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DAHROUGE GEOLOGICAL CONSULTING LTD.

2010 AND 2011 EXPLORATION OF THE ELDOR PROPERTY, NORTHERN QUEBEC

Geographic Coordinates:

56°49'30" N to 57°02'00" N
68°12'30" W to 68°30'30" W

NTS Sheets:

24C/15, 24C/16, and 24F/01

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OGQ #223

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Ressources naturelles et Faune
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LIST OF ABBREVIATIONS

Definition	Abbreviation
Activation Laboratories Ltd.	Actlabs
Billion years ago	Ga
°C	Degrees Celsius
Centimetre	cm
Certified Reference Material	CRM
Commerce Resources Corp.	Commerce
Condor Consulting Inc.	Condor
Coordinate System	NAD84 Zone 19
Counts Per Second	CPS
Dahrouge Geological Consulting Ltd.	Dahrouge
Digital Elevation Model	DEM
Eldor Property	Property
Eldor Resources Ltd.	Eldor Resources
Example	e.g.
Fugro Airborne Surveys Ltd.	Fugro
Geological Survey of Canada	GSC
Global Positioning System	GPS
Heavy Rare Earth Element (Tb, Dy, Ho, Er, Tm, Tb, Lu, Y)	HREE
Heavy Rare Earth Oxide (Tb, Dy, Ho, Er, Tm, Tb, Lu, Y)	HREO
Hectare	ha
Inductively Coupled Plasma Mass Spectrometry	ICP-MS
In other words	i.e.
International Union of Geological Sciences	IUGS
Kilometre	km
Micrometre	µm
Middle Rare Earth Element (Sm, Eu, Gd)	MREE
Middle Rare Earth Oxide (Sm, Eu, Gd)	MREO
Million tonnes	Mt
Million years ago	Ma
Ministère des Ressources naturelles et de la Faune	MRNF
Metre	m
(MREO+HREO) / TREO x 100	%MH/T
Nanotesla	nT
National Instrument 43-101	NI 43-101
Net Profit Interest	NPI
Net Smelter Royalty	NSR
Parts Per Million	ppm
Per cent	%
Preliminary Economic Assessment	PEA
Quality Assurance / Quality Control	QA/QC
Radioactivity / Radiometric	RA
Rare Earth Element	REE
Specific Gravity	SG
Southeastern Churchill Province	SECP
Total Rare Earth Oxide (La, Ce, Nd, Pr, Sm, Eu, Gd, Tb, Dy, Ho, Er, Tm, Tb, Lu, Y)	TREO
Universal Transverse Mercator	UTM
Unocal Canada Ltd.	Unocal
Virginia Gold Mines Ltd.	Virginia
Weight	Wt.
X-Ray Fluorescence	XRF

1 SUMMARY

At the time of the 2010 and 2011 work programs, the Eldor Property (the 'Property') consisted of 404 mineral claims, totaling 19,006.52 hectares, located in northern Quebec, Canada. As of the date of this report, the Property consisted of 411 claims for a total of 19,336.24 hectares.

The Property is situated approximately 130 km south of Kuujjuaq, directly adjacent to the western shore of Lac Le Moyne, and is accessible only by float- or ski-equipped fixed wing aircraft, or helicopter. Commerce Resources Corp. (Commerce) of Vancouver, BC, holds 100% interest in all of the claims.

The Property is considered prospective for tantalum, niobium, and rare earth element (REE) mineralization. Phosphate and fluorine are also considered commodities of merit. At Eldor, mineralization is hosted within a carbonatite intrusive complex thought to be comprised of at least four phases. The carbonatite is geologically situated within the central Labrador Trough, at the contact between meta-volcanics to the west and Proterozoic gneisses to the east.

This assessment report describes the exploration work completed at the Eldor Property during the field seasons of 2010 and 2011, including data compilation through middle May of 2012. Work consisted of prospecting, mapping, rock and soil sampling, a ground magnetic and radiometric (RA) survey, gravity surveys (ground and airborne), trenching (soil stripping), BTW and NQ diametre diamond drilling, satellite photo acquisition, and mineralogical analysis based on thin section. In addition, a maiden resource estimate of the Ashram Rare Earth Deposit was completed along with environmental work, metallurgical work, and initiation of a Preliminary Economic Assessment.

The work was based out of a camp (Camp Valcourt), adjacent to the southern end of a small lake (Fox Lake) within claim 2118787. A nearby secondary camp was also used during 2011 and located on the same claim. All field exploration was conducted by Dahrouge Geological Consulting Ltd. (Dahrouge) of Edmonton, AB, on behalf of Commerce Resources Corp., of Vancouver, BC. Field and camp support was via float/ski-equipped fixed wing aircraft from Kuujjuaq or Schefferville in addition to helicopter based on and/or off-site.

Over the course of the 2010 and 2011 field seasons (reporting period of May 13, 2010 to May 13, 2012), exploration expenditures totaled $14,297,386.97. This breaks down to $4,071,159.12 in 2010, $9,829,050.60 in 2011, and $397,177.26 in 2012. All engineering, environmental, and metallurgical expenditures relating to advancement of the Ashram Rare Earth Deposit for the reporting period are not claimed for assessment, and thus, not included in the aforementioned totals, nor detailed herein.

1.1 2010 AND 2011 EXPLORATION

During the 2010 and 2011 exploration, prospecting resulting in a total of 621 rock samples collected from outcrops and boulders as well as 1288 prospecting observation points. In addition, a total of 16 trenches were excavated with a further 91 rock samples and 16 soil samples collected. A total of 6 trenches were reclaimed.

A total of 2493 soil samples were collected along several planned grids in addition to a further 38 collected off-grids during prospecting (including the 16 off-grid soils collected from trenches).

Radiometric (RA) data, via scintillometer, was also collected along soil sampling grids. In addition, a localized RA survey was completed concurrently with a ground magnetic survey over the Star Trench Area in 2010.

The ground work was successful in identifying several new targets for exploration as well refining existing targets ahead of drill testing.

Geophysical work included a ground magnetic survey (12.8 ha) over the Star Trench Area is 2010, as well as a ground gravity (183.2 ha) and magnetic (171.2 ha) survey over the Ashram Deposit (discovered in 2009) during the winter of 2011. The survey also included a bathometric survey (49.3 ha) over the northern portion of Centre Pond that partially overlies the deposit. Encouraging results led to an airborne gravity and magnetic survey (776 line-km), covering most of the carbonatite's extent, to be completed during the summer of 2011.

In 2010, a total of 5389.98 m of BTW size diamond drilling was completed over 21 holes; of which, 3256.13 m were collected for analysis (3527 samples). Drilling focused on probing the Ashram Deposit at depth, follow-up to the 2008 drilling in the Southeast and Star Trench Areas, as well as testing of a new target termed 'MC Exposure'.

Drilling was successful in extending REE mineralization at Ashram to significant depths. The zone of Nb-Ta mineralization previously identified in the Southeast Area was successfully expanded, although drilling at the Star Trench Area was unsuccessful in delineating wider intervals of mineralization. Minor intersections of rare earth mineralization were encountered at the MC Exposure target.

In 2011, a total of 13,776.32 m of BTW (8,414.69 m) and NQ (5,361.63 m) size diamond drilling were completed over 41 holes; of which, 12,908.01 m were collected for analysis (11,523 samples). Drilling focused on delineating the Ashram Deposit, as well as testing of three new target areas termed 'Triple D', 'West Rim', and 'Beckling'.

Limited success was encountered at the Triple D, West Rim, and Beckling targets. However, drilling was successful in delineating a large envelope of REE mineralization at Ashram, leading to a National Instrument 43-101 (NI 43-101) compliant initial resource estimate of 117 Mt at 1.76% total rare earth oxide (TREO) to be completed by SGS Geostat of Montreal (Blainville), released on March 6th, 2011. Shortly after release of the initial resource estimate for Ashram, SGS-Geostat was retained further to complete a Preliminary Economic Assessment on the deposit.

Metallurgical studies on the Ashram Deposit mineralized material began in April 2010 at Hazen Research Inc. of Colorado, USA with UVR-FIA GmbH of Germany engaged in late 2011 to assist. Work has been successful in upgrading the Ashram material, using conventional techniques (beneficiation and flotation), into a rare earth mineral concentrate of significant grade and recovery. This data, and associated expenditures, are not submitted for assessment with this report. For completeness and perspective of the project (Ashram), the data is briefly discussed herein.

A mineralogical study by Roger H. Mitchell, a leading expert in carbonatite mineralogy and genesis, was completed based on thin section data from drill holes EC10-028, 047, and 047. The rare earth mineralization at Ashram consists primarily of monazite with lesser bastnäsite and xenotime in a matrix of ferro-dolomite, fluorite, and lesser apatite. Particle size of the rare earth minerals is very fine, typically less than 30 µm down to <5µm with an average of 15-20 µm. Additional thin section work was completed by R. Mitchell during 2011. This data, and associated expenditures, are not submitted for assessment with this report. For completeness and perspective of the project (Ashram), the data is briefly discussed herein.

Additional mineralogical studies were completed by Rod Tyson of Tyson's Fine Minerals Inc., via incorporation of work by Craig H.B. Leitch of Vancouver Petrographics, with the objective of providing a mineralogical overview and insight on petrogenesis for the complex. In addition, Dr. Andrew Locock of the University of Alberta completed mineralogical work on one billet from the Ashram Deposit.

Of the mineralogical work completed during 2010 and 2011, only the work by Rod Tyson is discussed herein, and expenditures claimed.

Satellite imagery at 0.5 m resolution using GeoEye 1, covering the entire Property, was acquired (23,222.8 ha) in 2010 through VIASAT GeoTechnologie Inc. A partial re-acquisition (7,975.3 ha) of data coverage was completed in 2011 due to cloud over a small part of the survey area during collection in 2010. The detailed topography has assisted field work and geological interpretation.

During 2010, a D5 CAT was mobilized to the Property to assist with ground exploration. The CAT has contributed to exploration through trenching, and emplacement an exploration access trail from camp to the Ashram Deposit. The trail has significantly reduced exploration costs associated with helicopter support for crew moves and drill rig moves.

Finally, significant camp upgrades were completed in 2011 including installation of a greywater and drinking water system in order to support a camp capacity of up to 35 people.

A summary of the 2010 and 2011 exploration work is presented in Table 7.1 and Table 8.1 respectively.

1.2 RECOMMENDATIONS

The Ashram Deposit has progressed towards recognition as a world class rare earth asset and, as such, particular focus on its continued evaluation and development is warranted. Additional drilling is recommended as the deposit remains open in several directions. Specific attention should be given to drill spacing in order to understand if delineation will be at the inferred, indicated, or measured level for any subsequent resource estimates. Further delineation of the MHREO Zone should be the immediate focus of drilling.

Additional mineralogical and metallurgical studies are recommended as such information has historically proven to be paramount to a rare earth project's success.

Follow-up and ongoing regional exploration is recommended with a focus on drilling. The Nb-Ta-P mineralization in the Southeast Area is open in all directions and should be the focus of any non-Ashram drill program. An initial resource estimate should be considered if drilling continues to intersect mineralization in the area.

The Northwest Area has largely been ignored since initial drilling in 2008, although significant potential remains for Nb-Ta-P mineralization. This is strongly indicated from prospecting and soil sampling data in the area. In addition to the Southeast Area, the Northwest Area should continue to be evaluated. Although Northwest Area drill intersections are not as favourable as those of the Southeast Area, the ground geochemical data is much more pronounced and cannot be ignored.

Additional work to trace the source of the high grade Nb-Ta mineralized boulder train in the Miranna Area is recommended. The circular magnetic high in the southwest part of the Miranna Area should be drill tested as a potential source.

Although further data evaluation on the West Rim Target is warranted, as the area remains largely untested with only one hole being completed, it is unlikely an REE deposit better than Ashram is present. Any work in this area should focus on the Nb-Ta mineralization sampled.

Additional drilling at the Star Trench, MC-Exposure, and Beckling is not recommended. The Star Trench Area has proven to be enigmatic and appears to be very small in nature. If additional ground work provides favourable indications of more extensive mineralization (e.g. trenching) in the Star Trench Area than drilling would be warranted given the very high Ta grades present there. The MC-Exposure and Beckling carbonatite occurrences appearing to be boudinaged in nature, and thus, will likely be of limited extent and tonnage.

Geological mapping of the carbonatite is incomplete and requires additional work to cover the area. In addition to this, it is recommended that the southern portions of the Property be prospected and data evaluated with a focus on base metals. There is a distinct Ni soil anomaly, with origins indicated to be south of the carbonatite intrusion, that has never been evaluated.

The 2009 discovery of the Ashram Rare Earth Deposit has significantly augmented the economic potential of the Property. As such, its evaluation should remain the focus on any further exploration effort. However, the Ta-Nb-P-F potential of the Southeast Area should not be ignored as significant mineralization continues to be encountered at depth. The Northwest Area should also receive additional exploration attention, including drilling. The continued sampling of very high grade Nb-Ta boulders on the Property indicates a strong potential for a sizable high grade body to be present on the Property.

The Eldor Property continues to offer significant exploration upside (REE-Nb-Ta-F-P, Ni?) and further exploration of the Property is warranted. The potential for a significant Nb-Ta discovery of high grade and tonnage is excellent.

2 INTRODUCTION

During May 2008, Commerce Resources Corp. (Commerce) acquired eight claims, located in north-central Quebec, from Virginia Mines Inc. The eight claims were originally staked, via map designation, in April of 2001. From May 2007 through February 2010, an additional 394 claims were acquired, with 7 claims subsequently acquired in 2013. Together, these 411 claims (19,336.24 ha) comprise the current Eldor Property (the 'Property'). The extent of the Property during the 2010 and 2011 field work was 404 mineral claims, totaling 19,006.52 hectares.

Since acquisition in 2007, Commerce has retained the services of Dahrouge Geological Consulting Ltd. (Dahrouge) to conduct mineral exploration on the Property. This work report describes the exploration work completed at the Property during 2010 and 2011 including data compilation and reporting through May 13, 2012; moreover, the period of May 13, 2010 through May 13, 2012).

Ground exploration was undertaken from July through November, 2010, and February through December of 2011. Work consisted of prospecting, mapping, rock and soil sampling, a ground magnetic and radiometric (RA) survey, gravity surveys (ground and airborne), trenching (soil stripping), BTW and NQ diametre diamond drilling, satellite photo acquisition, and mineralogical analysis based on thin section. In addition, a maiden resource estimate of the Ashram Rare Earth Deposit was completed along with environmental work, metallurgical work, and initiation of a Preliminary Economic Assessment.

Darren L. Smith, M.Sc., P.Geol., (Special Authorization #223 with the OGQ) was the lead geologist and Project Manager during the 2010 and 2011 exploration.

3 PROPERTY DESCRIPTION AND LOCATION

The Eldor Property is located in the Nunavik Region of the Province of Québec, approximately 130 km south of the community of Kuujjuaq (Figure 3.1). The Property is situated about longitude 68°24'0" west and latitude 56°56'0" north at its centre and covers portions of NTS map sheets 24C15, 24C16, and 24F01. The Property area extends approximately 17.5 km in an east-west direction and 24 km in a north-south direction and is only accessible by float or ski-equipped plane, helicopter and by snowmobiles during winter months.

As of the date of this work report, the Property consists of one block totalling 411 claims covering 19,336.24 ha, held 100% by Commerce Resources Corp. The extent of the Property during the 2010 and 2011 field work was 404 mineral claims, totaling 19,006.52 hectares. Figure 3.2 shows the claims that comprise the Property, as of 2010-2011, with a detailed claim listing in Appendix 1.

Of the 411 claims comprising the Property, 8 claims were acquired in May 2007 by a purchase agreement with Virginia Mines Inc (Virginia). Another 396 claims were acquired by online map staking between May 2007 and October 2010 with an additional 7 claims acquired in 2013.

The original eight claims acquired from Virginia are subject to a 1% NSR royalty in favour of Virginia and a 5% NPI royalty in favour of two individuals. Commerce has the right to buy back the 5% NPI royalty in consideration of $500,000. The Ashram Rare Earth Deposit is not situated within the original Virginia claims, and is not subject to any royalties.

The Property was acquired in order to cover the postulated extent of the Eldor Carbonatite Complex. Niobium, tantalum, and REE's are the main commodities of economic interest with phosphate, and fluorine secondary targets.

Figure 3.1 **Location Map**

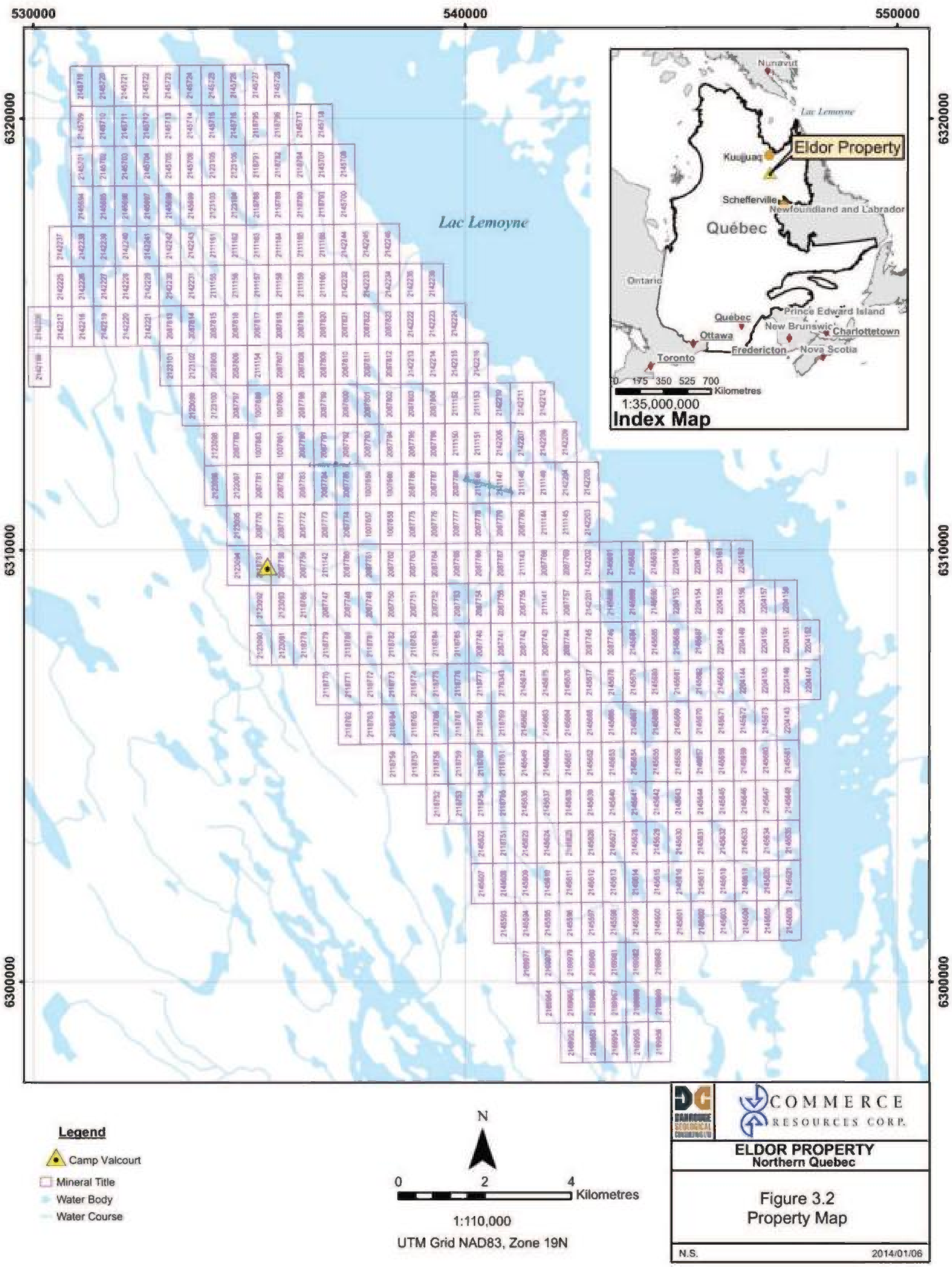

Figure 3.2 Property Map

3.1 EXPENDITURES

Over the course of the 2010 and 2011 field seasons, exploration expenditures totaled $14,297,386.97. This breaks down to $4,071,159.12 in 2010, $9,829,050.60 in 2011, and $397,177.26 in 2012. All expenditures relating to advancement of the Ashram Rare Earth Deposit through engineering, environmental, and metallurgical companies are not claimed, and thus, not included in the aforementioned totals.

Each assessment term comprises 2 years with a $113 renewal fee required, as of the date of this report, in addition to the required work expenditures for that term. Renewal fees, akin to rental fees, must be paid independently of exploration expenditures, and thus, cannot be satisfied with excess work expenditure credits.

For the reporting period herein, the original 8 claims are in their sixth assessment term with a required work expenditure per claim of $1,800; a further 84 claims are in their fourth assessment term with a required work expenditure per claim of $1,350; 274 claims are in their third assessment term with a required work expenditure per claim of $900; and the remaining 38 claims are in their second assessment term with a required work expenditure per claim of $450.

A listing of exploration expenditures for the work completed during the 2010 and 2011-2012 reporting periods are in Appendix 2 and 3 respectively.

No expenditures are claimed for environmental, engineering, or metallurgical studies related to the Ashram Rare Earth Deposit.

4 Accessibility, Climate, Local Resources, Infrastructure, and Physiography

4.1 Accessibility

Due to the large number of lakes and streams, in addition to the area's remoteness, helicopters or fixed-wing aircraft provide the only practical access throughout the Property area. The Property may be accessed in the winter months by snowmobile; however, this is impractical for exploration purposes.

4.2 Climate

The climate is sub-arctic continental with average temperatures ranging from -25°C in January to +12°C in July for the nearest community of Kuujjuaq. The average annual precipitation in the region is ~54 cm with ~252 cm of snow (CantyMedia, 2014). Lake freeze-up generally begins in late October and ice break-up usually occurs around the end of May-early June.

4.3 Local Resources and Infrastructure

The regional resources regarding labour force, supplies and equipment are challenging due to the remoteness of the Property. The nearest communities are Kuujjuaq, located 130 km north with a population of more than 2,000 citizens, and Schefferville (including the nearby native community) situated approximately 250 km southeast with a population of about 800 citizens (2006 census). Both communities are serviced by a regional airport, float plane base, and helicopter base.

Kuujjuaq is the practical staging area for the Property and is also the administrative centre for the Nunavik region of Quebec. First Air offers the only daily direct flight between Montreal and Kuujjuaq, with Air Inuit also offering flights to and from Kuujjuaq from neighbouring communities, as well as Montreal. In addition, cargo ships arrive in Kuujjuaq, via Ungava Bay, several times during the summer to offload supplies to the region. Kuujjuaq has no sea port facilities and therefore cargo boats must unload at Mackay's Island (on the Koksoak River) located approximately 35 km northeast of Kuujjuaq, due to shallow waters, and barges used for the remaining river transportation.

Schefferville is the northern terminus of the Tshiuetin railway (formerly operated by the Quebec North Shore & Labrador), which connects to Labrador City through to Sept-Iles in the south. The rail-line is an attractive option for transporting heavier equipment; however, inclement weather and political blockages occasionally suspend its viability.

No permanent access road has been built on the Property although a primary exploration access trail connects the main camp (Camp Valcourt) to the Ashram Deposit and is passable by quad and side-by-side all-terrain vehicles

Exploration work on the Property is staged from a camp, located on the south end of Fox Lake within claim 2118787 (535400E, 6309600N - NAD83, Z19). The camp may be open year-round, is equipped with core logging and sampling facilities, and as of 2010 had the capacity to host up to 20 people. The drill core archive for the Property is stored at camp.

In 2011 a portion of the exploration camp was dismantled and moved approximately 50 m to an adjacent ridge (higher ground). The core shack and related structures remained where first erected in 2008. Additional upgrades included a greywater system, drinking water system, wooden storage shed, and centralized fuel station for quads and snowmobiles. The main helicopter pad was also re-located to a natural clearing adjacent to the camp.

In 2010 the camp was permitted to house a maximum of 20 people; however in 2011, the total crew size was anticipated to range up to 35 people as two drills were to be utilized in addition to ongoing field work. Regulations required a greywater system and drinking water system to be installed to support a camp capacity of >20 people. However, as the required systems could not be mobilized to the Property, nor installed in time, for the 2011 program, a temporary secondary camp was emplaced approximately 400 m north of the main camp along the same ridge. The secondary camp was dismantled upon completion of the program.

The main camp has since been renamed 'Camp Valcourt' in memory of its former Camp Manger, Marco Valcourt, who passed away during the fall of 2013. Mr. Valcourt was responsible for moving the camp in 2011 and re-building it at its current location, and was instrumental in fostering the camp's culture of respect and responsibility for its place in the environment.

4.4 PHYSIOGRAPHY

The Property is characterised by a rolling hill topography manifested by glacial drumlins and eskers. This area topography is draped in a veil of glacial till with less than one to up to ten metres of cover locally. As such, outcrop exposure is rare; however, surface and subsurface boulders are abundant. Ice direction is estimated to have advanced from a generally southern direction (310°-330°).

Drainage in the area, typical of the transitional taiga to tundra regions, is northward toward Ungava Bay by way of small creeks and local poorly drained swampy areas connecting to larger lakes and major rivers.

The vegetation is generally forest-covered in the central portion of the Property, populated mainly by black spruce and tamarack trees, with generally barren areas occurring in the more elevated southern area. Willow and alder shrubs, often densely populated, also occur in low-lying areas throughout the Property.

5 HISTORY

5.1 REGIONAL GOVERNMENT SURVEYS

Several regional surveys have been conducted in the area of the Property by the Geological Survey of Canada (GSC) and the Ministère des Ressources naturelles et de la Faune (MRNF). Between the 1950s and the 1970s, different authors from the GSC and the MRNF conducted regional geological surveys in the New Quebec Orogen at varying scales, from 4 miles per inch (1:253,440) to 1 mile per inch (1:63,360). In 1979, a compilation of the various geological surveys conducted in the area was completed (Dressler & Ciesielski, 1979). Since the end of the 1970's, only a few localised and more detailed geological surveys were completed by the MRNF.

The geological syntheses reported by the MRNF for the area since the 1990's include a 1:250,000 scale map of the mineral occurrences of the New Quebec Orogen (Avramtchev et al., 1990), a preliminary lithotectonic and metallogenic synthesis at a 1:500,000 scale (Bandyayera et al., 2002), and more recently, a complete lithotectonic and metallogenic synthesis of the New Quebec Orogen (Clark & Wares, 2006).

In addition to regional geological surveys, a stream sediment geochemical survey was completed in 1974 (Dressler B., 1974), followed in 1987 by a regional lake sediment geochemical survey (Beaumier, 1987).

5.2 MINERAL EXPLORATION WORK

The Eldor Carbonatite was discovered during the course of a regional exploration program for uranium by Eldor Resources Ltd. (Eldor Resources) in the early 1980s. In 1981, the company performed a regional lake water and sediment sampling program in the northern part of the Labrador Trough. In the area of the carbonatite, several lakes returned anomalous values of uranium. Eldor Ressources performed a rapid ground check of the anomalous area and found it to be underlain by carbonatite rocks. They subsequently acquired an exploration permit for the area in January, 1982.

In 1982, a 982 line-km airborne radiometric survey was flown over the area of anomalous lakes. The survey detected numerous radiometric anomalies in the area of what is now known as the Eldor Carbonatite.

In 1983, Eldor Resources followed up the airborne anomalies with a prospecting program. During the program, many of the anomalies were explained, using a scintillometer in hand-dug pits or trenches, or by radioactive carbonatite outcrops or boulders. The samples collected returned anomalous thorium values with some of the samples returning up to 7% Nb, 0.18% Ta, and 4% total lanthanides. A reconnaissance geological mapping survey was also conducted in the area of the newly discovered carbonatite (Meusy et al., 1984); (Lafontaine, 1984).

Unocal Canada Ltd. (Unocal) performed a three-person examination of the property for 5 days in 1985 (Knox, 1986). They collected additional samples for analysis and petrographic study, and conducted magnetic and radiometric geophysical orientation surveys, as well as an orientation soil geochemical survey. Although Unocal confirmed the high values reported by Eldor Resources and found additional Nb-Ta occurrences, the property was considered too remote to be potentially economic at the prevailing commodity prices and eventually lapsed.

Virginia Gold Mines Ltd. (Virginia) staked claims over the Eldor Carbonatite in 2001, attracted by the high Ta values that had been reported by Eldor Resources in 1983. Virginia revisited the areas where Eldor Resources had reported their high Nb-Ta values and re-sampled the occurrences. Their work was done by a pair of two person geological/prospecting teams working for four days each. In general the Virginia work confirmed the Eldor Resources values (as the Unocal work had); however, no further work was completed on the property (Demers & Blanchet, 2001).

In April of 2007, Commerce Resources Corp. learned of the high Ta values associated with the Eldor Carbonatite at a technical meeting in Calgary, AB. Commerce optioned eight claims from Virginia, which were originally staked in April of 2001, and subsequently staked the carbonatite and its immediate environs. In the months following the initial property acquisitions, Commerce proceeded to acquire, via map designation, an additional 357 mineral claims bringing the total land package to more than 17,000 hectares.

During the summer of 2007, Dahrouge Geological Consulting Ltd. (Dahrouge), on behalf of Commerce, conducted an exploration program consisting of prospecting and rock sampling, soil sampling, and ground scintillometer and magnetic surveys. In addition, Tundra Airborne Surveys of

Toronto, Ontario was contracted to fly a fixed wing aeromagnetic-radiometric-VLF-EM survey over the Eldor Property with data interpreted by Abitibi Geophysics of Val-d'Or, QC. (Smith et al., 2008)

During 2008, Dahrouge, on behalf of Commerce, conducted an exploration program on the Property consisting of prospecting and rock sampling, regional soil sampling, ground geophysics, trenching, and diamond drilling. A total of 5,482.29 metres of drilling was completed over 26 holes in three areas of the Property (Star Trench, Northwest, and Southeast). Highlights from the 2008 drilling program are as follows:

Star Trench Area:	EC08-025 - 4.37 m grading 597 ppm Ta_2O_5, 0.31% Nb_2O_5, and 16.6% P_2O_5
Northwest Area:	EC08-008 - 46.88 m grading 0.46% Nb_2O_5
Southeast Area:	EC08-015 - 26.10 m grading 0.55% Nb_2O_5, including 10.64 m of 0.78% Nb_2O_5
	EC08-015 - 25.38 m grading 281 ppm Ta_2O_5, 0.40% Nb_2O_5, and 8.8% P_2O_5

Fifteen (15) trenches were completed and sampled on the Property to assist with drill targeting. Ground geophysics consisted of magnetic and scintillometer surveys. The soil sampling program significantly extended the 2007 regional grid with samples collected at 50 m intervals along 1 km-spaced lines. Extensive prospecting and rock sampling throughout the Property was also completed.

Overall, the 2008 program was successful in identifying significant niobium, tantalum, phosphate, and fluorine mineralization on the Property.

In 2009, Dahrouge, on behalf of Commerce, completed a relatively small exploration program with field work consisting of prospecting and additional sampling of 2008 drill core not collected during the 2008 program. Additional work was completed in the office and consisted of air-photo interpretation and re-interpretation of the 2007 airborne geophysical survey data. The most significant result from the 2009 exploration program was the discovery of REE mineralization in outcrop on the Ashram Peninsula, highlighting the exploration potential for rare earth elements on the Property. Of the ~70 rock samples collected in the Ashram area, more than half returned TREO greater than 1%, with the best sample grading more than 3% TREO (Smith & Peter-Rennich, 2010).

6 GEOLOGICAL SETTING

6.1 REGIONAL GEOLOGY

The Eldor Property is located in the Paleoproterozoic New Quebec Orogen (also known as the 'Labrador Trough' or 'Fosse du Labrador'), which is interpreted to be the western margin of the Southeastern Churchill Province (SECP). The New Quebec Orogen is bounded to the west by the Archean Superior Province, to the south by the Proterozoic Grenville Province, and extends as far as Ungava Bay to the north. To the east, the New Quebec Orogen is in contact with a composite terrain of the SECP named the Core Zone, composed of Archean and Paleoproterozoic lithologies (James et al., 2003); (Clark & Wares, 2006). The regional geology is set out in Figure 6.1.

The New Quebec Orogen is interpreted to be an early Proterozoic (Aphebian) fold and thrust belt with an age of 2.17 to 1.87 Ga. The older stratigraphic and structural subdivision of the New Quebec Orogen outlined three supracrustal belts defined as 1) a western foreland, parauthochthonous to allochthonous "miogeosynclinal" belt composed mainly of platform sediment rocks; 2) a central foreland, allochthonous "eugeosynclinal" belt composed mainly of greenschist facies, deeper-water environment, volcano-sedimentary rocks intruded by numerous gabbro sills; and 3) an eastern allochthonous belt marking the beginning of the hinterland and composed of amphibolite facies rocks.

The recent interpretation defines the New Quebec Orogen as three cycles of sedimentation and volcanism, which make up the Kaniupiskau Supergroup. The cycles thicken eastwards and are separated from each other by erosional unconformities. The first two cycles are volcano-sedimentary in nature with an emplacement age, via U-Pb dating, of between 2.17 and 2.14 Ga and between 1.88 and 1.87 Ga respectively. Overlying this sequence is a syn-orogenic suite of meta-sedimentary rocks that form the third cycle. The belt is subdivided into eleven lithotectonic zones separated by major thrust faults.

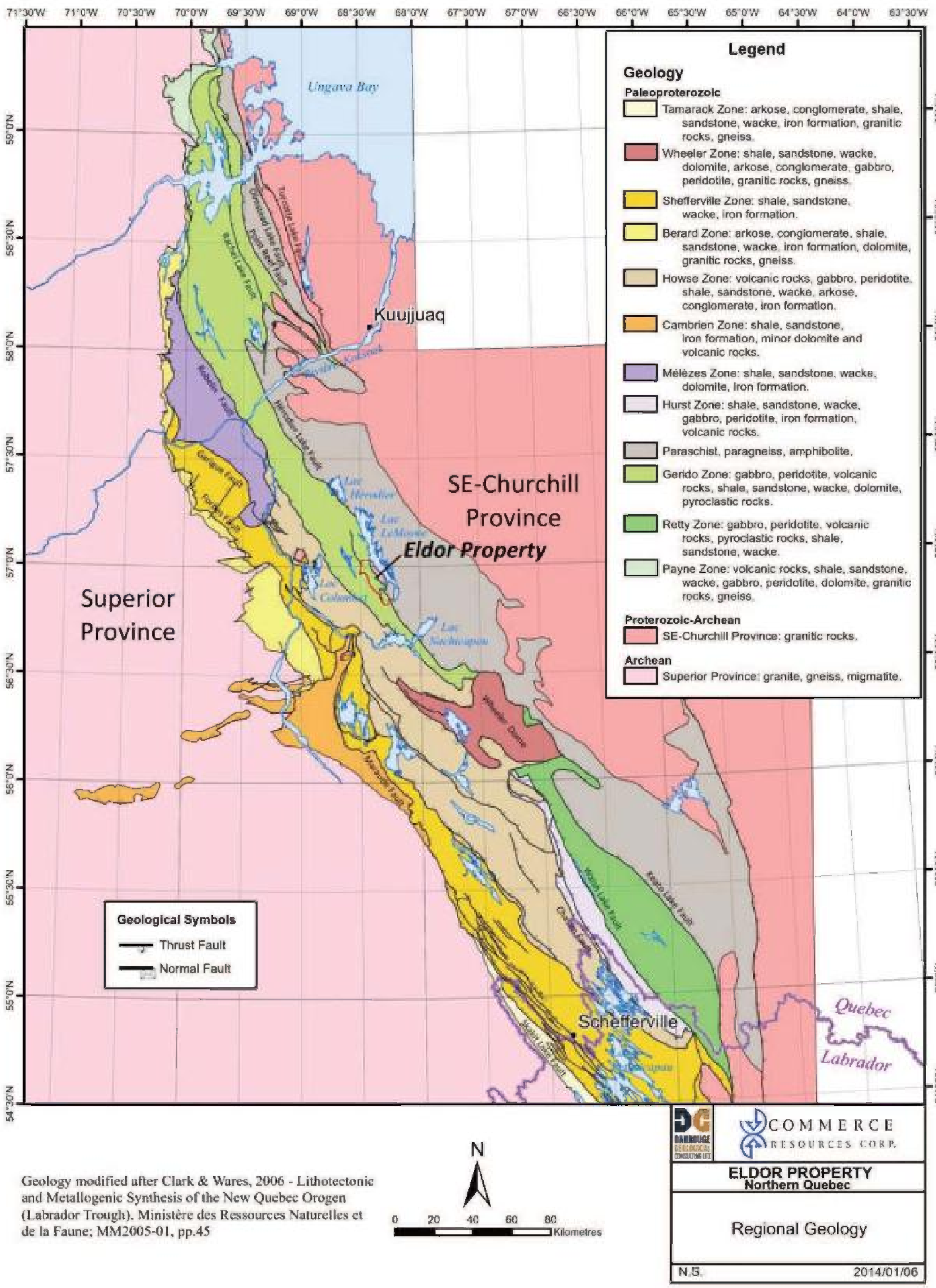

Figure 6.1 Regional Geology

The first cycle of the belts formation was prompted by continental rifting, followed by passive continental margin development, further rifting, and finally the re-establishment of the platform. A period of 175 Ma years or greater followed with relatively little tectonic activity resulting in non-deposition and erosion.

The second cycle is characterized by deposition of sedimentary sandstones, etc. and turbidites within a high energy environment. During this period the central part of the trough was intruded by several tholeiitic, ultra-mafic sills known as the 'Montagnais Sills'. Near the end of this cycle, the Le Moyne Intrusion (Eldor Carbonatite) was emplaced, intruding basaltic to rhyolitic volcanic rocks. It is the only sizeable, relatively deep level carbonatite so far recognized in the area (Knox, 1986). There is no direct dating on the Eldor Carbonatite Complex; however, the older age constraint of the complex is thought to be 1874±3 Ma (Wright et al., 1998).

The third cycle occurred between 1.82 and 1.77 Ga and consisted of molasse type sedimentation on the margin of the Superior Province.

In general, metamorphic grade increases from west to east across the orogeny. The foreland passes from sub-greenschist to upper greenschist facies and the hinterland from upper greenschist, amphibolite and/or granulite facies (Clark & Wares, 2006). The carbonatite suite of rocks has undergone greenschist metamorphism. The Eldor Complex, and its surrounding rocks, was deformed during the Hudsonian Orogeny along with the rocks of the Kaniapiskau Supergroup (Birkett & Clark, 1991).

6.2 PROPERTY GEOLOGY

The Eldor Property is situated within the central portion of the New Quebec Orogen, straddling two lithotectonic zones that are separated by a major thrust fault. To the east is the SC Zone, comprised of Proterozoic paraschist, paragneiss, and amphibolites; to the west is the Gerido Zone, comprised of the Le Moyne Group, Doublet Group, and the Le Moyne Intrusion, also known as the Eldor Carbonatite (Figure 6.2 and Figure 6.3).

The Doublet Group rocks are older and underlay the Le Moyne Group rocks. They consist of mafic pyroclastics, basalts, dolomites, and gabbros. The Le Moyne Group consists of volcanic and sedimentary rocks of the Douay Formation (rhyolites, rhyodacites, felsic tuffs, dolomites, shales, and pelites), and the sedimentary Aulneau Formation (conglomerate, mudstones, dolomite, and dolomite tuff), which include mafic pyroclastics coeval with the Le Moyne Intrusion. Finally, a sub-volcanic carbonatite intrusion ('Le Moyne Intrusion' or 'Eldor Carbonatite') was emplaced within the Le Moyne Group. Local structure and geology indicate that volcanism was violent and may have occurred in a shallow-water environment.

