Management Discussion & Analysis for the Six Months Ended April 30, 2019

The following discussion and analysis of the financial position and results of operations for COMMERCE RESOURCES CORP. (the "Company" or "Commerce") should be read in conjunction with the condensed interim financial statements for the **six months ended April 30, 2019,** which are prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The effective date of this report is June 19, 2019.

All financial figures presented herein are expressed in Canadian Dollars (CDN$) unless otherwise specified.

Nature of Business

Commerce Resources Corp. is a Canadian mineral exploration and development company, listed on Tier 1 of the TSX Venture Exchange in Canada ("CCE") and the Frankfurt Stock Exchange in Germany ("D7H"). The Company's primary focus is on rare earth elements ("REEs") and the rare metals tantalum and niobium. Commerce's principal assets are the Eldor Property in Quebec and the Blue River Tantalum-Niobium Property in British Columbia. The technical information included in this Management Discussion & Analysis ("MD&A"), unless otherwise stated, has been reviewed by Darren L. Smith, M.Sc., P. Geol., of Dahrouge Geological Consulting Ltd. Mr. Smith is a Qualified Person under National Instrument 43-101 ("NI 43-101").

The Company's exploration activities have led to the discovery of a significant REE deposit; the Ashram Deposit. A positive Preliminary Economic Assessment ("PEA") was completed on the rare earth element development potential of the Ashram Deposit (Effective date of July 5, 2012; revised January 7, 2015). The PEA, prepared by SGS Canada Inc., indicates that the deposit could potentially be developed economically as an open-pit mine and recommends future work applicable to the Pre-Feasibility and Feasibility study phases of economic evaluation.

For the Blue River Property, independent consultant Amec Foster Wheeler Americas Limited ("AFW") and consultant Nimbus Management Ltd completed a NI 43-101 Technical Report on the Blue River Property (as defined herein) effective March 18, 2015.

The Company is currently looking for additional financing in order to advance the Company's properties and for general working capital. As such, the Company's activities are limited by the financial constraints the Company faces. All efforts have been put forth to raise capital, including reducing the prices of warrants in order to hopefully encourage shareholders to exercise their warrants.

Chris Grove, President of Commerce Resources Corp. continues to liaise with current shareholders and new potential sources of capital, as well as responding to the expressions of interest from global majors in the Company's two projects.

Selected Annual Information

The following is a summary of the financial data of the Company for the last three completed fiscal year ends and are derived from the audited annual financial statements of the Company:

	Fiscal year ended October 31		
	2018	2017	2016
	$	$	$
Total Revenues	Nil	Nil	Nil
Loss from continuing operations	(799,978)	(1,548,911)	(1,065,422)
Loss from continuing operations (per share, basic and diluted)	(0.01)	(0.01)	(0.01)
Net loss	(799,978)	(1,548,911)	(1,065,422)
Net loss (per share, basic and diluted)	(0.01)	(0.01)	(0.01)
Net comprehensive loss for the year	(806,746)	(1,542,557)	(951,246)
Total assets	62,057,123	62,098,578	61,395,727
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil

The Company has recorded losses in each of its three most recently completed fiscal years, and expects to continue to record losses until such time as an economic resource is identified, developed, and brought into profitable commercial operation on one or more of the Company's properties or otherwise disposed of at a profit.

During the year ended October 31, 2016, the Company's operating expenses decreased by 28% due to cost-saving measures. Also during the year, the Company recorded other expenses of $234,418 for penalties and interest and a flow-through share liability to shareholders of $274,565 for expenses incurred on unspent flow-through funds, recorded a gain on the sale of asset-backed commercial paper or $414,783, and recorded reduced income tax recovery due to a reduction in flow-through spending during the year.

During the year ended October 31, 2017, the Company recorded share-based compensation of $630,535 for options granted in the year and recorded a significant savings in administrative fees due to a reduction in business activities. The increase in the Company's assets is due to the continued exploration at the Eldor Property.

During the year ended October 31, 2018, the Company significantly decreased expenses due to a reduction in exploration activities.

Results of Operations

Exploration and Development Activities

Resource property expenditures for the six months ended April 30, 2019 totalled $83,398, compared to $243,299 during the six months ended April 30, 2018. Of the total, (2019: $33,100, 2018: $191,972) was incurred on the Eldor Property and the balance was incurred on the Blue River Project (2019: $50,298, 2018: $51,327).

