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Commerce Resources Corp. Produces 40% TREO Mineral Concentrate from the Ashram Rare Earth Element Deposit, Northern Quebec

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February 20, 2013 - Commerce Resources Corp. (TSXv: CCE, FSE: D7H, OTCQX: CMRZF) (the "Company" or "Commerce") is pleased to announce additional results from the on-going metallurgical programs on the Company's 100%-owned Ashram Rare Earth Element (REE) Deposit. Significant metallurgical advancements have been made since those detailed in the Company's News Release dated November 15th, 2012.

Highlights

- Production of reproducible, high-grade, rare earth mineral concentrates with greater than 30.0% TREO
- Successful application of wet high intensity magnetic separation (WHIMS) to mineral concentrate upgrading
- Significant advancement in sulphation roast-leaching ('cracking') of mineral concentrates using a two-acid method

Using conventional beneficiation and flotation techniques, multiple mineral concentrates of greater than 30% Total Rare Earth Oxide (TREO) have been produced including 40.0% TREO at 51.9% recovery, 30.7% TREO at 51.9% recovery, and 38.2% TREO at 44.8% recovery. **These results represent TREO upgrading of over 15 times the original grade into less than 5% of the original mass (i.e. a mass reduction of more than 95%).** In addition, mineral concentrate grades of 18.2% TREO at 73.0% recovery and 27.2% TREO at 58.4% recovery have been produced. This demonstrates that high-grade mineral concentrates with higher recoveries are achievable.

The high-grade mineral concentrates result from the Ashram Deposit's simple rare earth mineralogy consisting of monazite, bastnaesite, and xenotime. These three minerals contain among the highest REO (>60%) contents of any known mineral, dominate current commercial processing, and share common and conventional processing techniques.

Company President David Hodge states *"We are excited by the considerable increase in mineral concentrate grades and recoveries over the past 3-4 months. The REE mineral concentrates produced from Ashram appear to be the highest grade of any developing rare earth project. Our ability to create a high-grade mineral concentrate will lead to reduced downstream processing costs and acid consumption. This will have a positive and direct impact on the Ashram Project's OPEX."*

Physical Upgrade

To date, two successful approaches to physical upgrading have been developed involving conventional flotation at ambient temperatures, and wet high-intensity magnetic separation (WHIMS). The final Ashram flowsheet will merge the best attributes of both methods to develop an optimized approach of physical upgrading to a high-grade rare earth mineral concentrate. The production of a mineral concentrate is the final step before undergoing a sulphation roast-leach ('cracking') to liberate the REEs into solution.

Flotation (UVR-FIA GmbH)

The first method of physical upgrading is a size fraction approach in which all the mineralized whole rock material is ground and separated, via hydrocycloning and screening, into three size fractions termed 'fine', 'middle', and 'coarse'. The fine and middle size fractions are treated separately using conventional flotation techniques optimized for that fraction, while the coarse fraction is reground and classified proportionally into the other two fractions. After each fraction has been optimally upgraded they are recombined into a final high-grade mineral concentrate.

This method has been the focus of UVR-FIA GmbH of Freiberg, Germany under the direction of Gerhard Merker, a leading expert in mineral flotation. Representative test results are listed in Table 1.

Table 1: Test Results of Flotation Upgrading Using a Three Size Fraction Approach

