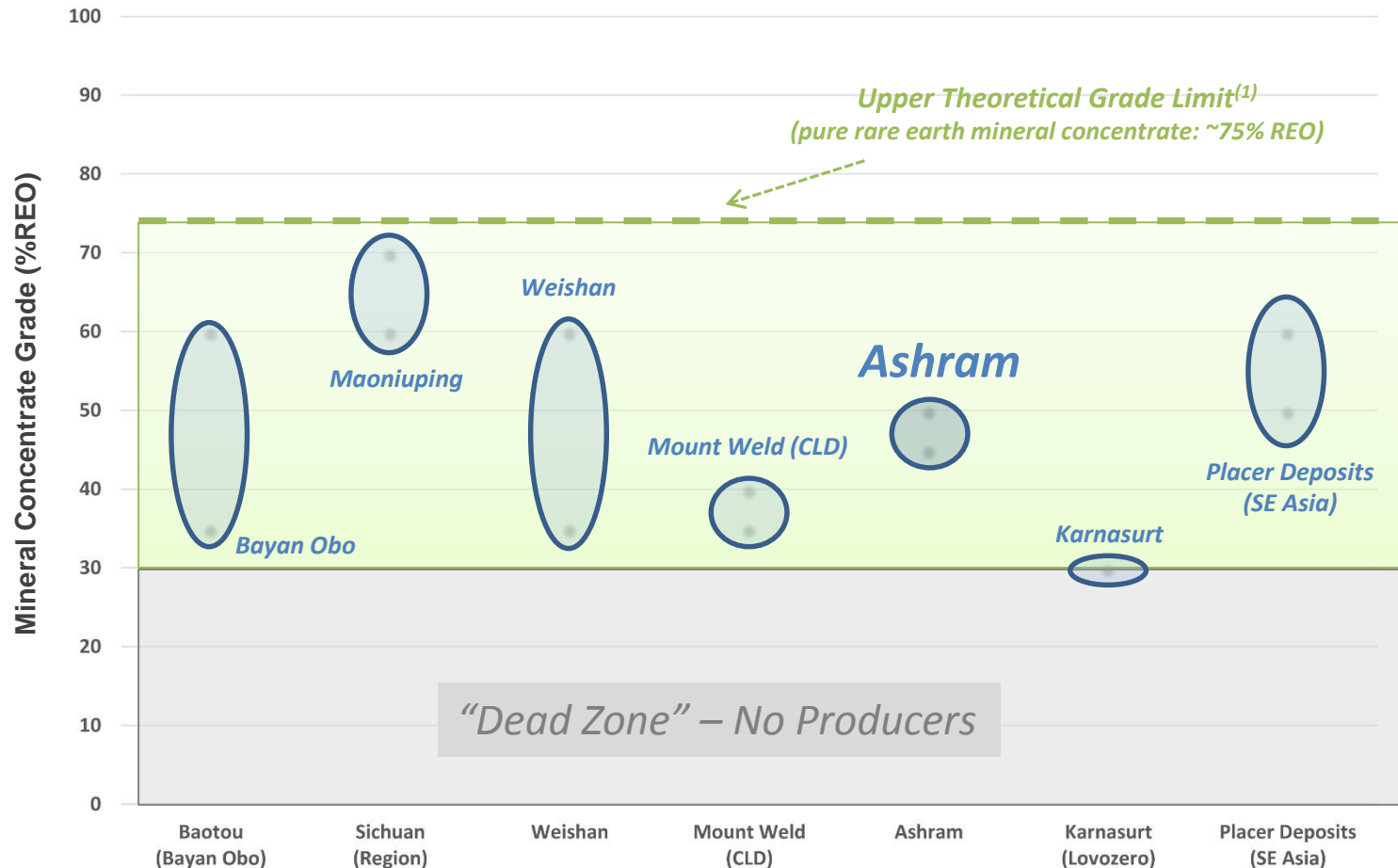
Global REO Producers and the Ashram Deposit

Simple Rare Earth Mineralogy is Fundamental to Production

Deposit/ Region	Stage (~% of global production)	Deposit Type	Primary Rare Earth Mineralogy	Deposit Grade ⁽⁴⁾ (REO)	Mineral Concentrate Grade ⁽⁴⁾ & Recovery ⁽⁴⁾	Comments
Baotou ⁽¹⁾ , CHN	Production (45-50%)	Carbonatite ⁽³⁾	Bastnaesite, Monazite	1-6%	Two concentrates 55-65% REO & 35% REO @ 60% combined recovery	Dominates global production, primary iron mine with REO by-product
Sichuan ⁽²⁾ , CHN	Production (15-20%)	Carbonatite	Bastnaesite	2-3%	60-70% REO @ >80% recovery	Second largest producing region globally
Weishan, CHN	Production (<2%)	Carbonatite	Bastnaesite	1-3%	Two concentrates 60% REO & 35% REO @ 80% combined recovery	Head grade is falling, lower quality material
Mount Weld (CLD), AUS	Production (5-10%)	Carbonatite (laterite)	Monazite (secondary)	7-11%	35-40% REO @ 70% recovery	Laterite poses significant technical challenges
Ashram, CAN	Development	Carbonatite	Monazite, Bastnaesite	2%	45-50% @ >75% recovery	Unique enrichment in Pr, Nd, Dy, Tb
Placers, SE Asia	Minor Producers (<3%)	Placer (heavy sands)	Monazite, Xenotime	<0.2% (wide variation)	50-60% REO @ >80% recovery	Source of HREO, REO co- product with Ti-Zr...
Karnasurt, RUS (Lovozero)	Production (<3%)	Granitoid	Loparite	0.9%	30% REO @ 70% recovery	Unique to Russia, REE by- product of Nb-Ta-Ti
South China Clays, CHN	Production (15-20%)	Clay	n/a (ion-absorbed)	0.05-0.2%	n/a	Potentially unique to China, primary source of HREO

