

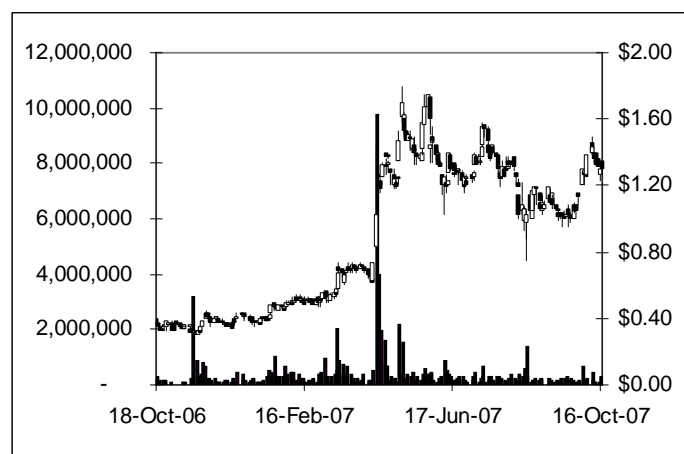
Commerce Resources Corp. (TSX.V:CCE) – Highlights from Site Visit and Market Update

Sector/Industry: Junior Mining

www.commerceresources.com

Market Data (as of October 18, 2007)

Current Price	C\$1.26
Fair Value	C\$2.10 (↓)
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.30 – C\$1.80
Shares O/S	109,341,599
Market Cap	C\$137.77 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	3.73
YoY Return	231.6%
YoY TSX-V	24.7%



About Commerce Resource Corp.

Vancouver based Commerce Resources Corp. (CCE), is an emerging mining and exploration company controlling 100% of the Blue River tantalum and niobium project in central British Columbia. The Blue River project is comprised of three core deposits; the Fir, Verity, and Upper Fir. The Upper Fir is the focus at this time. A resource expansion drilling program is ongoing at Upper Fir, in conjunction with environmental baseline studies, permitting, and scoping studies.

The table below shows the resource estimates of the company's carbonatite projects in Blue River.

Zone, Category	Tonnage (tonnes)	Grade (g/t)		Contained pounds	
		Ta ₂ O ₅	Nb ₂ O ₅	Ta ₂ O ₅	Nb ₂ O ₅
Fir*					
Indicated	5.65 million	203	1,074	2.53 million	13.34 million
Inferred	6.74 million	203	1,074	3.02 million	15.96 million
Verity*					
Inferred	3.06 million	196	646	1.32 million	4.36 million
Upper Fir					
Indicated	23.1 million	177	1,144.8	9.00 million	58.27 million
Inferred	13.3 million	178.4	1,149	5.25 million	33.72 million

Site Visit: Commerce Resources Corp. is very connected with its supporters and recently invited shareholders, analysts, brokers, and friends of the company to its second annual site visit to the Blue River property in September 2007. During this visit, we were able to observe the property's excellent accessibility and infrastructure, as well as ongoing exploration and development activities. We attended presentations by Gartner Lee Ltd. regarding environmental assessment and permitting, Dahrouge Geological regarding ongoing exploration and the project's geology, Bill Serjak, an electronics analyst regarding the tantalum market, and Alex Knox, a consulting geologist working on the Eldor Carbonatite. We admire the company's transparency in inviting anyone to observe the property.

Exploration & Drilling

Contracted to: Dahrouge Geological Consulting Ltd.

Resource Expansion: A resource expansion drilling program is underway at Upper Fir. This drilling program includes infill and step-out drilling to expand the resource and increase the geological certainty. 17 holes have been completed to date. Measured and indicated resources are required for prefeasibility and feasibility studies. The final dimensions of the Upper Fir have not been determined at this time, but recent drilling has extended the strike length to over 1 kilometer. Drilling to the south of the 2006 drilling program has revealed increasing carbonatite thicknesses, ranging from 9 to 99 meters. Assay results released to date have shown a high grade of niobium and tantalum.



Drilling on the Upper Fir.



The Upper Fir outcrop.



The core shack.

