



Condensed Interim Financial Statements

For the Three Months Ended January 31, 2016

(Unaudited - Expressed in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Commerce Resources Corp. for the three months ended January 31, 2016, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Commerce Resources Corp.

Condensed Interim Statements of Financial Position

As expressed in Canadian dollars

(Unaudited – prepared by management)

	January 31, 2016	October 31, 2015
Assets		
Current		
Cash and cash equivalents	\$ 128,129	\$ 5,342
Marketable securities (Note 5)	22,651	22,571
Short term investment (Note 7)	627,500	184,500
Amounts receivable	14,614	6,830
Mining tax receivable (Note 6)	27,731	27,731
GST/HST receivable	18,888	62,234
Prepaid expenses (Note 8)	115,976	116,595
	955,489	425,803
Prepaid expenses – non-current (Note 8)	65,000	65,000
Investment - asset-backed commercial paper (Note 9)	329,278	329,278
Equipment (Note 10)	506,717	514,845
Exploration and evaluation assets (Note 11 and Schedule I)	58,520,223	58,329,266
Reclamation bonds	82,000	82,000
	\$ 60,458,707	\$ 59,746,192
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,073,109	\$ 1,389,435
Due to related parties (Note 15)	444,083	778,990
Liability for flow-through shares (Note 18)	775,489	333,609
	2,292,681	2,502,034
Shareholders' Equity		
Share capital (Note 12)	79,618,773	78,307,911
Reserves (Note 12 and 13)	8,305,383	8,259,350
Accumulated other comprehensive income (loss)	309,140	309,629
Deficit	(30,067,270)	(29,632,732)
	58,166,026	57,244,158
	\$ 60,458,707	\$ 59,746,192

Approved and authorized by the Board of Directors on March 16, 2016:

“Christopher Grove”

Director

“David Hodge”

Director

The accompanying notes are an integral part of these condensed interim financial statements.

Commerce Resources Corp.

Condensed Interim Statements of Operations and Comprehensive Loss

For the three months ended January 31,

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2016	2015
Expenses		
Administration fees and rent (Note 14)	\$ 161,430	\$ 161,430
Advertising and website	79,583	139,925
Consulting fees (Note 15)	39,207	25,925
Filing and transfer agent fees	7,874	6,055
Insurance	2,823	3,075
Investor relations	17,774	6,812
Office, telephone and miscellaneous (Note 14)	4,141	16,273
Professional fees	7,723	55,887
Travel expenses	16,348	13,356
Loss before other items	(336,903)	(428,738)
Other items:		
Interest income	1,876	14,256
Interest expense	(155,543)	-
Foreign exchange gains (losses)	(3,307)	-
Impairment of exploration and evaluation assets (Note 11)	-	(9,081)
Gain on disposition of asset backed commercial paper (Note 9)	28,713	2,197
	(128,261)	7,372
Income (loss) before income taxes	(465,164)	(421,366)
Deferred income tax recovery (Note 18)	30,626	107,284
Net income (loss) for the period	(434,538)	(314,082)
Other comprehensive income (loss) for the period		
Change in fair value of available-for-sale financial assets (Note 5 and 9)	(489)	(21,153)
Comprehensive income (loss) for the period	(489)	(21,153)
Net income (loss) and comprehensive income (loss) for the period	\$ (435,027)	\$ (335,235)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	214,393,049	182,852,699

The accompanying notes are an integral part of these condensed interim financial statements.

Commerce Resources Corp.

Condensed Interim Statements of Changes in Equity

As expressed in Canadian dollars

(Unaudited – prepared by management)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, October 31, 2014	201,937,364	\$ 75,918,034	\$ 8,158,524	\$ (15,804)	\$ (27,145,377)	\$ 56,915,377
Flow-through private placements	12,025,000	2,224,625	-	-	-	2,224,625
Private placements	2,500,000	462,500	37,500	-	-	500,000
Share issue costs	-	(297,248)	63,326	-	-	(233,922)
Change in fair value of available-for-sale financial assets	-	-	-	(21,153)	-	(21,153)
Net loss for the period	-	-	-	-	(314,082)	(314,082)
Balance, January 31, 2015	216,462,364	\$ 78,307,911	\$ 8,259,350	\$ (36,957)	\$ (27,459,459)	\$ 59,070,845
	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, October 31, 2015	216,462,364	\$ 78,307,911	\$ 8,259,350	\$ 309,629	\$ (29,632,732)	\$ 57,244,158
Flow-through private placements	17,947,500	1,501,719	-	-	-	1,501,719
Private placements	-	-	-	-	-	-
Share issue costs	-	(190,857)	46,033	-	-	(144,824)
Change in fair value of available-for-sale financial assets	-	-	-	(469)	-	(469)
Net loss for the period	-	-	-	-	(434,538)	(434,538)
Balance, January 31, 2016	234,409,864	\$ 79,618,773	\$ 8,305,383	\$ 309,140	\$ (30,067,270)	\$ 58,166,026

The accompanying notes are an integral part of these condensed interim financial statements.

Commerce Resources Corp.