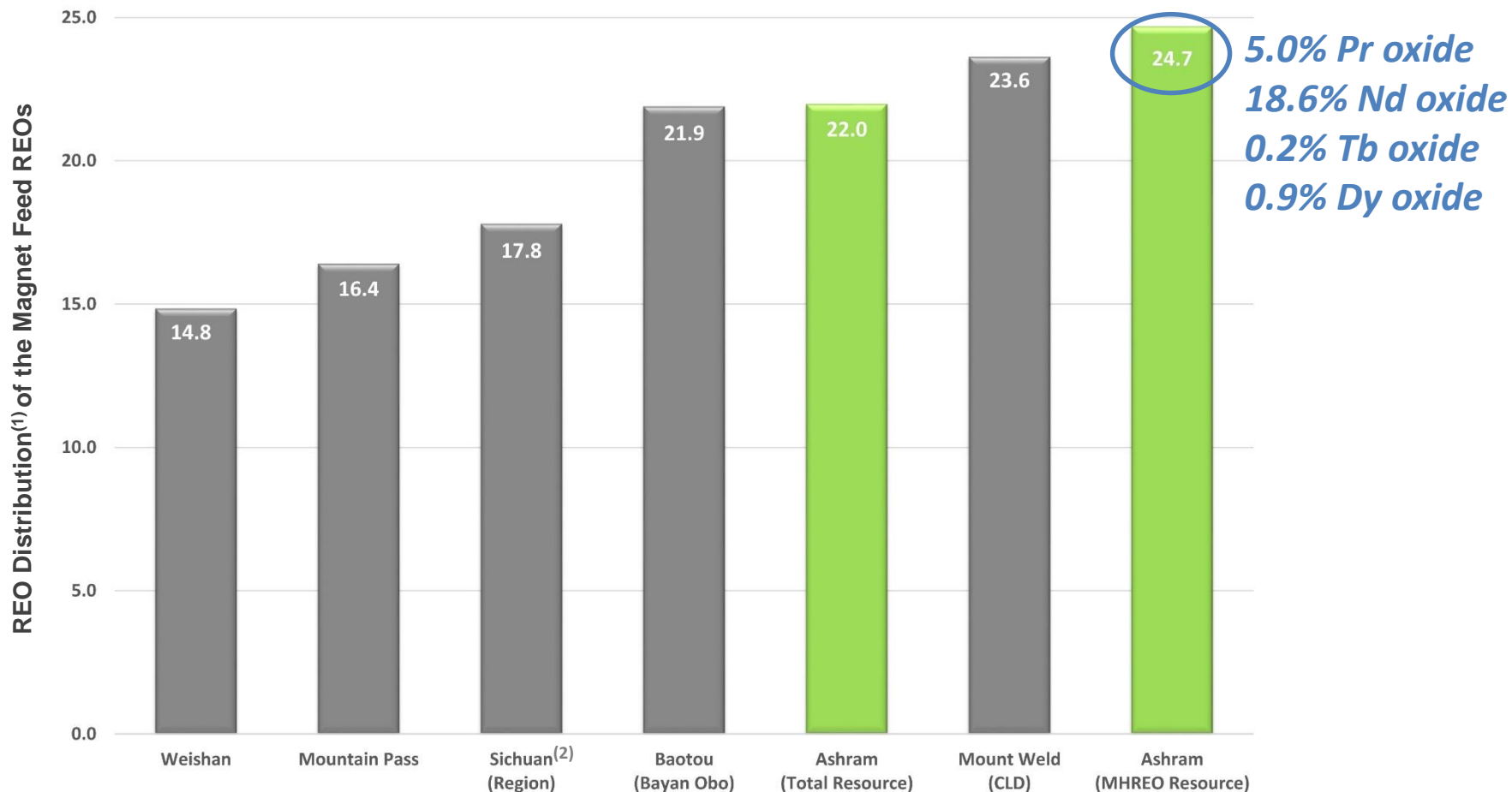
High-Grade Mineral Concentrate Essential for Production

Ashram is comparable to producers because it hosts the same rare earth minerals that allow for the production of high-grade mineral concentrates – monazite and bastnaesite