The carbonatite complex has been mapped by Clark and Wares (2006) as intrusive (massive and brecciated ultramafic) with marginal extrusive equivalents interpreted to be a possible volcanic apron. This notion of extrusive carbonatite components is still a matter of debate.

Historic exploration of the Eldor Carbonatite has shown it to have an elliptical shape with approximate dimensions of 7.3 km long by 3 km wide (Sherer, 1984). More recently, Clark and Wares (2006) suggested a carbonatite extent of almost double, at 15 km long by 4 km wide. Emplacement occurred near the end of the second cycle of the belt's formation, approximately 1.88-1.87 Ga (U-Pb dating). Multiple carbonatite intrusive events are believed to have occurred during emplacement of the Eldor Complex with calcio-carbonatite, magnesio-carbonatite, and ferro-carbonatite present.

The geology of the Eldor Carbonatite is very complex, with several lithological subdivisions proposed/identified (Wright et al., 1998) and separate eruptive centres postulated (Demers & Blanchet, 2001). Simplistically, the Eldor Complex can be separated into three major divisions: early, mid, and late-stage carbonatite. The mid-stage carbonatite is most closely related to tantalum-niobium mineralization (pyrochlore, columbite) with late-stage carbonatite crosscutting all earlier phases and is the primary host to the REE mineralization observed at the Ashram Deposit.

The carbonatite is thought to have undergone minimal weathering, mainly due to the sub-arctic climate, with glaciation thought to be the major eroding force. Only a thin veil of overburden covers the complex, with fresh rock being encountered essentially at the soil-rock interface. This geological history prevented the formation of the deep lateritic weathering profile that sometimes proves problematic in rare earth deposits due to rare earth mineral re-crystallization etc.

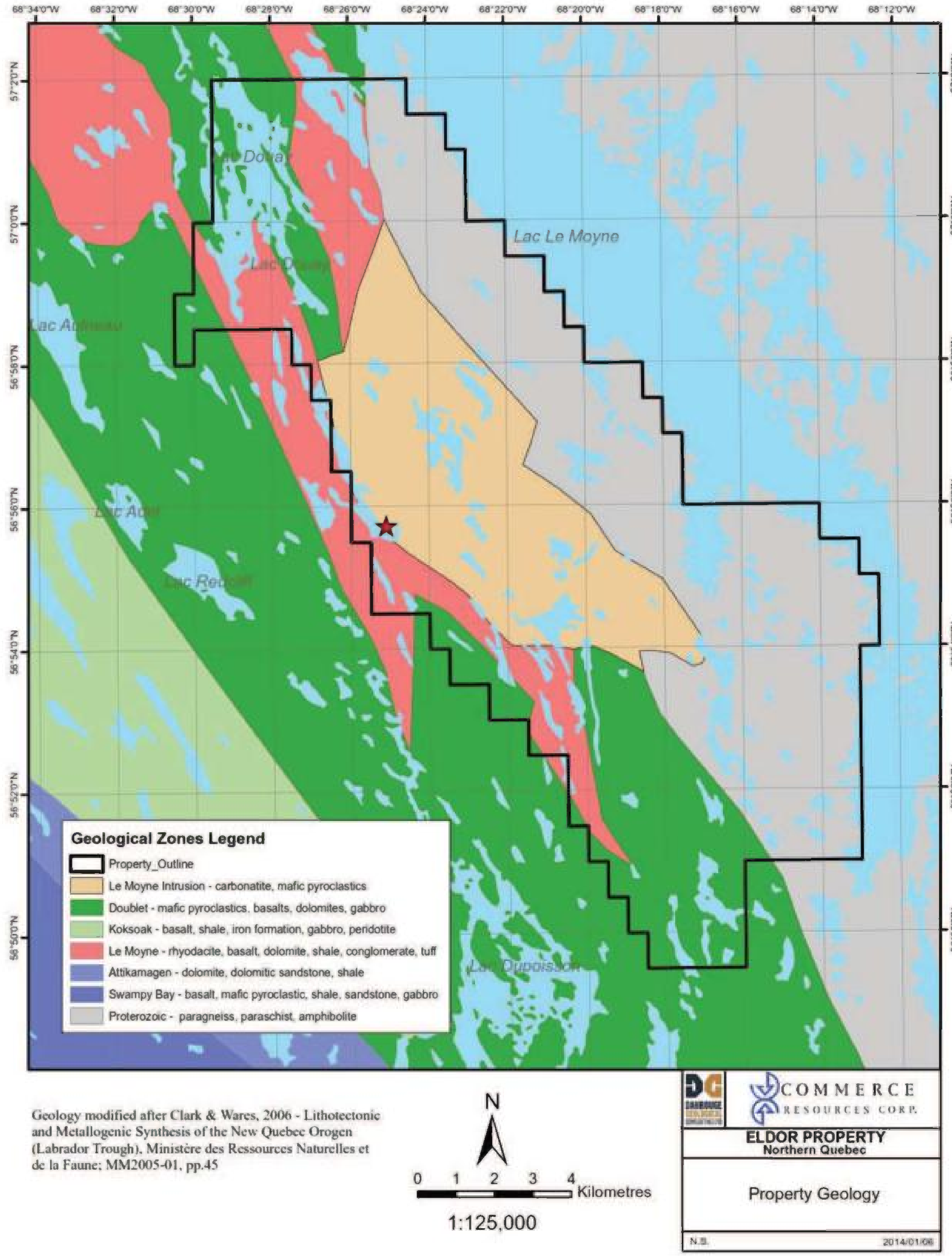

Figure 6.2 **Property Geology** (modified from Clark and Wares, 2006)

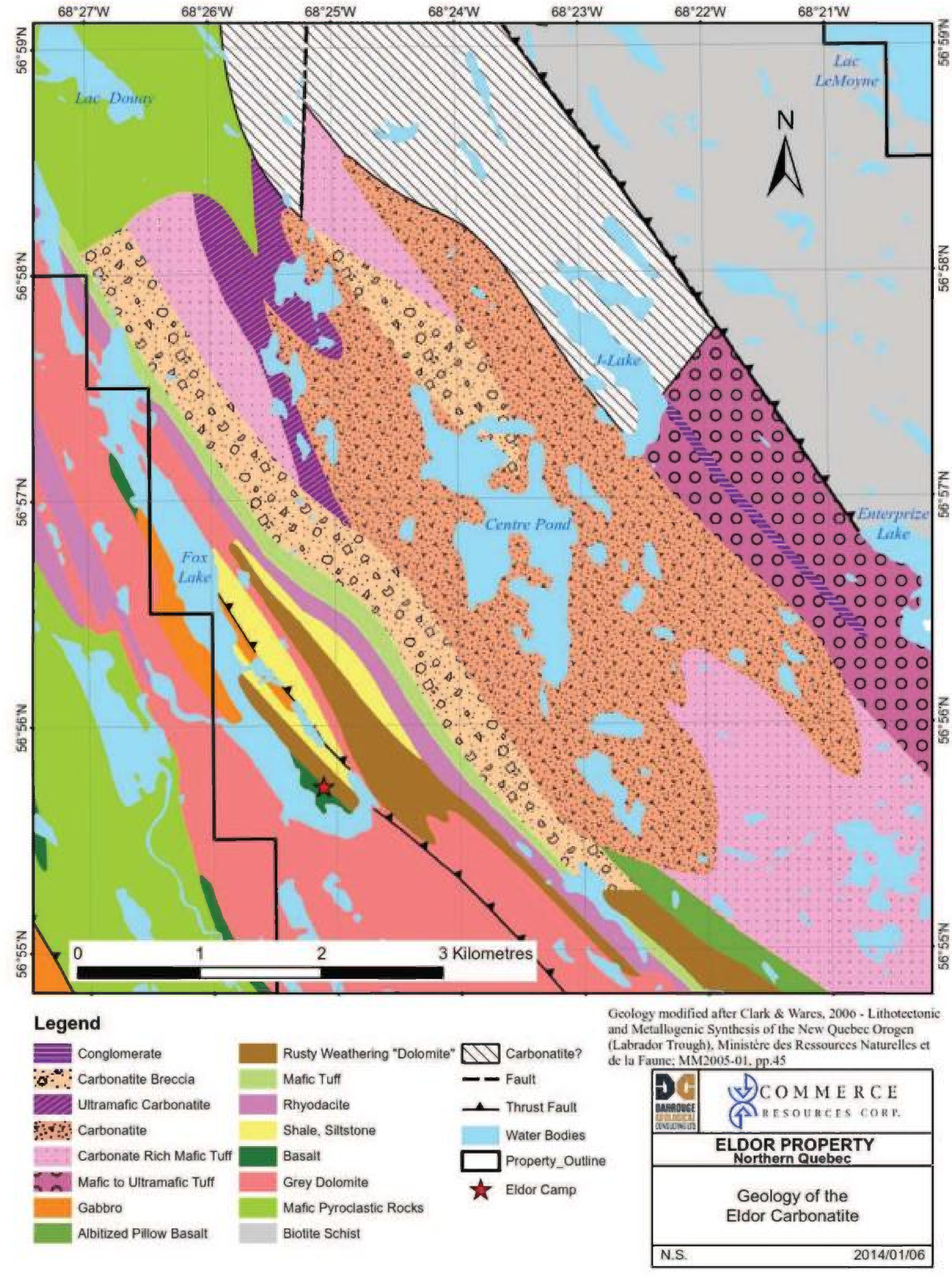

Figure 6.3 **Eldor Carbonate Area Geology** (modified from Clark and Wares, 2006)

6.3 PROPERTY MINERALIZATION

The primary targeted commodities of exploration on the Eldor Property are niobium-tantalum and rare earth element deposits associated with the carbonatite. Secondary targets include phosphate (apatite) and fluorine (fluorite), which tend to occur with the other primary commodities of interest. Carbonatites have been defined in several ways; a detailed review of the methodologies and arguments is presented in (Mitchell R.H., 2005). However, for the purposes of this report they are defined, according to the IUGS system, as igneous rocks containing more than 50% carbonate minerals by volume with less than 20 wt.% SiO_2 (Le Maitre R.W., 2002). Geochemical classification (calcio, magnesio, ferro) follows that presented in (Woolley & Kempe, 1989).

Niobium and tantalum mineralized bodies are thought to be formed by primary igneous concentrations of the minerals pyrochlore, columbite, and others located in geochemically enriched phases of a carbonatite intrusion. Primary niobium-tantalum deposits tend to run parallel to the mineral banding in the host carbonatite. Mineralized bodies are characterized by an increased concentration of non-carbonate minerals, as well as increased quantities of actinide elements (uranium and thorium). This results in mineralized zones that tend to be more radioactive than the unmineralized wall rocks. Niobium-tantalum mineralization often occurs in calcio to magnesio phases, in the middle stages of carbonatite emplacement, with earlier-stage carbonatite often barren.

Rare earth element deposits tend to be associated with the final phases of intrusion/veining of a carbonatite complex and are often located near the centre of carbonatite/alkaline complexes. Typically, the highly oxidized nature of the late carbonatite phases makes these areas magnetic lows. Geochemically, these deposits tend to occur in the magnesio to ferro phases, with the ferro phases typically representing the latest stages of emplacement. Rare earth mineralization may occur in a wide variety of minerals in this type of geological environment. The rare earth minerals are typically non-silicate, and light and middle rare earth enriched, with rare earth phosphate and fluorocarbonate minerals common (e.g., monazite, bastnaesite). It is highly unusual for carbonatites to display heavy rare earth enrichment; however, it has been known to occur under specific conditions (e.g. Ashram).

7 2010 EXPLORATION

Exploration of the Eldor Property was completed by Dahrouge, on behalf of Commerce, from July through November of 2010. Work consisted of prospecting, mapping, rock and soil sampling, trenching (soil stripping), a ground magnetic and radiometric survey, and diamond drilling (BTW). In addition to this work, detailed satellite imagery at 0.5 m resolution was acquired over the entire Property and a D5 CAT was mobilized to site to assist with exploration.

Eldor Property Exploration Areas are shown in Figure 7.1. Three new target areas were identified during the course of the 2010 field season; Miranna, MC Exposure, and Triple D.

The 2010 field exploration of the Eldor Carbonatite Complex continues to illustrate a multi-commodity potential, with appreciable area enrichment in niobium-tantalum, rare earth elements, phosphate, and fluorine.

A summary of work completed in 2010 is listed below in Table 7.1.

Table 7.1 Summary of the 2010 Exploration

Exploration Type	Units
Drilling (BTW)	5389.98 m
Prospecting Rocks	298 samples
Prospecting Observation Points	782 stations
Soils	835 samples
Trenching	6 trenches (239.1 m^3)
Ground Magnetics/RA Survey (Star Trench)	12.8 ha
Satellite Imagery	23,222.8 ha

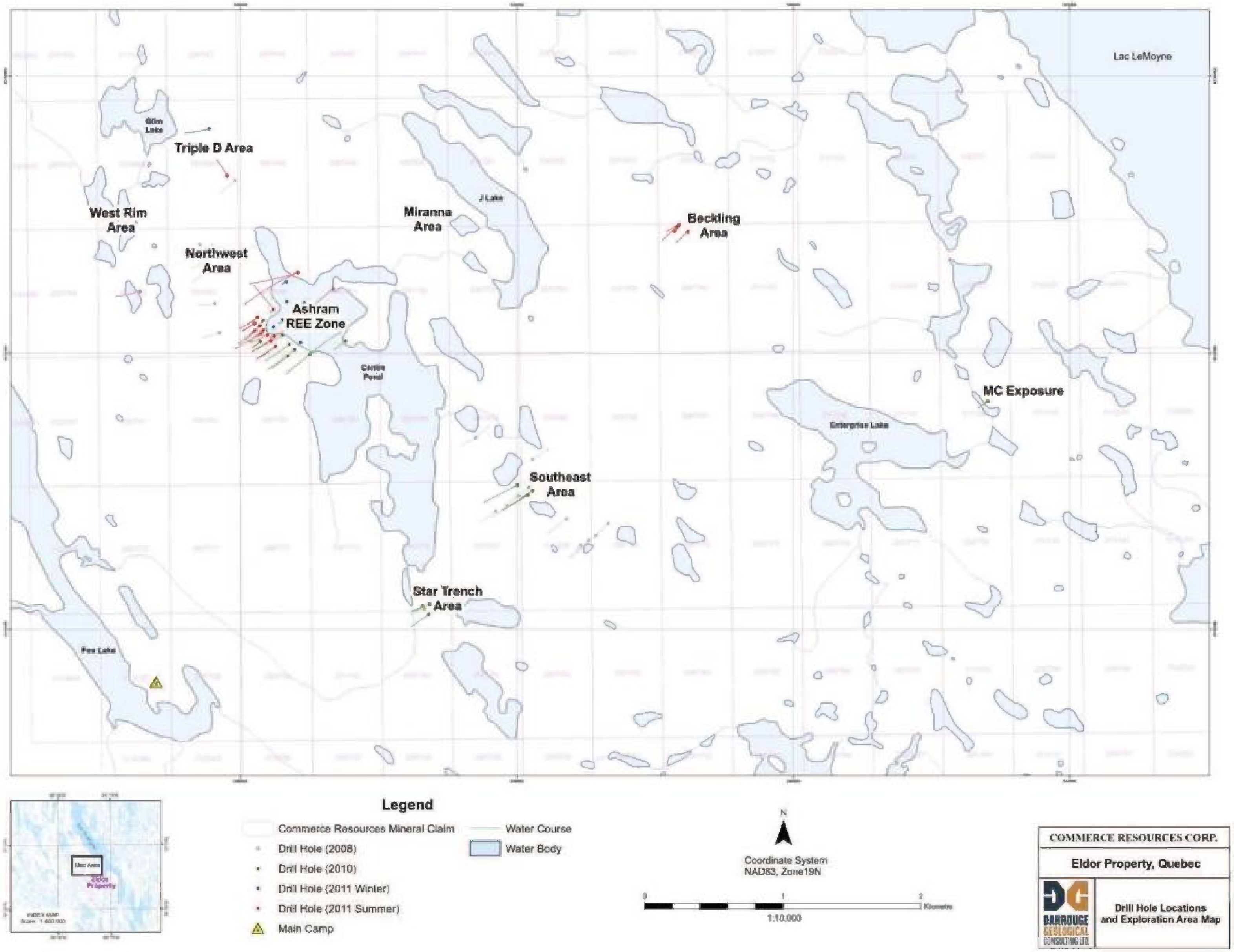

Figure 7.1 **Eldor Property Exploration Areas**

7.1 2010 Prospecting and Rock Sampling

During the course of ground exploration, from July through November, 2010, portions of the Eldor Property were prospected and potentially mineralized outcrop and boulders were sampled. Prospecting followed up work completed in previous years, as well as other targets and areas not yet explored. To locate mineralized boulders and sub-crop, RS-121 Gamma-Ray Super Scintillometer and RS-125 Gamma-Ray Super Spectrometer/Scintillometers were used. Radioactivity, as assessed with a scintillometer, is an excellent method of prospecting for Nb-Ta-REE mineralization.

The postulated extent of the carbonatite throughout the Property was the focus of prospecting during the 2010 field program; specifically the areas northeast of Glim Lake (REE), northeast of Enterprise Lake (REE), west of J Lake (REE-F), Ashram Area (REE-F), Star Trench Area (Nb-Ta-P), and the Southeast Area (Nb-Ta-P-REE-F). Limited geological mapping was completed during prospecting as outcrop exposure was minimal and discovering new showings were the objective. Outcrop encountered were mapped via GPS tracks and/or sketched and assigned a lithology.

Rock samples were described, placed in clear and pre-labeled plastic bags, had their CPS recorded and sealed with a plastic zip tie. Samples were shipped to Activation Laboratories Ltd. (Actlabs) in Ancaster, Ontario by way of two routes; 1) float plane to Kuujjuaq, air cargo to Montreal, and truck to Ancaster or 2) float plane to Schefferville, train to Sept-Îles, and truck to Ancaster. Rock samples were analyzed for major, base, and trace elements (Code 8-REE package by ICP and ICP-MS), Nb-Ta (Code 8 by XRF), and Au (Code 1A2 by fire assay).

A total of 298 rock samples were collected and assayed from outcrop and boulders. Of the samples collected, 143 were from boulders, 130 from outcrop, and 25 could not be confidently categorized as either. The majority of samples collected were of carbonatite, which is the target host lithology for mineralization (Nb-Ta-REE-P-F).

Analytical results for TREO range up to 3.38%; Nb_2O_5 from nil to 4.23%; Ta_2O_5 from nil to 2,080 ppm; P_2O_5 up to 37.3%; U up to 2,050 ppm; Cu from <10 to 1,220 ppm; Ni from <20 to 690 ppm and Fe_2O_3 up to 57 %, with five samples > 40% Fe_2O_3.

In addition, 782 prospecting waypoint locations were recorded identifying stations, sample locations, radioactive anomalies and other pertinent geological observations. A high of 8,500 CPS was obtained.

The Ashram Zone, discovered in 2009, is located on the west-central edge of Centre Pond. This location returned numerous samples with elevated TREO values (up to 2.81%) from both outcrop and boulders. The area is also visibly pervasively mineralized in fluorine, dominantly in the form of fluorite, although, analysis for fluorine was not completed on 2010 samples.

The Miranna Area, between Centre Pond and J Lake, became a target of interest earlier in the 2010 field season when prospecting revealed the presence of radioactive boulders and highly anomalous background radioactivity. Several boulder samples were collected from the area during prospecting. One sample returned a TREO value of 1.82%, with two other samples returning 1.61% and 2.42% Nb_2O_5.

The MC Exposure Area is located to the east of Enterprise Lake. The discovery outcrop, termed 'MC Exposure' was found during soil sampling outside the postulated extent of the carbonatite complex as inferred by magnetics. Samples collected in the area from outcrop and boulders returned elevated TREO values, with five samples returning greater than 1.5% TREO. The boulders and outcrops discovered in the area align in a general northwest trend, coincident with the interpreted glacial ice direction.

The Southeast Area is located on the southeastern side of Centre Pond. Although limited prospecting was completed in the area, several samples with anomalous Nb_2O_5 and Ta_2O_5 values were collected. One boulder sample, collected near the border of the Southeast and Miranna areas, returned 1.21% Nb_2O_5 and 360 ppm Ta_2O_5. The area continues to have potential for significant multi-commodity (Nb-Ta-P-F-REE) mineralization.

Samples collected to the north of Glim Lake continued to return anomalous TREO values. One outcrop (sample 83332) and four mineralized boulder samples, which form a trail in a northwesterly trend from the outcrop, all returned TREO values >1.0%. The area also returned anomalous Nb_2O_5 and Ta_2O_5 values with sample 87653 returning 0.61% Nb_2O_5 and 410 ppm Ta_2O_5.

The 2010 sample with the highest Nb_2O_5 value (4.23 %) was collected from a boulder in the Star Trench Area, located near the southern tip of Centre Pond. In addition, a sub-crop sample collected from this area returned 1.03% Nb_2O_5, 890 ppm Ta_2O_5, and 37.3% P.

Select rock samples from the 2010 exploration areas are listed in Table 7.2.

Table 7.2 Select Mineralized Rock Samples Collected in 2010

Sample ID	Exploration Area	Source	Target Mineralization	TREO (%)	Nb_2O_5 (%)	Ta_2O_5 (ppm)	P_2O_5 (%)	F (%)
83357	Miranna	Boulder	REE-Nb-Ta	1.82	0.04	40	0.3	-
87465	Miranna	Sub-crop?	REE-Nb-Ta	0.54	2.42	120	13.5	-
87462	Miranna	Outcrop	REE-Nb-Ta	0.08	0.27	380	2.5	-
83316	Ashram	Boulder	REE-F	2.81	0.06	<30	3.8	-
83313	Ashram	Outcrop	REE-F	2.56	0.09	<30	7.3	-
83317	Ashram	Boulder	REE-F	2.39	0.08	30	0.8	-
87435	Star Trench	Boulder	Nb-Ta-P	0.19	4.23	1,010	0.2	-
83354	Star Trench	Sub-crop	Nb-Ta-P	0.54	1.03	890	37.3	-
87437	Star Trench	Sub-crop	Nb-Ta-P	0.22	0.55	1,190	12.1	-
87614	MC Exposure	Outcrop	REE	2.03	0.01	<30	0.9	-
87612	MC Exposure	Outcrop	REE	1.94	0.05	<30	0.9	-
87483	Southeast	Boulder	Nb-Ta-REE-P-F	0.52	1.21	360	10.0	-
87620	North Glim Lake	Boulder	REE-Nb-Ta	2.19	0.07	<30	0.9	-
83332	North Glim Lake	Outcrop	REE-Nb-Ta	2.07	0.08	40	1.3	-
87653	North Glim Lake	Boulder	REE-Nb-Ta	1.09	0.61	410	18.4	-
87680	North Glim Lake	Boulder	REE-Nb-Ta	0.08	0.53	1,080	1.8	-

*Fluorine (F) was not assayed for in 2010

Rock sample locations displaying Nb_2O_5, Ta_2O_5, and TREO analytical results, as well as prospecting data, are presented in Figure 7.2, Figure 7.3, and Figure 7.4, as well as Figure 7.5, Figure 7.6, and Figure 7.7 respectively (maps in pocket). Prospecting rock sample locations and descriptions are in Appendix 4a, with corresponding analytical certificates in Appendix 4b. Prospecting point locations and descriptions are in Appendix 5.

Figure 7.2 2010 and 2011 Rock Sample Data (Property-wide)

Figure 7.3 2010 and 2011 Rock Sample Data (Centre Pond Area)

Figure 7.4 2010 and 2011 Rock Sample Data (Enterprise Lake Area)

Figure 7.5 2010 and 2011 Prospecting Data (Property-wide)

Figure 7.6 **2010 and 2011 Prospecting Data (Centre Pond Area)**

Figure 7.7 **2010 and 2011 Prospecting Data (Enterprise Lake Area)**

7.2 **2010 SOIL SAMPLING**

During the course of ground exploration from July through November, 2010, soil sampling was completed over portions of the Eldor Property. The focus of the program was to expand and infill the 2007-2008 Regional soil grid, as well as, add a tighter spaced grid in the Triple D Area, to the southeast of Glim Lake. The main objective of the surveys was to identify new anomalies, using an effective and economic means of preliminary evaluation for multiple commodities. Soil sampling has proven to be an effective technique for locating rare and base metal anomalies.

In total, 835 soil samples were collected and assayed throughout the Property in 2010. This includes 684 samples collected on a Regional Grid along 500 to 1,000 m spaced lines at 50 m stations. The Triple D Grid lines were spaced ~100 m apart with stations every 25 m, for a total of 123 samples.

Soil sample locations were calculated prior to the field survey using ArcGIS software to generate an idealized grid. The locations were traversed to using hand held GPS units and samples collected. The lines for both the Regional and Triple D grids were oriented in a general southwest-northeast direction, approximately perpendicular to the trend of the regional geology, as well as apparent ice flow direction.

In addition, 28 off-grid soil samples were collected during prospecting where radioactive anomalies existed but no rock samples could be collected. Several off-grid soils were collected from the Miranna Trenches. An additional four off-grid soil samples (not part of the total 28 off-grid) were collected during the program; however, they were analyzed as rocks.

The target depth for soil samples is the 'B' horizon with holes averaging ~30 cm deep. The wetness, colour, grain size, sorting, clast characteristics (abundance, shape, size, rock type), amount of organics and CPS of the soil were noted by the field crew where applicable. The soil sample was placed in a labelled paper bag and sealed with the location marked with flagging tape for future reference. Soils were dried prior to shipping to reduce shipping costs.

Soil samples were sent to Actlabs for analysis using their UT6 package (Trace Element Analysis by ICP and ICP-MS), and 1A2 (Au by fire assay). The samples followed the same transportation logistics as the prospecting rocks (Section 7.1). Mistakenly, ICP-MS analysis for gold was returned by Actlabs for the Triple D samples and showed significant anomalies. However subsequent analysis by fire assay confirmed no anomalous Au.

Analytical results for TREO range up to 2.73%, Nb_2O_5 up to >715 ppm (above detection limit), Ta_2O_5 up to 61 ppm, Ni up to 933 ppm, and Cu up to 1,350 ppm.

The Regional Grid covered large areas of the Property outside of the carbonatite complex. The samples returned generally low TREO, Nb, and Ta values. Rare anomalous values are scattered throughout the grid but the majority of samples contain <0.05% TREO. A small cluster of samples on the southeastern part of the Property returned elevated TREO (up to 1.30%) and Nb_2O_5 (above detection limit of 715 ppm) values. Analytical results for Ta_2O_5 were <10 ppm. Some elevated base metal values were also returned from the Regional Grid with Ni values ranging up to 933 ppm and Cu values up to 1350 ppm.

The Triple-D grid returned highly anomalous TREO values, located to the southeast of Glim Lake. Elevated TREO values are found throughout the grid and range up to 1.48 %. The anomaly appears to be distinct from Ashram and more pronounced in the northwest portion of the grid. Nb_2O_5 values range up to >715 ppm (above detection limit) and Ta_2O_5 values range up to 16 ppm.

Two off-grid samples collected in the MC Exposure Area returned the highest TREO values (2.72 and 1.76%) of all soils collected in 2010. Several off-grid samples were also collected to the west of J Lake, in and around the Miranna Trenches. These samples returned highly encouraging results with values up to 1.24% TREO, >715 ppm Nb_2O_5 (above detection limit), and >8% P. The source is interpreted to be towards the southeast.

Soil sample locations displaying Nb_2O_5, Ta_2O_5, and TREO analytical results are presented in Figure 7.8, Figure 7.9, and Figure 7.10 (maps in pocket). Soil sample locations and descriptions are in Appendix 6a with analytical certificates in Appendix 6b.

Figure 7.8 **2010 and 2011 Soil Sample Data (Northwest)**

Figure 7.9 **2010 and 2011 Soil Sample Data (Northeast)**

Figure 7.10 **2010 and 2011 Soil Sample Data (South)**

All 2007 through 2011 soils sample data for Nb, Ta, TREO, Ni, and Cu are presented, following Section 8.2.

7.3 2010 TRENCHING

A total of six trenches (TR10-014, 015, 016, 017A, 017B, and 017C) were completed during the 2010 exploration, from which, 30 sub-crop channel, 1 rock composite, and 16 soil samples were collected (Figure 7.11).

The word 'Trenching' refers to the removal of soil (overburden) to reveal bedrock; more aptly referred to as 'soil stripping'. No use of explosives, or means to break up the bedrock to increase exposure, was used.

Trenching is required prior to drilling in order to determine if a radioactive anomaly, discovered via prospecting, is sourced from bedrock or boulders in the soil. As briefly discussed in Section 7.1, radioactivity is an excellent pathfinder for Nb-Ta-REE mineralization. If the radioactivity persists to bedrock then the source is confirmed to be at that location and a drill hole may be targeted to test the radioactivity at depth beneath the trench. If the radioactivity decreases with depth and is determined to not be sourced in bedrock, but rather from boulders in the overlying soil, the trench is abandoned and no drill hole completed. This methodology is required due to significant soil cover and subsequent lack of outcrop, allowing for more economic use of the drill along with better target recognition. Once a bedrock source is confirmed a strike and dip is noted, and the drill positioned to intersect the rock fabric in a perpendicular fashion.

A heli-portable excavator was utilized to remove the soil and reveal the bedrock beneath. The exposed bedrock was then washed using a portable water pump and pressure hose. Radioactivity and geology of the trench was then mapped and sample locations determined. A hand-held gas powered rock saw was used to cut the bedrock surface for sampling. Sampling methods typically involved breaking the saw-cut piece from the trench, and taking a continuous chip sample along the fresh surface of the cut. The remaining saw-cut, including the weathered end, was left at the sample site. At times, however, the entire saw-cut or a composite sample was collected.

All 2010 trench rock samples were sent to Actlabs and analyzed for major, base, and trace elements (Code 8-REE package by ICP and ICP-MS) and Nb-Ta (Code 8 by XRF). Analysis for gold and fluorine were not completed. The samples followed the same transportation logistics as the prospecting rocks and soils (Section 7.1). The trench soils were analyzed as outlined in Section 7.2.

A trench attribute summary is in Appendix 7a, sample locations and descriptions in Appendix 7b, and analytical certificates in Appendix 7c. Trench locations are in Figure 7.11.

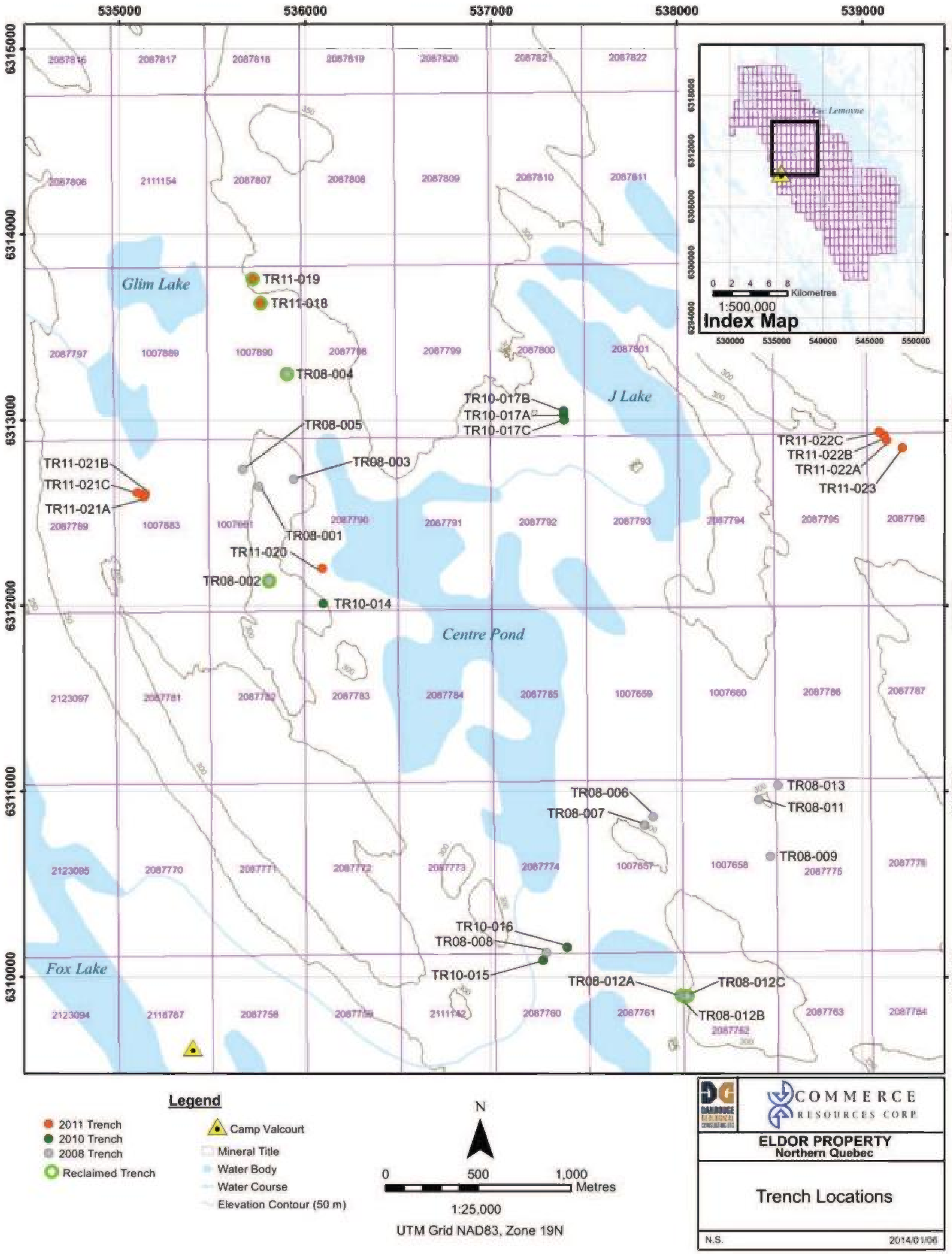

Figure 7.11 Trench Locations

7.3.1 TR10-014

Trench TR10-014 targeted the western contact of the Ashram Deposit (carbonatite / albite amphibole phlogopitite in order to better constrain its location at surface. The trench was unsuccessful in locating the contact with only glimmerite (aka 'phlogopitite') and albite amphibole phlogopitite being encountered. Trenching was difficult due to persistent rains flooding the trench, leaving only the southwestern and central portions well exposed.

A total of four samples were collected with no significant REE mineralization returned.

Projections to surface of the Ashram Deposit, based on drillhole intercepts, suggest the contact was very close, perhaps within 10 m of the northeastern tip of the trench. A map of TR10-014 is in Figure 7.12.

7.3.2 TR10-015 (German Trench)

Trench TR10-015 targeted a potential extension of mineralization encountered in TR08-008 (Star Trench), approximately 25 m to the north. Detailed prospecting in the area by Patrik Schmidt outlined anomalous radioactivity (1000 to >5000 CPS) with follow-up hand-dug pits revealing shallow sub-crop with coarse magnetite, a mineral associated with Ta-Nb-P mineralization at TR08-008. Concurrent ground magnetic and radiometric surveying (see Section 7.6) revealed a coincident magnetic high and radiometric anomaly over the trench area. Therefore, given the excellent Nb-Ta-P grades encountered from drilling beneath TR08-008, albeit short intervals, trench TR10-015 was completed at the site.

A total of 15 channel (saw-cut) samples were collected for analysis. No significant Nb mineralization was encountered (Nb_2O_5 all <0.24%); however, several samples returned good Ta_2O_5 and P2O5 values of >0.022% and >5.5% respectively, with the best results from sample 87315 at 0.24% Nb_2O_5, 0.056% Ta_2O_5, and 12.7% P_2O_5. The most mineralized samples are strongly associated with magnetite, as expected, with the high phosphate attributed to increased apatite content. Although olivine was not described, the presence of abundant magnetite and apatite suggests a 'phoscorite' like lithology. This is also described at the Star Trench (TR08-008). A map of TR10-015 is in Figure 7.13.