Condensed Interim Statements of Cash Flows

For the three months ended January 31, 2016 and 2015

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2016	2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income (loss) for the period	\$ (434,538)	\$ (314,082)
Add (deduct) items not affecting cash:		
Deferred income tax recovery	(30,626)	(107,284)
Loss (Gain) on disposition of asset-backed commercial paper	(28,713)	(2,197)
Impairment of mineral property	-	9,081
Changes in non-cash working capital items related to operations:		
Amounts receivable	(7,784)	(57,737)
GST/HST receivable	43,346	(14,704)
Prepaid expenses	619	(111,986)
Due to (from) related parties	(332,891)	3,645
Accounts payable and accrued liabilities	(318,342)	(49,129)
Net cash flows provided by (used in) operating activities	(1,108,929)	485,069
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of share capital, net of share issuance costs	1,829,401	3,272,328
Net cash flows provided by financing activities	1,829,401	3,272,328
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Short term investment	(443,000)	(2,625,000)
Redemption of Asset-backed commercial paper	28,144	2,330
Exploration and evaluation costs, net of tax credits received	(182,829)	(902,196)
Net cash flows (used in) investing activities	(597,685)	(3,524,866)
Increase (decrease) in cash and cash equivalents	122,787	(896,931)
Cash and cash equivalents, beginning of period	5,342	1,286,584
Cash and cash equivalents, end of period	\$ 128,129	\$ 389,653
Cash and cash equivalents consists of the following:		
Cash	<u>\$ 128,129</u>	<u>\$ 47,072</u>
Money market funds	<u>\$ -</u>	<u>\$ 342,581</u>
Cash paid during the period for:		
Interest expense	<u>\$ Nil</u>	<u>\$ Nil</u>
Income taxes	<u>\$ Nil</u>	<u>\$ Nil</u>

Supplemental disclosure with respect to cash flows – Note 17

The accompanying notes are an integral part of these condensed interim financial statements.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Commerce Resources Corp. (“Commerce” or the “Company”) was incorporated on May 19, 1999, under the Company Act of British Columbia and is in the business of acquiring, exploring, developing and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is in the exploration stage and has interests in properties located in British Columbia (“BC”) and Quebec, Canada. Commerce is a public company listed on Tier 1 of the TSX Venture Exchange in Canada (“CCE”), the OTCQX in the United States (“CMRZF”), and the Frankfurt Stock Exchange in Germany (“D7H”). The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on March 16, 2016.

The Company had cash and short term investments of \$755,629 (October 31, 2015 - \$189,842) and a working capital deficit of \$1,337,192 at January 31, 2016 (October 31, 2015 - \$2,076,231). These financial statements have been prepared on a going concern basis which assumes that the Company will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company has in place a planning, budgeting and forecasting process to help determine the funds required to support the Company’s normal operations on an ongoing basis and its expansionary plans. The Company expects to have sufficient liquidity and capital resources to meet its ongoing obligations and future contractual commitments for at least twelve months from the date of the approval of the financial statement. The Company expects its liquidity to remain sufficient based on anticipated cash flow streams from the equity financings. In the recent years, the Company has successfully raised significant operating funds from equity financing, even in a difficult economic climate. It is to the management’s strong belief that the necessary operating funds can be acquired through equity financing given the Company’s share price has been revived and there is strong interest from investors for new shares. Also, the Company continues to minimize uncommitted capital expenditures and exploration expenditures in order to preserve the Company’s financial resources.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and assumptions

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- The recoverability of mining tax receivable;
- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest;
- The inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income;
- The useful lives and related depreciation of plant and equipment;
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods;
- The inputs used in accounting for share-based payments in the statements of operations and comprehensive loss; and
- The determination of fair value of asset-backed commercial paper based on numerous assumptions, including interest and market risk rates, and factors that are beyond the Company's control such as the ultimate settlement amounts, timing of settlement and changes in the credit ratings. The fair value of the asset-backed commercial paper is subject to uncertainty and it is reasonably possible that the recognized amount could change by a material amount in the near term.

Judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:

- Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs

Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

- Production stage of a mine

The determination of the date on which a mine enters the production stage is a significant judgment since capitalization of certain costs ceases upon entering production.

- Provisions for reclamation

Management assesses its provision for reclamation on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended October 31, 2015. Therefore, these condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2015.

5. MARKETABLE SECURITIES

	Number Of Shares	Cost	Unrealized Gain (Loss)	Permanent Write-down	Fair Value January 31, 2016
Canadian International Minerals ("CIN")	150,000	\$ 185,000	\$ 5,250	\$ (183,500)	\$ 6,750
Zimtu Capital Corp. ("ZC")	122,320	159,385	(4,281)	(139,203)	15,901
Total	272,320	\$ 344,385	\$ 969	\$ (322,703)	\$ 22,651

	Number Of Shares	Cost	Unrealized Gain (Loss)	Permanent Write-down	Fair Value October 31, 2015
Canadian International Minerals ("CIN")	150,000	\$ 185,000	\$ 1,500	\$ (183,500)	\$ 3,000
Zimtu Capital Corp. ("ZC")	122,320	159,385	(611)	(139,203)	19,571
Total	272,320	\$ 344,385	\$ 899	\$ (322,703)	\$ 22,571

On July 31, 2013, the Company signed an agreement with CIN to purchase Treasure Mountain Property for 10,000,000 common shares of CIN. On October 9, 2013, these shares were distributed to the vendors at \$0.02 per share. As a result, the Company recorded a realized loss on the sale of CIN shares of \$1,000,000. During the year ended October 31, 2014, the shares of CIN were consolidated on a 10:1 basis.