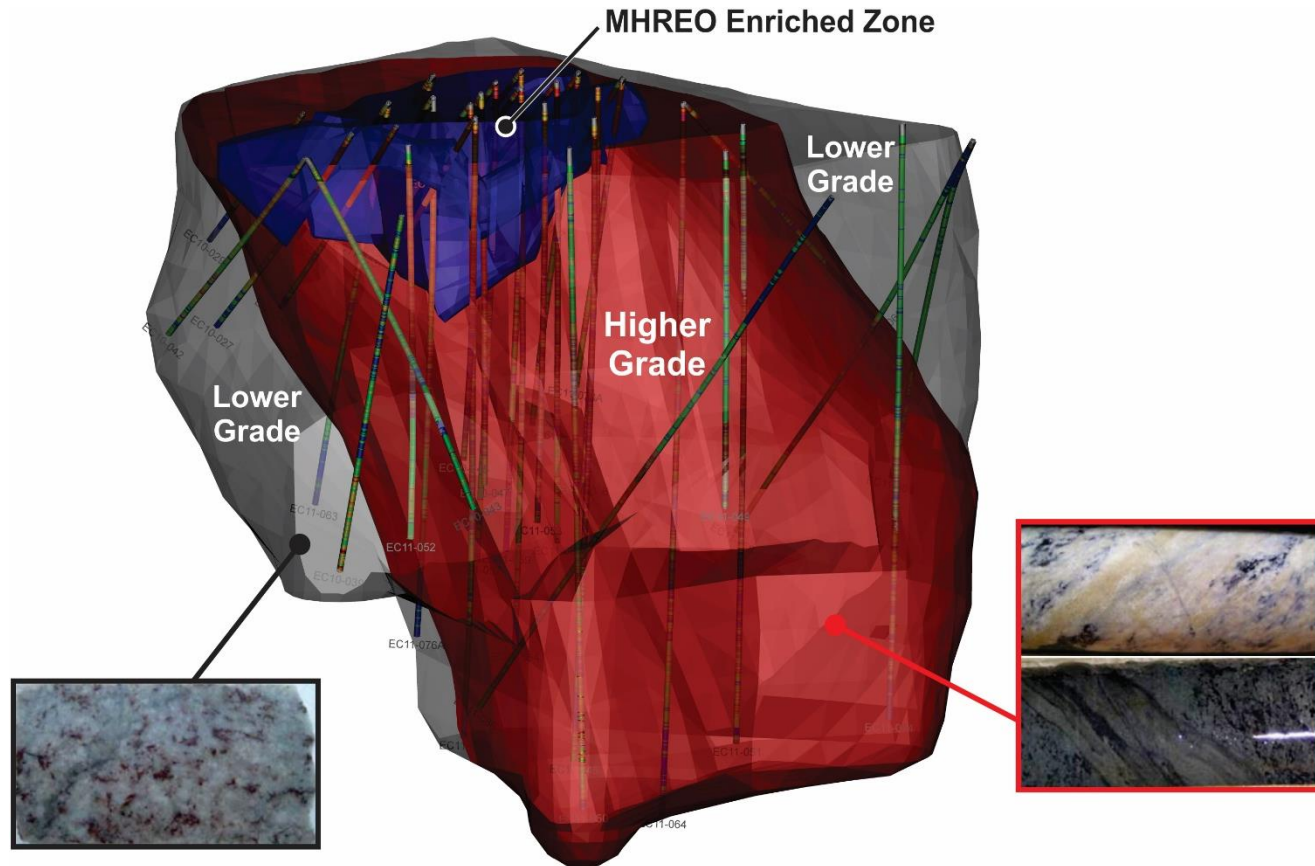
Magnet Feed REO Distribution

Ashram has an enrichment in the Magnet Feed REOs that is superior to leading global producers, thus, better positioning it for the market long-term



Evolution of Ashram Model – MHREO Zone

Definition of near-surface MHREO Enriched Zone by the end of 2011:



Ashram remains open to the north, south, at depth, and is not fully constrained to the east and west. Mineralized footprint is 700 m along strike, over 500 m across, and 600 m deep.

Updated NI 43-101 Resource Completed in 2012

Ashram (Total Resource^{1,2})

Resource Category	Tonnage (Mt)	La ₂ O ₃ (ppm)	Ce ₂ O ₃ (ppm)	Pr ₂ O ₃ (ppm)	Nd ₂ O ₃ (ppm)	Sm ₂ O ₃ (ppm)	Eu ₂ O ₃ (ppm)	Gd ₂ O ₃ (ppm)	Tb ₂ O ₃ (ppm)	Dy ₂ O ₃ (ppm)	Ho ₂ O ₃ (ppm)	Er ₂ O ₃ (ppm)	Tm ₂ O ₃ (ppm)	Yb ₂ O ₃ (ppm)	Lu ₂ O ₃ (ppm)	Y ₂ O ₃ (ppm)	TREO* (%)	MH/T Ratio	F (%)	CaF ₂ * (%)
Measured	1.6	4158	7865	859	3102	475	121	297	33	139	20	41	5	24	3	583	1.77	9.8%	3.76	7.7
Indicated	27.7	4960	8747	909	3131	403	94	229	23	93	13	28	3	16	2	378	1.90	6.7%	2.89	5.9
Inferred	219.8	4895	8775	911	3137	386	88	209	20	77	10	22	2	13	2	302	1.88	6.0%	2.21	4.5

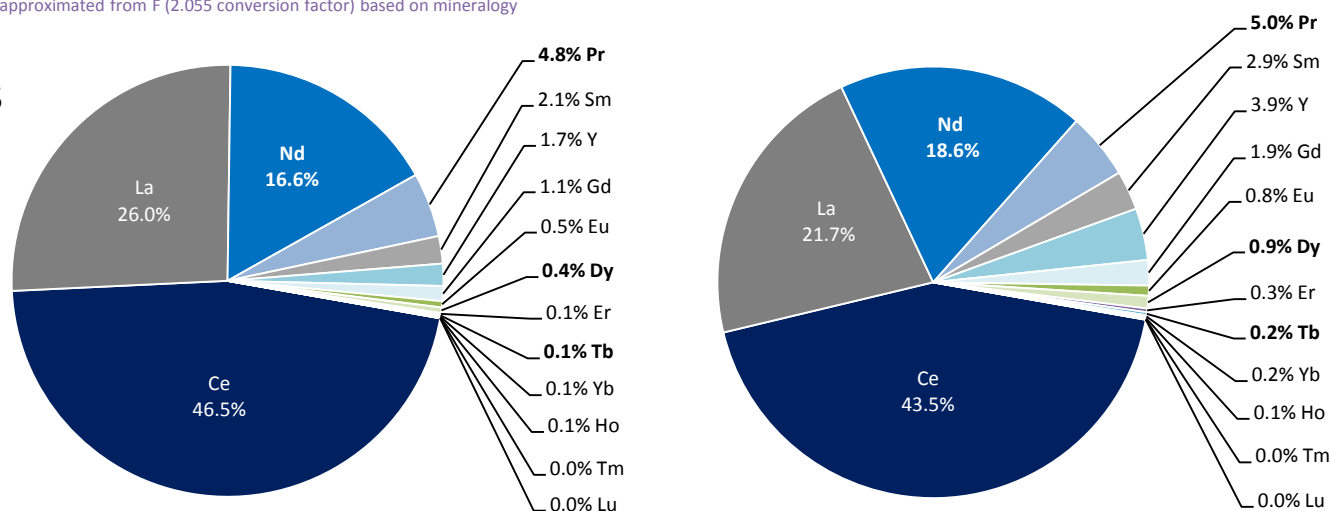
Note: *COG 1.25% TREO (BASE CASE); CaF₂ approximated from F (2.055 conversion factor) based on mineralogy