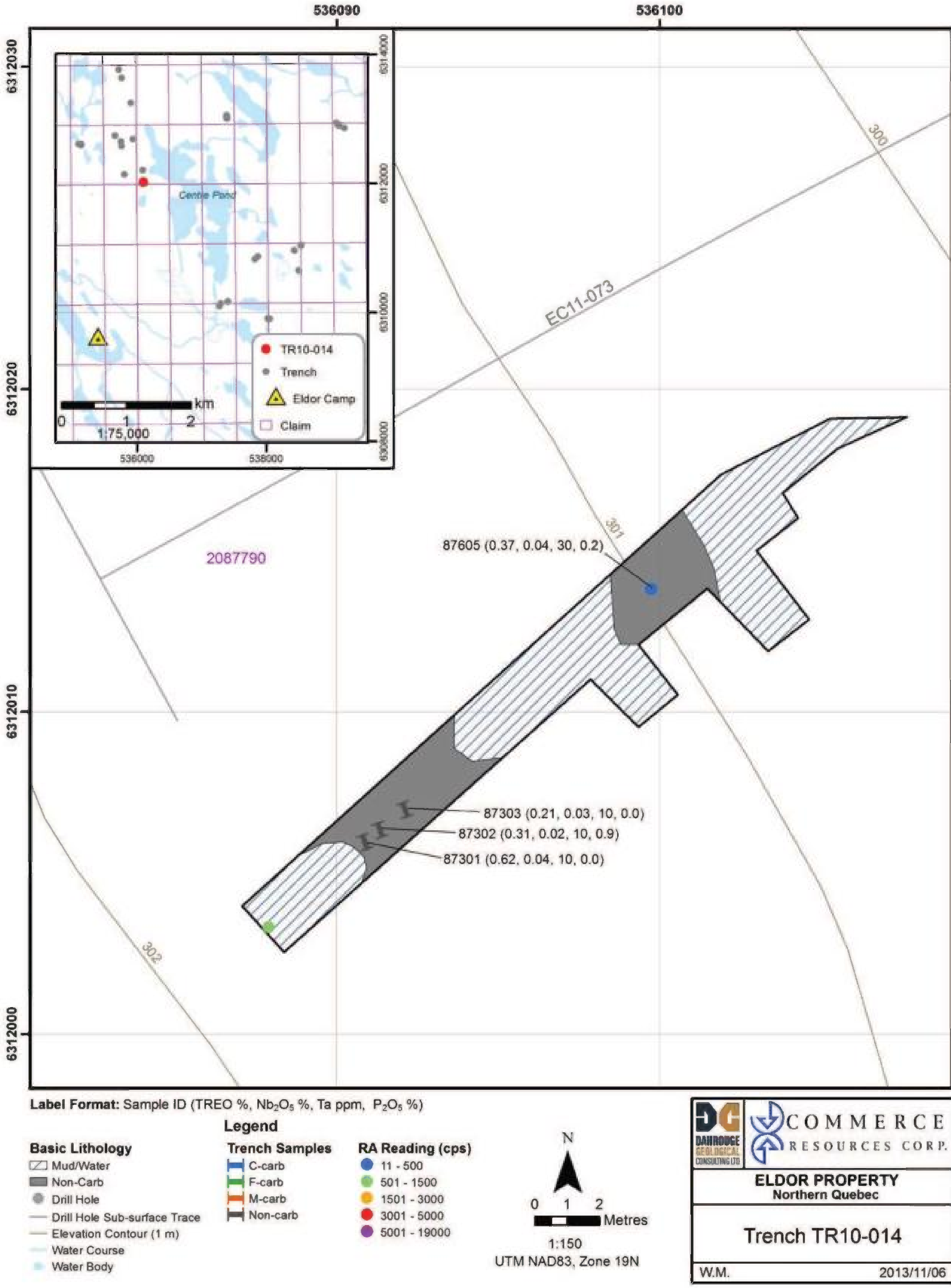

Figure 7.12 TR10-014

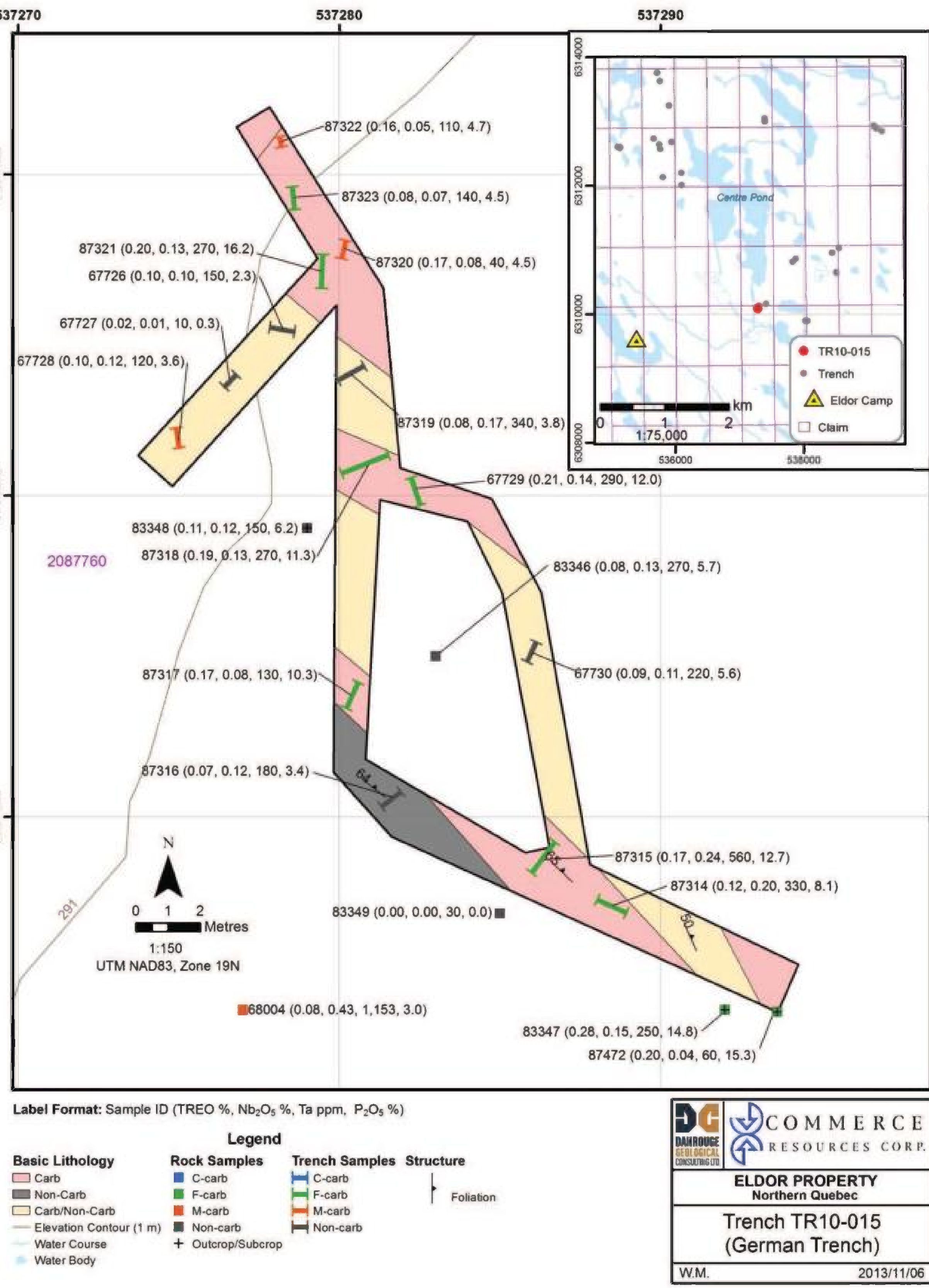

Figure 7.13 TR10-015 (German Trench)

7.3.3 TR10-016 (New German Trench)

Trench TR10-016 targeted an area of increased RA in the Star Trench Area. Shallow digging during prospecting revealed highly ferruginous carbonatite.

A total of 2 channel samples (saw-cut) were collected from the carbonatite unit. Although pyrochlore was tentatively noted in the sample descriptions, analysis confirmed only moderate Ta_2O_5 concentrations (110 ppm and 190 ppm) and low Nb_2O_5 concentrations of 0.072% and 0.196% were present. An RA high of 3,800 CPS was recorded near the north end of the trench.

A map of TR10-016 is in Figure 7.14.

7.3.4 TR10-017A, 017B, and 017C (Miranna Trenches)

At TR10-017, three individual trenches (A, B, and C) were excavated targeting a radioactive anomalous area of up to 8,500 CPS identified during soil sampling. The RA anomaly was very strong and discovered in a previously unexplored area, and thus, the area was termed 'Miranna' after the co-discoverers Mireille Smith and Anna-Marie Durante.

TR10-017A was the first trench completed targeting the RA anomaly. Overburden was thicker than anticipated (up to 3 m), nearly reaching the maximum capabilities of the mini-excavator. However, the trench was successful with bedrock being encountered, albeit poorly mineralized in tantalum, niobium, and REEs. Although radioactivity decreased with depth, indicating a non-bedrock source at this location, 'rotting' boulders in the overburden profile yielded RA kicks suggesting more favourable mineralization to the south. A total of 8 channel samples were collected, all poorly mineralized in Ta-Nb-REE.

TR10-017B is located approximately 20 m to the north of TR10-017A. The trench reached bedrock at the max excavation depth of the mini-excavator. Two channel samples were collected and assayed poorly mineralized in Ta-Nb-REE.

TR10-017C is located approximately 25 m to the south of TR10-017A. The trench failed to reach bedrock and was abandoned, and therefore not channel sampled. However, one soil samples was collected and assayed >715 ppm Nb_2O_5 (above detection limit), 11 ppm Ta_2O_5, and 0.42 TREO.

In an attempt to better ascertain distance to source, a series of soil profile samples were collected from the trenches. The reasoning behind the soil profiles was to compare between trenches and use the position of the most mineralized horizon, as referenced from bedrock, as a method of tracing the distance back to source. In theory the mineralized horizon should approach the bedrock as the source is approached, and thus, if that horizon(s) could be clearly identified from several trenches a plunge may be become evident based on the distance between trenches. However, the overburden in this area was unusually deep and tested the limits of the mini-excavator. As such, only two of three trenches reached bedrock (i.e. the reference point) and no further trenching was attempted to the south where the source of mineralization is postulated. Further, the lack of a clearly defined mineralized horizon in the two trenches with sample profiles made it inconclusive to determine a possible distance to source. The particulars of the soil profile sampling are discussed below.

Two soils profiles, a combined 10 samples, were collected from the walls of TR10-017A. The soil samples returned low values of tantalum and niobium, but were elevated in REEs to a peak value of 0.86% TREO with enrichment in MREOs and HREOs. No clear relationship or trend of mineralization versus depth is observed in the profile on the east side of the trench (soil profile #1); however, the west side profile (soil profile #2) does show an increase in TREO content over three sample intervals from 40 – 100 cm from bedrock. In general, the horizons closer to surface are more RA, and thus, more mineralized.

Another soil profile (5 samples) was completed in the NW corner of TR10-017B with a similar trend observed as in TR10-017A, with RA and REE mineralization (peak of 0.78% TREO) increasing with distance from bedrock. Further, the more elevated RA and REE mineralization in TR10-017B was further from the bedrock than in TR10-017A, thus, supporting the notion of a source further to the south. A source to the south is also supported by regional glacial ice movement information, as well as, evident imbrication of boulders in the soils profiles that point to a southern source.

A map of TR10-017A, 017B, and 017C is in Figure 7.15 with soil profiles from TR10-017A, and 017B in Figure 7.16 and Figure 7.17 respectively.

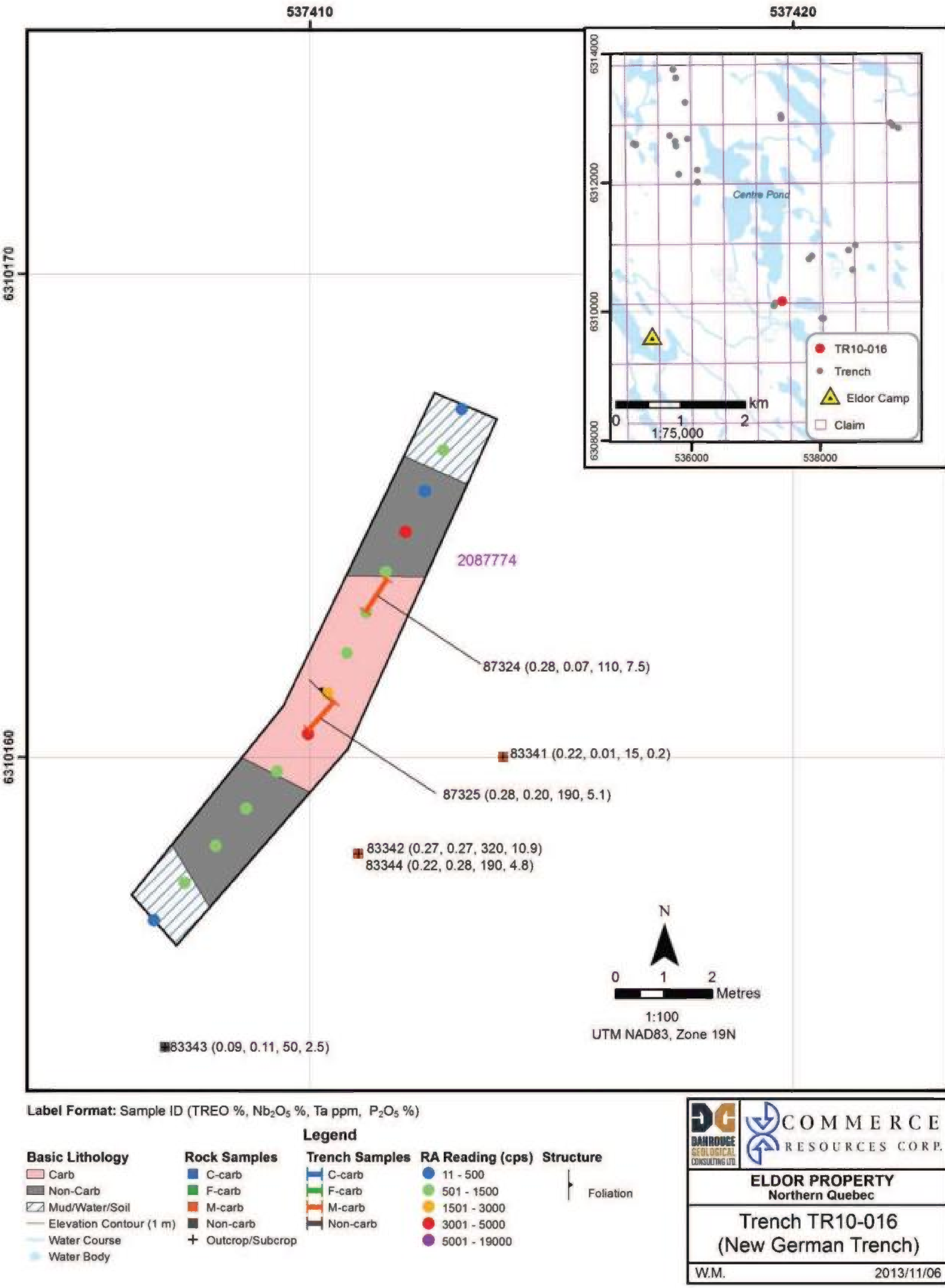

Figure 7.14 **TR10-016 (New German Trench)**

DAHROUGE GEOLOGICAL CONSULTING LTD.

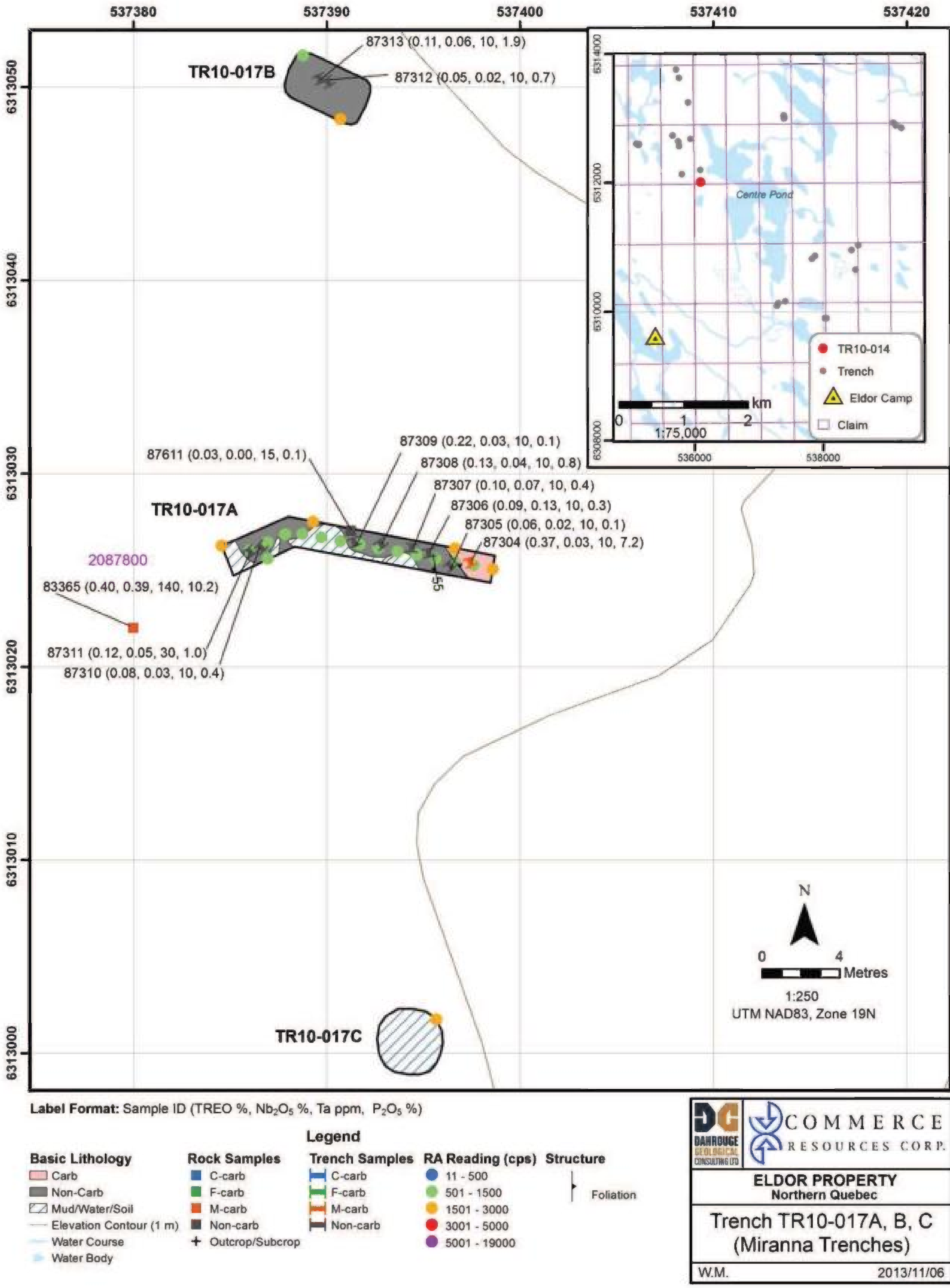

Figure 7.15 TR10-017A, 017B, and 017C (Miranna Trenches)

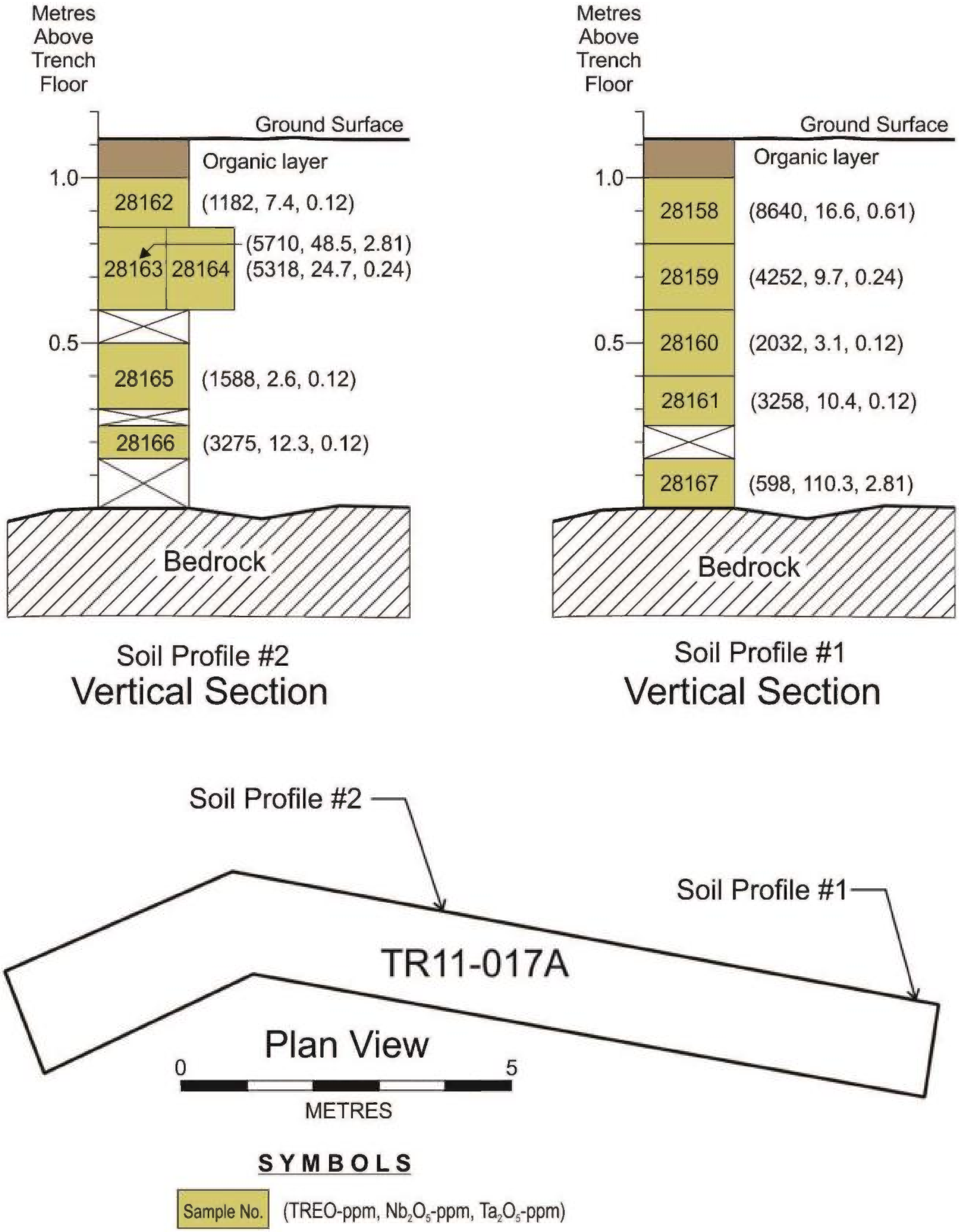

Figure 7.16 **TR10-017A Soil Profiles**

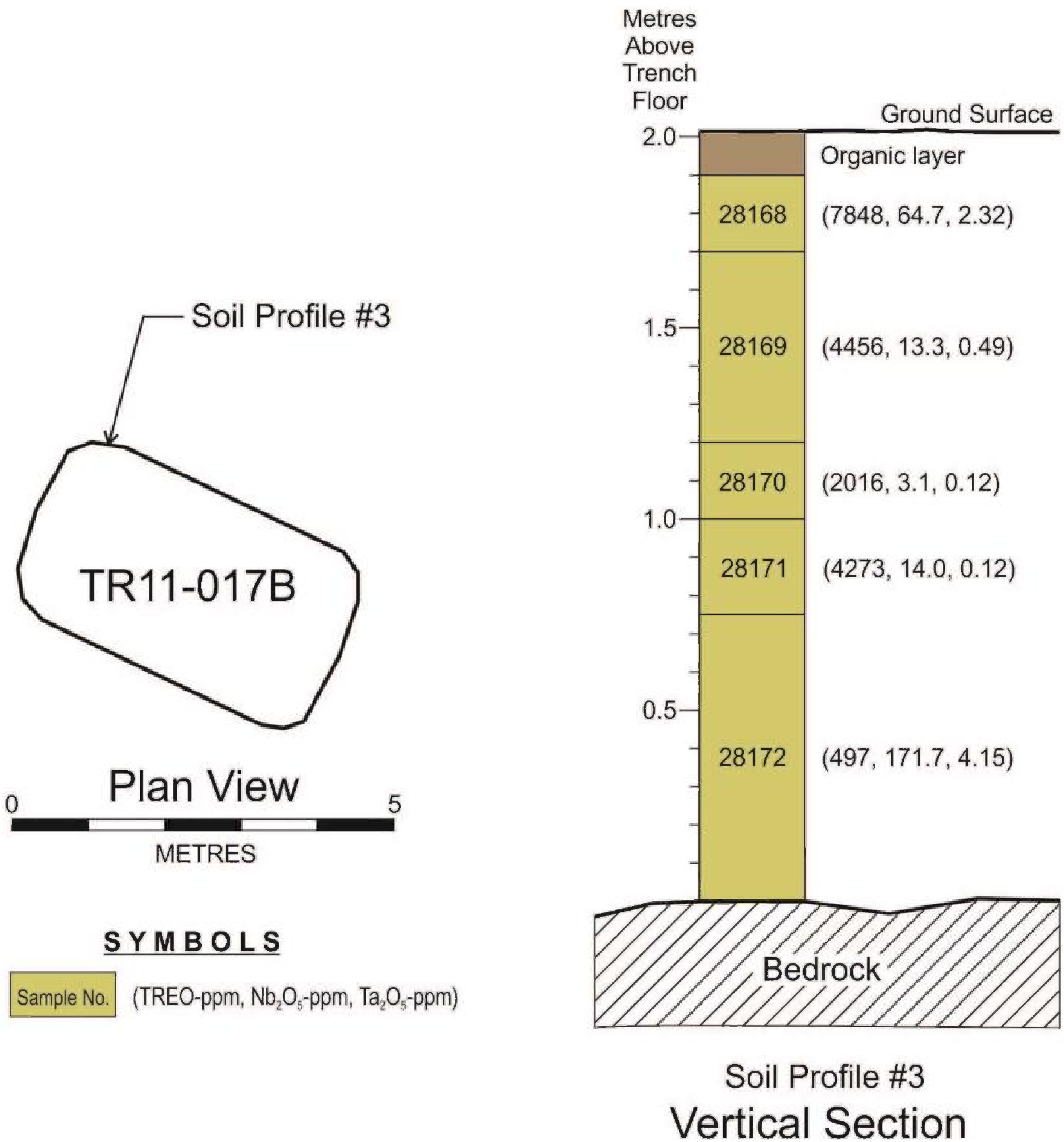

Figure 7.17 **TR10-017B Soil Profile**

7.3.5 TR02-008 (Glimmerite Trench)

During a helicopter flyover of the Northwest Area in 2010, a trench was spotted in a configuration not recognized by the geologists. It was found that the trench was TR08-002 (Glimmerite Trench), the site of the original "Glimmerite Trench" as excavated by Unocal Canada Ltd. in 1985 (Knox, 1986). However, the trench had been excavated further yielding a new configuration, and had not been properly documented in 2008 when the new excavation was completed. The trench was subsequently mapped with two samples collected. The samples returned very high grade tantalum and niobium (0.208% Ta_2O_5 and 2.96% Nb_2O_5); however, mineralization was confined to a small Glimmerite 'pod' (~3 x 1 m).

A revised map for TR08-002 is in Figure 7.18.

7.3.6 TR08-009

Trench TR08-009 was visited in 2010 to explain a discrepancy in sampling notes from work completed in 2008. Sample numbers existed; however, no assays were ever received in 2008. The 2010 visit revealed that seven saw-cuts were completed in 2008 with sample numbers assigned; however, no samples were collected. Three of the seven saw-cuts were then sampled with modest niobium mineralization returned (0.4-0.6% Nb_2O_5).

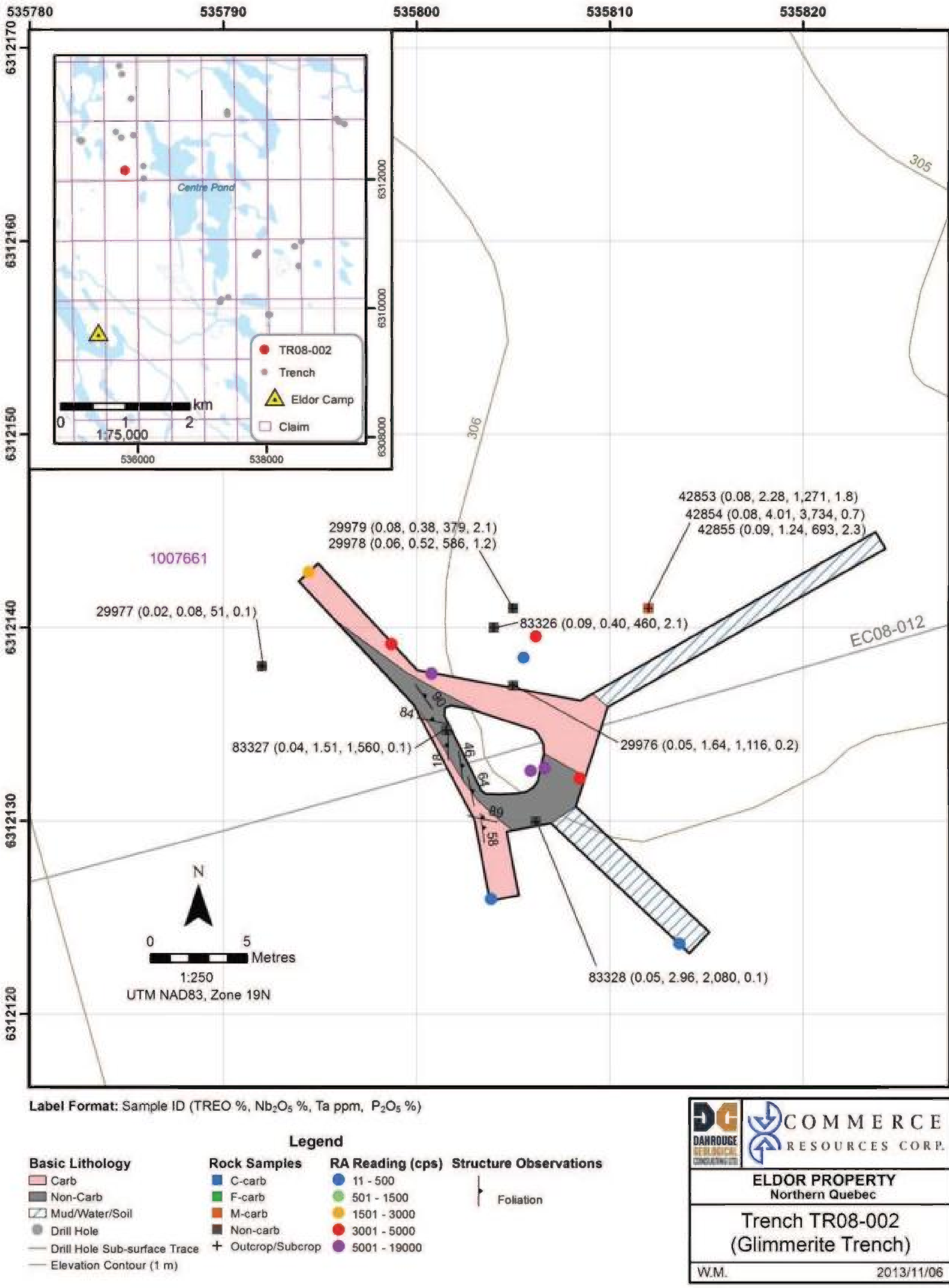

Figure 7.18 **TR08-002 (Glimmerite Trench)**

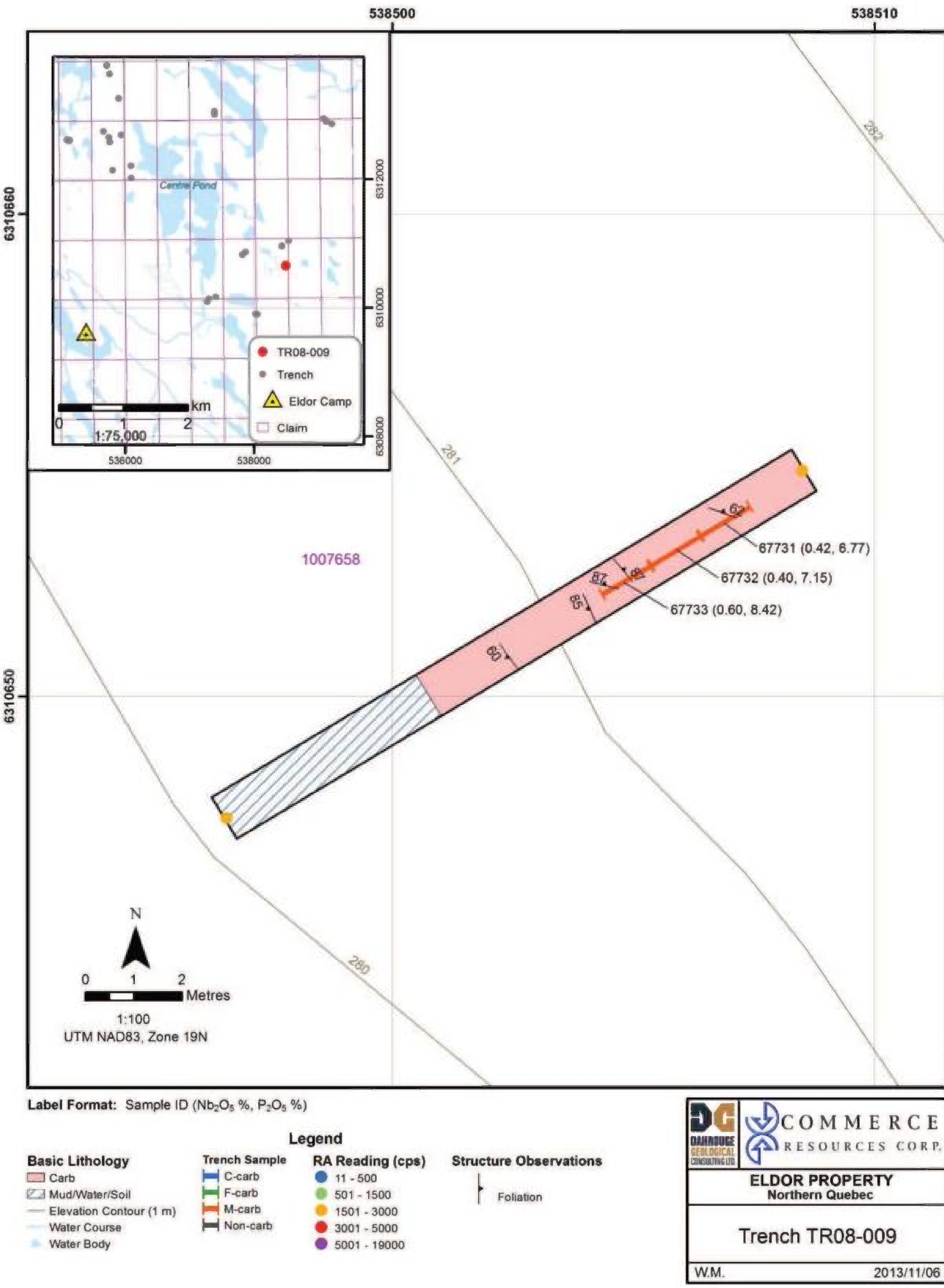

Figure 7.19 TR08-009

7.4 2010 DIAMOND DRILLING

The diamond drilling program in 2010 consisted of two phases; June 30th to August 23rd (3,443.69 m over 15 holes), and September 18th to October 16th (1,946.29 m over 6 holes) for a total of 5,389.98 m over 21 holes. The second phase was initiated based on the better than anticipated results of the first phase.

Bodnar Drilling Ltd. of Ste Rose du Lac, MB, was contracted to complete the work. A Super 300 heli-portable drill built by Multi-Power Products in Kelowna, B.C., was utilized due to the remoteness and lack of infrastructure on the Property. It is powered by a 95 hp Kubota engine capable of drilling BTW core (42 mm) rated to a depth of 450 m, although 350 m may be more practical of a depth.

Drilling focused on four distinct exploration areas of the Property; Ashram, Southeast, Star Trench, and MC Exposure. The drill area attributes are listed below in Table 7.3 with drill hole attributes listed in Appendix 8d.

Table 7.3 2010 Drill Area Attributes

Exploration Area	Drill Holes Completed	Total Metreage
Ashram	12	3,312.67
Southeast	4	1,391.65
Star Trench	3	493.66
MC Exposure	2	192.00

The objective and focus of the 2010 drill program was to test at depth the surface REE mineralization on the Ashram Peninsula discovered in 2009. The secondary focus was to further test other known mineralized zones (Southeast and Star Trench areas), as well as, test target areas developed during the 2010 field season.

The 2010 drill program was highly successful, resulting the in the discovery hole for the Ashram Rare Earth Deposit, as well as expanding Nb-P mineralization in the Southeast Area. Drilling results specific to each area are discussed further in the following sections

Drill core was flown back to camp after each shift via helicopter, logged, and saw cut into two halves, with one halve collected for analysis and the other left in the box for reference. Sampling was guided by mineralogy, lithology, and radioactivity.

Industry standard QA/QC protocols were followed and included insertion of quartz blanks, Certified Reference Materials (CRMs), and duplicates into the sample batches submitted for analysis at a rate of 4-5%. Approximately 5% of the sampled were sent for check assay at a secondary lab. No significant issues or concerns were discovered based on analysis of QA/QC results.

All drill core samples were shipped to Activation Laboratories Ltd. (Actlabs) in Ancaster, ON by way of two routes; 1) float plane to Kuujjuaq, air cargo to Montreal, and truck to Ancaster or 2) float plane to Schefferville, train to Sept-Îles, and truck to Ancaster. Samples were analyzed for major, base, and trace elements (Code 8-REE package by ICP and ICP-MS), Nb-Ta (Code 8 by XRF) and fluorine (Code 4F-F by Ion Electrode-ISE). Gold was analyzed (Code 1A2 by fire assay) in every second sample of EC10-027 only.

Mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 7.20. Drill logs are in Appendix 8a with drill core sample analytical certificates in Appendix 8b. A listing of drill core samples collected is in Appendix 8c.

7.4.1 Ashram Area

The chief highlight of the 2010 drill program was the confirmation of significant rare earth mineralization extending from surface to considerable depth on the Ashram Peninsula. Twelve drill holes were completed for a total of 3,312.67 m over two programs; summer, and fall. The summer program included six holes for 1,366.38 m with fall program comprised of six holes for 1,946.29 m.

The drilling targeted the REE-bearing carbonatite discovered via outcrop sampling on the Ashram Peninsula in 2009. The Ashram target is located central to the Property within a magnetic low, at the apex of a REE mineralized boulder train. Most drills holes were oriented at ~230°/45° to cross-cut the moderate to steeply dipping fabric of the carbonatite as determined from surface outcrop. One drill hole (EC10-043) was turned to a 50° azimuth to probe under Centre Pond at the south end of the drilling area. Three vertical holes (EC10-045, 046, and 047) were completed at the end of the program as the large extent of mineralization became evident.

All twelve Ashram drill holes intersected significant widths of REE-F mineralized carbonatite, starting from surface. Overburden was minimal ranging from 0.65 m to ~10.68 m, with an average of 4-5 m, in core length thickness. One of the best intersections of the 2010 program was from

EC10-045 with 1.99% TREO and 2.6% F over 309.18 m (5.30 m to 314.48 m), including 2.30% TREO over 172.89 m (121.39 m to 294.28 m), or 2.51% TREO over 53.39 m (195.61 m to 249.00 m). The 'discovery' hole EC10-027 returned 1.72% TREO and 3.5% F over 215.30 m, including 2.07% TREO and 4% F over 29.48 m.

Another significant outcome of the 2010 Ashram drill program was the discovery of consistent elevated amounts of heavy rare earth elements (HREEs). Most carbonatites are <4% MH/T (middle plus heavy REE divided by total REE expressed as a per cent) with Ashram commonly running in the 6-8% range. Further, several drill holes returned very high MH/T grades while maintaining significant TREO grade well above a typical heavy rare earth deposit grade. Drill hole EC10-047 returned the best MH/T grades with 119.31 m of 14.6% MH/T at 1.63% TREO, including 61.19 m of 19.1% MH/T at 1.41% TREO. These results compare very favourably with well-known HREE deposits.

The area is also visibly pervasively mineralized in fluorine, in the form of fluorite. Analysis for fluorine ranges from nil to a peak of 26% (53.4% CaF2); however, averages are more in the 3% F range (~6% CaF2). The fluorine is intimately associated with REE mineralization and is an indicator for the presence of REE mineralization.

The 12 drill holes (3,312.67 m) completed during the summer and fall of 2010 formed the basis for an initial NI 43-101 compliant mineral resource estimate released in March, 2011 by SGS-Geostat of Montreal (Blainville). The estimate yielded a total inferred resource of 117.4 Mt grading 1.74% TREO at a cut-off grade of 1.25% (Laferrière, 2011). An overview of this work is discussed in Section 8.4.1.1.

Mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 7.20.