On January 22, 2014, the Company acquired 100,000 units of Ximen Mining Corp. at a price of \$0.25 per share through a private placement. Each unit consists of one common share and one-half common share purchase warrant, exercisable for 18 months at a price of \$0.50 per share. During the year ended October 31, 2015, the Company sold their shares in Ximen in full for proceeds of \$6,102 and recognized a loss on disposition of \$18,897.

6. MINING TAX RECEIVABLE

During the year ended October 31, 2015, the Company received a refund for the 2014 BC mining tax credits of \$21,104, made an adjustment to the 2014 accrual of \$6,573 to reflect the actual amount received, and accrued \$15,114 for the 2015 BC mining tax credit.

	January 31, 2016			October 31, 2015		
	BC	Quebec	Total	BC	Quebec	Total
Balance, beginning of period	\$ 15,114	\$ 12,617	\$ 27,731	\$ 27,677	\$ 12,617	\$ 40,294
Refund received	-	-	-	(21,104)	-	(21,104)
Adjustments and interest	-	-	-	(6,573)	-	(6,573)
Tax credits accrual	-	-	-	15,114	-	15,114
Balance, end of period	\$ 15,114	\$ 12,617	\$ 27,731	\$ 15,114	\$ 12,617	\$ 27,731

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

7. SHORT TERM INVESTMENTS

At January 31, 2016, the Company had two guaranteed investment certificate (“GIC’s”), totaling \$627,500 (October 31, 2015: \$184,500). Of the total, \$34,500 was issued on October 14, 2015, with an interest rate of prime less 2.00% and matures on October 13, 2016, and \$593,000 was issued on January 22, 2016, with an interest rate of prime less 2.00% and matures on January 20, 2017.

8. PREPAID EXPENSES

	January 31, 2016	October 31, 2015
Current		
Insurance	\$ 15,281	\$ 21,700
Held in trust	73,908	73,908
Deposits and advances	26,787	20,987
Total prepaid expenses – current	115,976	116,595
Non-current		
Deposits held for exploration	65,000	65,000
Total prepaid expenses – non-current	\$ 65,000	\$ 65,000

Non-current prepaid expenses are required deposits pursuant to the on-going long-term service agreements with the contractors performing the exploration related activities for the Company.

9. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER

As at January 31, 2016, the Company held asset-backed commercial paper (“ABCP”) issued by a number of trusts with an original cost of \$741,574 (October 31, 2015: \$770,463). On the dates the Company acquired these investments they were rated R1 (High) by Dominion Bond Rating Services (“DBRS”).

The Canadian market for ABCP suffered a liquidity disruption in mid-August 2007 following which a group of financial institutions and other parties agreed, pursuant to the Montreal Proposal, to the conversion of the ABCP into longer-term financial instruments (floating rate notes) with maturities corresponding to the underlying assets. On December 24, 2008, the Pan-Canadian Investors Committee, established to oversee the orderly restructuring of these instruments, announced that it had reached an agreement with all key stakeholders. Shortly thereafter, on January 21, 2009, the restructuring plan affecting the \$32 billion of third-party ABCP was fully implemented.

The Company received upon completion of the restructuring in January 2009 the following:

- \$7,350,000 of senior Master Asset Vehicle MAV II Class A-1 and A-2 Notes and subordinated Class B and Class C Notes as follows:
 - \$4,830,000 of Class A-1 Notes
 - \$1,950,000 of Class A-2 Notes
 - \$350,000 of Class B Notes
 - \$220,000 of Class C Notes

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

9. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER - continued

Class A-1, Class A-2 and Class B Notes will bear interest at the Bankers' Acceptance ("BA") rate less 0.50% and Class C Notes will bear interest at the BA rate plus 20%. These notes have legal maturity dates in 2056 but the expected repayment date of the Class A-1 and A-2 notes is January 22, 2017. The senior notes (Class A-1 and Class A-2) have been rated "A" by DBRS while the subordinated notes (Class B and C) are unrated.

- \$780,000 of MAV II Ineligible Asset ("IA") Notes

The IA Tracking Notes will bear interest at a rate based on the net rate of return generated by the underlying tracking assets. The maturities of the notes are based on the maturities of the underlying assets. These notes will not be rated.

The valuation technique used by the Company to estimate the fair value of its investment in ABCP at January 31, 2016 and October 31, 2015, incorporates probability weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. The assumptions used in determining the estimated fair value reflect the details included in the Information Statement issued by the Pan-Canadian restructuring committee and the risks associated with the long-term floating rate notes.

The interest rates and maturities of the various long-term floating rate notes, discount rates and credit losses modeled are:

	<u>January 31, 2016</u>	<u>October 31, 2015</u>
Probability weighted average interest	74.10%	74.10%
Weighted average discount rate	15.00%	15.00%
Maturity of long-term floating rate notes	1 years to 23 years	1 years to 23 years
Credit losses	Rated notes: Nil to 30% Unrated notes: 20% to 100%	Rated notes: Nil to 30% Unrated notes: 20% to 100%

If these assumptions were to change, the fair value of ABCP could change significantly.