Ashram (MHREO Resource^{1,2,3})

Resource Category	Tonnage (Mt)	La ₂ O ₃ (ppm)	Ce ₂ O ₃ (ppm)	Pr ₂ O ₃ (ppm)	Nd ₂ O ₃ (ppm)	Sm ₂ O ₃ (ppm)	Eu ₂ O ₃ (ppm)	Gd ₂ O ₃ (ppm)	Tb ₂ O ₃ (ppm)	Dy ₂ O ₃ (ppm)	Ho ₂ O ₃ (ppm)	Er ₂ O ₃ (ppm)	Tm ₂ O ₃ (ppm)	Yb ₂ O ₃ (ppm)	Lu ₂ O ₃ (ppm)	Y ₂ O ₃ (ppm)	TREO* (%)	MH/T Ratio	F (%)	CaF ₂ * (%)
Measured	1.1	3690	7336	831	3100	513	134	330	38	163	23	48	5	27	3	685	1.69	12%	4.18	8.6
Indicated	5.4	3512	7047	804	3015	480	125	310	36	153	21	44	5	25	3	624	1.62	11%	3.90	8.0
Inferred	2.8	3423	6823	783	2910	448	115	289	34	145	21	43	5	25	3	605	1.57	11%	3.43	7.0

Note: *COG 1.25% TREO (BASE CASE); CaF₂ approximated from F (2.055 conversion factor) based on mineralogy

REE Distributions



Positive Ashram PEA ¹ Completed

PEA ¹ Highlights

- PEA ¹ indicates the potential to be one of the largest, longest operating, and lowest cost REE producers in the world
- Study based on a 4,000 t/d, open-pit operation with 0.19:1 (waste:ore) strip ratio over 25 year mine life
- Base case indicates very robust economics:
 - Pre-tax² NPV of C\$2.3 billion at a 10% discount rate
 - Pre-tax² IRR of 44%
 - Payback period of 2.25 years
- Potential for a low cost operation:
 - Estimated capital cost of C\$763 million (including initial and sustaining capital cost)
 - Estimated operating cost of C\$95.20/tonne treated or C\$7.91/ kg of rare earth oxide produced
- PEA ¹ considers only 15% of the known resource (in its DCF model)
- Average annual production of ~16,850 tonnes of rare earth oxide, including significant amounts of the Magnet Feed oxides (Nd, Pr, Tb, Dy)

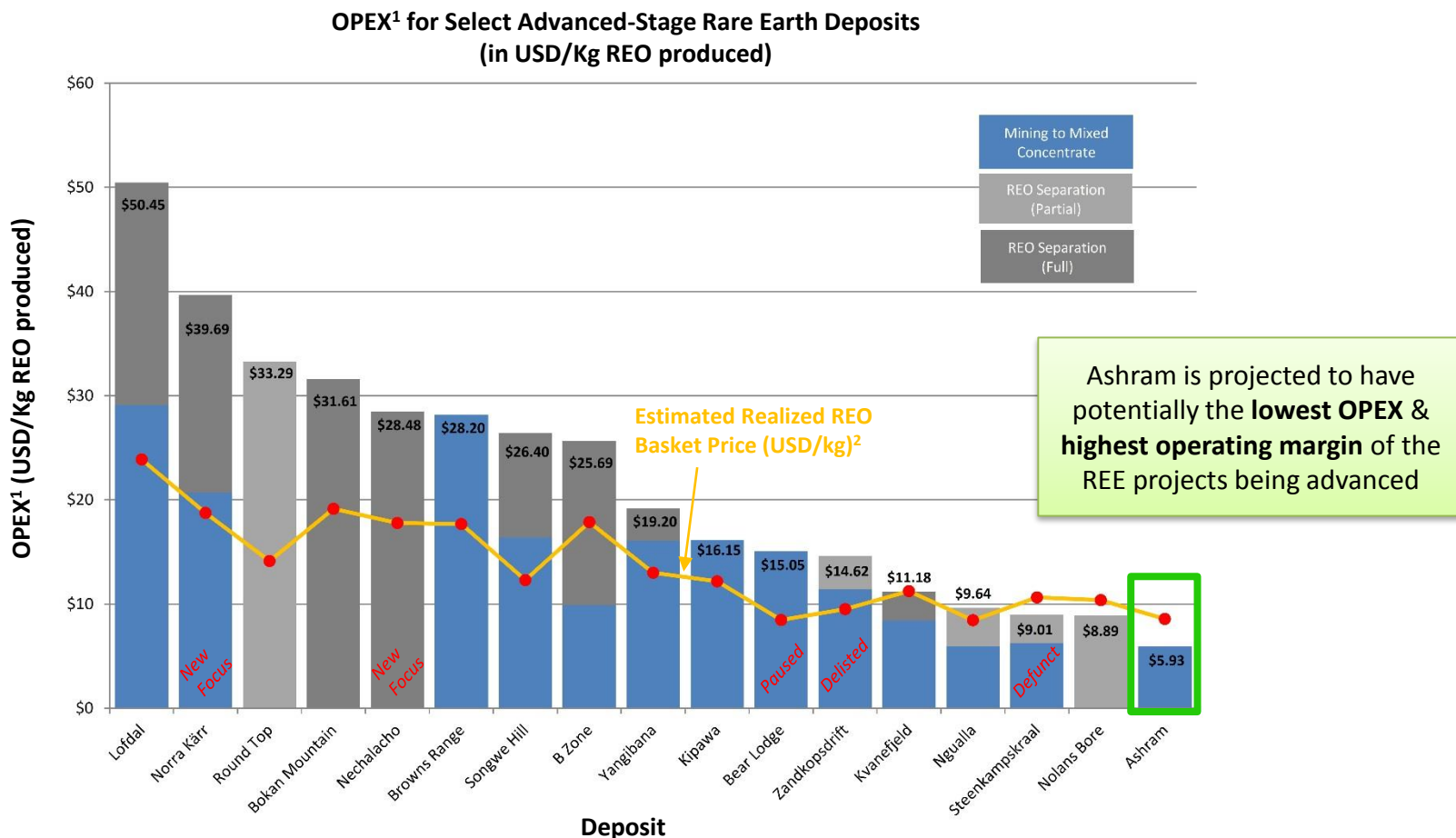
PEA ¹ Summary Information – Base Case	
Pre-tax ² NPV (10% discount)	C\$2.3 billion
Pre-tax ² IRR	44%
Payback period	2.25 years
Mine type	Open pit
Mining / processing rate	4,000 tpd
Strip ratio (waste:ore)	0.19:1
Annual production	16,850 tonnes REO
Mine life	25 years
Capital cost	C\$763 million
Operating cost	C\$95.20/tonne treated C\$7.91/kg REO produced
Product	Mixed rare earth carbonate