Source: Fundamental Research Corp., September 2007 Site Visit

Early Stage Exploration: The company is continuing early stage exploration to identify new carbonatite and rare earth deposits on the property. Soil and stream sediment sampling programs in the summer of 2007 identified a number of additional targets. Two new carbonatites, Lower Gum Creek and Lower Switch Creek, have been discovered. The Lower Gum Creek anomaly has a surface footprint approximately 1,000 meters long and 200-400 meters wide. The Lower Switch Creek anomaly has a surface footprint approximately 600 meters long and 50-75 meters wide. Further exploration is planned. We believe the values of rare earth elements in stream sediment samples indicates the potential for a rare earth deposit, which is intriguing blue sky potential for the project.

Environmental Baseline Studies & Permitting

Contracted to: Gartner Lee Ltd.

Environmental Impact Assessment: Gartner Lee Ltd. has collected one year of environmental baseline data. Commerce has expanded their program with Gartner Lee Ltd. to collect information to support an application to the BC Environmental Assessment Office for mine permitting. This is subject to a positive prefeasibility study.

Socioeconomic Consulting: Gartner Lee Ltd. provides socioeconomic consulting services in conjunction with the permitting process. The company has held its first “meet and greet” with the local community in August 2007. In this meeting, the company’s management and technical team explained their plans for exploration and development on the property. Developing relationships and building communication with the community is very important for the success of a mining project. On the site visit, we had the opportunity to meet local community members who are invested in Commerce Resources. Local newspaper articles and our discussions with people on the site visit indicate that the community is interested in the economic possibilities of a mine in the Blue River area.

Prefeasibility Study

Under the direction of: Mineral Development Advisory Group Inc. (Mindev)

Mindev provides project management services for exploration projects requiring geological, engineering, environmental and financial services to develop assets through to feasibility and production. A prefeasibility study under the direction of Mindev is in progress and is expected to be completed by the end of 2007. This study will begin to consider the economics of production at the Upper Fir deposit. Metallurgical testing at SGS Lakefield is ongoing.

Industry Outlook

Outlook on Tantalum

We have maintained our short-term and long-term outlook on tantalum prices. We believe strong growth in demand for tantalum capacitors and super alloys for jet engine components will keep prices high in the short-term and mid-term, as demand outpaces supply. Over the long-term, if tantalum prices stay high in the future, we expect prices to soften based on an increase in global tantalum resources and production. However, we expect the strong growth in demand will help maintain prices above their historic lows. A summary of current supply-demand forecasts is presented below.

Strong demand growth: Tantalum capacitors account for 60% of global demand. Tantalum capacitors are used in cellular telephones, computers, and other electronic equipment. Although aluminium and ceramics can be used as substitutes in capacitors, they are considered to be less efficient than tantalum.

Global consumption has increased at about 7% per annum over the past 20 years, and reached 6 million pounds in 2006 (according to the U.S. Geological Survey – USGS, and the Tantalum-Niobium International Study Center - TIC). The U.S. is estimated to have consumed about 1.53 million pounds of tantalum in 2006, which reflected about 26% of global consumption. Based on expectations of strong growth in demand for tantalum

capacitors, we expect the demand for tantalum to increase significantly. The following forecasts for the semiconductor and personal computer industries further strengthen our outlook.

- According to Databeans (a market research firm), the semiconductor market is expected to grow at 11% per year, and reach US\$266 billion in 2007.
- According to the Semiconductor Industry Association (SIA), global personal computer sales are expected to grow by 10% in 2007.
- Our research also indicated that demand for tantalum in the U.S. is estimated to rise by 8.1% per year through 2008, based on increased sales of computers and electronic components.
- According to Paumanok Publications, Inc., the consumption value of passive components (which also includes tantalum capacitors) is expected to grow at a compounded annual growth rate (CAGR) of 4.2% during 2006 – 2011. Global consumption volume was 2.25 trillion pieces in 2006, and is expected to increase by 10.6% in 2007, to 2.48 trillion pieces. Global consumption volume is expected to grow at a CAGR of 8.0% during 2006 – 2011.

