



Commerce Resources Corp. Updates Metallurgical Advancements on the Ashram Rare Earth Element Deposit, Northern Quebec

August 13, 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, as well as an update on related trade-off studies.

Highlights

- Independent lab verification by Hazen Research Inc. of the multi-stage beneficiation and flotation method developed at UVR-FIA GmbH
- Simplified and improved multi-stage beneficiation and flotation has created mineral concentrates of **25% to >45%** Total Rare Earth Oxide (TREO)
- Successful hydrochloric acid (HCl) leach of mineral concentrate followed by Wet High Intensity Magnetic Separation (WHIMS) has effectively doubled the TREO grade at a recovery of **97%** in these steps
- Initiation of trade-off study for hydromet location

Mineral Concentrate Production and Merging of Flowsheets

Since late May 2013, the independent approaches developed at Hazen Research Inc. (single-fraction method) and UVR-FIA GmbH (multi-fraction method) have been merged into a joint beneficiation/flotation flowsheet. Mineral concentrates ranging from 20% to 35% TREO are now regularly being produced at both UVR and Hazen. Recent highlights include **31.4% TREO at 57.3% recovery** and **22.1% TREO at 67.2% recovery** in addition to the continued production of mineral concentrates of **30-40% TREO at ~50% recovery** at both Hazen and UVR.

Demonstration of the beneficiation/flotation method at a second independent laboratory is a key step in confirming a viable, robust, and stable upgrading circuit. The process developed uses only commercially available reagents and other consumables, as well as conventional methods currently used at the industrial scale. This is critical to allow the scaling up of the process as would be required in a potential mining operation.

Company President David Hodge states *“The continued improvements in metallurgy for our Ashram REE Deposit are very exciting. In terms of benchmarking amongst other rare earth projects in development, confirming the ability to concentrate to such a high degree, along with such a significant reduction of mass, identifies the Ashram Deposit as a leader. Having mineralogy which has a history of successful commercial processing is absolutely critical in this industry, and Ashram with its sheer size, grade,*

balanced rare earth distribution, and overall mineral concentrate grades achieved to date, show that this deposit is well positioned to enter production at a level which will have a meaningful impact in the light, middle, and heavy REE supply chain.”

Physical Upgrade

As first outlined in the February 20th, 2013 News Release, Ashram’s high grade mineral concentrates are produced using a size fraction approach in which mineralized whole rock material is ground and separated by means of hydrocycloning and screening, into three size fractions termed ‘fine’, ‘middle’, and ‘coarse’. The coarse fraction is reground and classified into the fine and middle fractions with the fine fraction either then discarded or partially re-mixed and treated with the middle fraction. This method of sizing control allows for optimized flotation without the hindrance of fine slimes or coarser fractions. Recent test results are presented in Table 1.

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

Metallurgical Lab	Flotation Stage	Test ID	Upgrading Process	% of Original Feed Weight	Analysis (TREO) ⁽¹⁾	Recovery ⁽¹⁾	Upgrade Ratio ⁽²⁾
<i>Grade and Recovery referenced to Whole Rock Input (i.e. Overall Recovery)</i>							
Hazen	3 rd Cleaner	3638-92	Flotation	3.3%	30.0%	50.2%	15.4 times
Hazen	3rd Cleaner	3638-93	Flotation	5.8%	22.1%	67.2%	11.3 times
Hazen	3 rd Cleaner	3638-87	Flotation	4.5%	23.4%	56.7%	12.0 times
UVR	1 st Cleaner	58-23	Flotation	4.1%	28.6%	56.0%	14.7 times
UVR	1 st Cleaner	58-17	Flotation	4.5%	30.7%	52.5%	15.7 times
UVR	1st Cleaner	58-20	Flotation	4.3%	31.4%	57.3%	16.1 times
UVR	2 nd Cleaner	58-21	Flotation	3.9%	32.9%	54.1%	16.9 times
UVR	3 rd Cleaner	58-20	Flotation	2.9%	41.1%	50.9%	21.1 times
UVR	3 rd Cleaner	58-25	Flotation	2.2%	44.3%	45.1%	22.7 times

(1) TREO and recovery are fully quantitative and derived from ICP analysis of Ce₂O₃ + La₂O₃ + Pr₂O₃ + Nd₂O₃ + Eu₂O₃ + Sm₂O₃ + Gd₂O₃ + Tb₂O₃ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Lu₂O₃ + Y₂O₃.

(2) Based on an average 1.95% TREO starting head grade.

Since the February update, the size fraction method has continued to advance with impressive results. Regrinding of the coarse fraction has confirmed its appropriate classification into fine and middle fractions, thereby necessitating only two sizes. Further, the middle fraction (which has seen flotation recoveries as high as 90%), originally comprised 53% of the whole rock; however, it has since been increased to comprise up to 95% of the whole rock, with the incorporation/elimination of the coarse fraction. Recoveries of this improved middle fraction (95% of whole rock) are currently being evaluated.

Reproducibility of high grade (>30%) mineral concentrates continues to be demonstrated under increasingly simplified conditions. The optimization has been achieved through varying parameters such as reagent dosage amounts, timing, pH control, etc., thereby allowing the reduction of cleaner stages (fewer stages to achieve same grade and recovery). In addition, recoveries in the first and most important rougher stage have been continually improved.