Analytical Method[1]	Size Fraction(s)[2]	Test ID	Upgrading Process	% of Original Feed Weight	Analysis (TREO)[3]	Recovery[4]	Upgrade Ratio[5]
Grade and Recovery referenced to Size Fraction Input - fine, middle, and coarse							
XRF	Fine	55-25/124	Flotation	14.2%	8.3%	60.5%	4.3 times
XRF	Middle	58-18a	Flotation	10.0%	22.4%	88.4%	11.5 times
ICP	**Middle**	**58-18b**	**Flotation**	**7.9%**	**26.8%**	**83.7%**	**13.7 times**
XRF	**Fine[7] + Middle**	58-20a	Flotation	6.0%	27.2%	74.5%	13.9 times
ICP	Middle	58-13	Flotation	5.4%	29.7%	70.1%	15.2 times
XRF	**Middle**	**58-17a**	**Flotation**	**7.6%**	**30.7%**	**79.8%**	**15.7 times**
ICP	Middle	58-16	Flotation	5.3%	32.9%	72.9%	16.9 times
ICP	Middle	58-17b	Flotation	5.3%	38.2%	68.9%	19.6 times
XRF	**Fine[7] + Middle**	**58-20b**	**Flotation**	**4.1%**	**40.0%**	**66.5%**	**20.5 times**
XRF	Middle	55-25-132	Flotation	1.9%	43.3%	33.8%	22.2 times
-	Coarse	Re-ground proportionally back to fine and middle fractions					
Grade and Recovery referenced to Whole Rock Input[6]							
XRF	Fine + Middle + Coarse	55-25/124 + 58-18a	Flotation	11.7%	15.5%	78.6%	7.9 times
XRF/ICP	Fine + Middle + Coarse	55-25/124 + 58-18b	Flotation	10.4%	16.7%	75.6%	8.6 times

XRF	**Fine + Middle + Coarse**	**55-25/124 + 58-17a**	**Flotation**	**10.2%**	**18.2%**	**73.0%**	**9.3 times**
XRF/ICP	Fine + Middle + Coarse	55-25/124 + 58-17b	Flotation	8.8%	19.0%	66.0%	9.7 times
XRF	**Fine[7] + Middle + Coarse**	58-20a	Flotation	4.2%	27.2%	58.4%	13.9 times
XRF	**Middle + Coarse (Fine Discarded)**	**58-17a**	**Flotation**	**4.5%**	**30.7%**	**51.9%**	**15.7 times**
ICP	Middle + Coarse (Fine Discarded)	58-16	Flotation	3.2%	32.9%	47.4%	16.9 times
ICP	Middle + Coarse (Fine Discarded)	58-17b	Flotation	3.2%	38.2%	44.8%	19.6 times
XRF	**Fine[7] + Middle + Coarse**	**58-20b**	**Flotation**	**2.9%**	**40.0%**	**51.9%**	**20.5 times**

(1) XRF refers to quantitative analysis by XRF using a fusion bead/tablet. XRF analysis is typically completed for Ce and La only with TREO extrapolated based on the correlation factor noted below. ICP analysis is quantitative with TREO defined as Ce_2O_3 + La_2O_3 + Pr_2O_3 + Nd_2O_3 + Eu_2O_3 + Sm_2O_3 + Gd_2O_3 + Tb_2O_3 + Dy_2O_3 + Ho_2O_3 + Er_2O_3 + Tm_2O_3 + Yb_2O_3 + Lu_2O_3 + Y_2O_3.
(2) The fine, middle, and coarse fractions comprise 28%, 53%, and 19% of the total whole rock REE content respectively. Assuming the proportional re-grind of the coarse fraction into the fine and middle fractions, the fine and middle fractions would comprise 35% and 65% of the total REE content respectively.
(3) ICP provides a quantitative value for TREO. XRF TREO is calculated from Ce (metal) using a correlation factor as determined from multiple ICP analysis.
(4) Recovery is based on Ce and is assumed to be constant over all the REEs as is indicated from prior testing.
(5) Based on an average 1.95% TREO starting head grade.
(6) Assumes coarse fraction undergoes a proportional regrind into the fine and middle fractions.
(7) Test 58-20 uses a modified size classification approach where a portion of the fine fraction is further separated. The coarsest fine fraction is then added to the middle fraction for a total whole rock REE content of 78% as opposed to the 65% as outlined in footnote (2) above.

The most significant upgrading occurs in the middle fraction where reproducible mineral concentrates of 20% to 40% TREO at 65% to 88% recovery have been achieved. Upgrading in the fine fraction has achieved 8+% TREO mineral concentrates at 60+% recoveries, although work completed to date has not been as extensive as with other size fractions. Test work, including lock cycle tests, is ongoing to confirm the regrind and proportional classification of the coarse fraction and further optimize the upgrading of each fraction. Preliminary test work suggests that a higher proportion (up to 83% from the initial 65%) of the reground coarse fraction reports to the middle fraction.