During the three months ended January 31, 2016, the Company received payments from settlement of \$28,144 (January 31, 2015: \$2,330) and recognized a gain on sale of ABCP of \$28,713 (January 31, 2015: \$2,197). As at January 31, 2016, the fair value of the ABCP as determined above was \$329,278 (October 31, 2015: \$329,278) and the Company recorded an unrealized loss of \$569 (January 31, 2015: \$133 gain) from this instrument.

Reconciliation of level 3 fair value measurements of ABCP is as follows:

October 31, 2014	\$	292,482
Settlements		(541)
Unrealized gains in other comprehensive income		37,337
October 31, 2015		329,278
Settlements		569
Unrealized losses in other comprehensive income		(569)
January 31, 2016	\$	329,278

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

10. EQUIPMENT

	Field Equipment	Field Office Building	Leasehold Improvements	Land	Total
Costs					
January 31, 2016 and October 31, 2015	\$ 316,931	\$ 303,748	\$ 255,796	\$ 120,282	\$ 996,757
Accumulated Amortization					
October 31, 2014	\$ 312,278	69,734	62,172	-	444,184
Additions	4,653	11,759	21,316	-	37,728
October 31, 2015	316,931	81,493	83,488	-	481,912
Additions	-	2,799	5,329	-	8,128
January 31, 2016	\$ 316,931	\$ 84,292	\$ 88,817	\$ -	\$ 452,312
Net Book Value					
October 31, 2015	\$ -	\$ 222,255	\$ 172,308	\$ 120,282	\$ 514,845
January 31, 2016	\$ -	\$ 219,456	\$ 166,979	\$ 120,282	\$ 506,717

11. EXPLORATION AND EVALUATION ASSETS

The following is a description of the Company's most significant property interests and related spending commitments (see Schedule I for detail breakdown):

Blue River Claims – (formerly known as the Upper Fir, Verity and Fir Claims)

The Company has a 100% interest in its Blue River claims, located in the Blue River region of the Kamloops Mining District of B.C., Canada, all of which were acquired by staking.

Eldor Claims

The Company acquired, by staking and a purchase agreement, a 100% interest in the Eldor Carbonatite Complex, located in the Labrador Trough area of Quebec, Canada. During the year ended October 31, 2007, the Company purchased 8 mineral claims from Virginia Mines Inc. ("Virginia Mines"), which cover a portion of the Eldor Carbonatite. These claims are adjacent to the approximately 88 claims staked by the Company.

Virginia Mines retains a 1% net smelter royalty on the 8 claims purchased from them. As well, 5 of the 8 claims are subject to an underlying 5% net profit royalty, which can be purchased for \$500,000.

During the year ended October 31, 2015, the Company determined that they were allowing 167 claims in the outer regions of the Eldor Property to lapse and have impaired the property accordingly and recorded an impairment loss of \$1,447,744.

Other Claims – British Columbia, Canada

Other claims consist of mineral claims located in B.C., Canada known as the Alan Parson and Carbo claims.

By September 23, 2011, Canadian International minerals Inc. ("CIN") acquired 100% interest in the Carbo Property. The Company will retain its 2% NSR royalty on the property.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

11. EXPLORATION AND EVALUATION ASSETS - continued

Other Claims – Quebec, Canada

During the year ended October 31, 2013, the Company acquired, by staking, a 100% interest in the Lac Dupuisson Property, consisting of 57 claims, covering an area of 2,688 ha in the Labrador Trough. The 57 claims were lapsed in December 2014 and related costs of \$9,081 were written off during the year ended October 31, 2015.

12. SHARE CAPITAL

- a) Authorized: Unlimited common shares with no par value.
- b) Issued and outstanding: The total issued and outstanding shares of the Company are 234,409,864 as at January 31, 2016 (October 31, 2015: 216,462,364).

During the three months ended January 31, 2016:

On November 27, 2015, the Company closed a first tranche of a non-brokered flow-through private placement for gross proceeds of \$1,650,429. The Company issued 15,003,900 flow-through shares (“FT Shares”) at a price of \$0.11 per FT Share. On December 24, 2015, the Company closed second tranche of a non-brokered private placement, for gross proceeds of \$323,796. The Company issued 2,943,600 flow-through shares (“FT Shares”) at a price of \$0.11 per FT Share. The Company paid a total of \$116,793 and issued 1,061,750 warrants exercisable at \$0.11 per warrant share for a period of two years to various finders. The fair value of the shares at the date of issuance ranged from \$0.075 to \$0.085 where the exercise price is greater than the market price. As a result, the Company allocated \$472,506 to liability for flow through shares from the issuance of FT Shares.

During the year ended October 31, 2015:

On December 22, 2014, the Company closed a non-brokered private placement of 12,025,000 flow-through shares (“FT Shares”) at a price of \$0.25 per FT Share, and 2,500,000 units (“Units”) at a price of \$0.20 per Unit for gross proceeds of \$3,506,250. Each Unit consists of one non flow-through common share and one-half of one non-flow-through common share purchase warrant in the capital of the Company (“Warrant”). One whole Warrant is exercisable into one additional common share in the capital of the Company (a “Warrant Share”) at a price of \$0.30 per Warrant Share until June 19, 2016. The fair value of the shares at the date of issuance was \$0.185 where the exercise price is greater than the market price. The fair value of the Warrant is deemed to be \$0.03 based on the residual method. As a result, the Company allocated \$37,500 to reserves from the issuance of Units and \$781,625 to liability for flow through shares from the issuance of FT Shares, respectively. All the securities issuable will be subject to a four-month hold period from the date of closing expiring April 20, 2015.