The decrease in resource property spending is due to the availability of cash. The Company intends to increase the spending once it has successfully raised capital.

Eldor Property

The Eldor Property is situated in northern Quebec approximately 130 km south of the town of Kuujjuaq. The Property is 100%-owned by the Company and is composed of 244 claims comprising approximately 11,475 hectares, including the Ashram Rare Earth Deposit ("Ashram Deposit"). Of the 244 claims that comprise the Eldor Property, a total of 26 claims (1,223 ha) are currently under Option Agreement to Saville Resources Inc. where they may earn up to a 75% interest subject to certain terms and conditions. As of the Effective Date of this report, no earn-in percentage has vested.

Exploration expenditures during the six months ended April 30, 2019, totalled $33,100 (2018: $191,972).

In 2012, the Company reported a positive PEA for the Ashram Deposit. The PEA, prepared by independent consultants SGS Canada Inc. - Geostat (SGS Geostat) of Montreal (Blainville), indicates that the deposit could potentially be developed economically as an open-pit mine and recommends future work applicable to the Pre-feasibility phases of economic evaluation.

Key findings of the PEA (in Canadian dollars):

- 4,000 t/d open-pit operation with 0.19:1 (waste: mineralization) strip ratio over a 25-year mine life
- Pre-tax Net Present Value (NPV) of $2.32 billion dollars at a 10% discount rate
- Pre-tax Internal Rate of Return (IRR) of 44% and pre-tax payback period of 2.25 years
- Estimated capital cost of $763 million (including 25% contingency)
- Estimated operating cost of $95.20/tonne treated, or approximately $7.91/ kg of rare earth oxide (REO) produced
- Annual production averaging ~16,850 tonnes of rare earth oxide over life of mine, including 2,870 tonnes Nd oxide, 96 tonnes Eu oxide, 26 tonnes Tb oxide, 106 tonnes Dy oxide, and 440 tonnes Y oxide
- Rare earth element host mineralogy (monazite, bastnaesite, and xenotime) comprises phases amenable to recovery with processing using conventional and proven techniques

The PEA uses the mineral resource estimate for the Ashram Deposit released on March 6, 2012 (SGS Geostat, 2012):

Cut-off	**Confidence Category**	**Tonnage (t)**	**TREO (%)**	**LREO (%)**	**MREO (%)**	**HREO (%)**	**MHREO (%)**	**MHREO/TREO (%)**
1.25	Measured	1,590,000	1.77	1.60	0.089	0.085	0.17	9.8%
	Indicated	27,670,000	1.90	1.77	0.073	0.056	0.13	6.7%
	Inferred	219,800,000	1.88	1.77	0.068	0.045	0.11	6.0%

- The base case TREO cut-off grade (CoG) for the reporting of the 2012 mineral resource estimate was retained from the 2011 base case CoG of 1.25% TREO. An Ashram basket price assumption of $35.02 per kg was used.
- LREO (Light Rare Earth Oxides) = $La_2O_3 + Ce_2O_3 + Pr_2O_3 + Nd_2O_3$
- MREO (Middle Rare Earth Oxides) = $Sm_2O_3 + Eu_2O_3 + Gd_2O_3$
- HREO (Heavy Rare Earth Oxides) = $Tb_2O_3 + Dy_2O_3 + Ho_2O_3 + Er_2O_3 + Tm_2O_3 + Yb_2O_3 + Lu_2O_3 + Y_2O_3$
- MHREO (Middle and Heavy Rare Earth Oxides) = MREO + HREO
- MHREO / TREO, ratio expressed as a percent

The preliminary economic assessment is preliminary in nature, in that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. The current Ashram Technical Report dated January 7, 2015 explains why no after-tax case is included, and that a combined tax rate of around 32.5% may apply to production. Mineral resources are not mineral reserves as they do not have demonstrated economic viability.

The rare earth mineralized footprint at Ashram extends approximately 700 metres along strike, over 500 metres across, and to depths exceeding 600 metres. Mineralization remains open to the north, south, at depth, and is not fully constrained to the west and east.