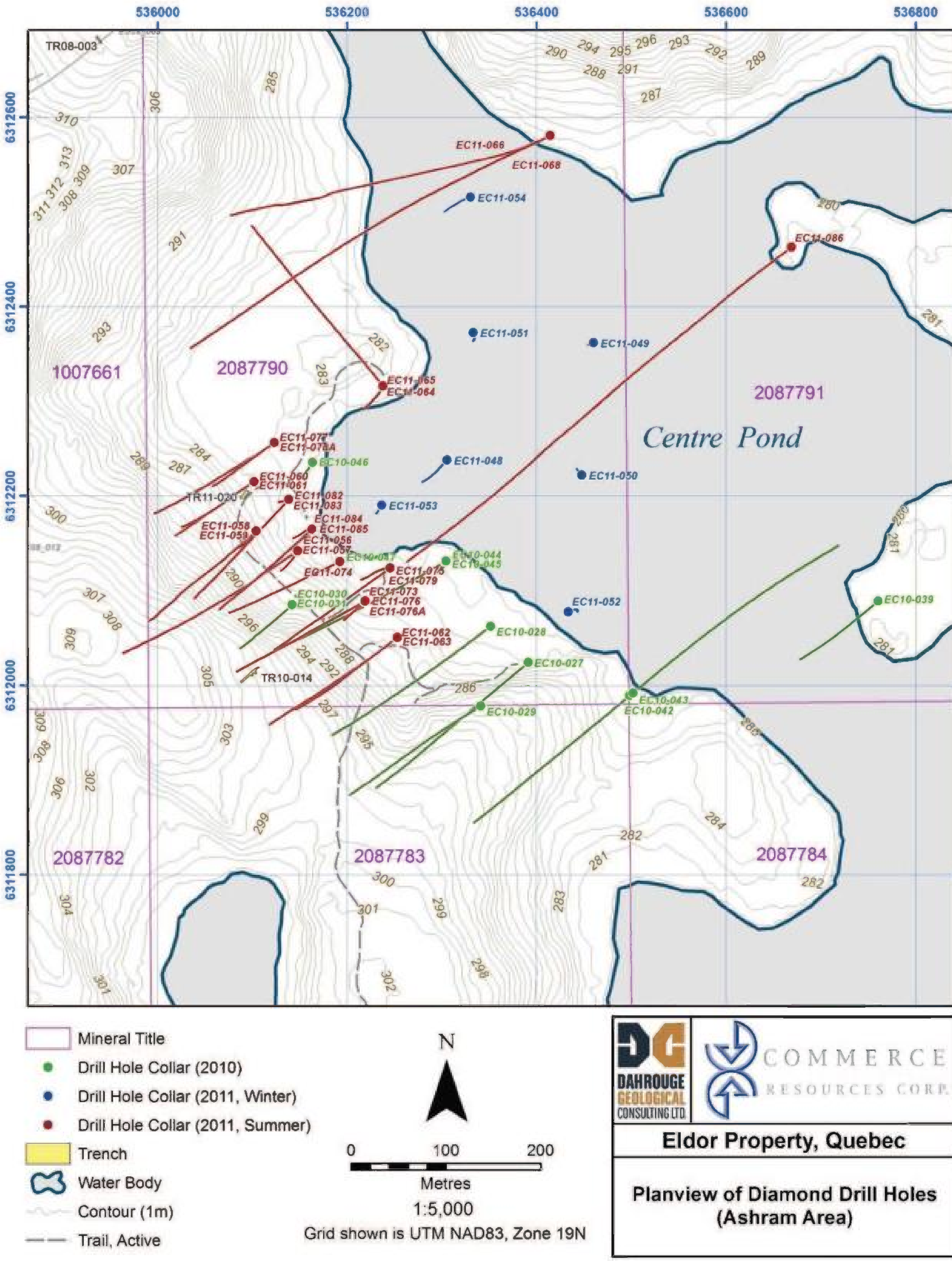

Figure 7.20 **Drill Hole Locations (Ashram)**

7.4.2 MC Exposure

The MC Exposure Showing (REE mineralized outcrop) was discovered during regional soil sampling. The discovery was not expected as it occurred outside of the extent of the carbonatite complex as inferred from regional airborne magnetic data. The area was prospected with several anomalous areas along trend noted; however, no other carbonatite outcrops were located. As elevated RA and presence of fluorine in the discovery outcrop indicated REE mineralization, the area was targeted for drill testing.

A total of 192.00 m of drilling was completed over two holes, from the same pad, with a strike of ~240° and dip of ~45° and ~75° respectively. Limited carbonatite, and subsequent REE mineralization was intersected with both holes encountering non-carbonatite lithologies early on. Drill hole EC10-037 returned the best mineralized intercept with 1.7% TREO over 7.87m.

Mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 7.21.

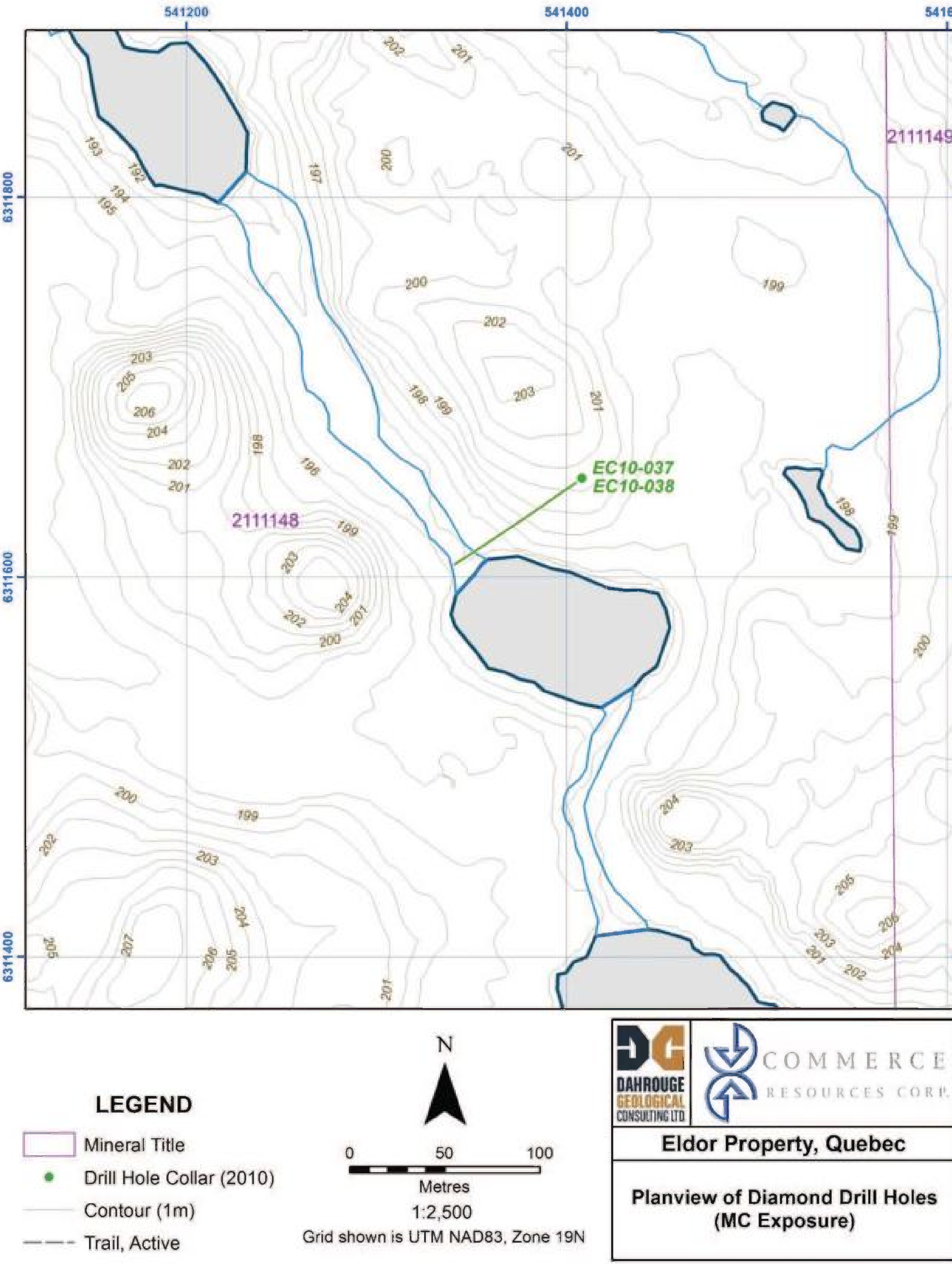

Figure 7.21 Drill Hole Locations (MC Exposure)

7.4.3 Southeast Area

A total of 1,391.65 m over four holes were completed at the Southeast Area in 2010. These four holes were follow-up to the 13 drill holes (2,846.17 m) completed in 2008 that encountered significant Nb-Ta-P mineralization in middle-stage carbonatite. Two of the most promising holes from 2008 returned 26.10 m of 0.55% Nb_2O_5, including 10.64 m of 0.78% Nb_2O_5 (EC08-015) and 25.38 m grading 281 ppm Ta_2O_5, 0.40% Nb_2O_5, and 8.8% P_2O_5 (EC08-016)Significant intervals of fluorite were also encountered.

The 2010 drill program in the Southeast Area focused on the vicinity of EC08-015 and 016 in an effort to expand the encouraging Nb-Ta-P mineralization encountered in 2008.

The best intersections returned 74.25 m of 0.57% Nb_2O_5, 145 ppm Ta_2O_5, 8.9% P_2O_5, and 0.47% TREO, including 19.54 m of 0.85% Nb_2O_5, 97 ppm Ta_2O_5, 8.9% P_2O_5, and 0.48% TREO in EC10-033; and 5.84 m of 1.09% Nb_2O_5, 46 ppm Ta_2O_5, 9.8% P_2O_5, and 0.55% TREO in EC10-040. Drill hole EC10-040 returned the best tantalum intersection of 329 ppm Ta_2O_5 over 33.93 m.

The results exceeded those of 2008, further indicating significant potential exists in the area for additional mineralization of considerable extent. In addition, appreciable REE mineralization associated with the niobium intersections was also noted. The area warrants a significant drill campaign to delineate further the extent of known mineralization and also to test many additional targets of the Southeast Area.

Mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 7.22.

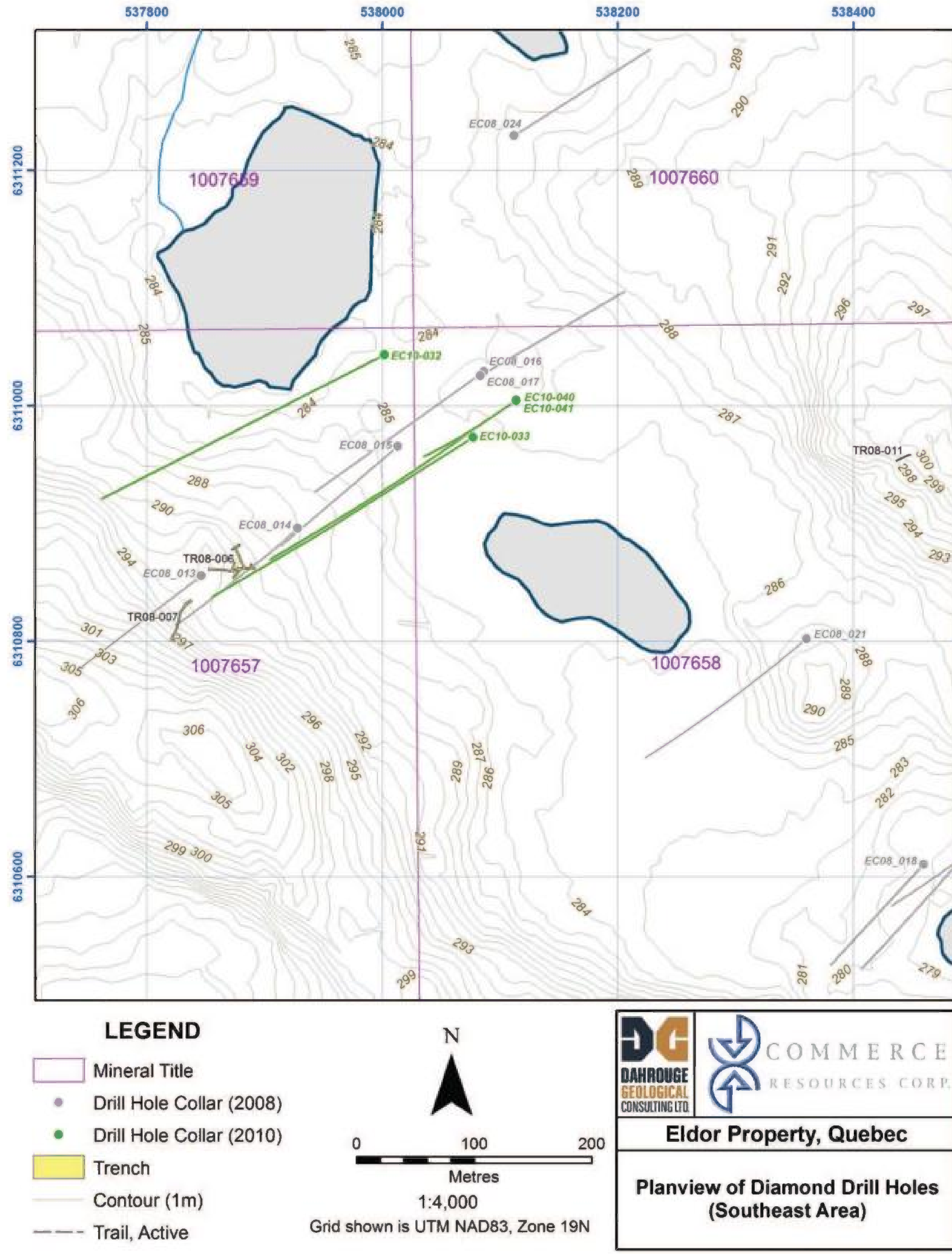

Figure 7.22 Drill Hole Locations (Southeast Area)

7.4.4 Star Trench Area

In 2008, a single hole (EC08-025) completed at the Star Trench Area returned encouraging results including 7.82 m of 454 ppm Ta_2O_5, 0.23% Nb_2O_5, and 10.0% P_2O_5 as well as 4.37 m of 597 ppm Ta_2O_5, 0.31% Nb_2O_5, and 16.6% P_2O_5. Although the mineralized interval was short it, was near surface and indicated high grade tantalum potential.

Follow-up drilling completed in 2010 at the Star Trench Area included 493.66 m over three holes targeting the strike and depth extension of the mineralization encountered in EC08-025, as well as targeting mineralization at depth below TR10-015 trenched earlier in the program.

Intersections returned were comparative in width to EC08-025; however, the tantalum encountered was not as high grade. This being said, a sample high of 2,220 ppm Ta_2O_5 and 1.69% Nb_2O_5 was returned (EC10-035).

The area continues to be enigmatic with apatite-magnetite rocks (phoscorite?) appearing to be the host for the high grade mineralization. The area continues to be enigmatic, although the presence of a phoscorite type rock suggests the potential volume of mineralization may be limited.

Mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 7.23.

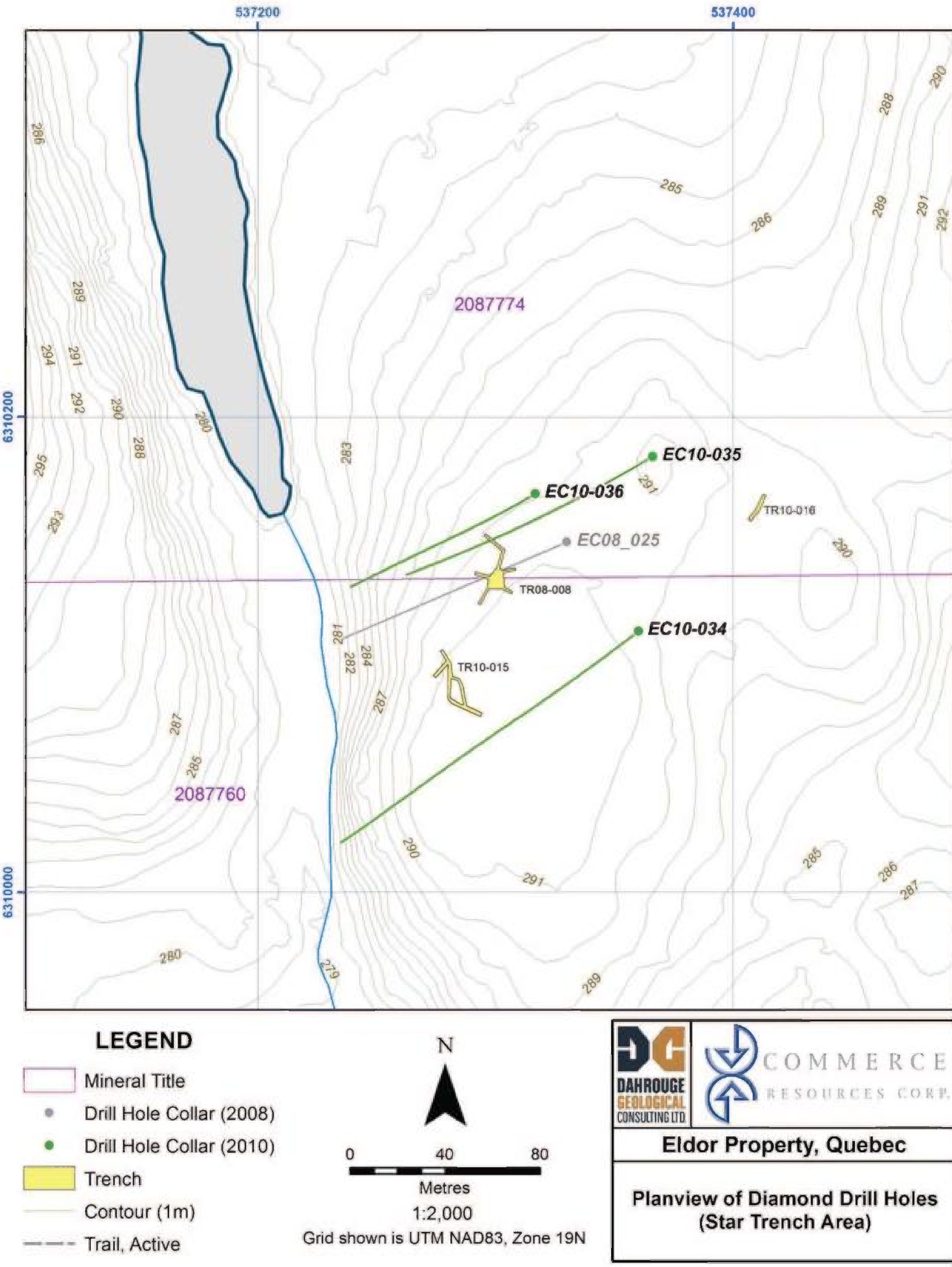

Figure 7.23 Drill Hole Locations (Star Trench Area)

7.5 2008 Drill Core Samples Collected in 2010

Methodology governing drill core sampling during the 2008 drilling program varied due to several geologists of differing geological background completing the logging. No uniform system was adhered to outside of radioactivity being a main guide to sampling. Radioactivity, along with visible mineralogy, was used as the basis for all drill core sampling. Historic mineralogical reports describe columbite as one of the prominent ore minerals in portions of the complex (Sherer, 1984). As columbite lacks significant radioactivity, radioactivity cannot be used as a proxy for its presence. As such, the sampling protocols utilized in 2008 may have been insufficient to ensure sampling of all mineralized core. The analyses of the 2008 core are evidence to this as there was mineralization in core that was expected to be barren and lack of mineralization in core that was expected to be highly mineralized. In addition to this, rare earth elements were not a priority in past programs resulting in the disregard of rare earth-bearing and indicator minerals. The inspection of 2008 core showed the presence of abundant rare earth minerals in certain intersections. Further sampling was required to infill sampling gaps within mineralized intervals and to help reconcile the discrepancies.

A total of 446 samples were collected, plus 69 QA/QC samples, over 11 drill hole completed in 2008. The results show a peak value of 470 ppm Ta_2O_5 although a majority of samples were below 100 ppm. The majority of Nb_2O_5 assays were less than 0.20%; however, several >0.50% were returned to a peak of 0.79% Nb_2O_5. It is evident that significant levels of Nb mineralization may be missed if solely relying on radioactivity to guide sampling. For TREO, the highest sample returned 1.36%

Samples were analyzed at Actlabs using the same methods and logistics as all 2010 drill core. Sampling information is summarized in Table 7.4 below with analytical information in Appendix 8b.

Table 7.4 2008 Drill Core Samples Collected in 2010

Hole ID	UTM-E (NAD83, Z19)	UTM-N (NAD83, Z19)	EOH (m)	# Samples Collected (2008)	# Samples Collected (2009)	# Samples Collected (2010)	Total # of Samples Collected
EC08-003	535953.32	6312691.20	201.47	134	16	16	166
EC08-005	536038.59	6312749.84	209.40	133	8	28	169
EC08-006	535728.99	6312738.70	198.30	81	10	53	144
EC08-007	535763.44	6312675.11	202.95	99	2	31	132

EC08-009	535796.14	6312776.77	220.98	86	3	67	156
EC08-010	535958.83	6313247.26	200.60	31	-	72	103
EC08-011	535814.55	6312358.60	201.40	37	2	27	66
EC08-012	535847.22	6312146.17	182.27	6	-	22	28
EC08-022	537702.18	6311388.42	197.00	79	5	14	98
EC08-023	537699.74	6311385.91	173.00	74	-	28	102
EC08-025	537330.03	6310147.34	170.00	66	-	88	154

7.6 2010 Ground Magnetic and Radiometric Surveys (Star Trench Area)

During July of 2010, a ground magnetic and radiometric survey was completed over the Star Trench Area with data collected from 1,328 stations. Readings were recorded at 10 m intervals along 10 m spaced lines for a total of approximately 12.8 ha of ground surveyed.

Magnetic data was recorded using a portable Gem Systems Inc. Overhauser Effect magnetometer-gradiometer, model number GSM-19. The instrument has a range of 20,000 - 120,000 nT with an accuracy of 0.2 nT and a resolution of 0.01 nT. The signal quality is recorded at each station so the user can determine the accuracy of the reading and to help with data quality control during interpretation.

No on-site base station was set-up during collection of the 2010 magnetic data due to the unit being found defective when on site. As such, the Iqaluit Magnetic Observatory, located ~ 750 km to the north, as well as the Baker Lake Magnetic Observatory, located ~1,700 km to the northwest, were used. Both Iqaluit and Baker Lake Observatories were necessary sources for data corrections due to data acquisition issues on certain days from Iqaluit Observatory. Each data point was reviewed for quality control and was excised from the data set if the quality was below 99 as indicated from the magnetometer-gradiometer. In total, 44 data points were excised resulting in 1,284 valid data points.

The magnetic survey identified the presence of a magnetic high trending at ~50°, with a lull in the middle, leaving two magnetic high peaks on either end. The northeastern end high correlates with the onset of a large aeromagnetic high observed in the 2007 airborne data. In addition, a magnetic low rims the northern edge of the magnetic high trend. This trend cross-cuts the regional fabric; however, it correlates well with the trends observed in the area from the 2007 airborne magnetic data. Of note is the lack of a significant magnetic or radioactive anomaly over trench TR08-008

(Star Trench) where high radioactivity and abundant magnetite were encountered when excavated. This suggests this material, although well mineralized in Ta and P, is of low volume and extent.

The radiometric survey was completed concurrently with the magnetic survey over the Star Trench Area with data collected from the same 1,328 stations. Radioactivity readings were recorded with either a Terraplus RS-121 Super Gamma-Ray scintillometer or RS-125 Super Gamma-Ray spectrometer. Several spot highs (>350 CPS) are located throughout the grid with; the highest anomalies (>700 CPS) associated with the magnetic high trend. A cluster of highs appears to correlate with the lower intensity magnetic high at the southwest end of the magnetic high trend.

Results of the 2010 ground magnetic and radiometric surveys are in presented below in Figure 7.24 and Figure 7.25

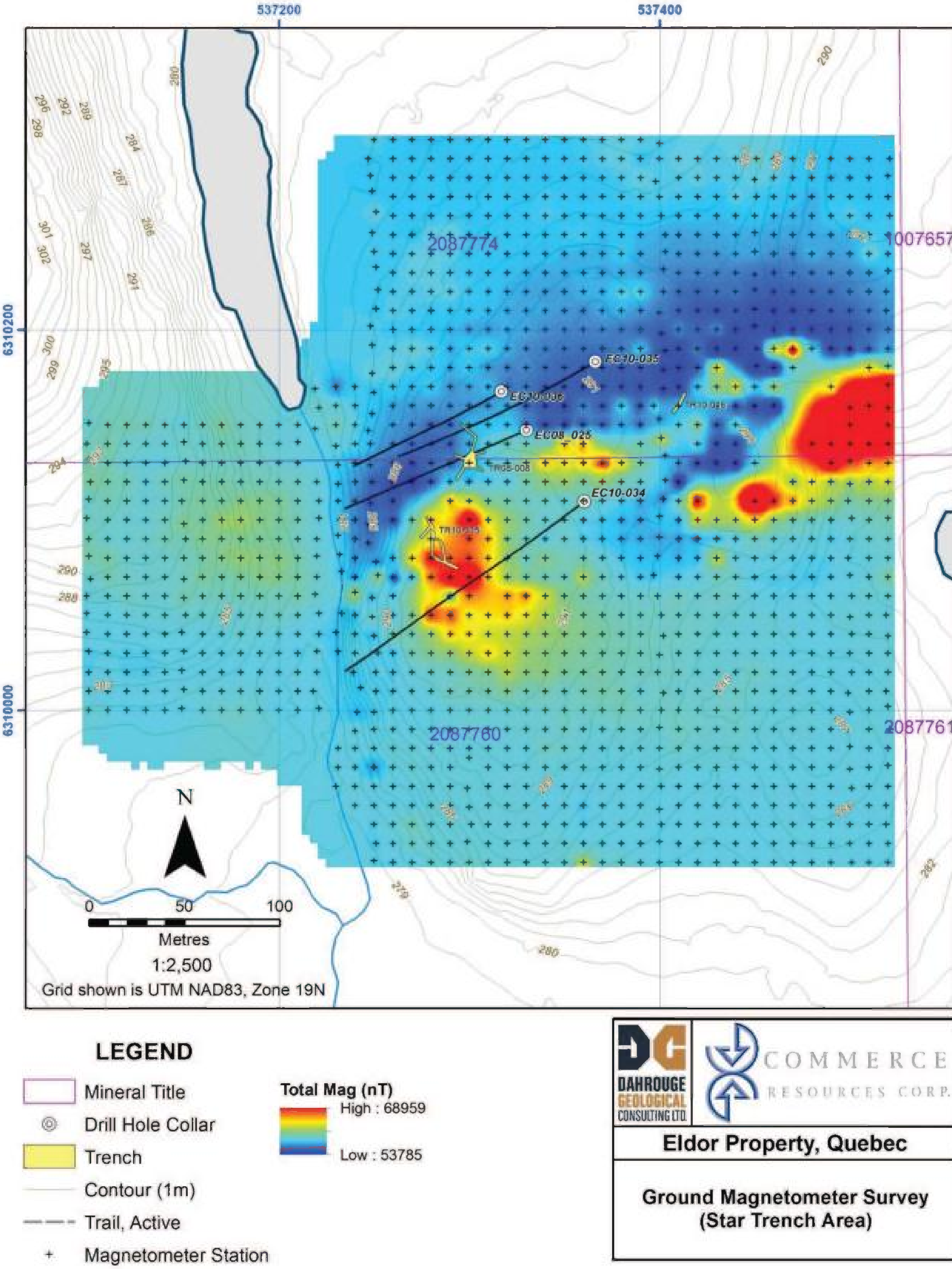

Figure 7.24 Gridded 2010 Ground Magnetic Survey Data (Star Trench Area)

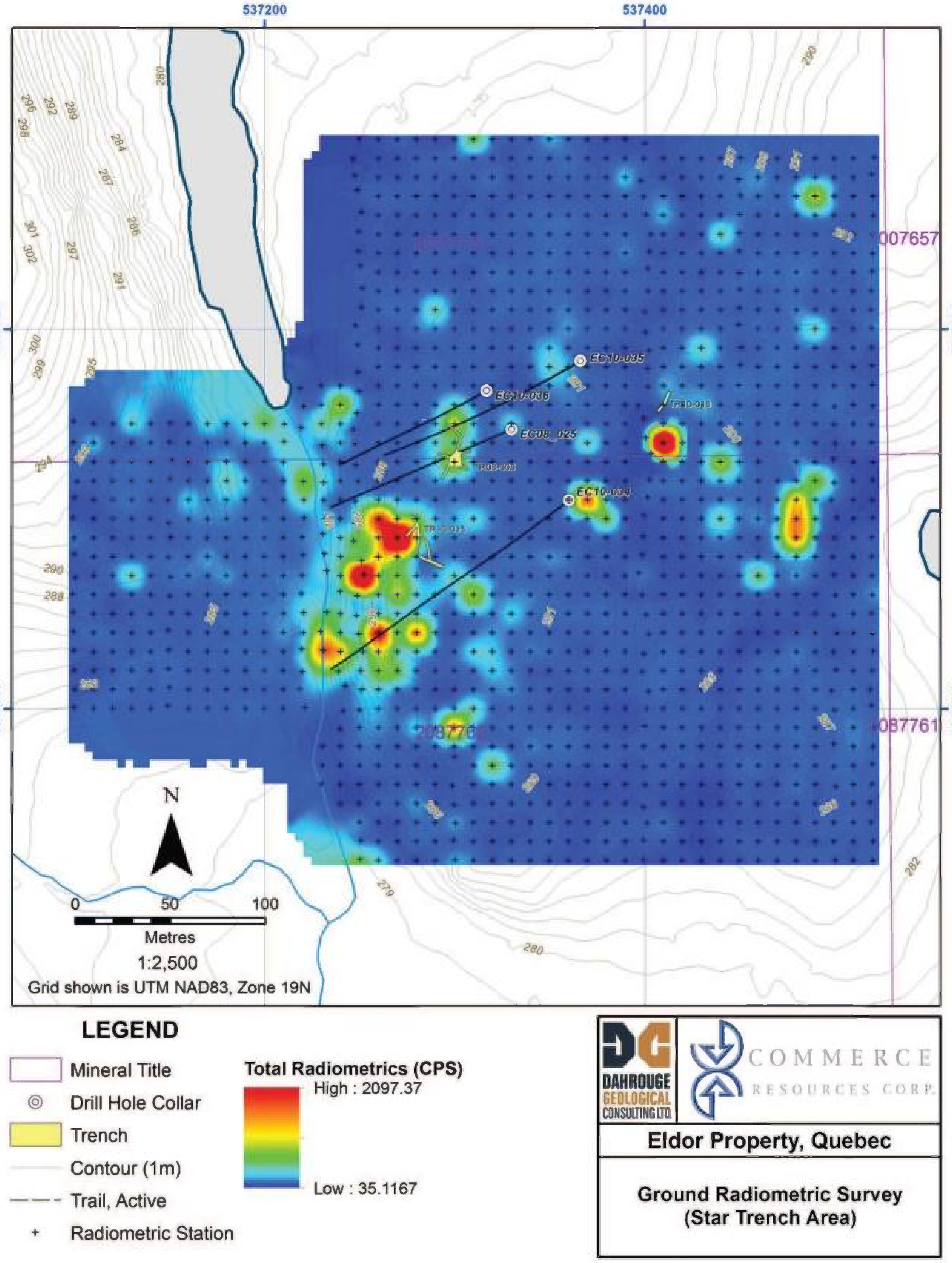

Figure 7.25 Gridded 2010 Ground Radiometric Survey Data (Star Trench Area)

7.7 2010 AND 2011 SATELLITE DATA ACQUISITION

During the summer of 2010, VIASAT Geo-Technologies Inc. (VIASAT) was contracted to acquire satellite imagery over the Property. The data was acquired using the GeoEye-1 satellite launched in September of 2008.

The horizontal resolution of the data collected is 0.5 m. The DEM, derived from a stereo pair of satellite images, has an accuracy of ±1 m vertical and ±2.5 m horizontal. The data allowed for production of contours at intervals of 1 m.

The data was acquired through multiple attempts during the summer of 2010 as a clear day was required for proper acquisition. However, it was determined, after the final deliverables were received, that several isolated areas of the survey block had poorer quality data than anticipated due to cloud cover at the time of acquisition. Coincidentally, one of these areas occurred over the Southeast Area. As such, additional data acquisition using GeoEye-1, contracted through VIASAT, was completed during the late fall of 2011.

The 2011 data was merged with the 2010 dataset to provide a complete package with deliverables that included Geotiff format images and DEM, as well as GIS shape files for contours, streams, and lakes. Due to the nature of the data acquisition and subsequent final deliverables, no report appendix is present for this work. However, the figures contained herein utilize this data as a base map.

7.8 MOBILIZATION OF D5 CAT BULLDOZER TO THE PROPERTY

In early 2009, it was decided the most economic means of advancing exploration on the Property was to emplace exploration trails and complete drill moves with a bulldozer. The thought being this would reduce considerably the requirements of a helicopter for crew and drill transport while on site.

As such, in the late winter of 2009, a Caterpillar Tractor (Bulldozer) Model #D5M XLFTC was purchased from Les Structures Pelco Inc. It was decided to 'walk' it in to the Property with the aid of a local guide that season; however, the machine became stuck approximately 70 km south of Kuujjuaq. Successful efforts were made to free the machine from is predicament, service it on site, and store it adjacent until the next winter when the rest of the walk-in could be completed.

The following winter a new crew was mobilized to the CAT location with the intention of completing the mobilization of the CAT to the Property. An additional ~11 km in the journey was made before the CAT became stuck again.

Shortly thereafter, an opportunity presented itself whereby a Sikorsky S-61 would be in-transit in the area during the summer and could take a few days to heli-lift the CAT to the Property at a reasonable cost. As such, once the CAT was freed it was broken down into several pieces, amenable to the lifting capacity of the Sikorsky S-61, and fully mobilized to the Property during the summer of 2010. The CAT was then re-assembled on site, serviced, and was fully operational by September of 2010.

During 2011, the CAT was used to emplace an exploration trail to the main area of drilling and has assisted in many aspects of exploration since this time (drill moves, trenching, and exploration trail emplacement).

A portion of the costs related to the CAT mobilization are claimed for assessment and are detailed in Appendix 2.

8 2011 EXPLORATION

Exploration of the Eldor Property was completed by Dahrouge, on behalf of Commerce Resources Corp., from February 10th through December 1st, 2011. Exploration programs may be separated into a winter (February to May) and summer/fall (June to December). Work consisted of prospecting, mapping, rock and soil sampling, trenching (soil stripping), ground gravity and magnetic survey, airborne gravity and magnetic survey, mineralogical analysis, and diamond drilling (BTW and NQ). In addition, detailed satellite imagery at 0.5 m resolution was acquired, infilling areas not imaged in 2010 due to cloud cover.

Eldor Property Exploration Areas are shown in Figure 7.1. Exploration focused on four main areas; Ashram, Beckling, Triple D, and West Rim. The Beckling discovery was a result of fieldwork during the 2011 season.

The 2011 field exploration of the Eldor Carbonatite Complex continues to illustrate a multi-commodity potential, with appreciable area enrichment in niobium-tantalum, rare earth elements, phosphate, and fluorine with much of the property still underexplored. A summary of work completed in 2011 is listed below in Table 8.1.

Table 8.1 Summary of the 2011 Exploration

Exploration Type	Units
Drilling (BTW)	3656.42 m (winter), 4758.27 m (summer)
Drilling (NQ)	0.00 m (winter), 5361.63 m (summer)
Prospecting Rocks	323 samples
Prospecting Observation Points	506 stations
Soils	1696 samples
Trenching	10 trenches (~149.9 m^3)
Ground Gravity / Magnetics (Ashram)	183.2 ha / 171.2 ha
Ground Bathymetry (Ashram)	49.3 ha (Northern Centre Pond)
Airborne Gravity/Magnetics (Complex)	632 line-km (+144 excised line-km)
Satellite Imagery	7,975.3 ha

8.1 2011 PROSPECTING AND ROCK SAMPLING

During the course of the 2011 ground exploration, portions of the Eldor Property were prospected and potentially mineralized outcrop and boulders were sampled. Prospecting followed up work completed in previous years, as well as other targets and areas not yet explored. To locate mineralized boulders and sub-crop, RS-121 Gamma-Ray Super Scintillometer and RS-125 Gamma-Ray Super Spectrometer/Scintillometers were used. Radioactivity, as assessed with a scintillometer, is an excellent method of prospecting for Nb-Ta-REE mineralization.

The majority of 2011 exploration focused on REE targets within, or in close proximity to the carbonatite complex. Moreover, the areas of MC Exposure due to positive initial results during prior years' work, as well as developing targets at West Rim and Triple D. Partway through the summer field program a REE mineralized carbonatite outcrop termed 'Beckling' was discovered ~500 m east of the complex, and a significant amount of groundwork in the area followed. As outcrop exposure was minimal, limited geological mapping was completed during prospecting with mapping completed following the same protocols as that of 2010.

Rock samples were described, placed in clear and pre-labeled plastic bags, had their CPS recorded and sealed with a plastic zip tie. Samples were shipped to Actlabs as described in Section 7.1. Rock samples were analyzed for major, base, and trace elements (Code 8-REE package by ICP and ICP-MS), Nb-Ta (Code 8 by XRF), and Au (Code 1A2 by fire assay). In addition, analysis for F (Code 4F-F by ISE) was completed, which had not been in prior years.

A total of 323 rock samples were collected and assayed from outcrop and boulders. Of the samples collected, 179 were from boulders, 117 from outcrop, and 27 could not be confidently categorized as either. The vast majority of samples collected were of carbonatite.

Analytical results for TREO range up to 5.46%; Nb_2O_5 from nil to 16.09%; Ta_2O_5 from nil to 7,540 ppm; P_2O_5 up to 21.0%; F up to 31%; U up to 5,580 ppm; Ni up to 660 ppm. A chalcopyrite mineralized quartz vein discovered cross-cutting a boulder sample south of MC Exposure returned a Cu value of 1.06%. The remainder of samples have Cu values ranging from <10 to 710 ppm. Results for Fe_2O_3 range up to 58%, with the peak value returned from a boulder sample directly east of Beckling.

In addition, 506 prospecting waypoint locations were recorded identifying stations, sample locations, radioactive anomalies and other pertinent geological observations. A high of 19,000 CPS was obtained.

The West Rim Target is located approximately 800 m west of the Ashram Deposit, on the margin of the complex, and is coincident with radiometric and regional soil anomalies. The area has seen little work prior to 2011. Prospecting in 2011 revealed a mineralized boulder train ~400 m in length with TREO values ranging from 1.43-2.27%, trending ~330°, that is coincident with an airborne regional Th anomaly. In addition, large areas of elevated background radioactivity, commonly associated with rare earth element mineralization, were also identified. Three small trenches were attempted in the area, south of the boulder train; although failing to reach bedrock, several samples were collected from boulders within.

The most mineralized samples from the area were of boulders, with one assaying 2.27% TREO and another assaying 16.09% Nb_2O_5 and 7,540 ppm Ta_2O_5. This second sample is the highest Nb-Ta mineralized sample ever returned from the Property and, based on local glacial trends, is potentially sourced further south in the complex. Several >10% Nb_2O_5 boulder samples have been collected on the Property historically; however, the source has yet to be identified.

The Triple D Area, to the south of Glim Lake, became a target of interest when it was found that the REE mineralized boulder train formed a lull in magnitude just north of Centre Pond. The lull is coincident with the pinching inward of a larger airborne Th anomaly originally thought to be solely sourced from Ashram. However the theory has since been revised to incorporate multiple point sources, with the Triple D Area potentially representing another rare earth mineralized body. Several mineralized boulder samples collected from the area returned TREO values >1% with a peak value of 2.53% with one boulder sample returning 860 ppm Ta_2O_5.

Mineralized carbonatite outcrop and boulder samples were collected from the area surrounding Pands Lake, west of Triple D, directly south of Glim Lake. Numerous samples returned anomalous TREO (up to 2.97%) and Ta_2O_5 (up to 2,510 ppm) values. An outcrop sample returned 0.41% Nb_2O_5 and 660 ppm Ta_2O_5.

During soil sampling, an unexpected rare earth mineralized carbonatite outcrop was discovered east of J Lake, ~500 m outside the main complex, and became the focus of additional exploration in the area; thereafter termed 'Beckling'. A similar mineralogy to Ashram was noted although a dominant schistose texture and more localized intense zones of fluorite were present. The best assay returned from the area was 5.46% TREO (22% MH/T) with 27.2% F, although the source (i.e. outcrop or boulder) was not noted by the sampler. Several other samples with >1% TREO were also returned including an outcrop assaying 2.16% TREO and 8.6% F.

Select rock samples from the 2011 exploration area are listed in Table 8.2.