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Low Operating Costs

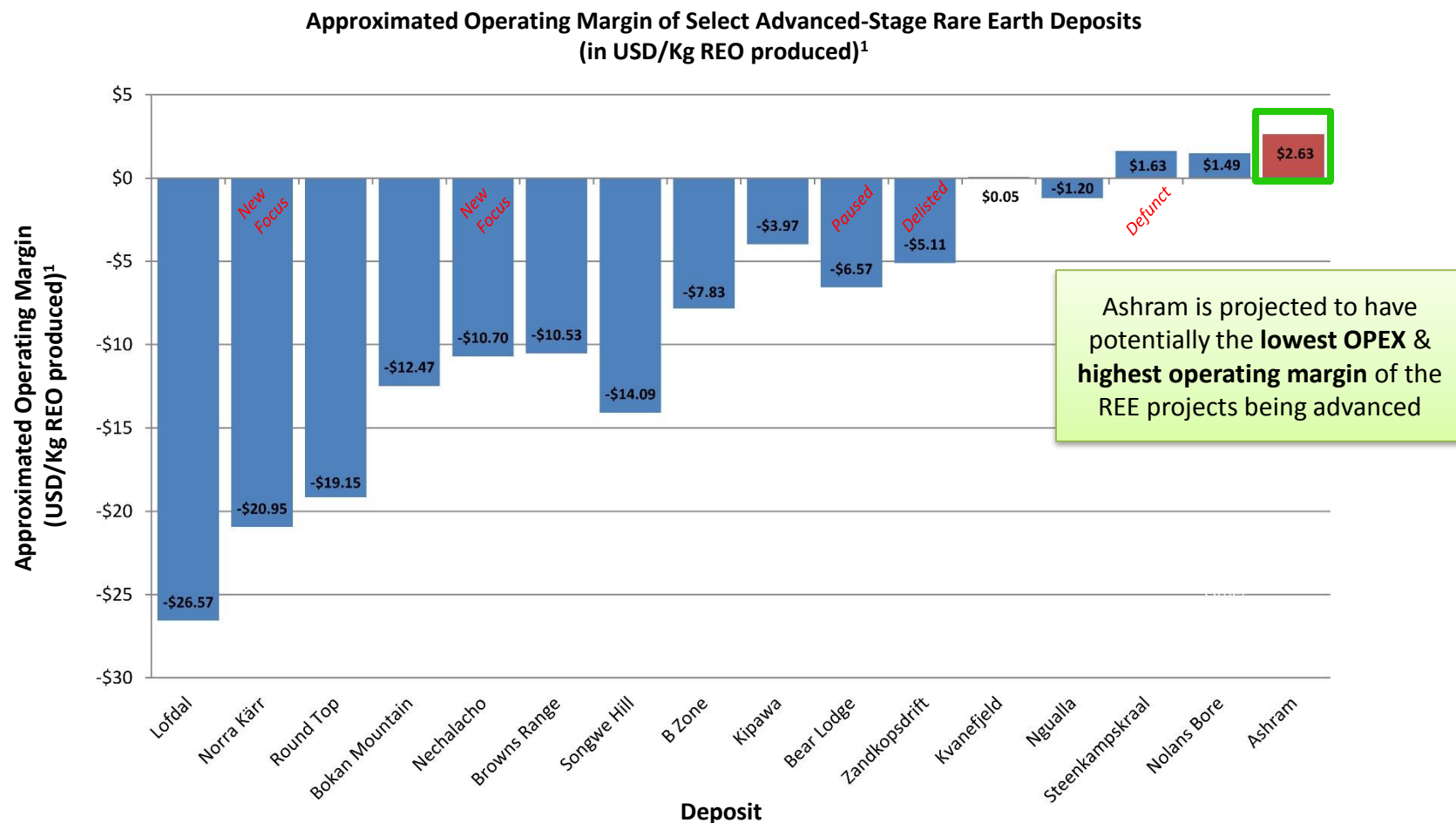
Low operating expenses of \$95.20 per tonne of ore treated, or approximately \$7.91 (~US\$5.93) per kg rare earth oxide (REO) produced



1. Project OPEX has been normalized to USD using an exchange rate for the AUD and CAD of 0.75, as applicable
 2. REO prices used are average for the 2016-Q4 period. Discount of 30% (mixed con), 20% (partial sep), or 0% (full sep) applied to basket price to reflect targeted product suite and allow for approximate, normalized comparison.
- SOURCE: Publicly available filings, modelled after Rockstone Dec 17, 2015

Low Operating Costs

The Ashram Project's relatively low OPEX projects to a favourable operating margin



1. Operating margin is approximated from Estimated Realized REO Basket Price (i.e. revenue) minus OPEX (i.e. cost of production)
2. See additional disclosure on previous slide (entitled "Low Operating Costs") with respect to normalization of data for comparison