Secutor Capital Management Corporation acted as exclusive finder in connection with this private placement and was paid a cash commission of \$217,500 plus expenses, and issued 725,000 finders’ warrants (the “Finders Warrant”) to acquire additional common shares of the Company (“Finders’ Warrant Shares”) exercisable at \$0.24 per Finders’ Warrant Share until June 19, 2016. The Finders Warrants were valued at fair value of \$63,326. The fair value of these Finders Warrants was \$0.09 per share, where the exercise price is greater than the market price at the date of grant and the fair value of each compensation option is calculated using the Black-Scholes pricing model assuming a risk-free interest rate of 1.02%, a dividend yield of nil, an expected volatility of 118.02% and an average expected life of 1.5 years. The residual \$16,422 of share issuance costs includes legal and filing expenses related directly to the private placement.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

12. SHARE CAPITAL - continued

c) Share purchase warrants:

The following is a summary of share purchase warrant transactions for the three months ended January 31, 2016 and the year ended October 31, 2015:

	January 31, 2016		October 31, 2015	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	6,058,550	\$ 0.30	10,527,634	\$ 0.33
Issued	-	-	1,250,000	0.30
Expired	-	-	(5,719,084)	0.35
Balance, end of period	6,058,550	\$ 0.30	6,058,550	\$ 0.30

The following share purchase warrants were outstanding and exercisable as at January 31, 2016 and October 31, 2015:

Expiry Date	Weighted Average Contractual Life (Years)	Exercise Price	January 31, 2016 Number of Warrants	October 31, 2015 Number of Warrants
April 3, 2016	0.17	\$0.30	4,283,550	4,283,550
April 10, 2016	0.19	\$0.30	525,000	525,000
June 19, 2016	0.38	\$0.30	1,250,000	1,250,000
Total Outstanding and Exercisable	0.22	\$0.30	6,058,550	6,058,550

d) Agents' warrants:

The following agents' warrants were outstanding and exercisable as at January 31, 2016 and October 31, 2015:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	January 31, 2016 Number of Agents' Warrants	October 31, 2015 Number of Agents' Warrants
April 3, 2016	0.17	\$0.24	1,016,252	1,016,252
April 10, 2016	0.19	\$0.24	26,250	26,250
June 19, 2016	0.38	\$0.24	725,000	725,000
November 27, 2017	1.82	\$0.11	900,234	-
December 22, 2017	1.89	\$0.11	34,116	-
December 24, 2017	1.90	\$0.11	127,400	-
Total Outstanding and Exercisable	0.48	\$0.19	2,829,252	1,767,502

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

12. SHARE CAPITAL - continued

d) Agents' warrants: - continued

The Company applies the fair value method in accounting for its agents' warrants using the Black-Scholes pricing model. During the three months ended January 31, 2016, the Company recorded \$46,033 (January 31, 2015: \$63,326) in share issuance costs with the issuance of 1,061,750 (January 31, 2015: 725,000) agents' warrants.

The amounts were determined using Black-Scholes option pricing model with the following assumptions:

	<u>January 31, 2016</u>	<u>October 31, 2015</u>
Expected dividend yield	Nil	Nil
Expected volatility	107-114%	118%
Risk free rate	0.49-0.63%	1.02%
Expected terms in years	2 years	1.5 years

13. SHARE-BASED PAYMENTS

The Company has a stock option plan for officers, directors, employees and consultants. Options are granted with an exercise price determined by the Board of Directors, which may not be less than 25% of the Company's stock price on the date of the grant. Options granted to directors, employees and consultants other than consultants engaged in investor relations activities will vest immediately. However for options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three month period.

The following is a summary of option transactions under the Company's stock option plan for the three months ended January 31, 2016 and the year ended October 31, 2015:

	<u>January 31, 2016</u>		<u>October 31, 2015</u>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	6,915,000	\$ 0.38	7,971,908	\$ 0.39
Expired/Cancelled	(825,000)	0.48	(1,056,908)	0.45
Balance, end of period	6,090,000	\$ 0.38	6,915,000	\$ 0.38

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

13. SHARE-BASED PAYMENTS - continued

The following stock options were outstanding and exercisable as at January 31, 2016:

Expiry Date	Revised Exercise Price	Original Exercise Price	Number of Shares	Contractual Life (Years)
February 28, 2016	\$0.15	\$0.81	260,000	0.08
February 28, 2016	N/A	\$0.81	2,000,000	0.08
February 8, 2018	N/A	\$0.15	3,730,000	2.02
May 15, 2018	N/A	\$0.10	100,000	2.29
Total Outstanding and Exercisable			6,090,000	1.31

The Company applies the fair value method in accounting for its stock options granted to directors, officers and employees by using the Black-Scholes pricing model. During the three months ended January 31, 2016, the Company recorded \$nil (January 31, 2015: \$nil) in share-based payments expense.