Work Program and Eldor Updates:

On June 5, 2017, the Company announced it had entered into a Memorandum of Understanding ("MOU") with Ucore Rare Metals Inc. ("Ucore"). Under the terms of the MOU, the Company will provide a sample of rare earth carbonate, produced using material from the Ashram Deposit, for process testing using Ucore's SuperLig-One MRT (molecular recognition technology). The objective of the test work is to complete a definitive assessment of the suitability of the Ashram concentrate as potential feedstock for the strategic metals complex, with a view to a subsequent long-term supply partnership and off-take relationship.

On August 31, 2017, the Company announced the start of the 2017 field program at the Ashram Rare Earth Deposit, located at the Eldor Property in support of the Ashram Project's ongoing Pre-feasibility Study (PFS). The program was completed in early October and focused on sample processing and collection of drill core for assay from the 2016 field campaign (see news releases dated September 20, 2016 and October 20, 2016). No analytical results have been received from this core sampling.

On January 11, 2018, the Company announced it had entered into an exploration earn-in agreement with Saville Resources Inc. ("Saville") with respect to 26 claims that comprise a portion of the Eldor Property. Under the exploration earn-in agreement, Saville agreed to complete $5M CAD in work exploration expenditures on the 26-claim block, termed the "Niobium Claim Group Property", over a five year period to earn a 75% interest in the claims. The Company would receive a cash payment of $25,000 upon signing (received), a cash payment of $225,000 following Exchange approval, and receive a 2% Net Smelter Royalty (NSR) on production from some of the claims, with a 1% NSR buyback for $1M CAD, and a 1% NSR on the claims that are already subject to royalties. The agreement received TSX-Venture Exchange approval on October 10, 2018.

On April 12, 2018, the Company announced 2017 sampling results from the Miranna Area where 4.30% Nb2O5 was returned in assay.

On May 31, 2018, the Company announced that it had entered into a Quebec government collaboration with Université Laval to conduct REE hydrometallurgical pilot plant test work using Ashram Deposit material. The test work will focus on a pilot plant validation of a new hydrometallurgical process for the extraction of rare earth elements (REEs), and a newly developed software model simulator for the separation of these elements.

On June 5, 2018, the Company provided an update on the environmental test work on tailings optimization for the Ashram Rare Earth Deposit. The results to date are encouraging and indicate that there is no acid generating potential with strong indications of no metal leaching potential.

On June 12, 2018, the Company provided an update on the site infrastructure plan for the Ashram Rare Earth Project with respect to geotechnical results from samples collected in 2015. The results are highly encouraging, from a technical standpoint, and indicate that the infrastructure locations proposed for the Project are favourable and practical.

On July 24 and August 20, 2018, the Company provided an update on the metallurgical test work being completed though a Université Laval collaboration. The demonstration of the process flowsheet targeted was completed at the bench scale, including the production of two mixed rare earth oxide concentrates totalling a combined 1.8 grams. The larger scale testwork has now advanced through the flotation stage with a hydrometallurgical pilot plant on an estimated 150 kg of flotation concentrate targeted as the next step.

On September 17, 2018, a NI 43-101 Technical Report on the Niobium Claim Group Property was filed by Saville Resource Inc. Subsequently, on October 10, 2019, the Company received regulatory approval from the TSX-Venture Exchange for the Earn-in transaction with Saville Resources Inc. announced January 11, 2018.

On May 15, 2019, the Company announced it had signed a Letter of Intent (LOI) with the Nayumivik Landholding Corporation of Kuujjuaq and the Makivik Corporation for the development of the Ashram Rare Earth Project.

On June 3, 6, and 11, 2019, the Company announced assay results from four holes completed by Saville Resources Inc. on the Niobium Claim Group Property. The drilling focused on the Mallard Target (Southeast Area) with Drill hole EC19-174A returning the strongest and widest mineralized intervals of niobium to date from the claim group.

Blue River Tantalum/Niobium Property

The Blue River Property, located in British Columbia, Canada, is host to the Upper Fir Deposit. The Upper Fir Deposit is located approximately 30 km north of the town of Blue River, and is owned 100% with no underlying royalties.

Exploration expenditures during the six months ended April 30, 2019, totalled $50,298 (2018: $51,327). Most of the work this period has been with the objective of maintaining the property and its data base for future exploration and development of the project.