Table 8.2 Select Mineralized Rock Samples Collected in 2011

Sample ID	Exploration Area	Source	Target Mineralization	TREO (%)	Nb_2O_5 (%)	Ta_2O_5 (ppm)	P_2O_5 (%)	F (%)
92966	Beckling	Unknown	REE-F	5.46	0.01	30	5.3	27.2
92964	Beckling	Outcrop	REE-F	4.30	0.01	< 30	3.9	20.1
92970	Beckling	Outcrop	REE-F	2.16	0.01	< 30	3.5	8.6
92971	Beckling	Boulder	REE-F	1.69	0.03	30	1.0	7.8
92029	MC Exposure	Boulder	REE	2.44	0.01	< 30	2.3	0.2
92032	MC Exposure	Outcrop	REE	1.69	0.01	< 30	0.4	0.2
92478	North Glim Lake	Boulder	REE	2.23	0.07	< 30	1.6	4.4
92497	North Glim Lake	Boulder	REE	2.01	0.21	30	0.5	4.0
92355	Triple D	Boulder	REE	2.53	0.05	< 30	1.0	7.7
92324	Triple D	Boulder	REE	0.55	0.48	860	10.6	1.9
92991	Triple D	Boulder	REE	0.35	1.81	200	12.7	1.1
107620	Pands Lake	Outcrop	REE-Nb-Ta	2.97	0.02	< 30	0.9	0.2
92932	Pands Lake	Boulder	REE-Nb-Ta	2.70	0.02	30	3.3	1.4
107621	Pands Lake	Outcrop	REE-Nb-Ta	0.25	0.41	660	0.8	0.3
92988	Pands Lake	Boulder	REE-Nb-Ta	0.14	3.94	2,510	0.1	0.1
92121	West Rim	Boulder	REE	0.26	16.09	7,540	0.5	3.1
92291	West Rim	Boulder	REE	2.27	0.11	< 30	0.9	6.2

Rock sample locations displaying Nb_2O_5, Ta_2O_5, and TREO analytical results, as well as prospecting data, are presented in Figure 7.2, Figure 7.3, and Figure 7.4, as well as Figure 7.5, Figure 7.6, and Figure 7.7 respectively (maps in pocket). Rock sample locations and descriptions are in Appendix 4a with corresponding analytical certificates in Appendix 4b. Prospecting point locations and descriptions are in Appendix 5.

8.2 2011 SOIL SAMPLING

During the course of 2011 summer ground, a tightly spaced soil sampling program was completed central to the Property. The main objective of the sampling was to refine and identify new Ta-Nb and REE anomalies for further ground delineation, and drill targeting. This was accomplished by establishing four contiguous soil grids termed Miranna, Beckling, MC Exposure and West Rim; collectively called the Central Grid. A ground RA survey was also completed concurrently.

A total of 1,696 soil samples were collected throughout the Property in 2011. This includes 501 samples collected from the Miranna Grid, 348 samples from the Beckling Grid, 437 samples from the MC Exposure Grid, 400 samples from the West Rim Grid, and 10 off-grid samples.

Grids lines were spaced 200 m apart with stations every 50 m for all four grids. Grid lines were oriented in a general southwest-northeast direction, approximately perpendicular to the trend of the regional geology, as well as apparent ice flow direction. Soil sample locations were calculated prior to the field survey using ArcGIS software to generate an idealized grid. The locations were traversed to using hand held GPS units and samples collected.

The 10 off-grid soil samples were collected during prospecting where radioactive anomalies existed but no rock samples could be collected.

The target depth for soil samples is the 'B' horizon with holes averaging ~30 cm deep. The wetness, colour, grain size, sorting, clast characteristics (abundance, shape, size, rock type), amount of organics and CPS of the soil were noted by the field crew where applicable. The soil sample was placed in a labelled paper bag and sealed with the location marked with flagging tape for future reference. Soils were dried prior to shipping to reduce shipping costs.

Soil samples were sent to Actlabs for analysis using their UT6 package (Trace Element Analysis by ICP and ICP-MS) and 1A2 (Au by fire assay) and followed the same transportation logistics as the prospecting rocks (Section 7.1).

Analytical results for TREO range up to 3.24%, Nb_2O_5 up to >715 ppm (above detection limit), Ta_2O_5 up to 48 ppm, Ni up to 1,090 ppm, and Cu up to 1,060 ppm.

The Miranna Grid (501 samples) is located to the east of Centre Pond. The location became a target of interest during the 2010 field season when REE mineralized soil samples and Nb mineralized rock samples were collected from the area. The grid returned a total of 46 samples with TREO values >0.20 % to a peak of 1.29%. Four samples returned Nb_2O_5 values >400 ppm to a peak for >715 ppm (the detection limit), and two samples returned Ta_2O_5 values >10 ppm to a peak of 17 ppm.

The Beckling Grid (348 samples) is located to the east of J Lake and north of Enterprise Lake. An REE mineralized carbonatite outcrop, discovered during soil sampling, resulted in the area becoming a more primary focus for the remainder of the exploration program. The grid returned a total of 28 samples with TREO values >0.20 % to a peak of 1.46%. Two samples returned Nb_2O_5 values >400 ppm to a peak for 644 ppm, and four samples returned Ta_2O_5 values >10 ppm to a peak of 21 ppm.

The MC Exposure Grid (437 samples) is located east of Enterprise Lake. The grid was established as follow-up to REE mineralized carbonatite outcrop and soil samples were collected in the area in 2010. The grid returned 17 samples with TREO values >0.20% for a peak of 0.45%. One sample returned an Nb_2O_5 value >400 ppm for a peak of 405 ppm, and one sample returned a Ta_2O_5 values >10 ppm for a peak of 13 ppm.

The West Rim Grid (400 samples) surrounds Glim Lake and extends south to the northwestern shore of Centre Pond. The majority of the area had seen minimal exploration prior to 2011, although the southeastern half of the grid also covered the 2010 Triple D Grid north of the Ashram Deposit, and thus, those anomalies are likely sourced from those targets. However, the eastern half of the grid revealed a distinct lobe of anomalies, further supported by prospecting, pointing to a source south of Lesser Glim Lake.

The West Rim Grid returned 98 samples with TREO values >0.20 % for a peak of 1.61%. Thirty-two samples returned an Nb_2O_5 value >400 ppm for a peak of >715 ppm (above detection limit), and 14 samples returned a Ta_2O_5 value >10 ppm to a peak of 48 ppm.

A total of 10 off-grid soil samples were collected in 2011 with 7 assaying >0.20 % TREO to a peak of 3.24% TREO (Beckling Area). In addition, one sample (south of Lesser Glim Lake) returned 0.70% TREO, >715 ppm Nb_2O_5 (above detection limit), and 47 ppm Ta_2O_5.

A large Ni anomaly, previously identified from regional soil sampling in prior years, was further delineated (trending NNW) through the centre of the 2011 Central Grid. More than 50 samples returned Ni values >300 ppm to a peak of 1,090 ppm at the south end of the grid. The anomaly is coincident with a broad, but weak, Cu anomaly identified from the same soil grid.

Soil sample locations displaying Nb_2O_5, Ta_2O_5, and TREO analytical results are presented in Figure 7.8, Figure 7.9, and Figure 7.10 (maps in pocket). Soil sample locations and descriptions are in Appendix 6a with analytical certificates in Appendix 6b.

For better context and evaluation, the Regional and Central grid soil data for Nb_2O_5, Ta_2O_5, TREO, Ni, and Cu are presented in the following figures. The 2007 and 2008 Regional Grid soil survey data is presented in Figure 8.1, Figure 8.2, Figure 8.3, Figure 8.4, and Figure 8.5. The 2011 Central Grid RA survey is in Figure 8.6 with the 2011 Central Grid soil survey data in Figure 8.7, Figure 8.8, Figure 8.9, Figure 8.10, and Figure 8.11.

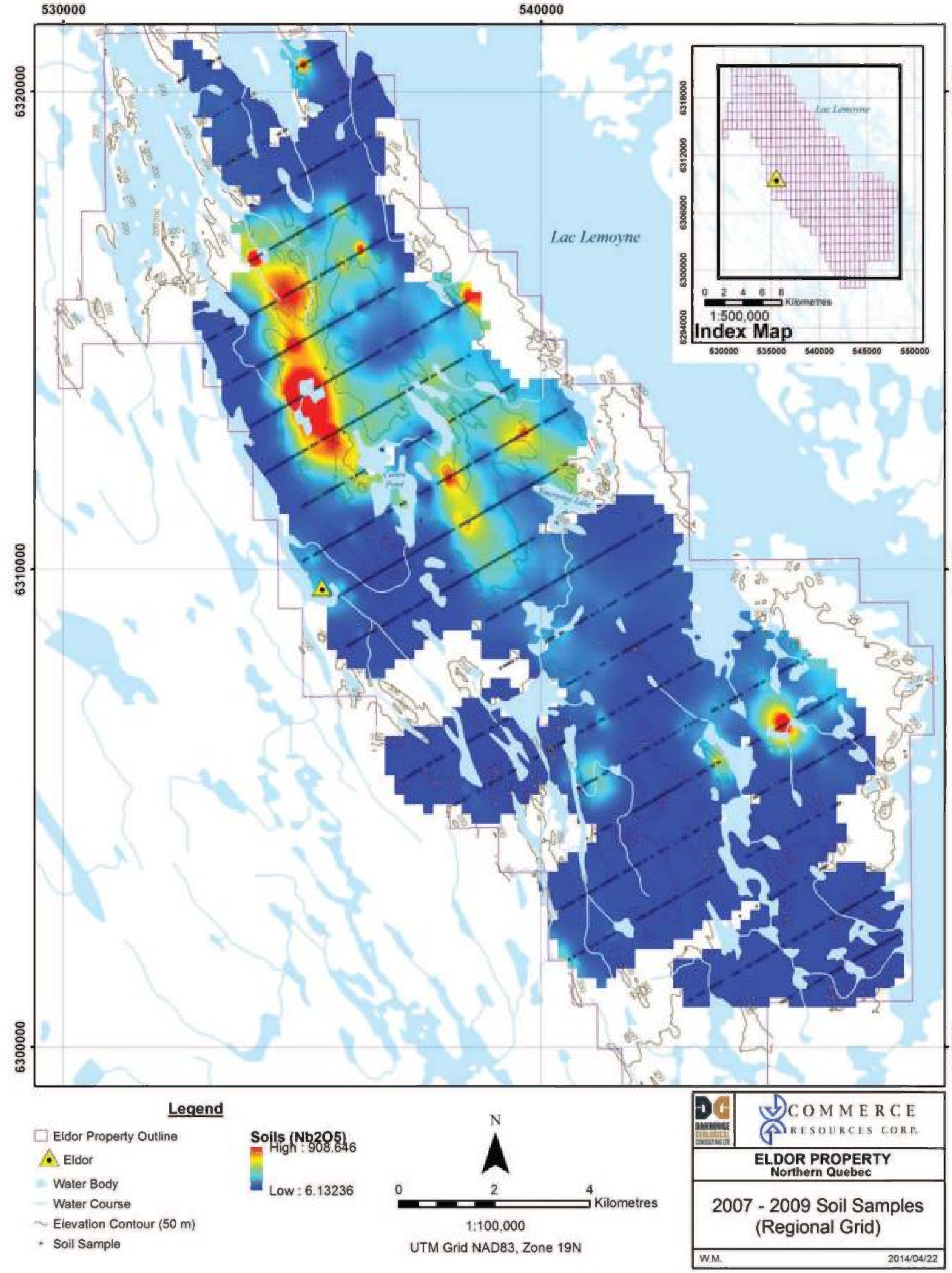

Figure 8.1 Compiled 2007 and 2008 Soil Data (Regional Grid) - Nb_2O_5

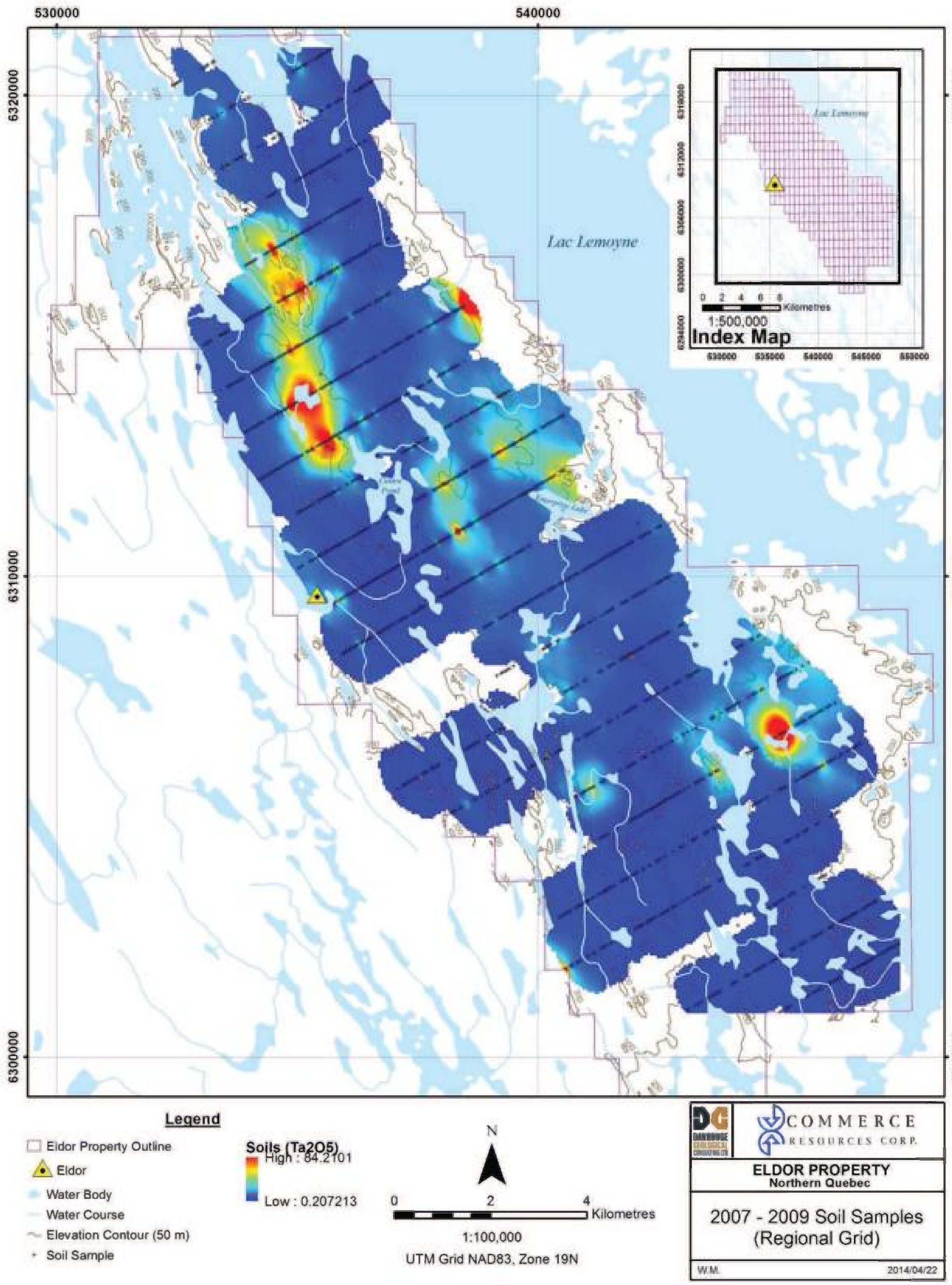

Figure 8.2 Compiled 2007 and 2008 Soil Data (Regional Grid) - Ta_2O_5

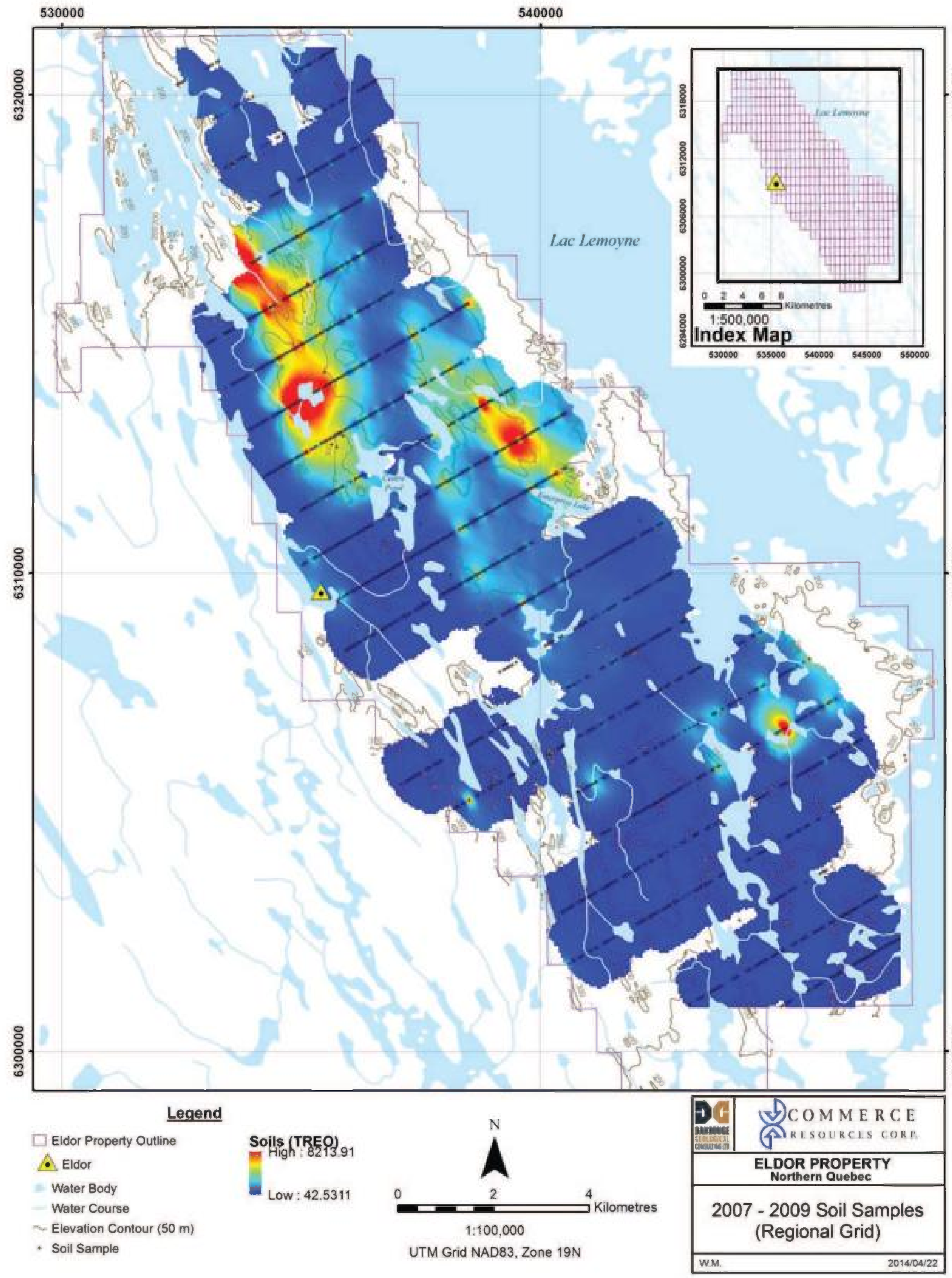

Figure 8.3 Compiled 2007 and 2008 Soil Data (Regional Grid) - TREO

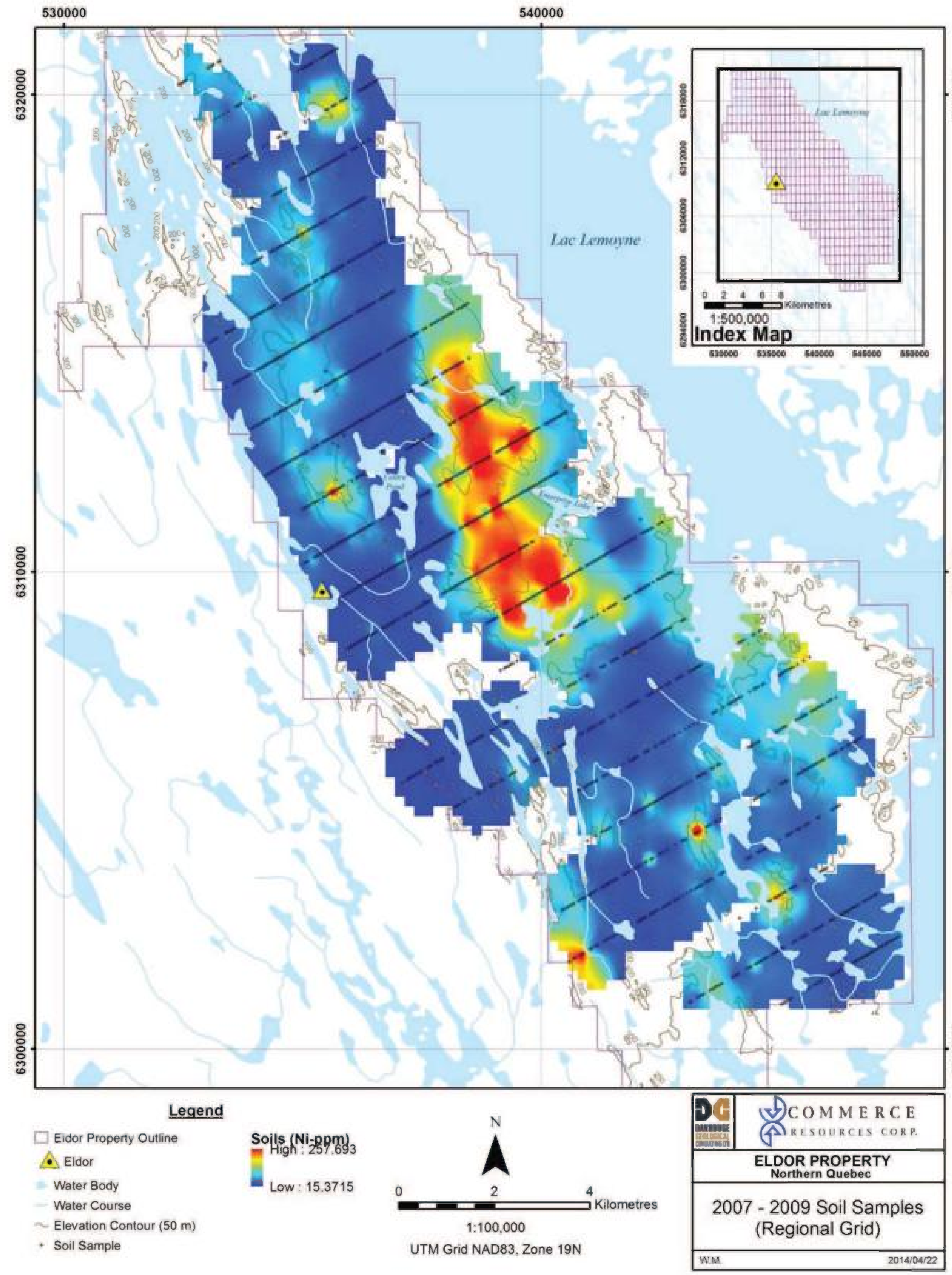

Figure 8.4 Compiled 2007 and 2008 Soil Data (Regional Grid) - Ni

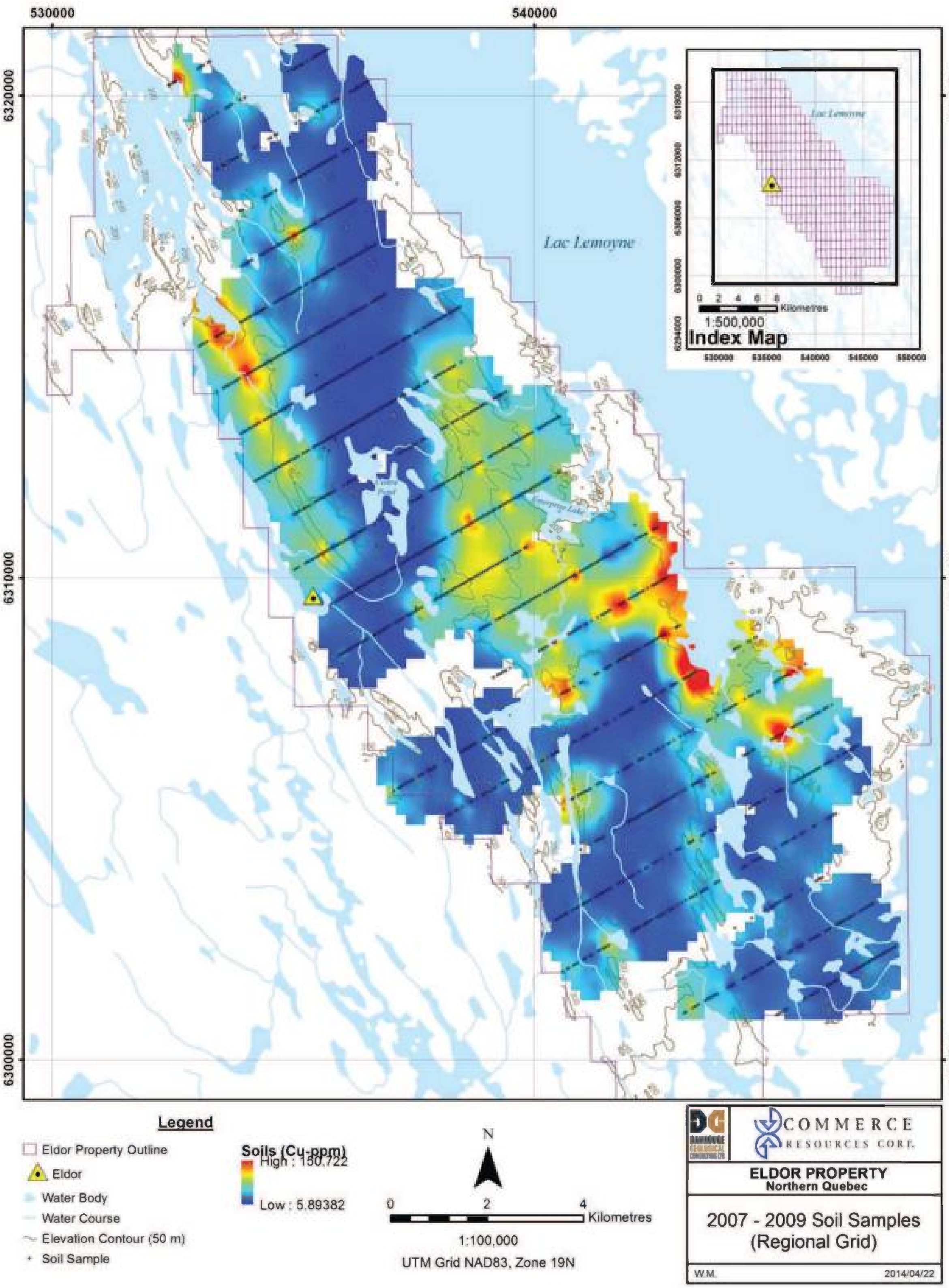

Figure 8.5 Compiled 2007 and 2008 Soil Data (Regional Grid) - Cu

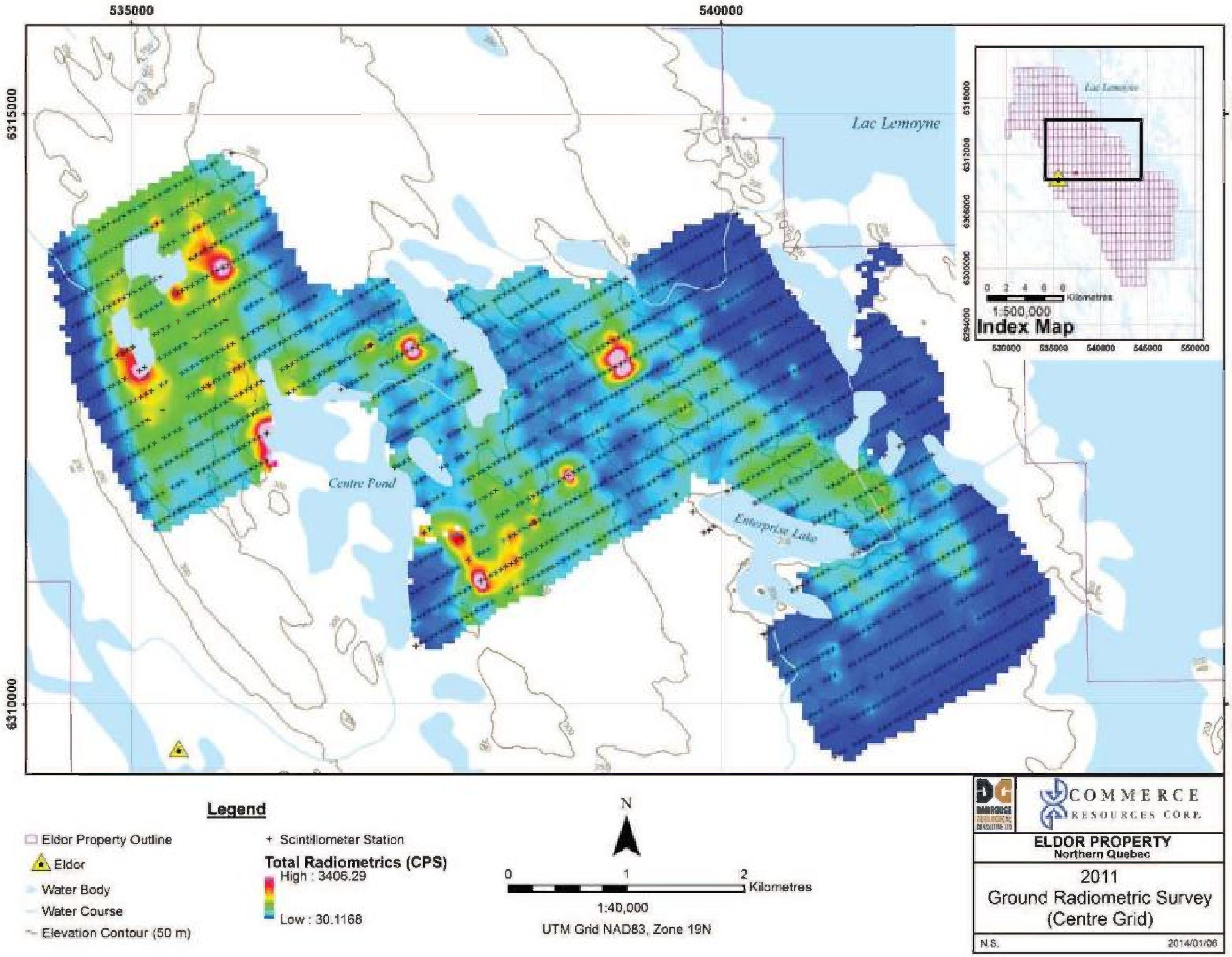

Figure 8.6 2011 Ground RA Survey (Central Grid)