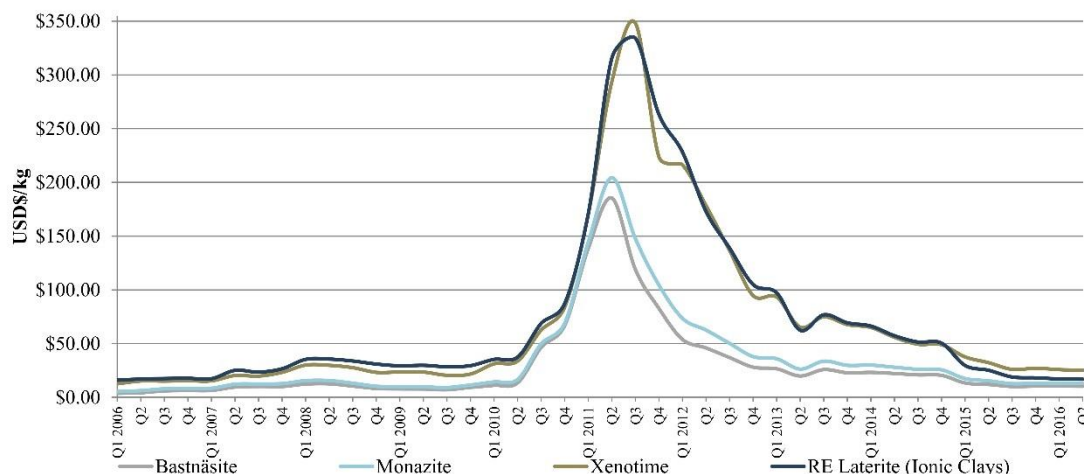
Security of Supply – Senkaku Incident

The 2010 Senkaku incident caused rare earth prices to increase exponentially almost overnight, highlighting the total dominance of China in the supply of rare earth elements to the world

Senkaku fishing boat incident - September 7, 2010 – Chinese fishing boat collides with Japanese Coast Guard (JCG) in disputed waters of South China Sea, Chinese captain detained by Japan, China cuts off all shipments of REE's to Japan. REE prices go ballistic

- Event led to flurry of REE exploration and project development; however, China still produces over 90% of the global output of REEs

Rare Earth Mineral Pricing Index



Security of Supply – Rhetoric

US rhetoric with China has escalated and may be setting the stage for a demonstration of China's dominance in REE supply

November 8, 2016 – Donald J. Trump elected President of the United States of America

November 2016 – Shinzo Abe, Prime Minister of Japan, visits Trump in USA

November 2016 – Trump tells Tim Cook, CEO of Apple, that he would offer the company a very large tax cut if they manufacture their products in the USA. Foxconn-Sharp is a major manufacturer for Apple in China

December 2016 – Trump speaks to Tsai Ing-Wen, President of Taiwan

January 8, 2017 – Tsai Ing-Wen, President of Taiwan, meets with Ted Cruz & George Abbott, in Texas. Ted Cruz *“The People’s Republic of China needs to understand that in America we make decisions about meeting with visitors for ourselves. This is not about the PRC. **This is about the U.S. relationship with Taiwan, an ally we are legally bound to defend.**”*

January 2017 – Rex Tillerson, pending US Secretary of State, says during confirmation hearings: *“We’re going to have to send China a clear signal that first the island-building stops and second your access to those islands is also not going to be allowed”...“They’re taking territory or control, or declaring control of territories that are not rightfully China’s.”*

January 16, 2017 – Foxconn-Sharp announce they have begun to study the possibility of building an LCD panel plant in the USA, instead of their original location in Guangzhou, China.

January 16, 2017 – *China Daily News* – *“If Trump is determined to use this gambit in taking office, a period of fierce, damaging interactions will be unavoidable, as Beijing will have no choice but to **take off the gloves.**”*

Security of Supply – Military Buildup

With rhetoric and tensions on the rise, the South China Sea is seeing a rapid destabilization of diplomacy and escalation of military presence

January 3, 2017 – US deploys to the South China Sea

- Nimitz-class Supercarrier – USS Carl Vinson (CVN 70)
- Ticonderoga-class Cruiser – USS Lake Champlain (CG-57)
- Arleigh Burke-class guided missile destroyer – USS Wayne E. Meyer (DDG-108)
- Arleigh Burke-class guided missile destroyer – USS Michael Murphy (DDG-112)
- Nimitz-class Supercarrier – USS Ronald Reagan (CVN 76)
- Nimitz-class Supercarrier – USS John C. Stennis (CVN 74)



Photo: Eric Coffey

The USS Carl Vinson, a USA Nimitz-class Supercarrier

January 11, 2017 – China's lone aircraft carrier enters Taiwan Strait

- “Take off the gloves” (?)



The ongoing militarization of the Spratly Islands by China, and a potential shift of the USA towards the “One China Policy”, may be laying the foundation of a conflict that could cut-off REE supply to the rest of the world from China

Security of Supply – Canada/US – Longtime Allies

The majority of REE supply is from China. Security of supply is a major issue for the Western World

Region / Deposit	Stage (~% of global production)	Deposit Type	Primary Rare Earth Mineralogy	Production Costs	Host Country Proven US Ally	Conventional Processing
CHINA (Hardrock)	Production (60-70%)	Carbonatite	Bastnaesite, Monazite	Low - but rising labour costs	NO	YES
RUSSIA	Production (<3%), Development	Various	Loparite,	By-product subsidized	NO	NO
MALYASIA	Producer (5-10%)	Laterite	Monazite (secondary)	High	YES	NO
CANADA (Ashram)	Development	Carbonatite	Monazite, Bastnaesite	Low - simple processing, with Innovation continuing to reduce costs	YES	YES