Another notable attribute of the method is the significant reduction of fluorite content (up to 90%) in the mineral concentrate during rare earth upgrading. The removal of fluorite simplifies the subsequent hydromet and allows for considerably higher TREO grades to be achieved.

As is typical for rare earth deposits, two flowsheet circuits are strongly preferred to create a saleable end-product. The first is the physical upgrade, typically a combination of grinding, flotation, WHIMS, etc. to create a RE mineral concentrate. The second is hydromet, which involves dissolution of the mineral concentrate, releasing the elements from their individual minerals into solution, followed by impurity removal and precipitation/purification of a RE saleable end-product.

The ability to successfully complete the physical upgrade stage (creating a RE mineral concentrate) is essential to a low cost operation as all consumables are dramatically reduced, and there is less unwanted material to deal with during the hydromet that follows. In addition, the hydromet is simplified as fewer impurities are present along with the REEs in solution during the process.

The mineralogy of a rare earth deposit, and the ability to free those REE minerals from the gangue (waste) minerals, is one of the most critical aspects in REE project evaluation. The high-grade mineral concentrates currently being produced from Ashram are a direct result of the simple rare earth mineralogy of the deposit consisting of monazite, bastnaesite, and xenotime. These three minerals contain among the highest REO (>60%) contents of any known minerals, dominate current commercial processing, and share common and conventional processing techniques.

Hydromet

Two general approaches for liberating the REEs from their minerals and putting them into solution (hydrometallurgy) have been developed. Each has differing consumable requirements and efficiencies. These are:

1. Sulphation Roast Method, whereby sulphuric acid (H_2SO_4) is applied at elevated temperature followed by water leaching to dissolve the mineral concentrate into solution
2. Two Acid + WHIMS Method, whereby the mineral concentrate is leached in hydrochloric acid (HCl) to remove the carbonate, followed by WHIMS to remove the fluorite, and finally undergoing a sulphation roast followed by water leaching to dissolve the remaining mineral concentrate.

As previously discussed in the November 15th, 2012 News Release, the sulphation roast has been successful at recovering up to 95% of the total REEs into solution from mineral concentrates grading 10-12% TREO. The next phase of work is currently testing the sulphation roast on a >25% TREO mineral concentrate. As less fluorite and carbonate are present in higher grade mineral concentrates, recoveries into solution are expected to improve further, with acid consumption expected to decrease significantly.

Currently, the mineral concentrates produced at Ashram have allowed for some of the lowest acid consumptions in the industry. Acid consumption and related expenses are typically one of the highest operating costs of a rare earth mine. For this reason, reducing the amount consumed is critical to moving a project forward.

The Two Acid + WHIMS method adds two extra pre-steps (chemical leach and physical separation) to the Sulphation Roast Method that reduces overall acid consumption and simplifies the hydromet process by removing additional waste minerals (carbonate and fluorite respectively). Recent testwork has confirmed that an HCl leach of a mineral concentrate at ambient temperature will selectively dissolve the carbonate and not the REE bearing minerals, thereby achieving considerable upgrading with essentially zero REE loss. This simple method, developed at Hazen, allows for near perfect REE recovery with a minimal HCl consumption of 220 kg (100% HCl basis) per tonne of mineral concentrate (28 kg/t of HCl per tonne of whole rock mined). This is an ~80% decrease in HCl consumption compared to earlier tests (See February 20th, 2013 News Release).

The material was then subjected to WHIMS for fluorite removal (additional physical upgrading), with the sulphation roast testwork, as described above in Method 1.

The result of the process (flotation + HCl leach + WHIMS) is considerable upgrading with minimal REE loss and considerable weight/volume reduction. Results of experiment 3572-115 (HCl leach) and 3638-98 (WHIMS) are presented in the table below.

Table 2: TREO Grade Upgrading by HCl Leach of Mineral Concentrate Followed by WHIMS

	Whole Rock Material	→	REE Mineral Concentrate ⁽¹⁾	→	HCl Leached REE Mineral Concentrate ⁽¹⁾	→	WHIMS (Magnetic Fraction) ⁽¹⁾
TREO Grade⁽¹⁾	~2.0%		10.2%		14.2%		20.8%
Upgrade Ratio Between Stage	<i>5.1 times (66% recovery, 87% mass rejection)</i>						
		<i>1.3 times (100% recovery, 34% mass rejection)</i>					
				<i>1.5 times (97% recovery, 45% mass rejection)</i>			
	10.4 times total upgrade from whole rock (64% recovery, 95% mass rejection)						

(1) TREO and recovery are fully quantitative and derived from ICP analysis of Ce₂O₃ + La₂O₃ + Pr₂O₃ + Nd₂O₃ + Eu₂O₃ + Sm₂O₃ + Gd₂O₃ + Tb₂O₃ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Lu₂O₃ + Y₂O₃.

Trade-off Study for Hydromet Location

A trade-off study for the location of the hydromet facility ('cracking facility') has been initiated with a report expected in Q3 2013. The study will assess the economic viability of constructing a hydromet facility at the mine site, or at a more southern location closer to infrastructure, a skilled workforce, and sources of consumables. The results of this evaluation will help constrain options for the flowsheet and saleable end-products, as well as the viability/practicality of a fluorine based by-product. The PEA base case assumed a hydromet facility at the mine-site; however, a facility constructed in a less remote area is expected to significantly lower the CAPEX and OPEX of that facility, and in turn, the overall project.

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 Directors
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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.