In addition to producing high-grade mineral concentrates, a key benefit of this method is the reduced fluorite content in the mineral concentrates compared to those previously produced. This will significantly reduce the amount of calcium (Ca) and fluorine (F) present during the sulphation roast-leach process that follows, and is expected to allow for improved overall recoveries.

Flotation + WHIMS (Hazen Research Inc.)

The second method of physical upgrading is being developed at Hazen Research Inc. of Colorado, USA and involves the use of conventional flotation followed by wet high intensity magnetic separation (WHIMS). The method treats the whole rock material directly by flotation before undergoing WHIMS, rather than using a sizing approach.

Using this method of flotation, mineral concentrates of 10-15% TREO at 69-83% recovery have been created with good reproducibility and minimal optimization, leaving good potential for additional upgrading. Producing these concentrates has resulted in a significant mass reduction of 84-91% of the material to be processed downstream. Representative results are listed in Table 2

Table 2: Test Results of Flotation Upgrading Without Sizing (Whole Rock)

Analytical Method[(1)]	Test ID	Upgrading Process	% of Original Feed Weight	Analysis (TREO)[(1)]	Recovery[(2)]	Upgrade Ratio[(3)]
ICP	3638-1	Flotation (Cleaner 1 of 2 Roughers)	9.1%	15.0%	68.9%	7.7 times
ICP	**3612-155**	**Flotation**	**11.2%**	**13.4%**	**75.0%**	**6.9 times**
ICP	3612-116	Flotation	15.1%	10.6%	79.6%	5.4 times
ICP	3638-1	Flotation (Cleaner 1 of 4 Roughers)(4)	16.3%	10.1%	82.9%	5.2 times

(1) ICP analysis is quantitative with TREO defined as Ce_2O_3 + La_2O_3 + Pr_2O_3 + Nd_2O_3 + Eu_2O_3 + Sm_2O_3 + Gd_2O_3 + Tb_2O_3 + Dy_2O_3 + Ho_2O_3 + Er_2O_3 + Tm_2O_3 + Yb_2O_3 and + Y_2O_3. Lu_2O_3 is not included in the summation.
(2) Recovery is based on ICP data of all available TREO.
(3) Based on an average 1.95% TREO starting head grade.
(4) Based on recycle of cleaner tails to preceding rougher stage

The WHIMS method uses the magnetic properties inherent in each mineral to achieve separation. Flotation produces a mineral concentrate consisting of fluorite (diamagnetic), carbonate minerals (paramagnetic), and REE minerals (paramagnetic). As such, the fluorite will preferentially report to the non-magnetic fraction and the carbonate + REE minerals to the magnetic fraction. The following figure illustrates visually the upgrading as exemplified in test 3612-117.

Figure 1: WHIMS Products from Flotation Concentrate (Test 3612-117)

Table 3: Select Test Result of Mineral Concentrate Upgrading via Conventional Flotation and WHIMS

	Whole Rock Material	REE Mineral Concentrate(1)	WHIMS (Magnetic Fraction)(1)	WHIMS Referenced to Concentrate Feed
Test ID	-	3638-10	3638-43	-
Upgrading Process	None (Original Feed)	Flotation of Whole Rock Material	Flotation (3638-10) + WHIMS	-
Weight	989.1g	163.0g	124.2g	-38.8g
% of Original Feed Weight	**100%**	**16.5%**	**12.6%**	**24% reduction in weight**
TREO(2) Content	**2.0%**	**9.7%**	**11.8%**	**22% increase in grade**
TREO Recovery(3)	**100%**	**79.5%**	**75.2%**	**95% recovery**
TREO Upgrade Ratio	0 times	4.9 times	5.9 times	-
Fluorite Content(3)	5.9%	29.6%	15.2%	51% decrease in fluorite grade
Fluorite Recovery	100%	82.3%	31.9%	61% fluorite rejection

