



COMMERCE  
RESOURCES CORP.



CCE NEWSLETTER

No.03

2011

# Blue River Exploration Update

Summer 2011

## WE'RE BACK AGAIN!

You may have noticed a whole batch of new faces around town and maybe a few now-familiar ones. Commerce is back. We re-opened the Blue River Field Office in late June and are now back to business on the Upper Fir property just north of town. Our exploration program this year continues to focus on collecting geological information with diamond drilling and surface mapping programs. This work continues to support our ongoing geological assessment and economic evaluation of the Upper Fir carbonate deposit. Our economic evaluation is the key to answering the question, can the deposit become a profitable mine.

And as for those new faces...the field crew this year includes seven geologists, four geological technicians, five university geology students, two field technicians and two emergency medical technicians. Plus, Beaupre Diamond Drilling of Princeton has a crew of five on site. Throughout the field season there will also be engineering and environmental consultants coming and going on a short-term basis.



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- 1 - Exploration Diamond Drill
  - 2 - Measuring Drill Core
  - 3 - Sample bags filled with sawed core being sent to the lab
  - 4 - Brad, Ulry, Project Manager with wife, Darlene & new daughter, Jasmine
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### FACES OF COMMERCE RESOURCE CORP.

**BRAD ULRY**, Member of the Blue River Project Management Team (Project Manager)

Brad grew up on a farm near Olds, Alberta. He is a geologist whose passion for the outdoors resulted in a degree in Geology from the University of Alberta in Edmonton. Brad has been involved with the Blue River project since April 2007. He is one of three Project

Managers, with a special focus on maintaining quality control in assaying and geological modelling. Brad's main interests outside of work are mountain bike riding and racing including participation in the Canmore 24 Hours of Adrenalin and the Salmon Arm Salty Dog Enduro races, outback hiking and camping and travelling.

Brad looks forward to his summers in Blue River because of the beautiful terrain, friendly small town community and fabulous mountain bike trails. Joining Brad part-time this season in Blue River will be his wife Darlene and new daughter Jasmine. We encourage you to chat with Brad and other members of the exploration team when you see them around the community.

## PROJECT UPDATE

The 2010 field season saw the collection of additional geological, geotechnical, metallurgical and engineering information that we are now using to complete a Preliminary Economic Assessment (PEA) for the Upper Fir carbonatite deposit (refer to the Technical Corner for a discussion on the economic evaluation of mineral deposits). Project highlights include:

- January 2011 Resource Estimate: Engineering firm, AMEC, completed a new resource estimate for the Upper Fir carbonatite deposit using data collected up to the end of the 2009 drilling season. A resource estimate is a geological study that estimates the size, shape and richness (grade) of a mineral deposit. Additional drilling increases the confidence in these estimates.
- Ongoing Preliminary Economic Evaluation (PEA): AMEC and Commerce, along with specialized technical consultants, are using the resource estimate to develop information to support the PEA.
- Environmental Management Program for Exploration Drilling: Commerce has been collaborating with Beaupre Diamond Drilling over the 2010 and 2011 field seasons to customize a program of formalized, daily site inspections to make sure we protect the environment and continuously improve our operations.
- Exploration Agreement October 2010: Commerce and the Simpcw First Nation signed an agreement with respect to exploration by which Commerce will respect and protect the environment and cultural heritage and provide employment and contracting opportunities where possible.
- Environmental Baseline Data Collection: The collection of hydrological and water quality environmental data by independent environmental consultants is ongoing. This data gives us information on water flows and volumes needed in project design. It also establishes a record of the environmental conditions that exist prior to any disturbance from development.