The Ashram Deposit is the most logical alternative to Chinese REE dominance

- Conventional host rock, large, good grade
- Conventional rare earth mineralogy
- High-grade & high recovery mineral concentrates
- Canada/US - longstanding allies with the *Defense Production Sharing Agreement, 1956, preceded by the Hyde Park Agreement, 1941*

Ashram has the potential to be the lowest cost REE producer outside of China and potentially, through continued innovation, the world

An Unstoppable Global Paradigm Shift

Global supply chains may be undergoing a profound shift, as China, a significant producer of raw materials and manufacturing output globally, is facing sustained upward pressure on costs, while the west is proving that innovation is the key to long-term competitiveness, and eventually potential market dominance

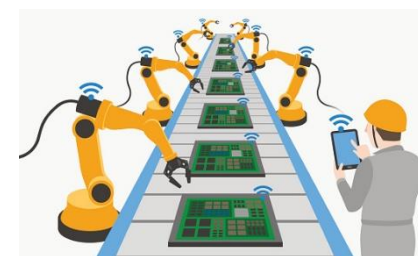
China – Produces more than 80% of rare earth elements globally

- Lower cost of labour, however, this cost is rising as industrial development continues
- Poor environmental standards are now giving way to environmental stewardship & reclamation, thus putting upward pressure on costs – estimate of ~\$80 B (USD)¹ to rehabilitate the rare earth mine workings around Bayan Obo and Baotou, and \$20-30 B (USD)¹ for South China



The Western World – No appreciable REE production, outside of Lynas

- Higher cost of labour, however, innovation continues to develop more efficient means of production, thus reducing costs
- Environmental standards are well-established, thus, costs & project impacts are general well-known
- Security of supply is a major concern



As Chinese costs increase from several fronts, the western world's innovation continues to reduce its own, thus narrowing the global gap of competitiveness to where production of raw materials and manufacturing output in the western world is becoming that much more appealing

An Unstoppable Paradigm Shift – Western World

A major paradigm shift in technology is underway in the industrialized world, and REEs are centrally positioned to benefit from such technological advancements

Transportation of Goods – Electric transport trucks in active development by several companies (Tesla, Nikola, Mercedes-Benz, BMW) with short-haul already in commercial use

- Potential to dramatically reduce the cost of commercial transportation

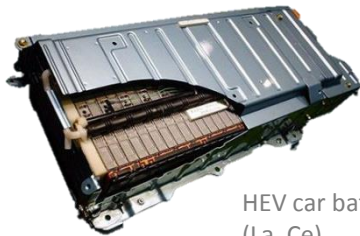
Transportation of People – Electric vehicles are experiencing explosive growth in production and a corresponding decrease in cost

- High speed rail using magnetic levitation (Maglev)

Development of Infrastructure – Co-operative, Europe-wide infrastructure build of high speed charging stations – Daimler, Porsche, BMW, Audi, Volkswagen, & Ford



BMW's 40-ton electric semi-truck, with 100 km range, currently in service (Germany)



HEV car battery
(La, Ce)



Transrapid 09 Maglev train, designed for speeds up to 500 km/hr (Nd, Pr, Tb, Dy)

REEs are used in many of the components that are making this paradigm shift a reality

REEs – Defense Applications

In most applications, cost is not the limiting factor – performance is; REEs are indispensable to the defense industry

Rare earths are used in countless defense applications where performance is paramount to success

- Actuators
- Guidance systems
- Targeting systems
- Temperature protection
- Avionics
- Radar surveillance
- Communication



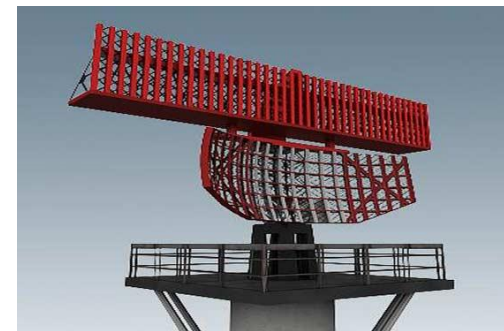
Missiles and smart bombs



F35



Avionics



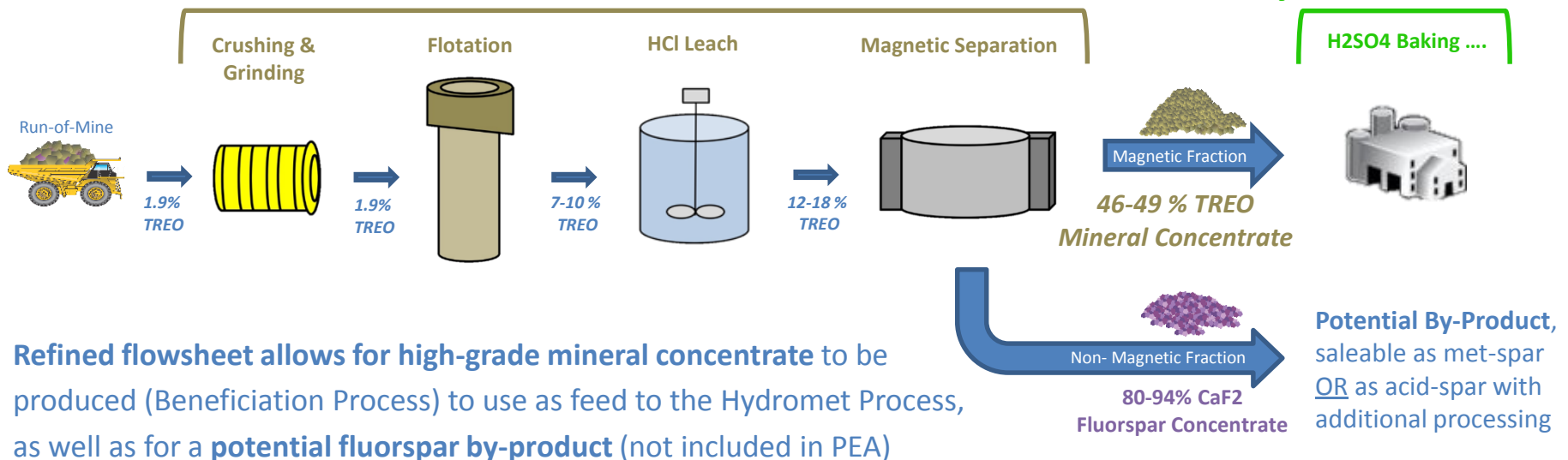
Radar System

PFS¹ (Ongoing) – Metallurgical Advancements Since PEA

Subsequent work to the PEA has resulted in a refined beneficiation flowsheet that now includes flotation, HCl leaching, & magnetic separation (WHIMS) to produce high-grade rare earth mineral concentrate