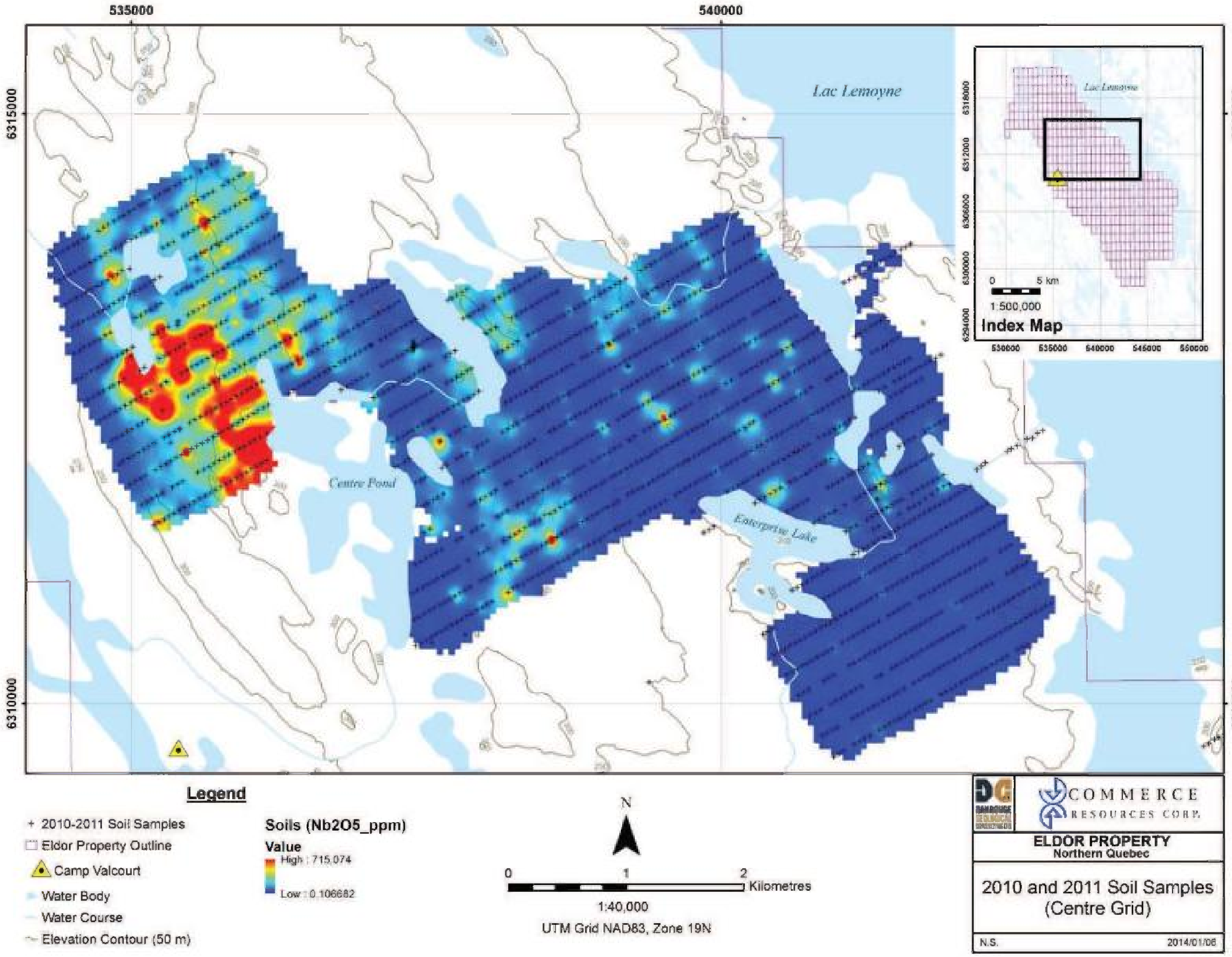

Figure 8.7 2011 Soil Data (Central Grid) – Nb_2O_5

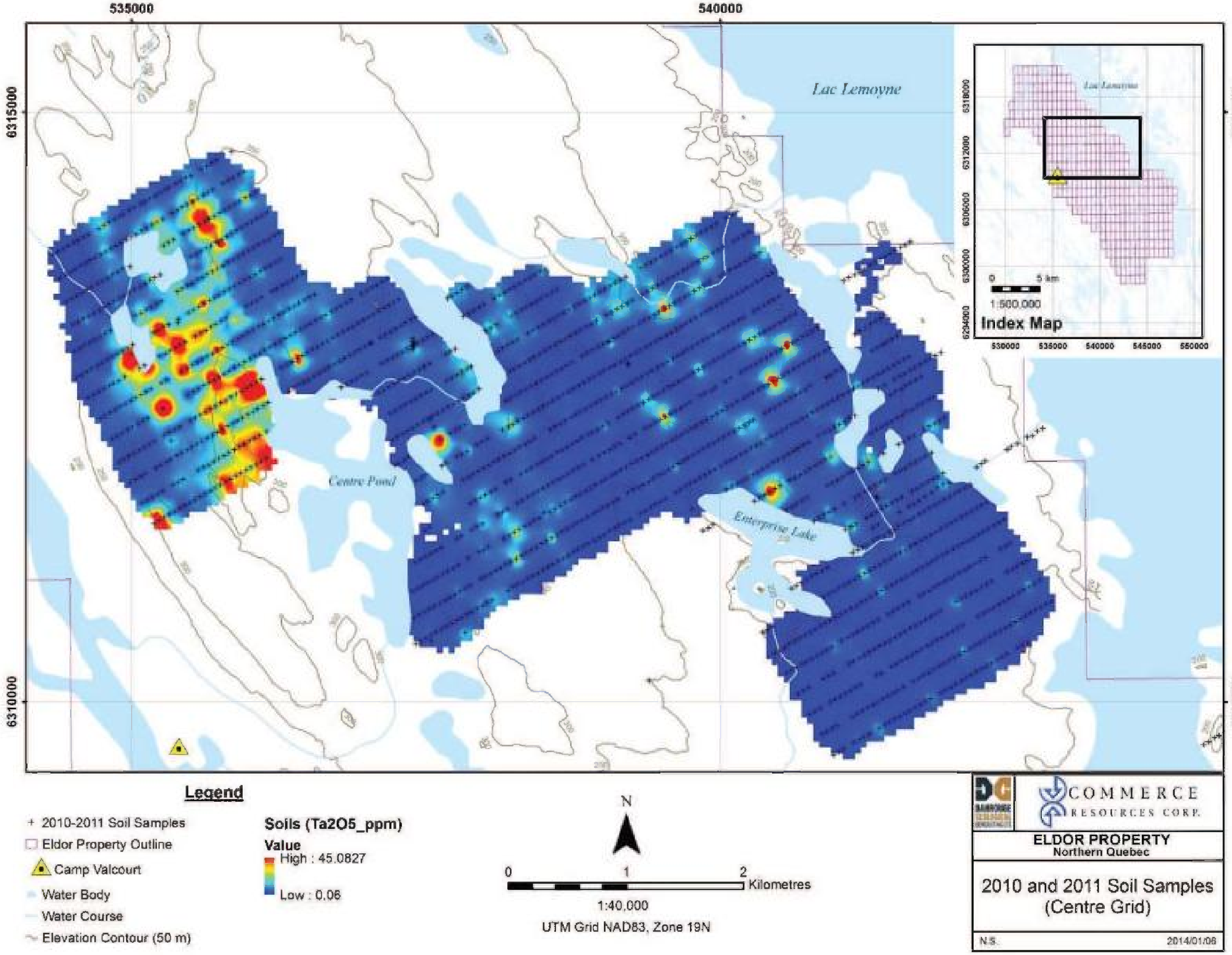

Figure 8.8 2011 Soil Data (Central Grid) – Ta_2O_5

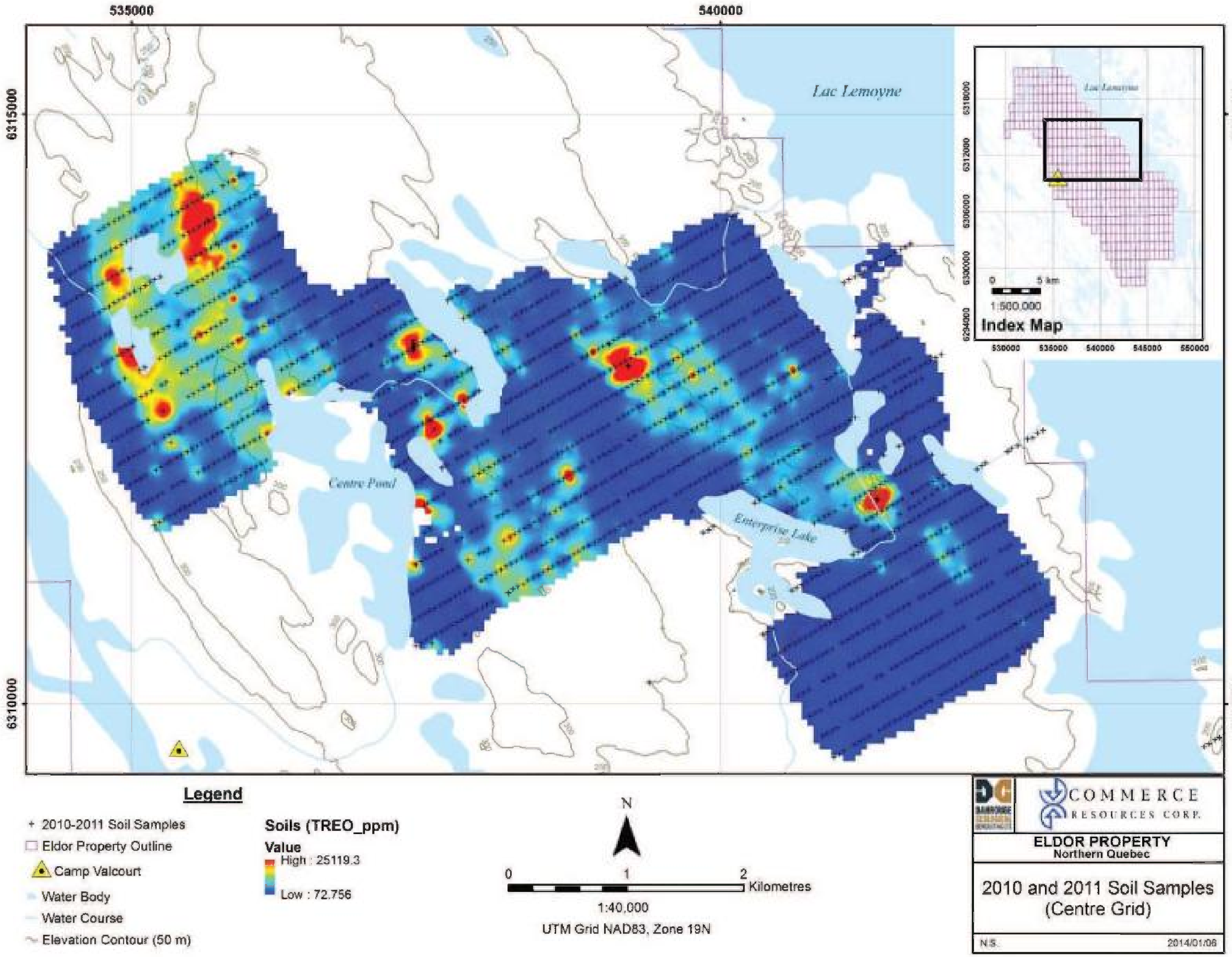

Figure 8.9 2011 Soil Data (Central Grid) – TREO

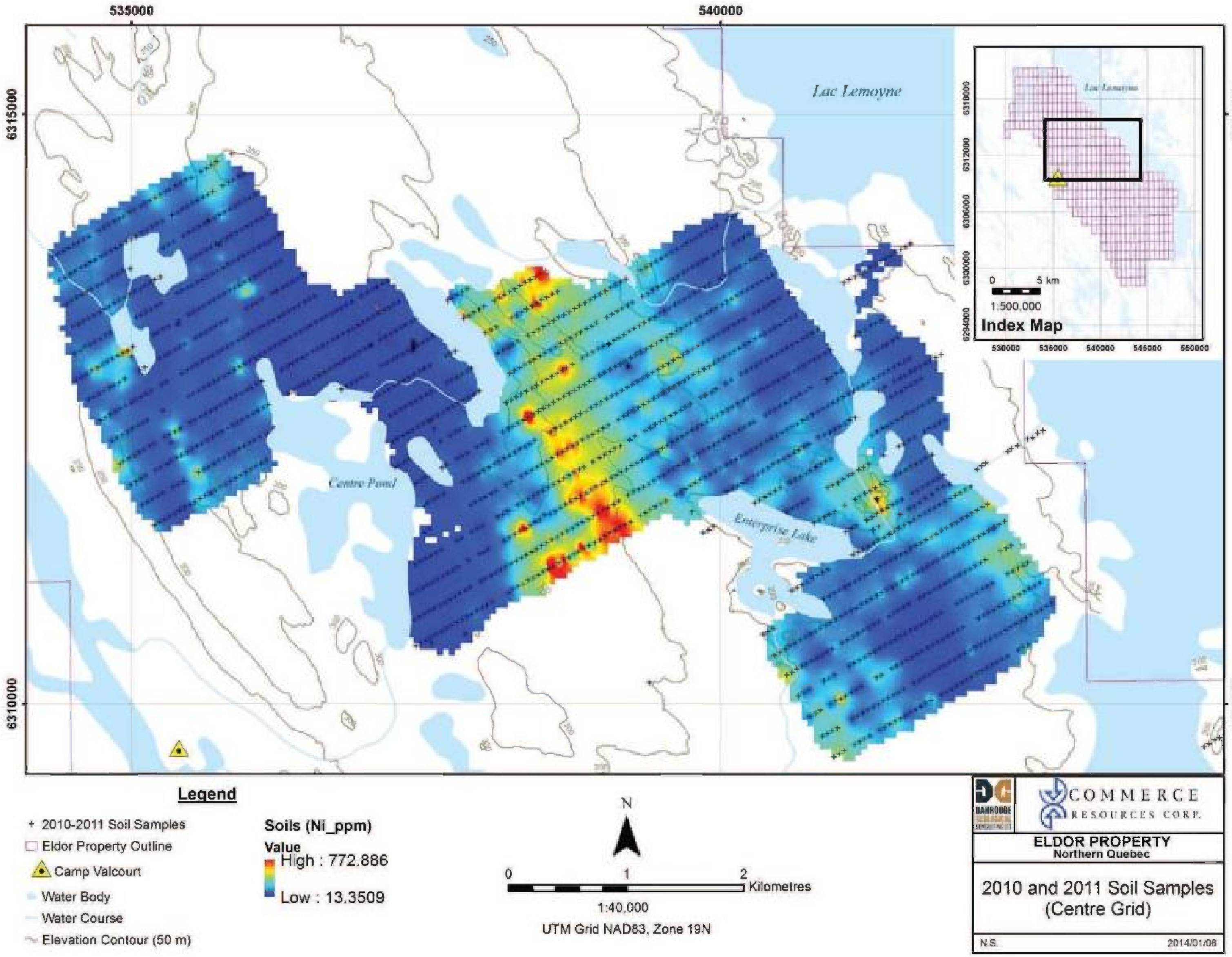

Figure 8.10 2011 Soil Data (Central Grid) – Ni

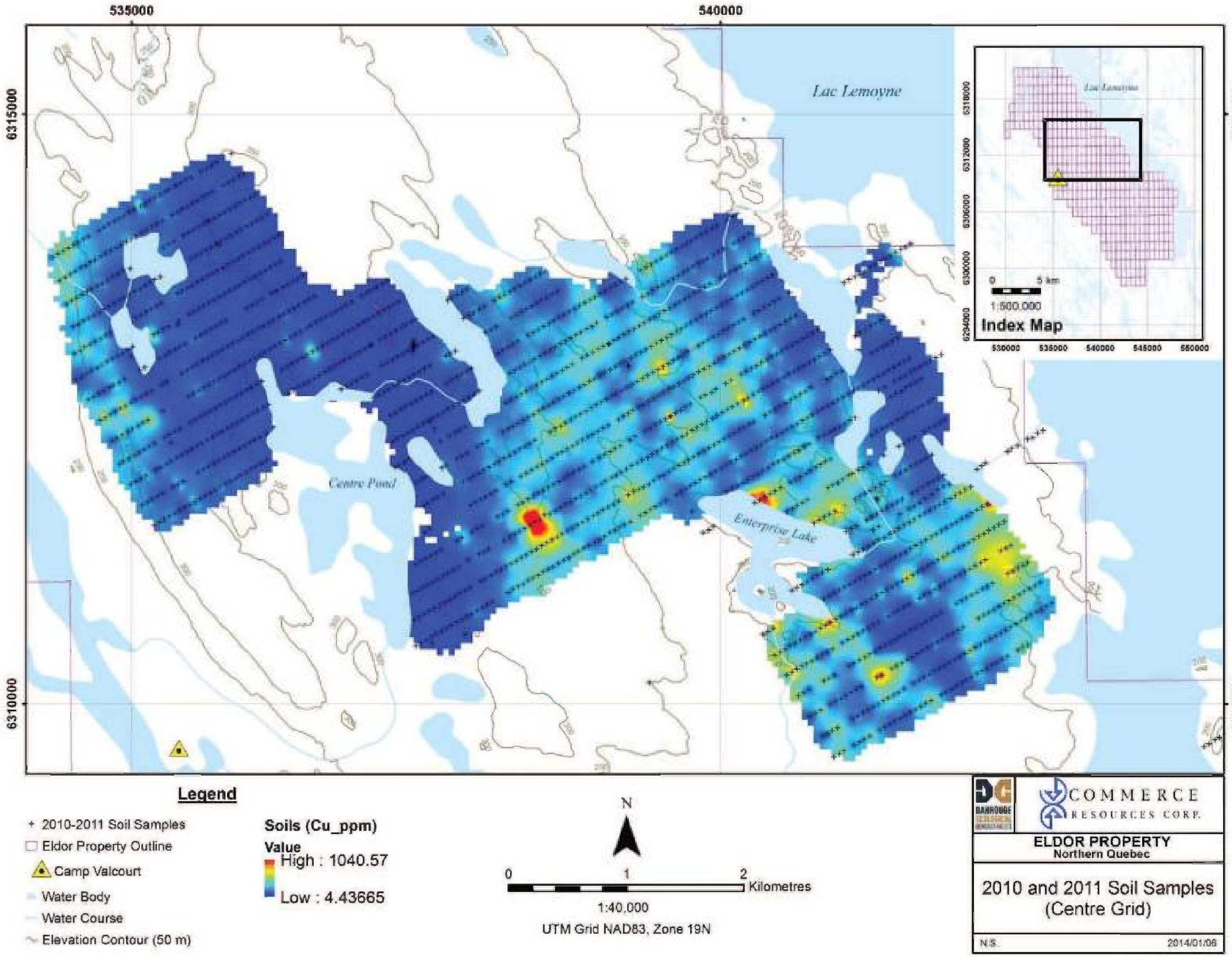

Figure 8.11 2011 Soil Data (Central Grid) – Cu

8.3 2011 TRENCHING

A total of ten trenches (TR11-018, 019, 020, 021A, 021B, 021C, 022A, 022B, 022C, and 023) were completed during the 2011 exploration, from which, 56 sub-crop channel, and 4 boulder samples were collected (Figure 7.11).

The word 'Trenching' refers to the removal of soil (overburden) to reveal bedrock; more aptly referred to as 'soil stripping'. No use of explosives, or means to break up the bedrock to increase exposure, was used.

A full description of the reasoning and methodology for trenching is detailed in Section 7.3.

All 2011 trench rock samples were sent to Actlabs and analyzed for major, base, and trace elements (Code 8-REE package by ICP and ICP-MS) and Nb-Ta (Code 8 by XRF). In addition, analysis for gold (Code 1A2 by Fire Assay) and fluorine (Code 4F-F by Ion Electrode-ISE) where completed. The samples followed the same transportation logistics as the prospecting rocks and soils (Section 7.1).

A trench attribute summary is in Appendix 7a, sample locations and descriptions in Appendix 7b, and analytical certificates in Appendix 7c. Trench locations are in Figure 7.11

8.3.1 TR11-018 (DDD-B) and TR11-019 (DDD-A)

Both TR11-018 and 019 where excavated late in the 2011 drill program using a D5 CAT. Although the ground was still frozen during this time of year, the attempt was made with the CAT in the hopes of hitting bedrock at a shallow depth in order to better position the pending drill hole targeting that location.

Minor amounts of bedrock were exposed in both trenches, although the lithology was not described in detail by the geologist on site. Further, three carbonatite rock samples were collected from TR11-018, although were not sent for assay. It is not clear if these samples were of bedrock or boulders. The max RA noted was 1,500 CPS for TR11-018 and 1,050 CPS for TR11-019, and thus, not overly positive.

Maps of TR11-018 and 019 are in Figure 8.12 and Figure 8.13.

8.3.2 TR11-020

Trench TR11-020 was excavated using the D5 CAT but failed to reach bedrock. The trench targeted the Ashram Deposit's western contact in an effort to confirm that drill pads for EC11-060 and 061 were not placed too far west (i.e. outside mineralization). The max RA noted in the trench was 1,000 CPS. A map of TR11-020 is in Figure 8.14.

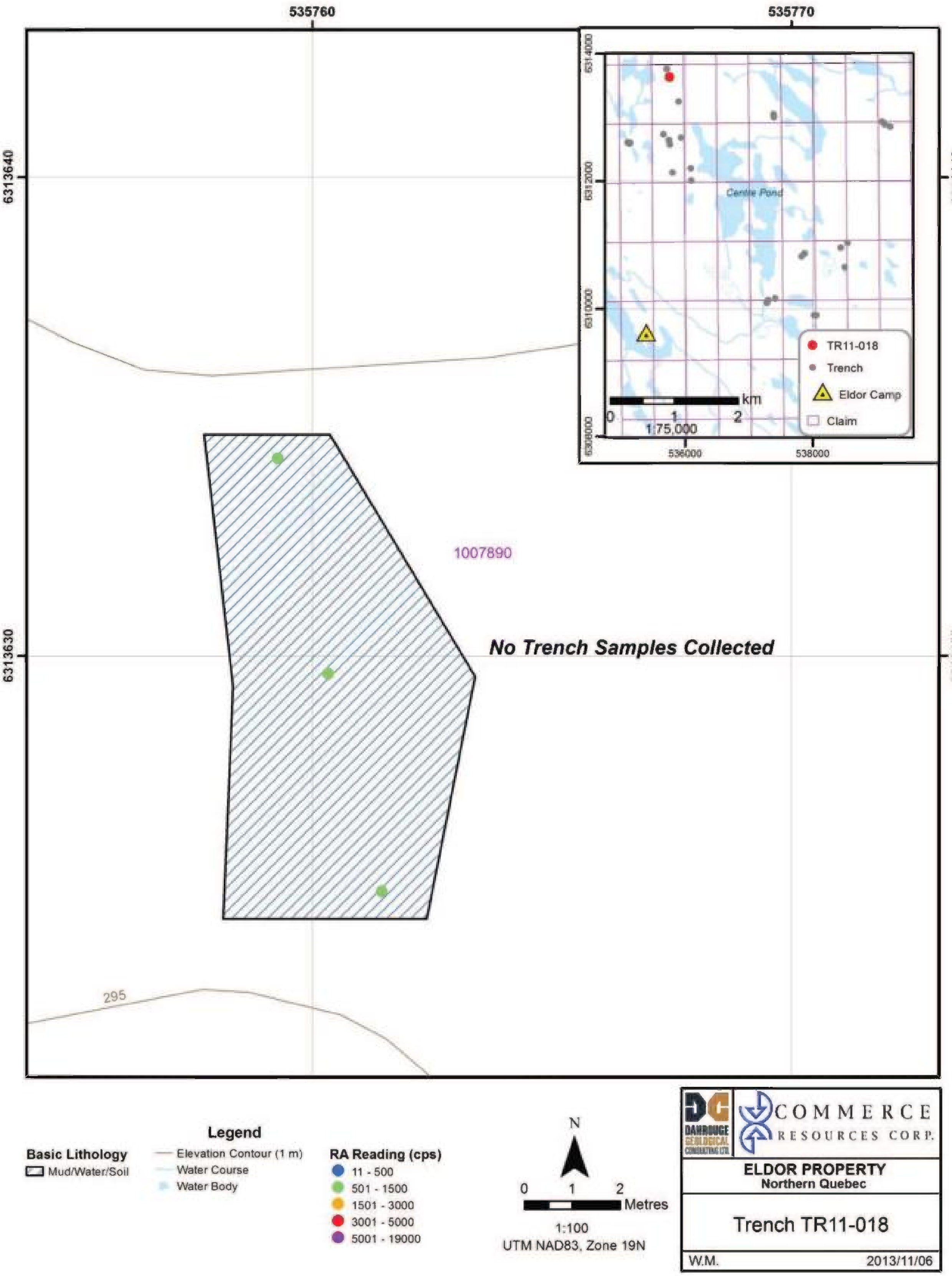

Figure 8.12 TR11-018 (DDD-B)

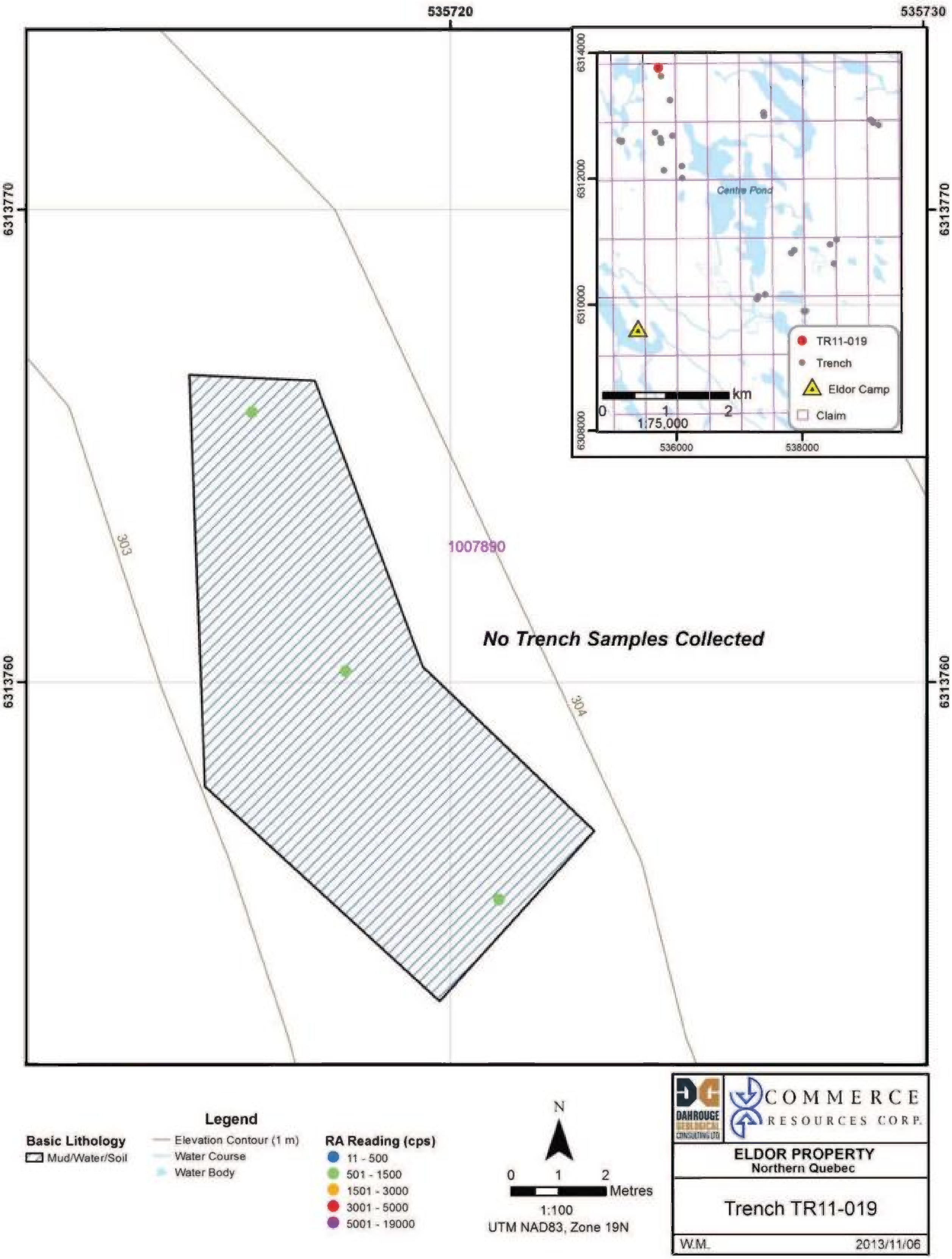

Figure 8.13 TR11-019 (DDD-A)

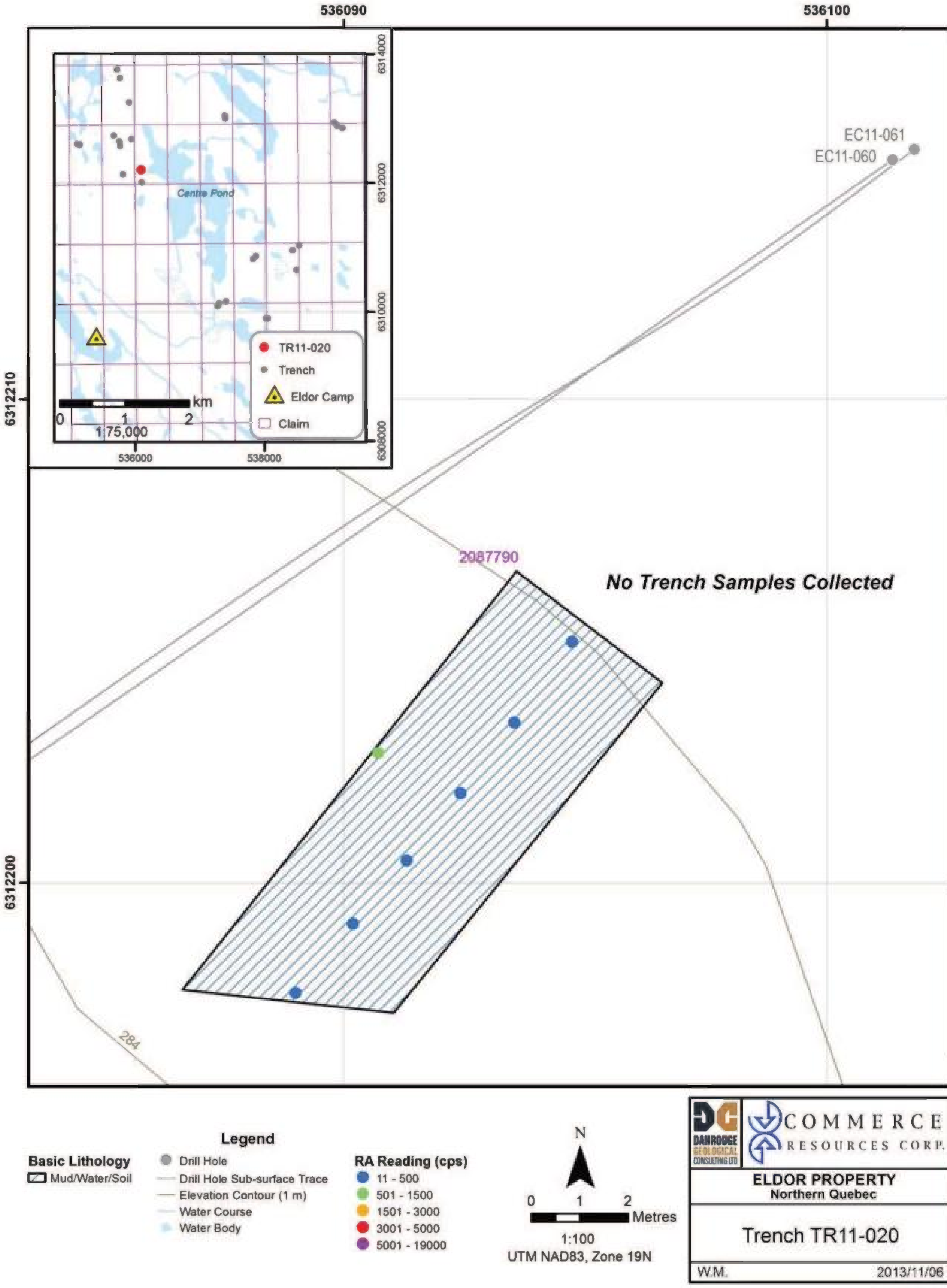

Figure 8.14 TR11-020

8.3.3 TR11-021A, 021B, and 021C (West Rim)

Three trenches were completed in the West Rim Area (TR11-021A, 021B, and 021C) to test an area of broad RA of ~1,000 CPS. All three trenches were located within 40 m of each other and were abandoned prior to reaching bedrock due to flooding. Several RA carbonatite boulders were found within the trenches with four sent for assay, although it is unlikely these boulders are the source of the anomalous RA of the area.

Of the four samples collected one returned 0.93% TREO and another 0.23% Nb_2O_5 with 330 ppm Ta_2O_5. The max RA noted in the area was 1,300 CPS.

A map of TR11-021A, 021B, and 021C is in Figure 8.15.

8.3.4 TR11-022A, 022B, 022C, and 023 (Beckling Area)

During soil sampling in 2011, a new carbonatite outcropping was discovered outside the known extent of the carbonatite complex. The area RA was relatively high (average ~1,000 CPS to a peak of 19,000 CPS) along with Th>>U (via RS mini-spectrometer assay) with accompanying large modal percentage of fluorite, indicating significant REE mineralization may be present. A series of four trenches were completed in order to further evaluate the newly discovered showing's potential.

The initial results of the trenching were encouraging with high CPS, fluorite abundant, dolomite carbonatite encountered. However, analytical results were not as positive as expected with moderate grades and REE distributions returned. Five short drill holes were completed at the Beckling REE target based on initial trenching results and are discussed in Sections 8.4.2.

8.3.4.1 TR11-022A (Beckling 1)

Trench TR11-022A traversed a steep a hill in an area of elevated RA. The trench was successful in revealing carbonatite over an approximate 20 m length. This confirmed a bedrock source for the elevated RA in the area and allowed for orientation of the rock fabric to be noted, in turn, resulting or a more optimal placement of the drill hole. A max CPS of ~10,000 was recorded in the trench.

A total of 23 channel samples were collected and sent for analysis. As anticipated, Nb-Ta grades were low and fluorine grades were high (peak of 9.2%). However, TREO values were lower than anticipated, ranging from 0.15% to a peak of 1.33%. The lower grade was partially offset by an REE distribution more weighted in the HREOs than at Ashram; typically 10% to a peak of 33% MH/T.

A map of TR11-022A is in Figure 8.16.

8.3.4.2 TR11-022B (Beckling 2)

Trench TR11-022B is located approximately 25 m to the northwest of TR11-022A. It targeted the same area of elevated background RA and attempted to confirm the extent of the carbonatite, noted in TR11-022A, along strike to the northeast. The trench was successful with dolomite carbonatite being the only bedrock type encountered. Further, the bedrock was mineralized in purple fluorite and confirmed to be the source of the high area RA (max CPS ~3,300), indicating potential REE mineralization.

A total of 8 channel samples were collected and sent for analysis. As anticipated, Nb-Ta grades were low with fluorine grades moderate (0.6% to 3.8%). However, TREO values were similar to those of TR11-022A, ranging from 0.24% to a peak of 1.20%. The REE distribution however, was poorer than that of TR11-022A.

A map of TR11-022B is in Figure 8.16.

8.3.4.3 TR11-022C (Beckling 3)

Trench TR11-022C is located approximately 25 m to the northwest of TR11-022B, 50 m to the northwest of TR11-022A. It targeted the same area of elevated background RA and attempted to confirm the extent of the carbonatite, noted in TR11-022A and 022B, along strike to the northeast. The trench was successful with dolomite carbonatite being the only bedrock type encountered. Further, the bedrock was strongly mineralized in purple fluorite and confirmed to be the source of the high area RA (max CPS ~5,800), indicating potential REE mineralization.

A total of 6 channel samples were collected and sent for analysis. As anticipated, Nb-Ta grades were low, with fluorine grades very high (3.8% to 19.6%). TREO values were slightly higher than the TR11-022A and 022B, ranging from 0.92% to a peak of 1.55%. The REE distribution however, was lower than either TR11-022A or 22B.

A map of TR11-022C is in Figure 8.16.

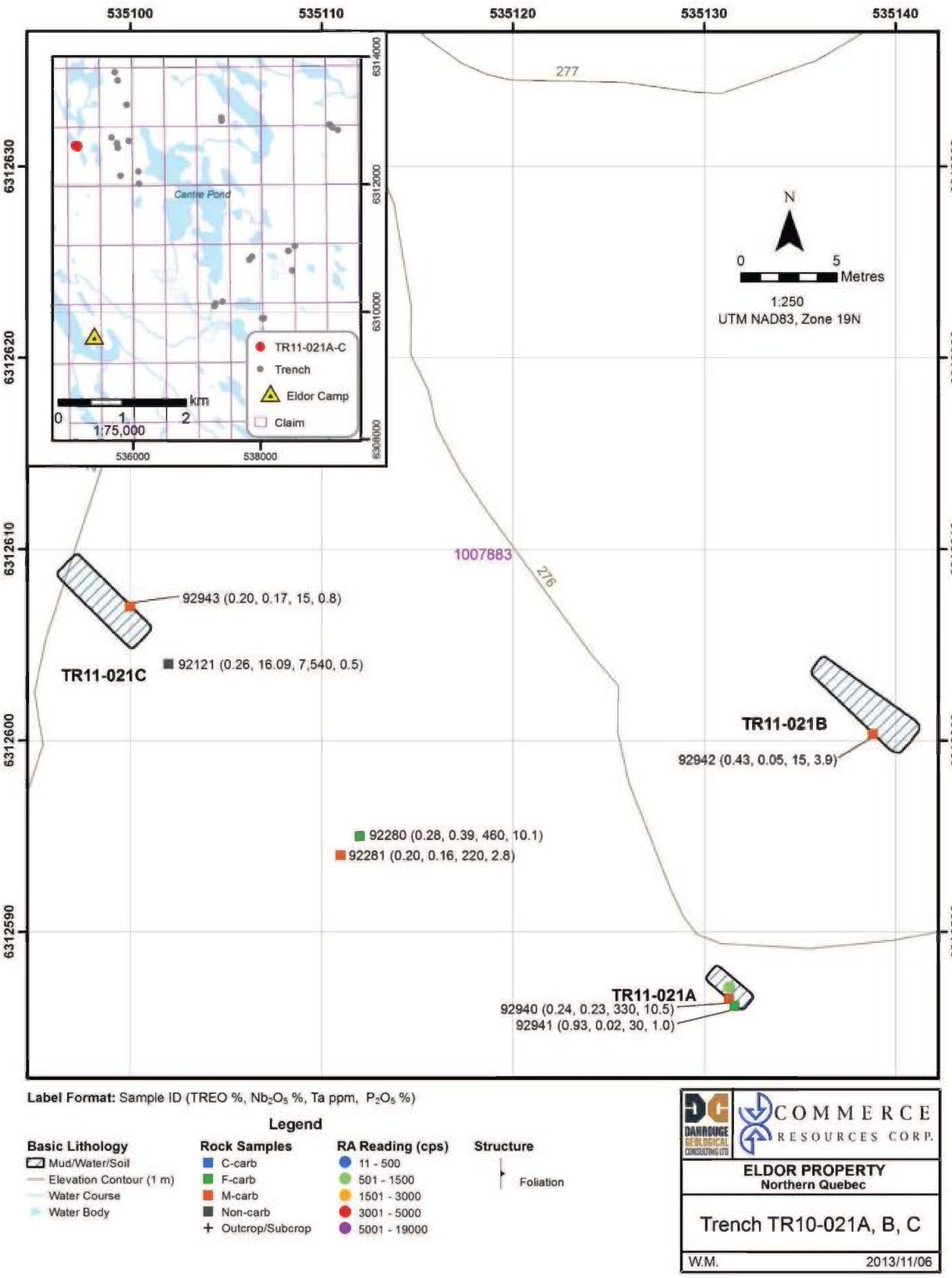

Figure 8.15 TR11-021A, 021B, and 021C (West Rim Trenches)

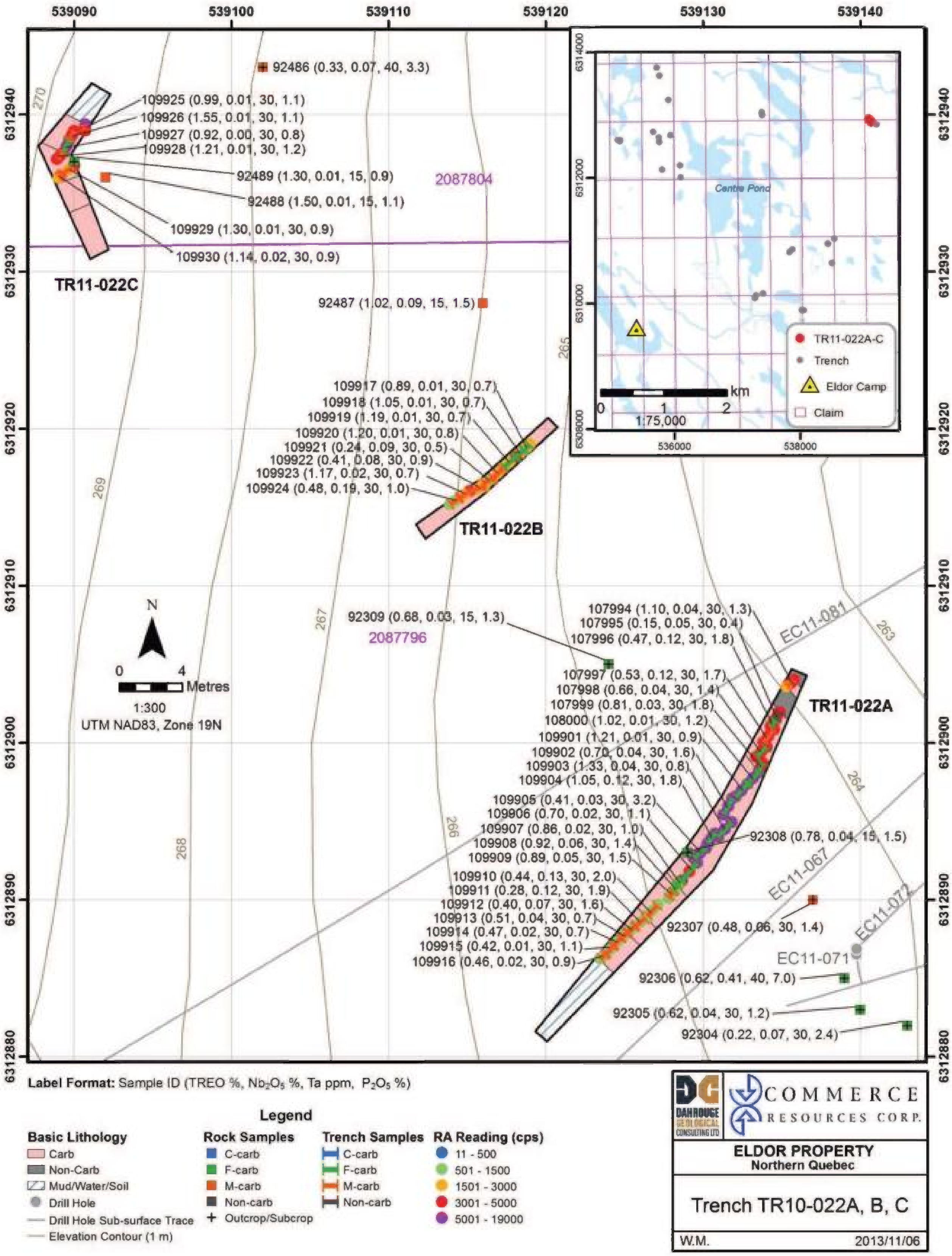

Figure 8.16 TR11-022A, 022B, and 022C (Beckling Trenches)

8.3.4.4 TR11-023 (Beckling 4)

Additional prospecting to the southeast of TR11-022A revealed further outcroppings of dolomite carbonatite and as well as elevated RA. To better assess the area, trench TR11-023 was completed ~85 to the southeast of TR11-022A. Significant carbonatite was encountered with common to abundant fluorite, with a max CPS of 7,500 noted in the trench. This indicated potential presense of REE mineralization.

A total of 19 channel samples were collected and sent for analysis. As anticipated, Nb-Ta grades were low, with fluorine grades low to high (0.2% to 12%). A peak of 2.41% TREO was returned; however, the REE distribution was not as encouraging.

A map of TR11-023 is in Figure 8.17.

8.3.5 2011 Trench Reclamation

In 2011, a total of six trenches were reclaimed (TR08-004, 012A, 012B, 012C, 018, and 019). Reclamation was completed by filling in the existing trench with the same soil that had been removed, allowing for natural re-vegetation with no seeding. As no northern seed mix existed for the Property's environment, natural re-vegetation was selected as the best appoach. The trenches were documented with photos with the plan to continue documenting certain trenches in the following years to ensure re-vegetation is occuring.

The reclaimed trenches are noted in Appendix 7a and Figure 7.11.

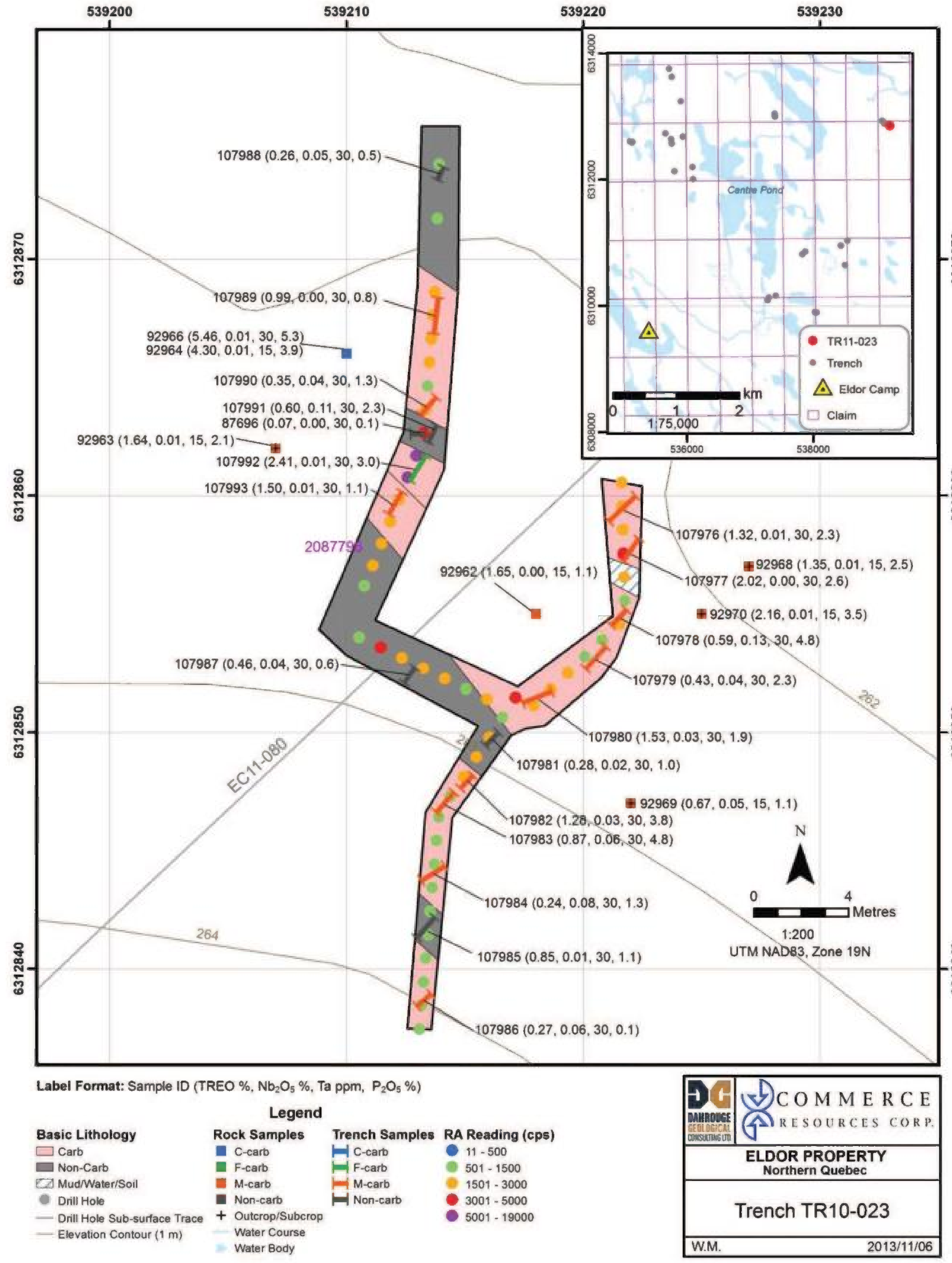

Figure 8.17 TR11-023

8.4 2011 DIAMOND DRILLING

The diamond drilling program in 2011 consisted of two phases; winter/spring - February 27th to May 4th (3,656.42 m over 8 holes), and summer/fall - July 1st to October 22nd (10,119.90 m over 33 holes) for a total of 13,776.32 m over 41 holes.