14. COMMITMENTS

On December 1, 2015, the Company renewed its Management & Administration Agreement with Zimtu Capital Corp. (“Zimtu”) for a period of 12 months. Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 12 months for \$53,810 per month.

15. RELATED PARTY TRANSACTIONS

During the three months ended January 31, 2016 and 2015, the Company incurred the following expenses to officers or directors of the Company or companies with common directors:

Key management compensation*	Three months ended January 31,	
	2016	2015
	\$	\$
Consulting fees	-	7,128
Geological services	131,096	354,631
Administrative fees	161,430	161,430
Advertising and promotion	14,500	11,756
Total	307,026	534,945

Amounts due to (from) related parties	January 31,		October 31,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Dahrouge Geological Consulting (a)	409,912	694,198	-	-
Nimbus Resource Management (b)	-	2,016	-	-
Axel Hoppe, Director	-	21,306	-	-
Zimtu Capital Corp. (c)	34,171	61,470	-	-
Due to related parties – Total	444,083	778,990	-	-

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

15. RELATED PARTY TRANSACTIONS - continued

- (a) A company controlled by a director of the Company, Jody Dahrouge.
- (b) A company owned by a director of the Company, Jenna Hardy. Ms. Hardy did not run for re-election at the Company's Annual General Meeting held on May 20, 2015, and ceased to be a director on that day.
- (c) A company providing key management services.

* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

16. FINANCIAL INSTRUMENTS

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents, short term investments, amounts receivable, due from related parties and investments in asset-backed commercial paper are subject to credit risk for a maximum of the amounts shown on the statements of financial position. The Company monitors its credit risk management practices continuously to evaluate their effectiveness.

At January 31, 2016, cash and cash equivalents of \$128,129 (October 31, 2015: \$5,342) consisted of cash balances of \$128,129 (October 31, 2015: \$5,342) with Canadian chartered banks. As at January 31, 2016, the Company also held short term investments of \$627,500 (October 31, 2015: \$184,500) in GIC's at a Canadian chartered bank and asset-backed commercial paper fair valued at \$329,278 (October 31, 2015: \$329,278).

The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

16. FINANCIAL INSTRUMENTS – continued

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company currently has adequate liquidity to fund its financial liabilities which are comprised of accounts payable and accrued liabilities and due to related parties.

c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company's marketable securities and investment in asset-backed commercial paper are subject to market risk.

i) Currency Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

ii) Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents, short term investments, and investments in asset-backed commercial paper. The sensitivity in interest rates of a decrease by 1% would result in an approximate decrease of \$5,000 (January 31, 2015: \$18,000) in net annual earnings. The sensitivity analysis on ABCP providing the effect on other comprehensive income if interest rates were to increase by 1% for the three months ended January 31, 2016 is \$1,000 (January 31, 2015: \$2,000).

d) Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

16. FINANCIAL INSTRUMENTS – continued

d) Fair Value - continued

The following is an analysis of the Company's financial assets measured at fair value as at January 31, 2016 and October 31, 2015:

	As at January 31, 2016		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 128,129	\$ -	\$ -
Short term investments	627,500	-	-
Marketable securities	22,651	-	-
Asset-backed commercial paper	-	-	329,278
	\$ 778,280	\$ -	\$ 329,278

	As at October 31, 2015		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 5,342	\$ -	\$ -
Short term investments	184,500	-	-
Marketable securities	22,571	-	-
Asset-backed commercial paper	-	-	329,278
	\$ 212,413	\$ -	\$ 329,278

Level 3 financial assets consist of the following investments in ABCP including Master Asset Vehicle II ("MAV II") notes and Ineligible Asset Tracking notes as at January 31, 2016 and October 31, 2015:

	January 31, 2016			October 31, 2015		
	Face value	Fair value variances	Fair value	Face value	Fair value variances	Fair value
MAV II Notes	\$	\$	\$	\$	\$	\$
Class B	353,772	(57,888)	295,884	353,772	(57,888)	295,884
Class C	233,913	(215,167)	18,746	233,913	(215,167)	18,746
	587,685	(273,055)	314,630	587,685	(273,055)	314,630
Ineligible Asset Tracking Notes	153,889	(139,241)	14,648	182,778	(168,130)	14,648
	741,574	(412,296)	329,278	770,463	(441,185)	329,278

The MAV II notes received as a result of the restructuring of third party sponsored ABCP by the Pan-Canadian Investors Committee in January 2009 include a pooling of leveraged investments as well as traditional assets and cash. The leveraged investments are subject to a potential requirement post additional collateral based on certain triggers being met (a margin call). Traditional assets are un-levered investments and include residential and commercial mortgage backed securities, corporate credit and cash equivalents. Class A-1, Class A-2 and Class B Notes will bear interest at the Bankers' Acceptance ("BA") rate less 0.50% and Class C Notes will bear interests at the BA rate plus 20%.

The IA Tracking Notes will bear interest at a rate based on the net rate of return generated by the underlying tracking assets. The maturities of the notes are based on the maturities of the underlying assets. These notes will not be rated.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

16. FINANCIAL INSTRUMENTS – continued

The Company is aware of a number of trades in the restructured notes that have occurred prior to January 31, 2016, but does not consider them to constitute an active market. Accordingly, the Company has not used these trades to determine the fair value of its notes. As described in Note 9, the Company has used a probability weighted discounted cash flows approach to determine the fair value of these investments, incorporating available information regarding market conditions as at the measurement date, January 31, 2016. These estimates arrived at by the Company are subject to measurement uncertainty and are dependent on market conditions as at the measurement date.