(1) Results referenced to Whole Rock Material (original feed)
(2) TREO determined by Portable XRF for the LREO (Ce_2O_3, La_2O_3, Pr_2O_3, and Nd_2O_3) with extrapolation, based on known distribution, used to determine the value for the remaining REOs. The extrapolation assumes recovery remains constant across all the REOs. The Portable XRF (semi-quantitative) vs. ICP (quantitative) analytical methods have consistently shown to correlate well for Ce_2O_3, La_2O_3, Pr_2O_3, and Nd_2O_3 due to the fine grain size and homogenous character of the mineral concentrates, thereby allowing for a quick, economic, and effective means of characterizing a mineral concentrate.
(3) Fluorite is calculated from fluorine analysis by selective ion electrode using a conversion factor of 2.055. Assumes all fluorine is contained within fluorite.

The use of the WHIMS method has several significant attributes that make it an attractive option to pursue because it:

1. Allows for a significant increase in TREO grade (>20%) at minimal loss of recovery (<5%), as well as a considerable decrease in mass (~25%) referenced to the mineral concentrate feed.
2. Provides potential for a metallurgical grade fluorspar credit without additional refining. (Alternatively, the fluorite product may potentially be further upgraded by additional flotation to a more valuable ceramic or acid-grade product).
3. Significantly reduces fluorite in the flotation mineral concentrate which will reduce the acid consumption and may potentially allow further REE upgrading via additional flotation.

Sulphation Roast-Leach Tests ('Cracking')

Testwork on mineral concentrates produced at Hazen has continued to provide promising results. A two acid approach using a dilute hydrochloric acid (HCl) pre-leach to dissolve the carbonate gangue (waste) minerals, followed by a sulphuric acid (H2SO4) attack to dissolve the REE minerals, is being pursued. The method has shown promise for reducing overall acid consumption from the gangue components and may allow for improved REE recoveries into solution. For example, in an initial test, dilute HCl solution at ambient temperature was added to a flotation concentrate at a ratio of 520kg (100% HCl basis) per tonne of concentrate (~155kg per tonne of whole rock ore) to dissolve the carbonate gangue. The test resulted in the removal of ~70% of the concentrate's mass with only 3% REE loss while increasing the grade from ~3.8% to ~9.9% TREO (an upgrade of 2.6 times)

This test was completed on a low grade mineral concentrate (~3.8% TREO) and will be repeated on higher grade concentrates (10-15+% TREO) in the near term. This will be followed with sulphuric acid attack on the residues allowing for more complete characterization of acid consumption and REE recoveries into solution. The HCl consumption is a function of the amount of carbonate and fluorite in the concentrate and is expected to decrease for higher grade mineral concentrates containing less of these gangue components.

The remaining mineral concentrate, containing ~9.9% TREO, consisting dominantly of rare earth and presumably fluorite minerals, may be subjected to the WHIMS method a second time. This would provide additional upgrading before undergoing a sulphuric acid roast to decompose the rare earth minerals. Previous sulphation roast-leach tests had focused on a sulphuric acid roast with no hydrochloric acid pre-leach step, and although these were successful, the two-acid approach offers a much more efficient process. Further, caustic cracking (NaOH) is also being evaluated as an alternative method of producing a rare earth end-product because of the high-grade mineral concentrates now being produced.

Darren L. Smith, M.Sc., P.Geol., Dahrouge Geological Consulting Ltd., a Qualified Person as defined by National Instrument 43-101, supervised the preparation of the technical information in this news release.

Eric Larochelle, Eng, and Alain Dorval, Eng., Manager- Process, Mining and Mineral Processing., of Roche Ltd, Consulting Group, Qualified Persons as defined by National Instrument 43-101, reviewed the technical information presented in this news release.

About Hazen Research Inc.

Hazen Research Inc., located in Colorado U.S.A, is an industry leader in metallurgical processing including rare earths. Their expertise extends across many commodities including base, precious, and rare metals, as well as pilot plant level studies.

Over their 50+ year history, extensive experience in the metallurgy of rare earths has been developed via direct involvement on many rare earth projects having varying ore and gangue mineralogy. They are therefore, very well-known to industry, within and outside North America, as a leader in mineral beneficiation and hydrometallurgical processing of raw materials, including rare earth mineralized material.