Two drill contractors completed the 2011 diamond drilling. The winter/spring program drilling (EC11-048 through 055) was completed by Cartwright Drilling Inc. using a CDI 500 drill rig capable of drilling BTW down to ~700 m vertical. The CDI 500 was demobilized for the Property upon the completion of the winter/spring program.

Bodnar Drilling Ltd. of Ste Rose du Lac, MB, was contracted to complete the summer/fall drill program work using two drill rigs. One, a Super 300 heli-portable drill built by Multi-Power Products in Kelowna, B.C., powered by a 95 hp Kubota engine capable of drilling BTW core (42 mm) rated down to a depth of 450 m, although 350 m may be more practical of a depth; and two, a Zinex A5, with a capability of drilling NQ to similar depths as that of the CDI 500 drill rig. The Zinex A5 was mobilized to the Property for the summer program. Both the Super 300 and Zinex A5 were used during the 2011 summer/fall drill campaign with both rigs remaining on the Property after the completion of the program in anticipation of future work.

Drilling focused on the Ashram Deposit, discovered in 2009 and initial drilled in 2010. However, three additional target areas were also tested; Triple D, Beckling, and West Rim. The drill area attributes are listed below in Table 8.3 with drill hole attributes listed in Appendix 8d.

Table 8.3 2011 Drill Area Attributes

Exploration Area	Drill Holes Completed	Total Metreage
Ashram (Centre Pond)	7	3,367.16
Ashram (Land)	26	9,011.91
Triple D	2	474.32
Beckling	5	681.22
West Rim	1	241.71

The main objective of the 2011 drill program was to further delineate the Ashram Deposit through step-out drilling. However, appreciable budget was allocated to drill testing several other promising REE target areas. Although considerable potential for Nb-Ta mineralization at several target areas is present, the focus was REEs in 2011 with no Nb-Ta-P targets drill tested.

The 2010 drill program was highly successful, resulting in the considerable expansion of the Ashram Rare Earth Deposit, confirming it as one of the largest rare earth deposits in the world. Exploration drilling at Triple D, Beckling, and West Rim, in addition to Ashram, is discussed further in the following sections

Drill core was flown back to camp after each shift via helicopter, logged, and saw cut into two halves, with one halve collected for analysis and the other left in the box for reference. Sampling was guided by mineralogy, lithology, and radioactivity.

Industry standard QA/QC protocols were followed and included insertion of quartz blanks, Certified Reference Materials (CRMs), and duplicates into the sample batches submitted for analysis at a rate of 4-5%. Approximately 5% of the sampled were sent for check assay at a secondary lab. No significant issues or concerns were discovered based on analysis of QA/QC results.

All drill core samples were shipped to Activation Laboratories Ltd. (Actlabs) in Ancaster, ON by way of two routes; 1) float plane to Kuujjuaq, air cargo to Montreal, and truck to Ancaster or 2) float plane to Schefferville, train to Sept-Îles, and truck to Ancaster. Samples were analyzed for major, base, and trace elements (Code 8-REE package by ICP and ICP-MS) and fluorine (Code 4F-F by Ion Electrode-ISE). Niobium (Code 8 by XRF) was analyzed on all winter drill holes with gold analyzed (Code 1A2 by fire assay) in every fifth sample of EC11-048 through 054 only. Niobium analysis was discontinued on all Ashram holes subsequent to EC11-059 as results were not considered material.

Mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 7.20. Drill logs are in Appendix 8a with drill core sample analytical certificates in Appendix 8b. A listing of drill core samples collected is in Appendix 8c.

8.4.1 Ashram Area

The objective of the program was to further define the extent of the mineralized system, as well as infill drill in order to upgrade part of the inferred resource to the indicated category. An additional 7 drill holes (3,367.16 m) were completed at Ashram during the winter/spring of 2011 and a further 26 drill holes (9,011.91 m) during the summer/fall, for a total of 12,379.07 m over 33 holes.

The program was successful in expanding the mineralized extent of the Ashram Deposit with EC11-048 returning one of the longest and most consistently mineralized intersections to date; 586.06 m grading 2.10% TREO and 2.3% F.

The program was also successful in further delineating the extent of the MHREO Zone. A large portion of the inferred resources was also successfully upgraded to indicated status.

Most of the drilling competed at Ashram prior to 2011 has focused along the western flank of the deposit, as the remainder is covered by a shallow pond (Centre Pond) and only accessible during the winter. As such, the geology and geometry of the deposit was less well-constrained outside this area. The 2011 winter/spring program focused on vertical drills holes from the ice on Centre Pond, with the summer/fall drill holes focusing on the northern extensions of the deposit and infill centred on the MHREO Zone.

The best intersection was from EC11-048 with 586.06 m grading 2.10% TREO and 2.3% F, including 36.99 m grading 3.00% TREO and 2.3% F starting from surface. The best MH/T intersection, again starting from surface, was returned from EC10-076A with 176.43 m of 12.3% MH/T at 1.56% TREO, including 48.91 m of 14.2% MH/T at 1.46% TREO.

The drilling at Ashram was very successful in achieving all of its objectives. By the end of the 2011 drill campaign, the deposit's REE mineralization had a surface footprint of approximately 700 metres along strike, over 500 metres across, and to depths exceeding 600 metres.

Drill hole mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 7.20.

8.4.1.1 Ashram Resource Estimates

The 12 drill holes (3,312.67 m) completed during the summer and fall of 2010 formed the basis for an initial NI 43-101 compliant mineral resource estimate released in March, 2011 by SGS-Geostat of Montreal (Blainville). The estimate yielded a total inferred resource of 117.4 Mt grading 1.74% TREO at a cut-off grade of 1.25% (Laferrière, 2011).

Shortly after the initial resource estimate was completed a Preliminary Economic Assessment (PEA) was initiated. The environmental, engineering, and metallurgical work are not discussed in this report and expenditures not submitted for assessment. In brief, the deposits metallurgy has advanced very positively due to the simple mineralogy and near-surface nature of the deposit allowing for very simple mining methods to be envisioned. Environmental work has also progressed well.

8.4.2 Beckling

The Beckling Area is centred on a carbonatite outcrop discovered during soil sampling, located approximately 500 m outside the main complex as inferred by magnetics. It has very similar mineralogy to Ashram although displays a dominant schistose texture and more localized intense zones of fluorite.

Five short drill holes totalling 681.22 m were completed at Beckling in the summer of 2011. The best intersection returned 1.36% TREO and 2.3% F over 10.45 m. Although prospecting, trenching, and soil sampling indicated a sizable potential target, limited carbonatite, and thus REE mineralization, was intersected at depth. The area is interpreted to be host to a series of near surface boudinaged lenses of carbonatite.

Mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 8.18.

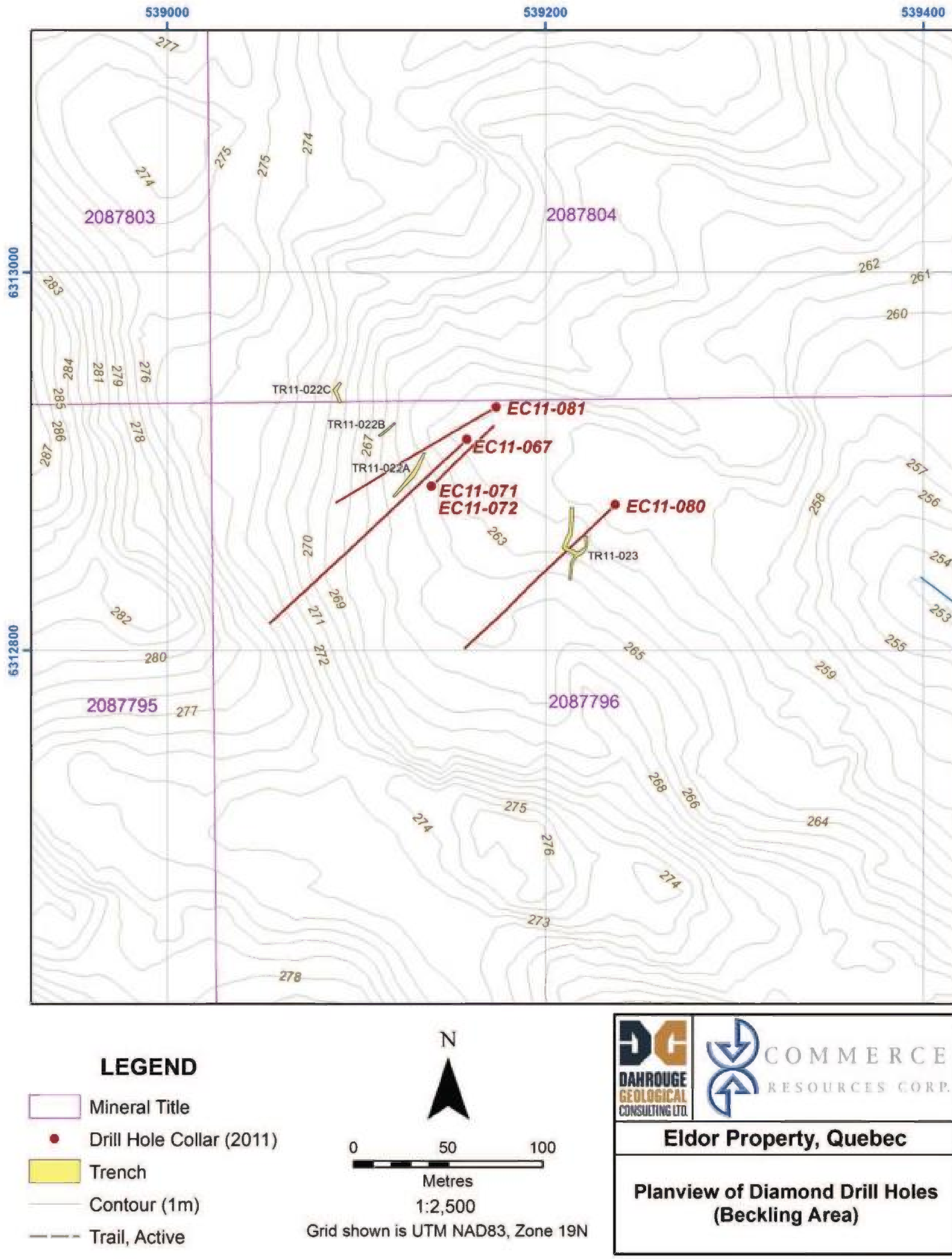

Figure 8.18 Drill Hole Locations (Beckling Area)

8.4.3 Triple D

The Triple D Area is located ~1.2 km north of Ashram, centred on a magnetic low that is coincident with a lull in a large boulder train and an airborne thorium anomaly intensity drop. The main REE mineralized boulder train is clearly sourced from Ashram; however, the train seems to diminish about 1.2 km north of Ashram and then pick up again on the north side of the magnetic low. The airborne thorium anomaly also has a coincident lull (pinches inward with decreased intensity) suggesting another point source, apart from Ashram, may be present. Collectively, the coincident anomalies suggest an additional zone of mineralization may be present within the magnetic low (Triple D Area) that is separate from Ashram.

A total of two holes (474.32 m) were completed in the Triple D Area in 2011; EC11-055 for 289.26 m during the winter/spring program, and EC11-070 for 185.06 m during the summer/fall program.

The best result was from EC11-055 which intersected an Ashram type lithology over 10.00 m grading 1.38% TREO and 2.0% F within a mixture of phlogopite dolomite carbonatite, glimmerite, and altered wallrock. The mineralized intersection is interpreted to be a dyke off the main Ashram REE mineralized body.

No significant mineralization was encountered in EC11-070 with a mixture of calcite/dolomite carbonatite, phlogopite dolomite carbonatite, glimmerite, and wallrock encountered.

Mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 8.19.

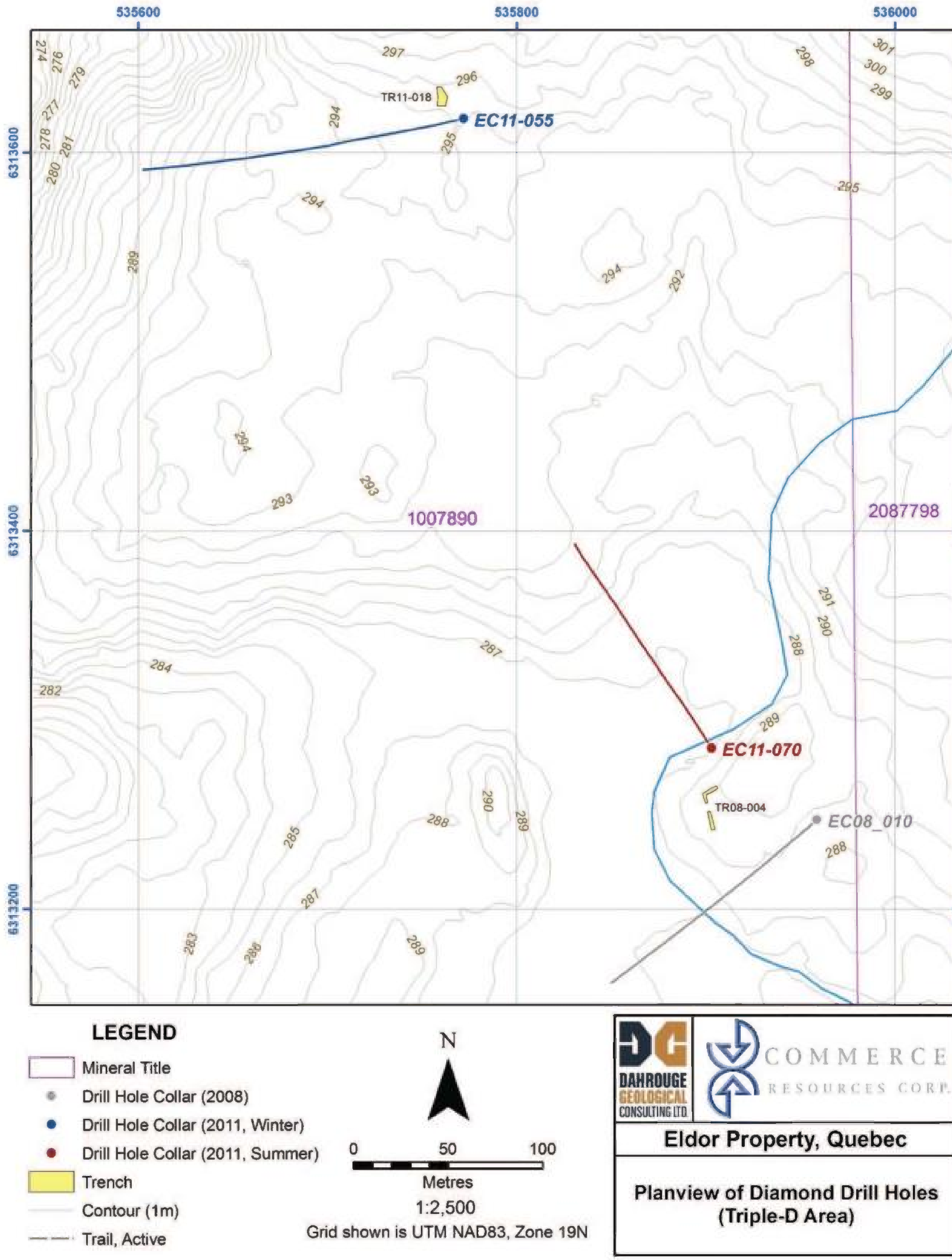

Figure 8.19 **Drill Hole Locations (Triple D Area)**

8.4.4 West Rim

The West Rim Area is located approximately 800 m west of the Ashram Deposit, on the western margin of the complex, and is coincident with an airborne thorium anomaly, soil anomaly, and REE mineralized boulder train. Further, the area is associated with large areas of elevated background RA commonly associated with rare earth element mineralization.

One exploration drill hole (241.71 m) targeted the postulated source of the rare earth mineralization at West Rim. It returned 1.96% TREO over 2.85 m within a larger ~175 m halo of intermittently anomalous mineralization up to 1.67% TREO. The drill hole is interpreted to have been collared south of a larger postulated mineralized body.

Additional work is warranted in the area; although, the potential to discover an REE body that would rival Ashram is low. However, promising Ta-Nb geochemical anomalies are present in the area indicating additional work is needed to further assess.

Mineralized intervals and sampling information are summarized in Appendix 8d with drill hole locations plotted in Figure 8.19.

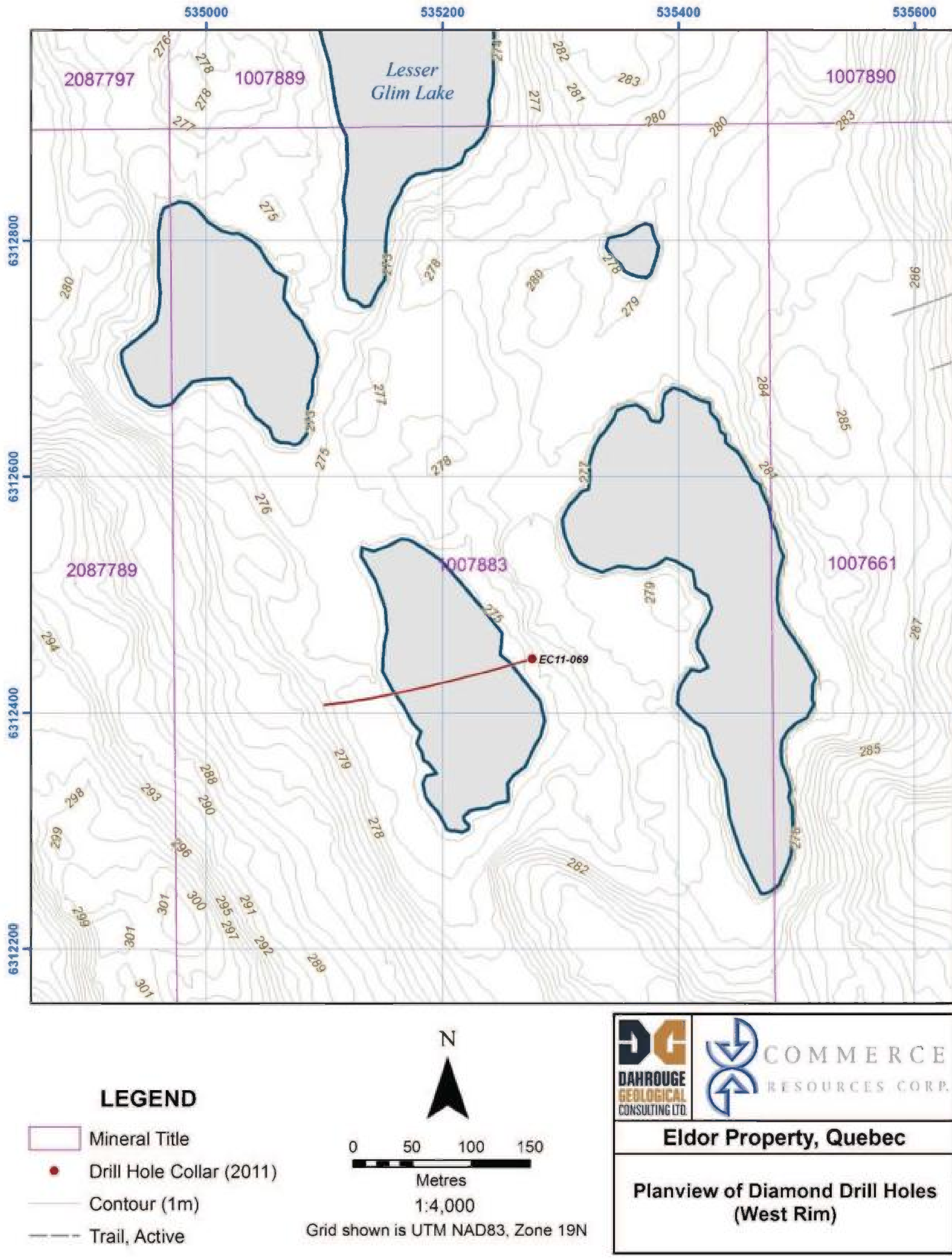

Figure 8.20 Drill Hole Location (West Rim Area)

8.5 2011 Ground Gravity, Magnetic, and Bathymetric Surveys (Ashram Area)

Between April 9th and May 6th 2011, ground gravity and magnetic, and bathymetric surveys were completed by JVX Ltd. over the Ashram Deposit and the northern portion of Centre Pond respectivey. Based on SG data and theoretical modelling, it was thought the Ashram Deposit may present itself as a gravity high within the surrounding carbonatite. Such information would help delineate the body prior to drilling as well as potentially allow for deposit shape/orientation modelling.

In addition to gravity data, the opportunity was taken to acquire magnetic data concurrently to assist with interpretation, as well as bathymetry data to delineate Centre Pond's depth. As some of the deposit lies under Centre Pond, lake ice was required to successfully perform the geophysical surveys.

A total of 793 gravity readings were collected at stations every 25 m along 100 m spaced lines covering an area of 183.2 ha. Lines were oriented NE-SW, roughly perpendicular to the strike of the regional fabric, in order to maximize the contrast of the survey.

The gravity survey was successful in outlining a gravity high coincident with the Ashram Deposit and supports the model of a moderate to steeply dipping sheet-like body. A separate gravity high anomaly located south of the known deposit was also discovered.

The magnetic survey, completed on the same grid as the gravity, was completed to acquire more accurate data on the magnetic character over the Ashram Deposit, which resides in a regional magnetic low. A total of 1493 magnetic readings were collected at stations spaced 12.5 m along 100 m spaced lines covering an area of 171.2 ha.

The magnetic survey was successful in further delineating the magnetic character of the regional low identified from an airborne survey in 2007. In general the deepest lows form two legs at the southeast end of the target area and area. The higher magnetic areas are interpreted to reflect the presence of magnetite with the lower magnetic areas more hematite/limonite enriched in comparison.

In addition to the gravity and magnetic surveys, a bathymetry survey was also performed over the central and northern portion of Centre Pond. In total, data was collected from 121 stations covering an area of 49.3 ha. The water depth was measured by lowering a weighted measuring tape down an augered hole until it reached the bottom of the pond. The ice thickness was measured as well based on the auger. Over the entire survey, water depth ranged from 0.4 to 9.0 m with an average depth of 3.5 m. Over the northern section of Centre Pond, depths ranged from 1.0 to 4.8 m with an average depth of 2.4 m confirming the shallow water depth over the Ashram Deposit.

A detailed and thorough interpretation on the ground gravity and magnetic survey performed by JVX is provided in Appendix 9. Maps of the gravity, magnetic, and bathymetry data with respect to drill hole locations etc. are presented in Figure 8.21, Figure 8.22, and Figure 8.23.

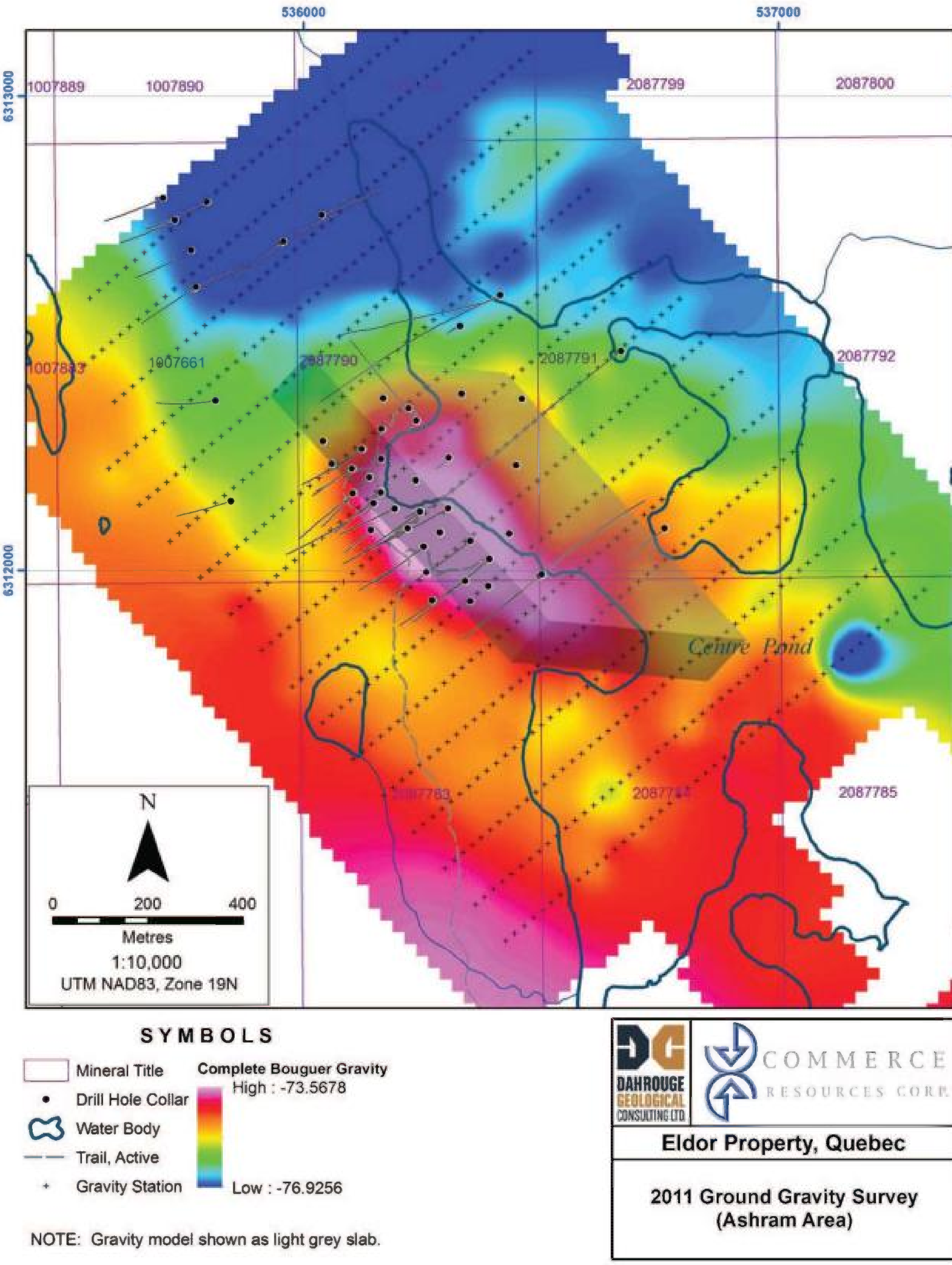

Figure 8.21 2011 Ground Gravity Survey (Ashram Area)

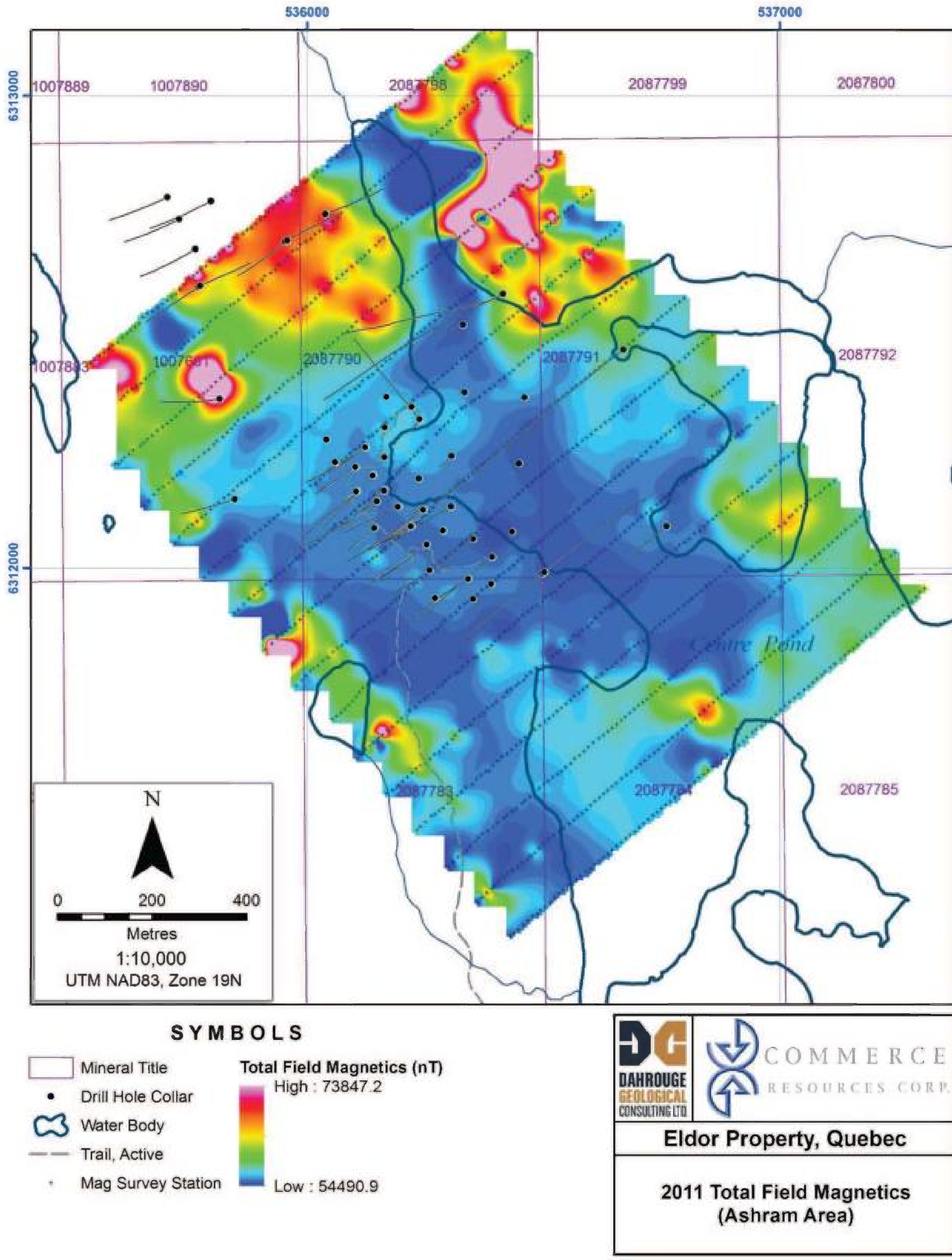

Figure 8.22 2011 Ground Magnetic Survey (Ashram Area)

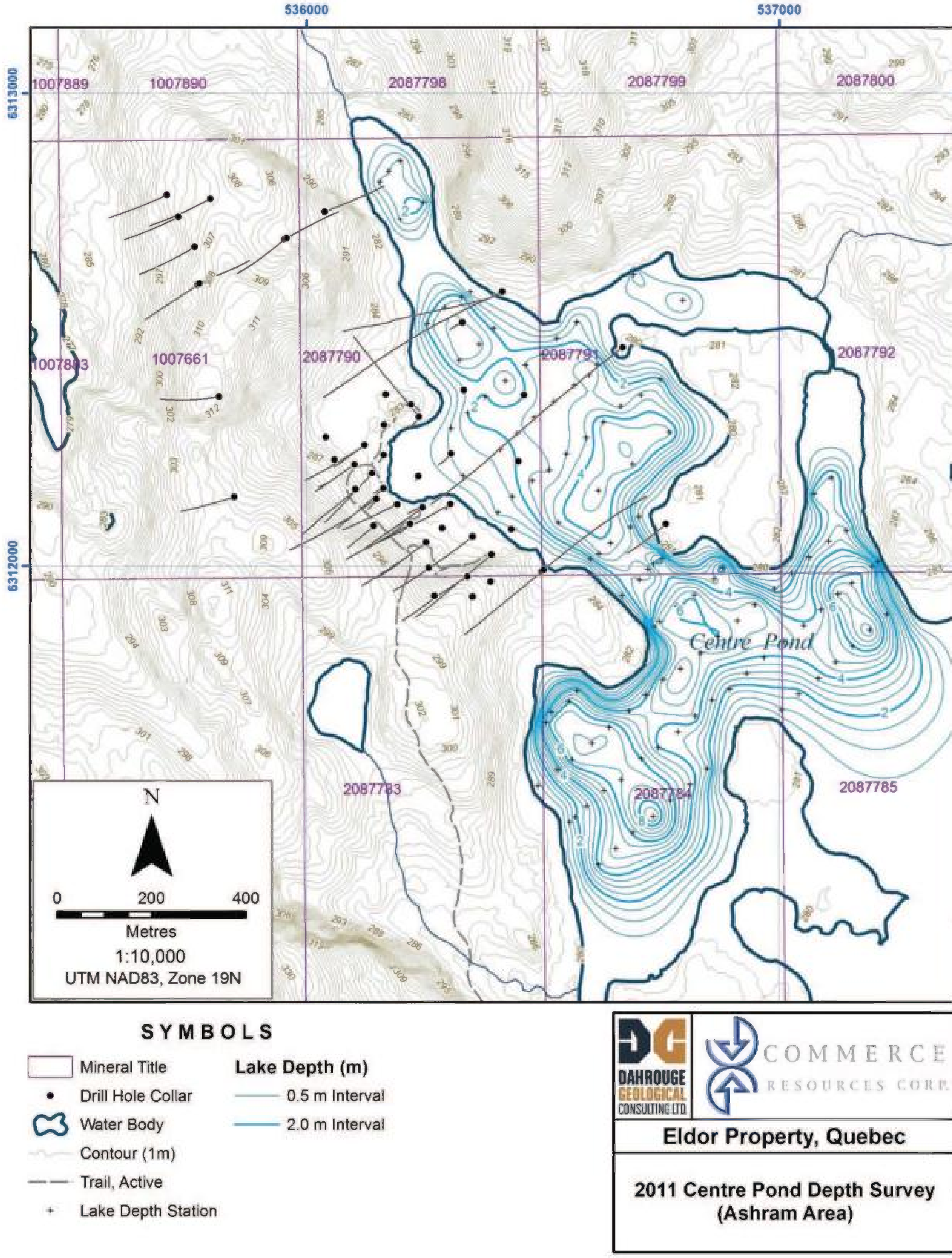

Figure 8.23 2011 Bathymetry Survey (Centre Pond)

8.6 2011 AIRBORNE MAGNETIC AND GRAVITY GRADIOMETER SURVEY

From November 1st through 4th, 2011, Fugro Airborne Surveys Ltd. (Fugro) of Ottawa, Ontario conducted a fixed wing high sensitivity aeromagnetic and FALCON Airborne Gravity Gradiometer (AGG) survey over the carbonatite complex on the Eldor Property. Schefferville, Quebec was the staging point with the survey which was completed in two flights.

The objective of the survey was to locate gravity anomalies coincident with magnetic lows and other features indicative of potential REE mineralization. The success of the ground gravity survey over Ashram (see Section 8.5), completed prior in 2011, as well as theoretical modeling with the Falcon system, suggested the survey technique would be an effective tool for locating potential deposits over a larger area.

A total of 776 line-km were flown at a spacing of 200 m with tie lines every 2 km. Condor Consulting Inc. (Condor) of Lakewood, Colorado, USA was contracted to provide an independent and detailed interpretation of the survey data.

The survey was successful in identifying several gravity anomalies over the survey. However, after review by Condor, a significant portion of the data (144 line-km) had to be excised from the dataset for being too noisy to map the Earth's gravity response. This left 632 line-km of usable data. The excised data included two separate swaths of data, with one directly over the Ashram Deposit. This was very unfortunate as this was the only area of the Property to have had ground gravity data collected, and thus, that anomaly could not be duplicated. This would have allowed for a more direct comparison and overall interpretation of the airborne gravity data. Further to the excised lines, the survey data retained some systematic noise adding uncertainty to the non-excised data. Therefore, overall the survey did not achieve its objective.

After much interpretation and discussion between Fugro and Condor, it was determined the data issues were likely in large part due to terrain variations caused by a NW-SE trending ridge along the western portion of the survey area. The plane traversed perpendicular to this ridge for each flight line resulting in extreme variations in terrain clearance of the aircraft, thus, producing higher noise levels in the data that were not realized at the time of acquisition. However, this does not explain the systematic high level of noise recorded by the Falcon system.

The difficultly in re-mobilizing the system to the area, along with added cost to the contractor, precluded the notion of a timely turnaround for re-acquisition of the excised flight lines. As such, the infill was abandoned and a refund for all excised line-km, prorated from the total flown line-km, was received.

Regarding the magnetic data that was acquired in conjunction with the gravity data, as this added data acquisition is a standard add-on to many geophysical systems it was not material to the survey cost; although, aided in the gravity interpretation. Further, detailed magnetic data had already been acquired in 2007 with both datasets (2007 and 2011) supporting each other.

A full description of the Fugro survey specifications along with accompanying maps is in Appendix 10a. A detailed and thorough interpretation by Condor with accompanying maps provided in Appendix 10b.

8.7 EXPLORATION ACCESS TRAILS

During 2011, significant effort was put into creating an exploration access trail from the main camp to the Ashram Deposit (west side Centre Pond) as it is was known this would be a focus of drilling for several years to come. The exploration trail would allow for crew access by quad to and from the deposit and, coupled with the D5 CAT, allow for significant cost savings as a helicopter would not be required for transport of the crew and drill. The D5 CAT was also used to improve trail in camp.

Upon receipt of the required permits, a total of 6.9 km of exploration trails were emplaced in 2011 extending from camp to Centre Pond, site of the Ashram drilling. By the end of 2011, 4.9 km remained as active trails with 2.0 km decommissioned from use. Several culverts were emplaced to ensure proper drainage with wooden crossings, made from trees, used to prevent rutting resulting from the typically high rainfall in the summer months. One bridge over a water course ~3-5 m wide was required and was constructed with wood planks cut from local trees.

The trails proved very effective in aiding exploration by not only providing ground access to the Ashram Deposit, but also through increased outcrop exposure allowing for a better understanding of the Property's geology. In addition, the ground access to Centre Pond allowed for the distance that could be prospected by foot from camp to be dramatically increased. For example, with the use of a boat at Centre Pond, a crew could arrive in the Miranna area in about 40 minutes after departing camp.

A map illustrating the exploration access trail in relation to the main camp and Centre Pond is in Figure 8.24.