If an active market for the restructured notes were to develop in the future, the Company would change its valuation technique to determine the fair value of its notes using quoted market prices.

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at January 31, 2016, the Company's shareholders' equity was \$58,166,026 (October 31, 2015: \$57,244,158). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

17. NON-CASH TRANSACTIONS

The following transactions have been excluded from the statement of cash flows:

During the three months ended January 31, 2016:

- Exploration and evaluation assets of \$708,203 were included in accounts payable and \$409,912 were included in due to related parties at January 31, 2016.
- Amortization of \$8,128 relating to equipment was included in exploration and evaluation assets.
- 1,061,750 agents' warrants valued at \$46,033 granted to the Agents were included in share issuance costs.

During the three months ended January 31, 2015:

- Exploration and evaluation assets of \$760,125 were included in accounts payable and \$199,394 were included in due to related parties at January 31, 2015.
- Amortization of \$9,433 relating to equipment was included in exploration and evaluation assets.
- 725,000 agents' warrants valued at \$63,326 granted to the Agents were included in share issuance costs.

18. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

18. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES - continued

On March 14, 2014, the Company issued 8,425,652 units on a flow-through basis at \$0.23 per share (see Note 12b) for proceeds of \$1,937,900, and recognized a liability on flow-through shares of \$252,770. At October 31, 2014, the Company has incurred \$1,464,048 of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of \$190,963. As at October 31, 2015, the amount of flow-through proceeds remaining to be spent is \$nil (2014 - \$473,852) and the liability for flow-through shares related to this private placement is \$nil (2014 - \$61,807). All proceeds have been fully spent and renounced as at December 31, 2015.

On October 3, 2014, the Company issued 16,041,500 shares on a flow-through basis at \$0.25 per share (see Note 12b) for gross proceeds of \$4,010,375, and recognized a liability on flow-through shares of \$641,660. As at October 31, 2015, the amount of flow-through proceeds remaining to be spent is \$nil (2014 - \$4,010,375) and the liability for flow-through shares related to this private placement is \$nil (2014 - \$641,660). All proceeds have been fully spent and renounced as at December 31, 2015.

On December 22, 2014, the Company issued 12,025,000 shares on a flow-through basis at \$0.25 per share (see Note 12b) for gross proceeds of \$3,006,250, and recognized a liability on flow-through shares of \$781,625. At October 31, 2015, the Company has incurred \$1,667,710 of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of \$448,016. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2014. As at December 31, 2015, the Company had unfulfilled CEE obligations of \$1,262,811 as a result of unspent flow-through proceeds related to this flow through issuance. As the Company did not fulfill the expenditure obligation, the Company incurred Part XII.6 tax and related penalties and interest of \$148,000 on the unfulfilled commitments. Furthermore, the Company may also have to indemnify shareholders for taxes and penalties related to the unspent portion of the commitment of up to \$552,000, calculated based upon a combined tax rate of 43.7% of unspent flow-through funds raised. The outcome of the amount of actual claims and penalties, if any, is contingent on assessments by the Canada Revenue Agency and Revenue Quebec.

In November and December 2015, the Company issued 17,947,500 shares in two tranches on a flow-through basis at \$0.11 per share (see Note 12b) for proceeds of \$1,974,225, and recognized a liability on flow-through shares of \$472,506. At January 31, 2016, the Company has incurred \$68,741 of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of \$16,452. As at January 31, 2016, the amount of flow-through proceeds remaining to be spent is \$1,905,484 and the liability for flow-through shares related to this private placement is \$456,053. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2015. The funds will need to be spent in full by December 31, 2016.

	Issued on March 14, 2014	Issued on October 3, 2014	Issued on December 22, 2014	Issued Nov/Dec 2015	Total
Balance, October 31, 2014	61,807	641,660	-	-	703,467
Liability incurred on flow-through shares issued	-	-	781,625	-	781,625
Settlement of flow-through share liability on incurring expenses	(61,807)	(641,660)	(448,016)	-	(1,151,483)
Balance, October 31, 2015	\$ -	\$ -	\$ 333,609	\$ -	\$ 333,609
Liability incurred on flow-through shares issued	-	-	-	472,506	472,506
Settlement of flow-through share liability on incurring expenses	-	-	(14,174)	(16,452)	(30,626)
Balance, January 31, 2016	\$ -	\$ -	\$ 319,435	\$ 456,054	\$ 775,489

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2016

Expressed in Canadian Dollars

(Unaudited – prepared by management)

20. SUBSEQUENT EVENTS

- a) On February 25, 2016, the Company filed a short form prospectus with the securities regulatory authorities in the Provinces of British Columbia, Alberta and Ontario in connection with a best efforts offering of units (the “Units”) of the Company at a price of \$0.10 per Unit for gross proceeds of a minimum of \$1 million and up to a maximum of \$3 million (the “Public Offering”). The Public Offering is being conducted by Secutor Capital Management Corporation (the “Agent”). The Company has granted the Agent an over-allotment option to sell up to an additional 15% of the Public Offering on the same terms and conditions, exercisable at any time following the closing of the Public Offering for a period of 30 days.