Supply: Most of the identified tantalum resources in the world are in Australia, Brazil and Canada. Global primary production of tantalum was 2.84 million pounds. Australia (56.5%), Brazil (20.2%), Mozambique (6.3%) and Canada (5.4%) were the top four tantalum producers in 2006. According to the USGS, global production in 2006 increased by 2.4% YOY in 2006, to 2.84 million pounds (compared to global demand of 6 million pounds). The rest of the demand is met by stockpiles and scrap. The USGS and TIC predict that the U.S.'s current stockpile of tantalum will be depleted by the end of 2007. Although primary production cannot be ramped up to meet demand in the short-term, if tantalum prices stay high, we believe production will increase to meet demand in the long-term through new production.

Outlook on Niobium

Niobium, in the form of ferrocolumbium, is an important ingredient in special alloy steels. Its high strength and low-alloy content make it useful in the manufacturing of pipelines, automobiles, and structural steels. Niobium is also being evaluated as a substitute for tantalum in capacitors, although its operating range and capacitance is not as great as tantalum. The current price of ferro-niobium is approximately \$28.34/lb.

We believe growth in the Chinese manufacturing and construction industry will keep the demand for steel high in the future. China is currently the largest steel producer in the world. According to the International Iron and Steel Institute (IISI), global steel production rose by 5.3% YOY, to 108.1 million tons in August 2007. IISI predicts global steel demand will grow by 6.8% YOY in 2007 and 2008, based on double-digit demand growth from China, India, Russia and Brazil. These four countries represented 41% of global demand in 2006. Also, our long-term outlook on the oil and gas industry is positive (according to Sproule and GLJ Petroleum Consultants, oil and gas prices are expected to stay above US\$60/bbl, and US6.00/mmbtu, respectively, through 2017), and thus, we expect demand growth for niobium in the production of oil and gas pipelines to stay strong. In this application, niobium is alloyed primarily for its anti-corrosive properties.

On the supply side, global production increased by 54.8% YOY, to 132 million pounds in 2006. Most of the known niobium resources are predominantly located in Brazil. Brazil accounted for about 93.4% of global production in 2006, while Canada and Australia accounted for 5.8% and 0.3%, respectively. The largest known

deposit in the world is located in Araxa, Brazil (owned by CBMM). The Araxa mine (open-pit) supplies about 65% to 70% of the world demand for niobium products. According to the TIC, the identified global reserve of 460 million tons is sufficient to supply current world demand for about 500 years. However, as most of the niobium supply comes from one country, Brazil, we believe global supply is not diversified, and is subject to risks associated with one country and the quality of the deposits in the region.

Molybdenum and Vanadium are the two primary substitutes for niobium, as alloying elements in high-strength low-alloy steels. The rise in niobium prices in 2007 is attributed to an increase in steel demand, and also surge in vanadium and molybdenum prices.

Like tantalum, our outlook on niobium is positive in the short-term, based on strong growth in global demand from emerging countries. Although, not many projects are estimated to be put into production in the next two years, we do not expect a niobium supply shortage in the long-term. Therefore, niobium prices are expected to soften from current levels in the long-term.

Valuation

CCE continues to be in an excellent cash position. At the end of Q3-2007 (end of July 2007), the company had cash (including marketable securities) and working capital of \$31.54 million and \$32.14 million, respectively. We estimate the company had a burn rate (cash spent on operating and investing activities) of \$0.30 million per month in the first nine months of FY2007. The company has sufficient access to capital to fund its exploration program in the next 12 months.

We accounted for the effects of share dilution (due to the recently completed \$32.75 million financing) in our revised valuation models. As a result of the dilution, our average fair value per share estimate dropped from \$2.25 to \$2.09. We did not make any other noteworthy changes in our valuation models.

Valuation Summary	Previous	Revised
DCF Valuation	\$1.87	\$1.73
Real Options Valuation	\$2.60	\$2.44
Average Fair Value	\$2.24	\$2.09

Rating and Conclusions

Both of our valuation models clearly indicate that CCE is undervalued. Based on our revised valuation models, we reiterate our BUY rating on CCE, but reduce our fair value estimate from \$2.25 per share to \$2.10 per share. Our revised fair value estimate reflects an upside potential of 68% from current price levels.

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Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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