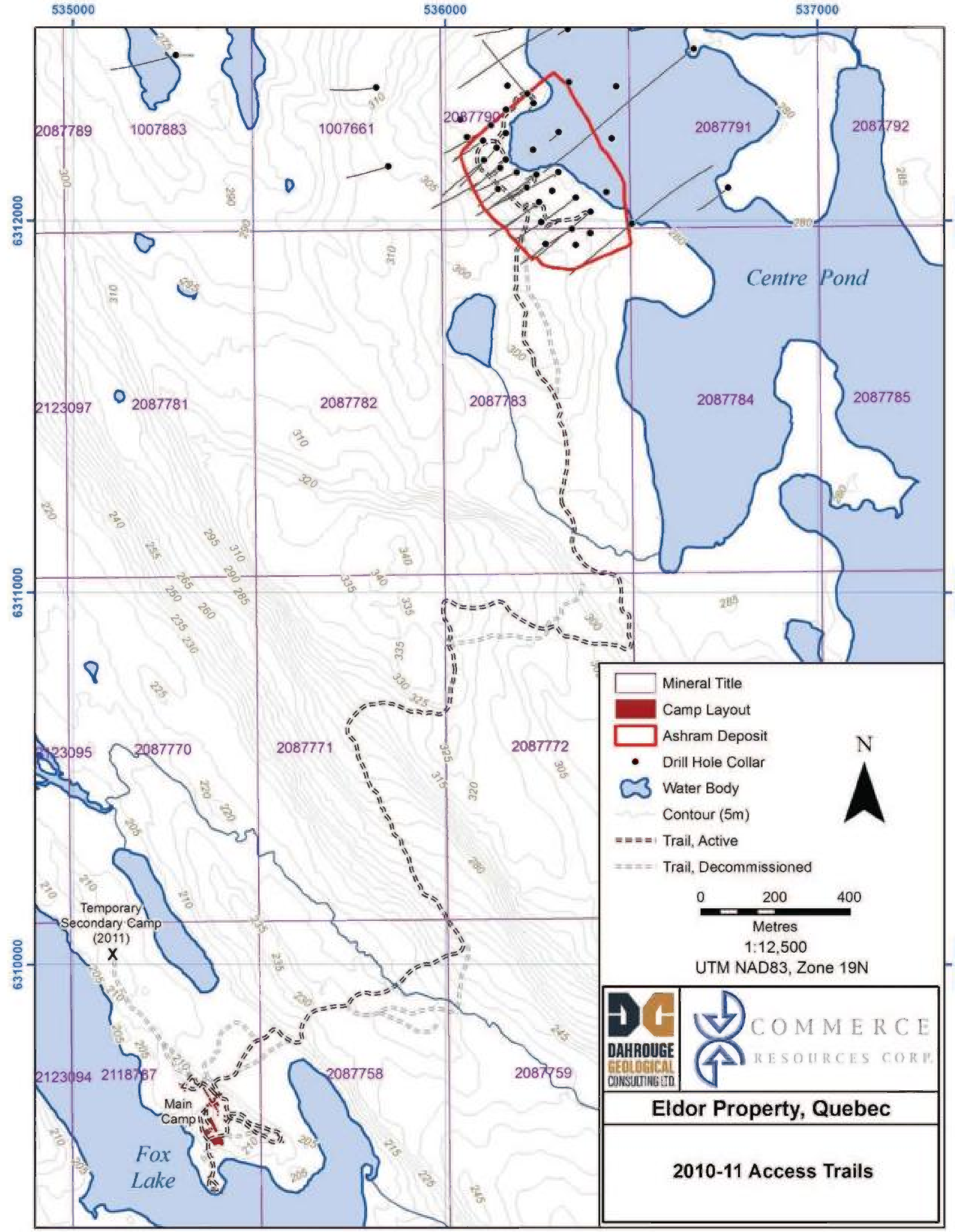

Figure 8.24 Exploration Access Trails

8.8 MINERALOGICAL ANALYSIS (CARBONATITE COMPLEX)

Several reports on mineralogical analysis, through thin section, were completed during 2010 and 2011; however, only one report, with associated costs, is being submitted for assessment. The report(s) not submitted for assessment are specific to Ashram or informal in nature and, are thus, preferred to remain internal.

A total of 163 and 794 Ashram drill core billets were collected in 2010 and 2011, respectively, for future analysis, creating a good dataset for study. Sample intervals were approximately every 20 m. Most of these billets have not been analysed but are stored for future study as required. Billets that were analyzed have not been included in this report and no associated expenditures have been submitted for assessment.

The mineralogical report submitted for assessment was completed in 2010 by Rod Tyson of Tyson's Fine Minerals. It is based on drill core billets collected by Rod Tyson and subsequent thin section analysis completed by Craig Leitch of Vancouver Petrographics Ltd. A total of 59 billets were analyzed from drill holes completed on the Property.

The mineralogical 'scope of work' involved the completion of a report focusing on the mineralogy of the Eldor Carbonatite with specific attention placed on identifying various carbonatite stages/phases based on mineralogical and paragenetic insight. This included a review of the 2008 - 2010 core and prospecting rock samples, and thin section analysis completed by a third party, as well as a review of geochemical data.

A broad overview of the carbonatite complex and its petrogenesis was achieved with the work to form a basis for further carbonatite complex scale mineralogical work. Understanding the various lithological relationships of the complex allows for improved exploration direction.

Rod Tyson's mineralogical report is in Appendix 11 with the detailed thin section descriptions by Craig Leitch included as an appendix within that report.

9 DISCUSSION, INTERPRETATION, AND RECOMMENDATIONS

The objective of the 2010 and 2011 exploration programs was to further define the extent of known REE and Nb-Ta mineralized carbonatite on the Eldor Property, in addition to developing new targets of interest. Exploration for REEs was the higher priority with specific attention directed at delineating the Ashram REE Zone discovered during the fall of 2009. The Nb-Ta exploration work focused on follow-up drilling at the Star Trench and Southeast areas in 2010 with no Nb-Ta related drilling occurring in 2011, although ground work was completed.

The work was highly successful with the discovery and evaluation of five previously untargeted exploration areas across the Property; namely Miranna (Nb-Ta-REE), MC Exposure (REE), Triple D (REE), West Rim (Nb-Ta-REE), and Beckling (REE-F). Further, the most encouraging drill intersections to date (Nb-Ta-P) were returned from the Southeast Area. Drilling in the Star Trench Area proved less encouraging.

Exploration methods included prospecting, rock and soil sampling, trenching, diamond drilling, ground RA, gravity, and magnetic surveys, a bathymetric survey, airborne gravity and magnetic survey, mineralogical analysis as well as acquisition of high resolution satellite imagery.

A focused discussion on each exploration area follows with supporting figures below to aid in interpretation (Figure 9.1, Figure 9.2, and Figure 9.3).

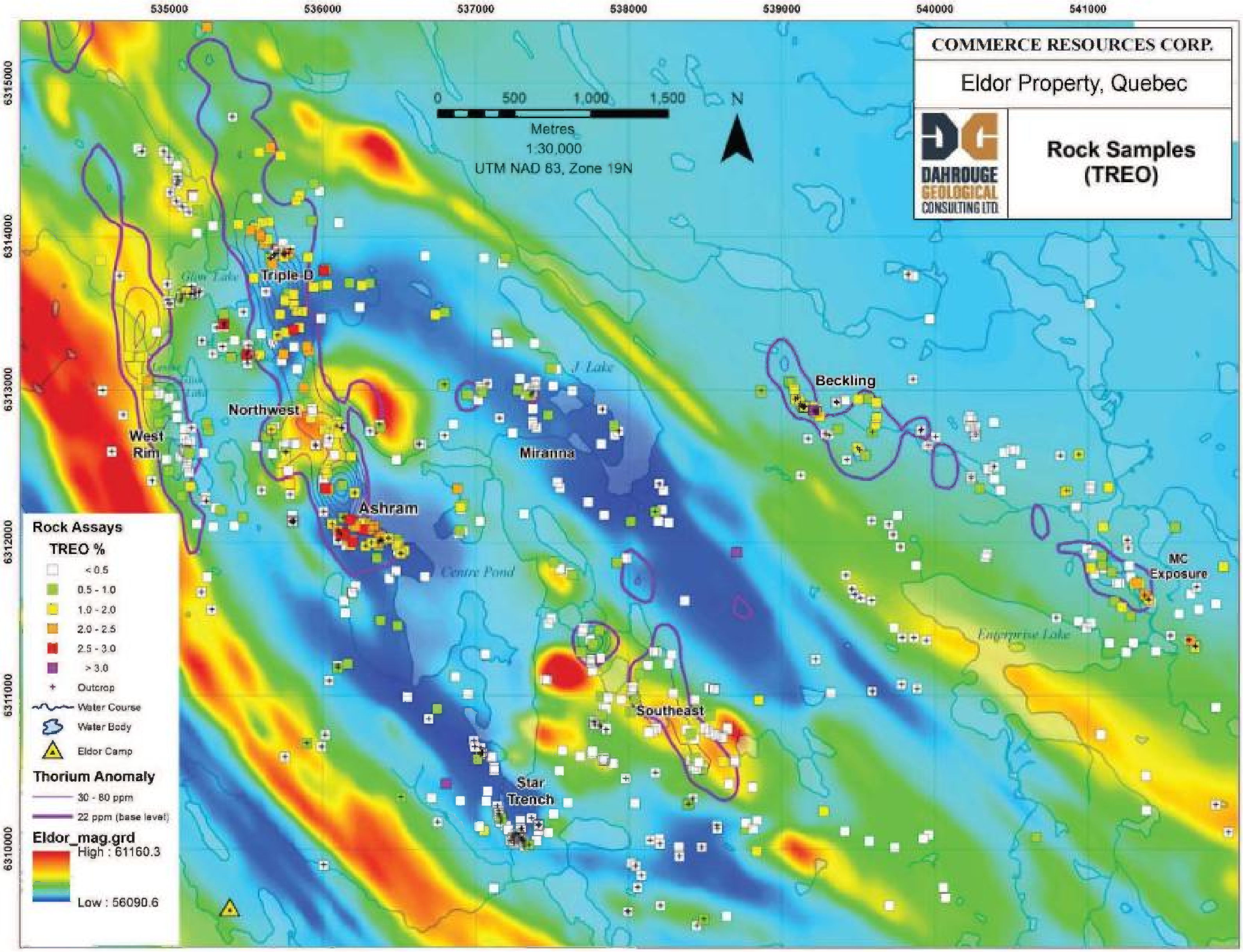

Figure 9.1 Interpretation with Total Magnetic Intensity Background (TREO)

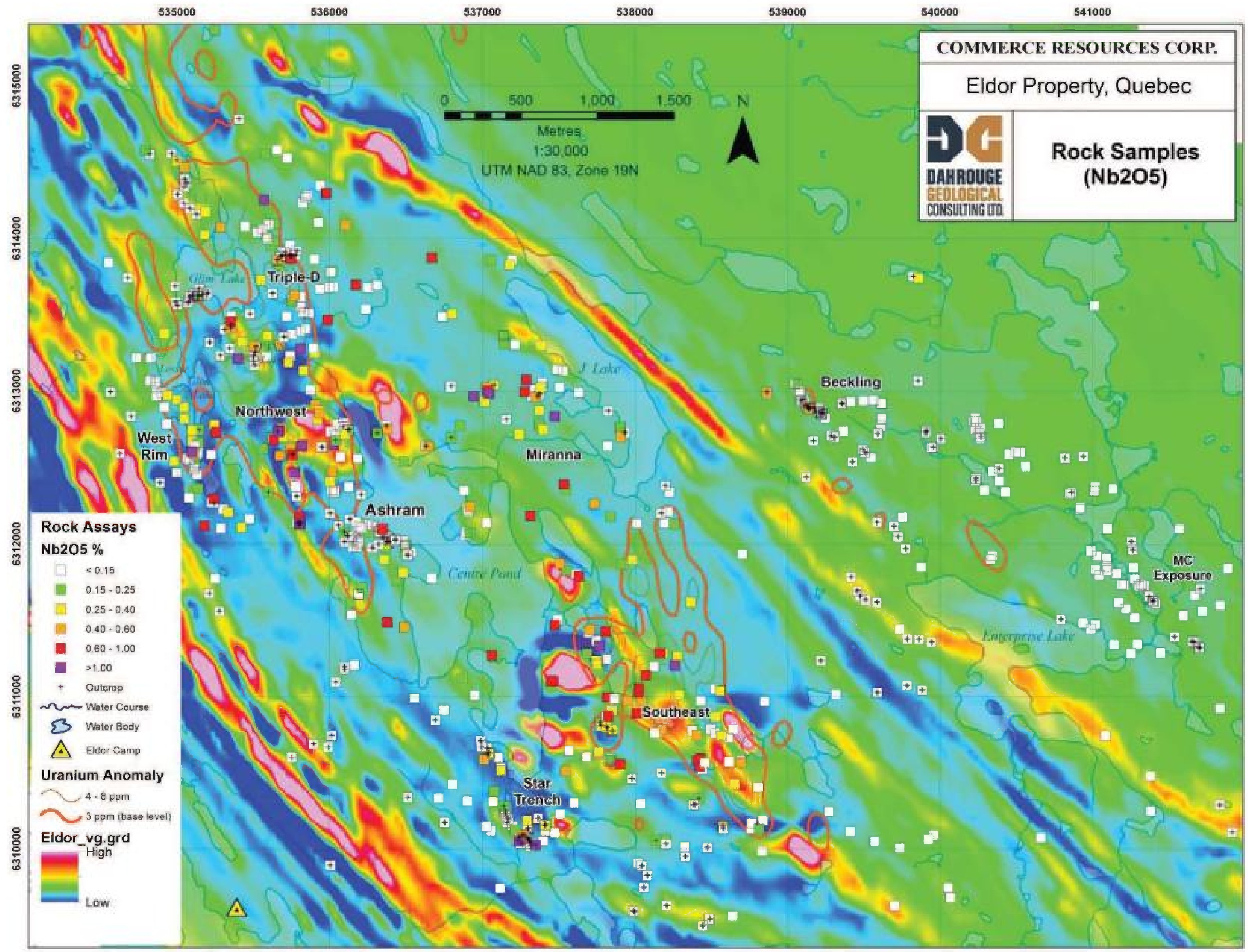

Figure 9.2 **Interpretation with 1VD Magnetics Background (Nb_2O_5)**

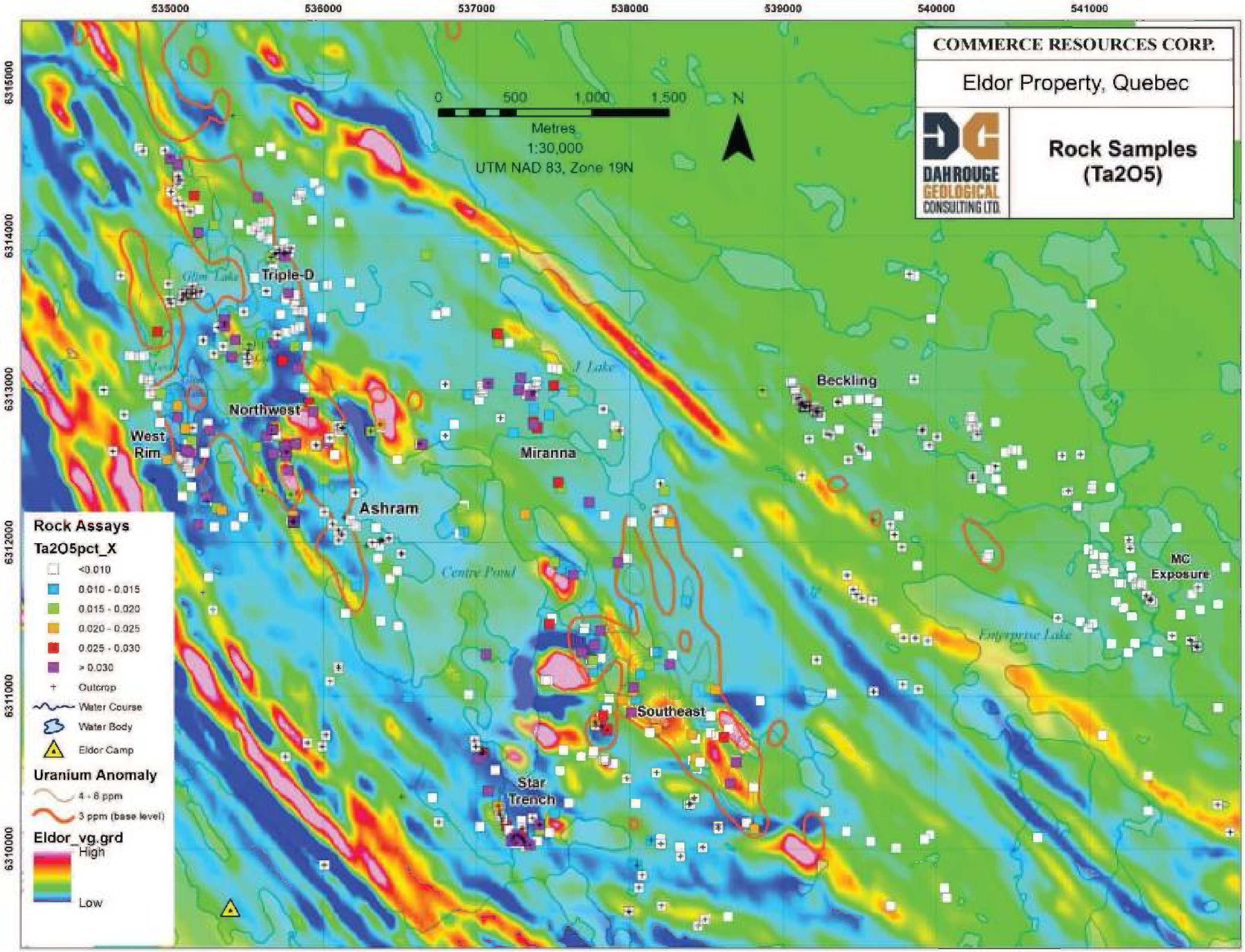

Figure 9.3 **Interpretation with 1VD Magnetics Background (Ta_2O_5)**

9.1 ASHRAM RARE EARTH ZONE

The Ashram Rare Earth Zone is located near the centre of the Eldor Property, at the apex of a REE mineralized boulder train that is coincident with a regional soil anomaly train apex, Th anomaly trend apex, and a magnetic low (~1 km by 0.8 km). The 2011 ground gravity survey also outlined a coincident 2 mGal anomaly over the deposit, modeling it to be a moderately dipping 'sheet' like body.

The 2010 and 2011 drill programs successfully confirmed outcropping REE mineralization, discovered in 2009, persisted to considerable depths. These two drill programs outlined a mineralized surface footprint of approximately 700 metres along strike, over 500 metres across, and to depths exceeding 600 metres; with mineralization remaining open to the north, south, at depth, and not fully constrained to the west and east.

The drilling at Ashram also allowed for an initial resource estimate of significant tonnage and grade to be completed (total inferred resource of 117.4 Mt at 1.74% TREO, CoG of 1.25%), and for a Preliminary Economic Assessment (PEA) to be initiated.

Currently, the deposit's geometry and geology can best be described as a moderate to steeply NE dipping ovoid or sheet, with simple rare earth mineralogy (monazite, bastnaesite, xenotime). Although mineralogically simple, it is texturally complex with multiple later stage episodes of dolomitic carbonatite emplacement (ferro/magnesio), coupled with deformation and brecciation (cataclasis), and low-temperature hydrothermal overprinting. Texturally, the Ashram units are heterogeneous on the local scale (<5 m), but uniform on the larger scale (5-100+ m). Mineralogy (REE and gangue) and REE mineralization grade is remarkably uniform. No major off-setting structures have been identified within the main ore body; however, additional drilling and ongoing interpretation is required.

The modal mineralogy of the Ashram Deposit is composed of 80-90+% carbonate minerals (ferro-dolomite and breunnerite), with fluorite the only other mineral commonly present in excess of 5%. Accessory and trace minerals include, but are not limited to: monazite, apatite, siderite/ankerite, rare earth fluorocarbonates (bastnaesite, parisite, and synchysite), phlogopite, quartz, pyrite, sphalerite, xenotime, magnetite, hematite, limonite, nioboaeschynite, niobian rutile, niobian ilmenite, ferrocolumbite, bafertisite, and barite. The overall mineralogy of the deposit is considered simple with little variation throughout.

The REE mineralogy is also simple with monazite the dominant (~85+%) contributor followed by bastnaesite (5-10%) and xenotime (<5%). Moreover, the mineralization (REE minerals and gangue) appears to be very uniform based on 2010 and 2011 mineralogical work.

Carbonatite REE deposits are typically host to an REE distribution that is very LREE enriched. However, Ashram displays a marked enrichment in the MHREOs as well. The source of the HREEs is attributed to the xenotime, the presence of which is highly unusually for a carbonatite hosted REE deposit. Further, the deposit also hosts a marked enrichment in europium that is among the highest (distribution) in the world.

The Ashram Deposit is most accurately sub-categorized when divided into a 'fluorite rich carbonatite' and a 'fluorite poor carbonatite'. With the addition of other parameters of evaluation (TREO grade, ratio of MHREO to TREO, specific gravity, geochemical analysis, colour, radioactivity, etc.) the deposit can be further divided into a higher grade (typically 1.5–3+% TREO) body comprised predominantly of 'A-Zone' and 'B-Zone' type material, with an outer lower grade halo (typically <1% TREO) comprised predominantly of 'BD-Zone' type material. In general the A-Zone is central to the deposit and is rimmed by the B-Zone and BD-Zone respectively. These zones are, in general, bordered by a relatively unmineralized phlogopite rich unit to the west, and a relatively unmineralized calico-carbonatite unit to the east. A near-surface central zone of more intense middle and heavy rare earth oxide (MHREO) enrichment, termed the 'MHREO Zone', is also identified within A-Zone material.

The 'A', 'B', 'BD', and MHREO zones are geologically interpreted sub-lithologies of the main overall deposit that, as noted above, is all carbonatite in nature. The sub-lithologies are used in an attempt to better interpret the body. Although, mineralogically very similar, there are changes in colour, texture, radioactivity, and geochemistry that may be used for identification.

The origin of the MHREO enrichment at Ashram is enigmatic with several theories of note. It may represent the non-eroded upper or central portions of the mineralized system, where the heavy rare earths may preferentially concentrate. In addition, the presence of certain mineralogical assemblages (including xenotime) suggests a peralkaline rock affinity and possible source for the heavy rare earth enrichment (Mitchell, 2011). Peralkaline and other granitic rocks are typically enriched in heavy rare earths, thus residual hydrothermal fluids from such sources may have influenced the system.

Macro-examination of core reveals that the main MHREO Zone has sharp, crosscutting relationships with the main Ashram Deposit lithologies. It appears to have finer and more massive-like textures and be significantly less deformed. This strongly suggests that the MHREO Zone represents a later event than the main Ashram LREO-MREO mineralizing event.

MHREO enrichment, if present, is characteristic of the late stages of evolution of a REE-mineralized carbonatite. The MHREO Zone at Ashram could represent this later heavy enrichment stage, concentrated into a late intrusive event.

These zones (A, B, BD, and MHREO) are not described in detail within this report; however, are discussed in detail within a subsequent PEA that was completed in 2012 (Gagnon et al., 2010). Although, this report post-dates the work discussed herein, the PEA provides a good overview and summation of the Ashram Deposit geology.

The simple REE and gangue mineralogy of the deposit has elevated quickly the standing of Ashram in the world of REE deposits and confirmed it as a significant discovery in the REE space, potentially of world class calibre. Additional work is strongly recommended and should focus on infill and step-out holes to fully define the deposits extent and consistency of mineralization. Additional detailed mineralogical work will be required as understanding the mineralogy of REE deposits is critical for their advancement.

For reference, the model generated from the 2010 and 2011 drilling is presented in Figure 9.4. This is the model that represents the updated resource used in the PEA (Gagnon et al., 2010) and is the current resource as of the date of this report. The resource totals 29.3 Mt at 1.90% TREO and an inferred resource of 219.8 Mt at 1.88% TREO.

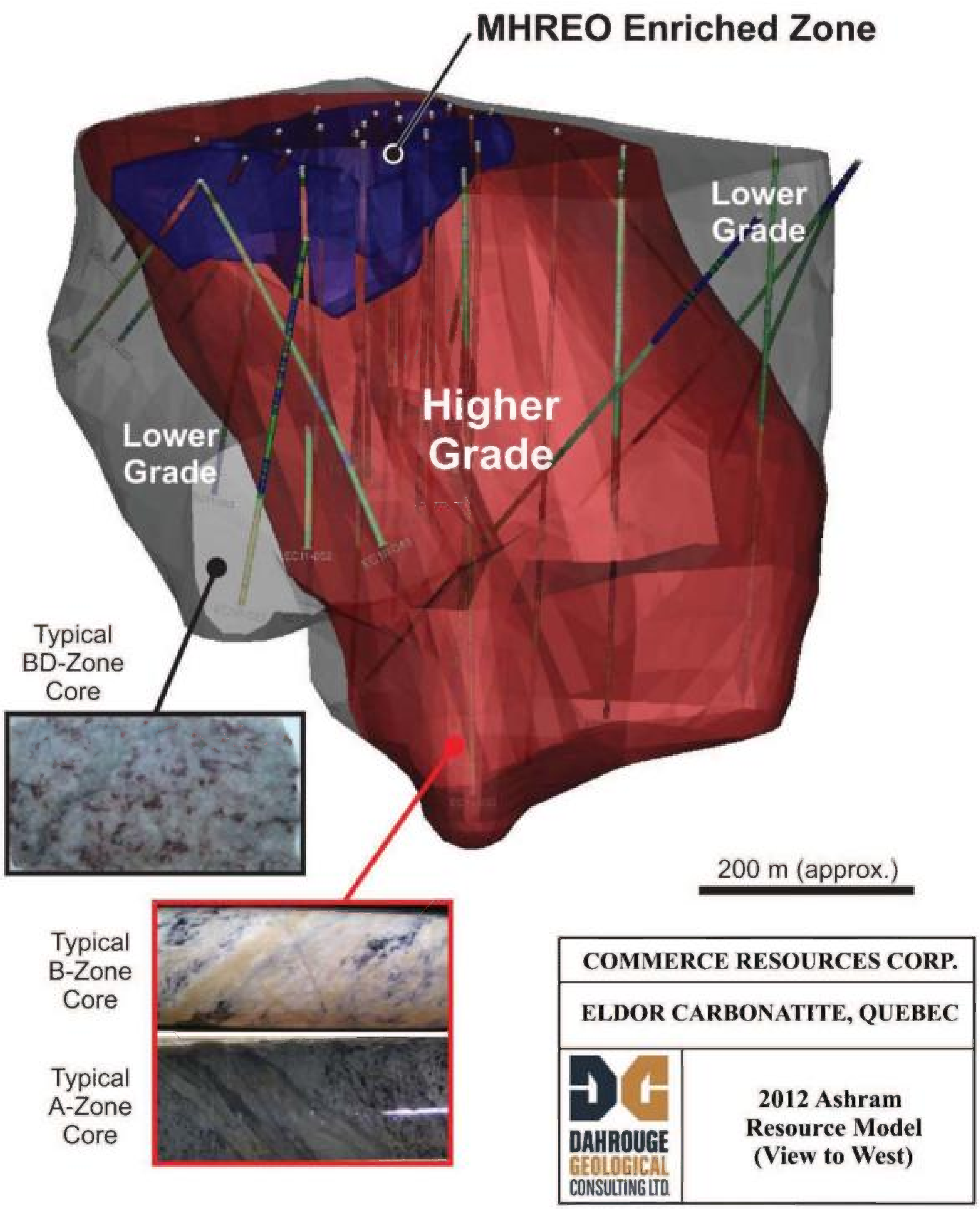

Figure 9.4 **Ashram Resource Model (based on 2010 and 2011 drill holes)**

9.2 SOUTHEAST AREA

The Southeast Area has been a focus of exploration since the carbonatite was discovered in the early 1980s. The area is marked by ground and airborne elevated RA (Th and U sourced), coincident Nb-Ta mineralized boulders, Nb-Ta soil anomalies, as well as a cluster of circular magnetic highs. The dominant carbonatite in this area is middle-stage dolomite carbonatite with common abundant apatite.

Given the limited drilling completed in 2010 at the Southeast Area (none completed in 2011) the niobium results are highly encouraging with the best intercepts to date returned (see Appendix 8d). These grades compare very favourably to other deposits worldwide, including the current producing Niobec mine (Probable reserves of 0.42% Nb_2O_5).

In addition, significant drill intersections of fluorine (fluorite), phosphate (apatite), and potentially REEs (pyrochlore?) have been returned; the phosphate and REEs, in particular, occurring with the Nb mineralization.

With respect to Ta, the area has returned intersections of significance (e.g. 33.94 m of 0.479% Nb_2O_5 and 0.033% Ta_2O_5 in EC10-040); however, it is appears far less prevalent than the Nb mineralization in the area. Coupled with the Nb it may present itself as a potential by-product assuming it is hosted within the pyrochlore as the Nb is; although, often good Nb intersections correlate with poor Ta intersections (<0.015% Ta_2O_5). This being said, the potential for Ta mineralization in the area should not be ignored. A Ta mineralized boulder train, coincident with a Nb mineralized boulder train, is evident with an apex in the Southeast Area indicating a nearby source.

The Southeast Area has seen significant ground work since its discovery; however, drilling in the area only amounts to only 4,238 m, including the 2010 program. As such, the area remains heavily underexplored in terms of drilling with many targets that remain to be tested. The initial drilling, coupled with the extensive ground work, strongly indicates a Nb-P±Ta±REE mineralized body of significant size exists in the area.

Additional drilling, focused on Nb, is strongly recommended, although Ta does merit attention as well. First, initial drilling should focus on continued step-out holes surrounding those completed in 2010, and be oriented in a manner that is amenable to supporting a future resource estimate.

Second, drilling should target the magnetic high areas with vertical holes as these targets have not been fully tested, with prior holes typically located on the anomaly's flanks.

Further, attention should be made to the strike and dip of the fluorite body that is apparent in the area. Although, a body of this commodity is unlikely to be economic on its own, coupled with the significant Nb-P potential of the area it is worthy of continued evaluation.

Mineralogical work should also be continued in order to fully assess the Nb-Ta-P-REE-F mineral relationships and associations. If the REEs are contained in the pyrochlore this could be an added benefit to mineral processing. Grain size information will also be important in terms of evaluating the significance of any potential resource.

9.3 NORTHWEST AREA

The Northwest Area has largely been ignored since initial drilling in 2008, although significant potential remains for Nb-Ta-P mineralization. This is strongly indicated from prospecting and soil sampling data collected in the area (Figure 8.1 and Figure 8.2).

Although the Northwest Area drill intersections are not as favourable as those of the Southeast Area, the ground geochemical data is much more pronounced and should not be ignored. Continued exploration in the Northwest Area is strongly recommended with a focus on drilling.

9.4 STAR TRENCH AREA

Similar to the Southeast Area, the Star Trench Area has been a focus of exploration since the carbonatite was discovered in the early 1980s. The area is marked by elevated RA (U>Th sourced), coincident cluster of Nb-Ta mineralized boulders near the apex of small train, as well as a magnetic low. Of note is the lack of a regional Ta or Nb anomaly in the area (e.g. soil).

The dominant carbonatite in this area is middle-stage dolomite carbonatite with common abundant apatite and magnetite. The rock at times borderlines a 'phoscorite' where apatite surpasses carbonate in abundance with significant magnetite, although olivine is not described.

The Star Trench has returned the strongest Ta mineralization to date, although over short intervals. The 2010 drill results were very similar in grade and length of the 2008 results. Although the step-outs were not a great distance from the original 2008 hole (EC08-025), the short intervals, coupled with the lack of significant response from the 2010 ground RA survey, lack of regional soil anomaly, and the smaller area of interest as defined by prospecting suggest the Star Trench is a relatively small target; i.e. high grade may exist but tonnage potential is low.

This is somewhat further supported the presence of a phoscorite type rock (apatite-magnetite) that are typically low volume components of carbonatite complexes, indicating the potential volume of mineralization may be limited. This is again further supported by the lack of significant magnetic response from the 2010 ground gravity survey, as well as, the entire Star Trench Area residing in a regional magnetic low.

In conclusion, the Star Trench Area is very enigmatic with surface mineralization strong where encountered on surface, but appearing to pinch out at shallow depths as evidenced from drilling. Any potential mineralization is likely to be limited in nature, and thus, follow-up work is not recommended unless additional ground work (i.e. trenching) yields favourable information on tonnage potential. As the area is covered by a thin veil of overburden, trenching is the only means of effectively mapping the area, and potentially any mineralized zones.

9.5 MC EXPOSURE

The MC Exposure REE Target was discovered in 2010 by a soil crew during sampling. It is marked by an REE mineralized outcrop (MC Exposure) within regional associated soil and Th train anomalies. The discovery was not expected as the showing occurs outside the eastern boundary of the complex as inferred by magnetics, and within a very broad regional magnetic low.

The immediate area was prospected after the initial discovery and several RA boulders were located; however, no additional outcrop was found.

Two drill holes were completed targeting the MC Exposure outcrop at depth. REE mineralization up to 2.12% TREO was encountered near surface in both holes within dolomite carbonatite, along with additional intermittent hits downhole. Although grades were comparable to Ashram, mineralization was confined to short intervals (~6 to 19 m) with most of the holes intersecting unmineralized calcite/dolomite rich chlorite-biotite schists and breccias.

Further ground follow-up occurred in 2011 after the discovery of the Beckling Showing that included detailed prospecting and soil sampling. The work did yield several other REE mineralized boulders and outcrop of interest in the area; however, nothing as prevalent as the initial discovery outcrop “MC Exposure”.

After exploration work at Beckling in the summer of 2012, it is interpreted that the MC Exposure comprises the same basic material and geological setting as Beckling, except located farther to the southeast. Therefore, the MC Exposure and area carbonatite outcrops are interpreted to represent a series of boudinaged lenses, well outside of the main carbonatite body. This most easily explains the area anomalies and limited drill intersections at depth.

Assuming the MC Exposure is boudinaged in nature, it can be inferred that the volume is small and likely insufficient to support a deposit of significance. Therefore, given the low tonnage potential, as well as the similar grade and distribution to Ashram, no further work is recommended.

9.6 Miranna Area

The Miranna Area is located between J Lake and Centre Pond, extending south to the Southeast Area, and became an area of interested in 2010 when an area of high RA was discovered during prospecting.

Soils collected from the Miranna Trenches in the area returned very strong TREO values (~1%); however, soils from the Central Grid failed to produce any clear mineralized train. A magnetic low located at the southern end of J Lake is the postulated source for the REE body if one exists, although it has yet to be drill tested.

It is possible the Miranna Trenches’ REE anomaly is a localized occurrence. Additional exploration of Miranna for REE is not recommended as it is unlikely that a mineralized body comparable to Ashram would be found unless indications of increased TREO grade and/or improved REE distribution are present.

During prospecting of the Miranna Area in 2010 and 2011, several Nb-Ta mineralized boulders were discovered with one grading 0.83% Nb_2O_5, 0.04% Ta_2O_5, and 0.49% TREO. The area to the south of these boulders has not seen much prospecting and is a high priority area for future ground work so to identify the source of these mineralized boulders. It is possible the source is within the Southeast Area; however, it is also possible the source is not that far south. As magnetite is described in the most Nb mineralized samples, the circular magnetic high anomaly directly north of the Southeast Area, adjacent to the eastern shore of Centre Pond, is a potential source.

The area does lack an REE, Nb, or Ta soil anomaly on the Central Grid and may be explained by the usually deep overburden in the area (~3 m), noted at the Miranna Trenches, which may mask the anomaly's expression.

Follow-up exploration for the source of the Nb-Ta mineralization in the area is recommended. Work should focus on the area south of J Lake, towards Centre Pond. The closest magnetic high to the south of the Miranna Nb-Ta mineralized boulders should be evaluated as the source and drill tested.

9.7 TRIPLE D AREA

The Triple D Area is located ~1.2 km north of Ashram, centred on a magnetic low that is coincident with a lull in a large boulder train and an airborne thorium anomaly intensity drop.

The main REE mineralized boulder train is clearly sourced from Ashram; however, the train seems to diminish about 1.2 km north of Ashram and then pick up again on the north side of the magnetic low. The airborne thorium anomaly also has a coincident lull (pinches inward with decreased intensity) suggesting another point source, apart from Ashram, may be present.

Collectively, the coincident anomalies suggest an additional zone of mineralization may be present within the magnetic low (Triple D Area) that is separate from Ashram. This differs from the initial interpretation where Ashram was the sole source of the boulder train and thorium anomaly.

The results of the two drills holes completed were not encouraging with the small REE intersection in EC11-055 interpreted to be a dyke extending from the main Ashram body as it had a very similar lithology. Nearly all holes drilled on the Property to date have commonly intersected <5 cm to ~1 m ferrocarbonatite dykes enriched in REEs that are also interpreted to be related to Ashram. However, it is of note that EC11-055 intersected a much larger interval of REE mineralized dyke relative to holes not targeting REEs in other parts of the complex.

The Triple D Area remains underexplored with several additional drill holes warranted in the area in order to find the source as evidence suggests it is not Ashram. However, it should be evaluated if another REE discovery in such close proximity to Ashram would be of benefit. As is the case of the other REE targets on the Property, either a higher grade and/or an REE distribution more weighting in the HREEs would potentially be of greater interest than Ashram.

It is recommended, a more in depth review of geochemistry be completed to see if two distinct mineralized populations of in the boulder train exist. If so, it would suggest an additional source to Ashram, and further, if different REE distribution from Ashram it may have merit for additional follow-up.

Finally, the Pands Area, located directly west of Triple D, south of Glim Lake, requires follow-up prospecting, trenching of outcropping mineralization, and potentially drill testing.

9.8 WEST RIM AREA

The West Rim Area is located approximately 800 m west of the Ashram Deposit, on the western margin of the complex, and is coincident with an airborne thorium anomaly (and eastern edge of broad U airborne anomaly), soil anomaly, and REE mineralized boulder train. Further, the area is associated with large areas of elevated background radioactivity commonly associated with rare earth element mineralization.

The West Rim Area had largely been ignored prior to 2011 as it was situated on the edge of the complex with airborne RA anomalies not as large as that of the Northwest and Ashram areas. It was initially explored as an REE target; however, potential for Nb-Ta mineralization became evident as exploration progressed.

Additional REE exploration work is warranted in the area as sampling indicates a body separate from Ashram exists; although, the potential to discover an REE body that would rival Ashram is low.

However, promising Nb-Ta geochemical anomalies are present in the area indicating additional work is needed to further assess. Therefore, it is recommended the focus switch to Nb-Ta exploration in the area with additional ground prospecting, trenching, followed by drill testing recommended.

9.9 BECKLING AREA

The Beckling Area is centred on a carbonatite outcrop discovered during soil sampling, located approximately 500 m east, outside the main complex as inferred by magnetics. It has very similar mineralogy to Ashram although displays a dominant schistose texture and more localized intense zones of fluorite.

As noted in Section 8.4.2, although prospecting, trenching, and soil sampling indicated a sizable potential target, limited rare earth mineralization was intersected at depth. The area is interpreted to be host to a series of near surface boudinaged lenses of carbonatite, thus, limiting tonnage potential.

In addition, the rare earth distribution of Beckling appears similar to Ashram with enrichment in neodymium and europium. Regional soil geochemical results suggest a sizeable rare earth mineralized carbonatite may exist east of the main complex. Beckling may represent a northern boudinaged portion of such a body. However, overall TREO grades were not as encouraging as those collected from prospecting and trenching in the area, and therefore, the area is not recommended for additional follow-up as any discovery is likely to be dwarfed by the Ashram Deposit.

Exploration for REEs, Nb, or Ta is not recommended in the east of the complex as inferred by magnetics (i.e. Beckling or MC Exposure areas).

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