Hazen is the primary metallurgical facility focused on defining the beneficiation and hydrometallurgical flowsheet for the Ashram Deposit.

About UVR-FIA GmbH

UVR-FIA GmbH, located in Freiberg Germany, is a mineral processing and research facility with roots dating back to 1954. The surrounding region has a history of over 800 years of mining and smelting with Freiberg hosting the world oldest university of mining and metallurgy in the world (Freiberg University of Mining and Technology, established in 1765).

R. Gerhard Merker, a mineral processing engineer (Dipl.-Ing.) and leading expert in flotation of carbonate and fluorite-bearing bastnaesite ores, is consultant and manager of the Ashram Deposit's test work at UVR. Mr. Merker has over 30 years' experience in the raw material and recycling industry including several years studying the Dong Pao Rare Earth Deposit in Vietnam and other RE deposits.

UVR-FIA is working in tandem with Hazen Research to complete the Ashram Deposit's flowsheet with a focus on fluorite separation from the rare earth minerals.

About the Ashram Rare Earth Element Deposit

The Ashram Rare Earth Element (REE) Deposit is a carbonatite within the Eldor Property, located in north-eastern Quebec. The Deposit has a measured and indicated resource of 29.3 million tonnes at 1.90% TREO and an inferred resource of 219.8 million tonnes at 1.88% TREO. The deposit boasts a well-balanced distribution with enrichment in the light, middle and heavy rare earth elements including all five of the most critical elements (neodymium, europium, dysprosium, terbium, and yttrium).

The REEs at Ashram occur in simple and well-understood mineralogy, being primarily in the mineral monazite and to a lesser extent in bastnaesite and xenotime. These minerals dominate the currently known commercial extraction processes for rare earths.

A Preliminary Economic Assessment, completed in May of 2012 by SGS-Geostat of Montreal (Blainville) (see news release dated May 24, 2012), outlines highly robust economics for the Ashram Deposit. The PEA is based on a 4,000 tonne per day open-pit operation with an initial 25-year mine life (300 years at economic cut-off if open-pit + underground development), a pre-tax and pre-finance Net Present Value (NPV) of $2.32 billion at a 10% discount rate, a pre-tax/pre-finance Internal Rate of Return (IRR) of 44%, and a pre-tax/pre-finance payback period of 2.25 years.

The company continues to advance the Ashram Deposit with metallurgical programs at both UVR-FIA and Hazen Research.

About Commerce Resources Corp.

Commerce Resources Corp. is an exploration and development company with a particular focus on deposits of rare metals and rare earth elements. The Company is focused on the development of its Upper Fir Tantalum and Niobium Deposit in British Columbia and the Ashram Rare Earth Element Deposit in Quebec.

For more information on Commerce Resources Corp. visit the corporate website at http://www.commerceresources.com or email info@commerceresources.com.

On Behalf of the Board of Director
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Forward-Looking Statements
This news release contains forward-looking information which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements. Forward looking statements in this press release include the focus of the metallurgical work, the results of the on-going metallurgical programs the reported grades and potential cost reductions, that the Ashram deposit can be developed economically as an open-pit mine; all reference to and information contained in the pre-feasibility study; and that we can build shareholder value through the discovery and development of Canadian rare metal and rare earth element deposits. These forward-looking statements are based on the opinions and estimates of management and its consultants at the date the information is disseminated. They are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Risks that could change or prevent these statements from coming to fruition include the ability to finance ongoing exploration, development and metallurgical programs, changing costs for mining and processing; changing forecasts of mine production rates; the timing and content of upcoming work programs; geological interpretations based on drilling that may change with more detailed information; potential process methods and mineral recoveries assumption based on test work; the availability of labour, equipment and markets for the products produced; market pricing for the products produced; and despite the current expected viability of the project, conditions changing such that the minerals on our property cannot be economically mined, or that the required permits to build and operate the envisaged mine can be obtained. The forward-looking information contained herein is given as of the date hereof and the Company assumes no responsibility to update or revise such information to reflect new events or circumstances, except as required by law.

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