Each Unit will consist of one common share of the Company and one common share purchase warrant (each, a “Warrant”) with each Warrant entitling the holder to acquire an additional common share of Commerce (a “Warrant Share”) at a price of \$0.12 per Warrant Share at any time before 4:30 p.m. (Vancouver time) on the date that is 24 months after the closing of the Public Offering.

Concurrently with the closing of the Public Offering, the Agent has also agreed to offer up to 13,636,364 flow-through common shares of the Company (“FT Shares”) on a brokered private placement basis at a price of \$0.11 per FT Share (the “Concurrent Private Placement”) for gross proceeds of up to \$1,500,000. The prospectus does not qualify the distribution of the FT Shares issued pursuant to the Concurrent Private Placement. The FT Shares purchased pursuant to the Concurrent Private Placement will be subject to a statutory hold period.

The Company intends to use the net proceeds from the Public Offering and the Concurrent Private Placement to advance the Company’s Ashram Rare Earth Element Deposit in Quebec and for general working capital purposes.

The Company has agreed to (i) pay the Agent a cash commission (the “Agent’s Fee”) equal to 7% of the gross proceeds of the Public Offering and the Concurrent Private Placement and a reduced cash commission of 2% on purchasers, if any, whose name appear on the list of purchasers to the Public Offering and the Concurrent Private Placement introduced to the Agent by insiders of the Company (the “President’s List”), and (ii) issue to the Agent share purchase warrants (each, an “Agent’s Warrant”) with each Agent’s Warrant entitling the Agent to acquire that number of common shares in the capital of Commerce equal to 7% of the number of Units and FT Shares sold under the Public Offering and Concurrent Private Placement, respectively, and a reduced number Agent’s Warrants equal to 2% on purchasers, if any, whose name appear on the President’s List.

The Public Offering and Concurrent Private Placement is subject to certain conditions including, but not limited to, the execution of a definitive agency agreement with the Agent and the receipt of all necessary approvals, including the approval of the TSX Venture Exchange and the applicable securities regulatory authorities.

Commerce Resources Corp.

Schedule I

Schedule of Resource Properties

For the three months ended January 31, 2016

Expressed in Canadian dollars

(Unaudited – prepared by management)

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of period	\$ 201,602	\$ 1,270,558	\$ 211,580	\$ 1,683,740
Staking	-	-	-	-
Balance, end of the period	201,602	1,270,558	211,580	1,683,740
Deferred exploration and development costs – Note 11				
Balance, beginning of period	27,633,433	29,217,785	(205,693)	56,645,525
Amortization – field equipment and office	2,799	-	-	2,799
Assays and analytical	-	13,108	-	13,108
Environmental and permitting	908	-	-	908
Field equipment rental	5,329	22,767	-	28,096
Field supplies	-	4,790	-	4,790
Food and accommodation	1,715	1,393	-	3,108
Geology, mapping and drafting	-	103,018	-	103,018
Insurance	1,438	2,158	-	3,596
Other	8,856	-	-	8,856
Project management	600	-	-	600
Travel and transport	-	22,079	-	22,079
	21,645	169,313	-	190,958
Balance, end of period	27,655,078	29,387,098	(205,693)	56,836,483
Total balance, end of period	\$ 27,856,680	\$ 30,657,656	\$ 5,887	\$ 58,520,223

Commerce Resources Corp.
Schedule of Resource Properties
For the year ended October 31, 2015
Expressed in Canadian dollars
(Unaudited – prepared by management)

Schedule I
Continued

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of period	\$ 201,602	\$ 1,270,237	\$ 211,580	\$ 1,683,419
Staking	-	321	-	321
Balance, end of the period	201,602	1,270,558	211,580	1,683,740
Deferred exploration and development costs – Note 11				
Balance, beginning of period	27,518,172	21,773,706	(196,611)	49,095,267
Amortization – field equipment and office	13,849	2,562	-	16,411
Assays and analytical	-	399,405	-	399,405
Community	455	-	-	455
Drilling	-	681,566	-	681,566
Engineering	2,638	321,011	-	323,649
Environmental and permitting	4,216	388	-	4,640
Field equipment rental	20,716	306,167	-	326,883
Field supplies	-	366,043	-	366,043
Food and accommodation	12,744	123,409	-	136,153
Fuel	-	230,372	-	230,372
Geology, mapping and drafting	2,388	2,164,804	-	2,167,192
Geophysics	-	11,094	-	11,094
Insurance	7,042	18,668	-	25,710
Metallurgy	-	2,722,552	-	2,722,552
Other	38,856	1,401	-	40,257
Project management	16,792	-	-	16,792
Road and site preparation	4,106	-	-	4,106
Travel and transport	-	1,533,300	-	1,533,300
	123,802	8,882,742	-	9,006,544
Mining tax credits	(8,541)	-	-	(8,541)
Impairment	-	(1,438,663)	(9,081)	(1,447,744)
Balance, end of year	27,633,433	29,217,795	(205,692)	56,645,526
Total balance, end of year	\$ 27,835,035	\$ 30,488,343	\$ 5,888	\$ 58,329,266