- Now produce mineral concentrate of >45% REO at high recovery (~75%), whereas the PEA was based upon mineral concentrate grade of only 10% REO at 70% recovery
- Potential **fluorspar by-product** now recovered, whereas the PEA did not incorporate by-products
- An approximate 80% reduction in flotation reagent consumables compared to the PEA

Beneficiation Process



Refined flowsheet allows for high-grade mineral concentrate to be produced (Beneficiation Process) to use as feed to the Hydromet Process, as well as for a **potential fluorspar by-product** (not included in PEA)

PFS¹ (Ongoing) – Pilot Plant Operations

Pilot Plant Testwork

- Pilot plants for the Flotation and HCl leach beneficiation circuits successfully completed in 2015
 - Scale up successfully demonstrated using 3 inch, 6 inch, and 12 inch flotation column cells
 - >5 tonnes of bulk sample flotation piloted, and ~500 kg of flotation concentrate leach piloted
 - Magnetic separation stage to be piloted in the near-term using HCl leach pilot residue



*Outcrop Bulk Sample Site used
for flotation pilot feed*



3 inch column flotation Pilot



Continuous HCl Leach Pilot



Continuous HCl Leach Pilot

Full demonstration of flowsheet now underway, using bench and pilot scale testwork, through to the production of several kilograms of rare earth concentrate (mixed and partially separated)

- La-Ce depleted mixed REC, La oxide, Ce carbonate, & mixed RECl targeted to be produced

Pilot Plant Concentrate Samples Requested

Samples of various mixed & partial separated rare earth concentrate samples are being produced for companies, including:

Solvay

- Leading processor of REE and specialty metal products worldwide
- A chemical company, established in 1863, with sales in 2014 of €10.2 billion (US\$9.1 billion)

Mitsubishi Corporation RtM Japan

- Large metals and minerals trading company
- Subsidiary of Mitsubishi Corporation
- Established in 1947 with JPY¥521 billion (US\$4.3 billion) in sales in 2014



Treibacher Industrie AG

- International company with over 100 years experience in chemistry and metallurgy
- Develops and manufactures ferro alloys for the steel and foundry industries, powders for the carbide industry, materials for high performance ceramics and fine chemicals and special alloys

BASF SE

- Large chemical company worldwide
- Established in 1865 with €74.3 billion (US\$66.3 billion) in sales in 2014



DKK

- Major Japanese automotive catalyst manufacturer

Albermarle, Blue Line (US), and several companies
under Non-Disclosure Agreements



Strategic supply relationship with NorFalco Sales

In April 2016, the Company announced it had entered into a binding Memorandum of Understanding with NorFalco Sales for sulphuric acid supply

- NorFalco to be the sole provider of sulphuric acid (H₂SO₄) for the Ashram Project
 - Binding agreement with **highly competitive market rates and terms**
- NorFalco is a division of Glencore Canada Corporation, a major global commodities trader
- The agreement is a significant first step in ongoing discussions regarding the project
 - Glencore has a vested interest in seeing the Ashram Project advance

GLENCORE



Commitment to Environmental & Social Responsibility

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



From left to right: Frank Mariage, President of Association de l'exploration Minière du Québec (AEMQ)/ Mireille Smith, Ashram Social and Environmental Sustainability Manager/ Darren Smith, Ashram Project Manager



Near-term Milestones

1. 2016 drilling program completed with assays pending

- 14 holes – infill and step out totaling 2,014 m

2. Office in Quebec City

3. Ashram Deposit Resource Update

- Approximately 9,625 m over 86 holes since 2012 resource estimate

4. Demonstration of entire flowsheet (bench/pilot level) through to the production of several kg's of marketable mixed (or partially separated) rare earth concentrate for evaluation by potential joint venture or offtake partner

- Targeting La-Ce depleted mixed REC, La oxide, Ce carbonate, & mixed RECI
- Complete magnetic separation pilot plant
- Complete additional flotation pilot plant(s)

5. Final selection of proposed site for the hydrometallurgical facility

6. Confirm Project Description

7. Release of Pre-feasibility Study (PFS)

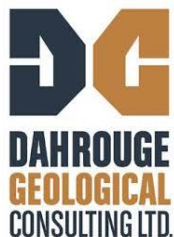
- Study in the advanced stages



High-grade (46% TREO) rare earth mineral concentrate produced from Ashram Deposit

Summary Highlights

- ✓ Deposit is high tonnage with geology, mineralogy, and REE distribution that compare favourably to major REE producers globally
- ✓ Well-balanced REE distribution containing significant amounts of the Magnet Feed REEs (Nd, Pr, Tb, Dy) from surface to depth, with a highly enriched MHREO Zone near surface
- ✓ Flowsheet is simple with the flexibility to produce many different REE concentrates for industry processors and manufacturers
- ✓ Flowsheet currently produces a potentially saleable met-grade fluorspar concentrate (>60% to 94% CaF₂) as the tailings to the REE mineral concentrate (i.e. no additional processing)
- ✓ Flowsheet able to produce high-grade mineral concentrates (>45% TREO) at high recovery (>75%) that are comparable to producers



GROUPE - CONSEIL
FORCHEMEX



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