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- 5 - Geologists examining drill core
  - 6 - Marking carbonatite drill core for assaying
  - 7 - Measuring Specific Gravity
  - 8 - Geologist studying computer generated geological model
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# TECHNICAL CORNER

## THE THREE LEVELS OF PROJECT EVALUATION

Companies like Commerce typically use three levels of evaluation to make their decisions about whether a project can become a mine:

- Preliminary Economic Assessment (or Scoping Study)
- Preliminary Feasibility Study (or Pre-feasibility Study)
- Feasibility Study

A Preliminary Economic Assessment is a first stage of economic evaluation of a project. It answers the question: "Is our project worth pursuing further?" To support this kind of decision, companies need certain types and amounts of data. Necessary information includes enough drilling and assay results to understand the geology. Both a mining and a mineral processing method must also be selected to support an estimate of costs to mine and process the ore. Typically, the level of detailed information (especially engineering) on hand at this stage of project evaluation is relatively low. The engineers therefore use assumptions based on their own experience and other recent project developments. For these reasons, at the stage of the Preliminary Economic Assessment, there is a lower level of accuracy in the predictions.

A Preliminary Feasibility Study uses considerably more detailed geological and engineering data to develop direct estimates of capital and operating costs for the project. It uses fewer and more confident assumptions to answer the question: "Based on what we know about the project today, can the project make a profit?" Geological, technical, engineering, economic, environmental and social factors are all considered more closely. This tighter focus also identifies aspects of the project that will need further work during the next stage of project evaluation, which is a feasibility study.

A Feasibility Study builds upon the information provided in the Preliminary Feasibility Study and answers the question: "Will the project be profitable enough for the company to decide to advance it into final engineering design and construction?" A feasibility study will have enough detailed engineering information that, if the economic outcome of the study is positive, it can be taken to the banks (or other parties) to request financing. This is sometimes referred to as a Bankable Feasibility Study.

With each level of evaluation, more detailed information is considered and as a result the level of confidence and accuracy in the project evaluation rises from roughly plus/minus 35-50% for a Preliminary Economic Assessment to plus/ minus 25% for pre-feasibility to plus/ minus 10-15% for feasibility. Engineering firms working in mining tell us that of the projects that advance to a pre-feasibility study, only about 50% of these take the next step to feasibility.

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# WHAT ELSE HAS COMMERCE BEEN DOING?

- Commerce hosted a Community Barbeque in Blue River on September 1, 2010 to say thank you to our neighbours for their support over the past several years. We thoroughly enjoyed this event and hope that even more members of the community will be able to come out next time.
- Once again in 2011 (as it has for the past three years), Commerce will proudly sponsor the Simpcw First Nation Raft River First Fish Ceremony and Interpretive Science Program which promotes local awareness of the importance of the natural environment in which we live.
- Commerce recently supported the Barriere Agriplex by making a donation in the name of Commerce founder (and Barriere boy), Shaun Ledding and his family. We have also made several donations over the past couple years to such initiatives as the Rural Health Symposium in Clearwater (March 2010), the Community Doctor Recruitment Committee (April 2009) in support of their campaign to attract doctors to the area, the Clearwater Secondary School shop class 2010 fundraiser to purchase a new CNC Plasma Cutter and the 2010 Native Basketball Tournament in Kamloops.
- Commerce attended the opening blessing ceremony of our nearest industrial neighbour, TransAlta's Bone Creek hydro project in June 2011.
- For the second year in a row, Commerce participated in the Simpcw Career Fair in February 2011 talking about rocks and mineral exploration with both youth and adults.
- Commerce has also proudly sponsored the Simpcw Honoring Young Women Pow Wow for the past three years which promotes the interconnection of the generations and maintains and enhances cultural practices.
- Commerce hosted the Valemount Mayor & Council as well as support staff for a visit to the property near the end of the field season in September 2010.

Signing of the Simpcw-Commerce Exploration Agreement



2010 Blue River Community BBQ

## OTHER COMMERCE NEWS

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Commerce has also been putting a considerable amount of exploration effort into advancing the Eldor Project located in northern Quebec. The Ashram deposit is a large-tonnage, rare earth discovery and is currently ranked as one of the largest rare earth deposits in the world. Work is ongoing and further information on this project can be obtained at [www.commerceresources.com](http://www.commerceresources.com)

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