Project Update Report

In connection with filing its Annual Information Form for its fiscal year ended October 31, 2014, the Company filed an updated technical report with respect to the Blue River Property, as further amended and filed on the date hereof, entitled: “NI 43-101 Blue River Tantalum-Niobium Project, British Columbia, Canada - Project Update Report” (the “Blue River Report”). The Blue River Report was prepared by AFW and Nimbus Management Ltd. with a March 18, 2015 effective date. The previous technical report, with an effective date of June 21, 2013, included results of a PEA initially reported in 2011. The economic inputs for that mining study are now considered outdated and the PEA results are no longer relevant. No additional work has been completed on the property since the effective date of the previous technical report. Any changes to the economic inputs to the mineral resource estimates are considered offsetting and therefore the estimates are unchanged since the last technical report. The Blue River Report, which incorporates all data from 2005 through 2012, shows indicated mineral resources totalling 48.4 million tonnes at 197 ppm Ta_2O_5 and 1,610 ppm Nb_2O_5 and inferred mineral resources totalling 5.4 million tonnes at 191 ppm Ta_2O_5 and 1,760 ppm Nb_2O_5. A total of 271 drill holes comprising 59,110 metres of HQ drill core and 15,512 samples were used to develop the mineral resource estimate.

On July 11, 2017, the Company announced it had entered into a Memorandum of Understanding (“MOU”) with Alexander Krupin for the purpose of integrating feedstock from the Company’s Upper Fir Tantalum and Niobium Deposit in British Columbia with the proprietary separation process developed by Mr. Krupin. Under the terms of the MOU, the Company will provide a one metric tonne sample of Upper Fir Deposit material to Mr. Krupin’s facility in Estonia, for the purposes of evaluating the process and its applicability in processing the feedstock material to independent tantalum and niobium products.

Overall Performance

Source of Funds

Since November 1, 2016, the Company has raised gross proceeds of $2.7 million. The proceeds were raised for the specific purpose of advancing the Company's Eldor Property and for general working capital purposes. During this time, the Company has used approximately $1.7 million of the proceeds for work on the Company's properties and $1.0 million on general working capital. The Company will need to raise funds to further any development on the properties. The most recent financings are noted below:

During the year ended October 31, 2018, 906,650 share purchase warrants priced at $0.075 per share were exercised for gross proceeds of $67,999.

On May 26, 2017, the Company completed a non-brokered private placement financing of 15,710,508 units (a "Unit"), at a price of $0.06 per Unit, for gross proceeds of $942,630. Each Unit consists of one common share of the Company (each, a "Share") and one share purchase warrant (each, a "Warrant"). Each Warrant is exercisable into one additional Share at a price of $0.075 per Share in the first year after issuance and at $0.10 per Share in the second year after issuance.

On February 16, 2017, the Company completed a non-brokered private placement financing of 34,350,450 units (a "Unit"), at a price of $0.05 per Unit, for gross proceeds of $1,717,523. Each Unit consists of one common share of the Company (each, a "Share") and one share purchase warrant (each, a "Warrant"). Each Warrant is exercisable into one additional Share at a price of $0.075 per Share in the first year after issuance and at $0.10 per Share in the second year after issuance.

For additional details regarding the Company's recent financing, please refer to Note 8 of the Company's most recent financial statements.

General and Administrative

Net loss for the six months ended April 30, 2019, was $352,808, compared to a net loss during the six months ended April 30, 2018 of $452,869, for a difference of $100,061. The significant changes in expenses include:

- Advertising and website expenses (2019: $18,820; 2018: $93,634) have decreased to reflect the reduced promotion for the Company while travel expenses (2019: $32,638; 2018: $21,639) have increased due to travel related to trade shows and financing meetings;
- Consulting fees (2019: $35,236; 2018: $49,105) and professional fees (2019: $16,541; 2018: $38,592) have decreased due to the nature of the Company's current activities;
- Share-based payments (2019: $nil, 2018: $14,996) have decreased as no options have been granted during the current period;
- Interest expense (2019: $nil; 2018: $16,682) decreased as the Company did not have any flow through funds falling under the lookback rule in the current period;
- Impairment expense (2019: $nil, 2018: $5,888) decreased as no properties were impaired in the current period;
- Loss on disposition of marketable securities (2019: $9,805, 2018: $nil) increased as the Company disposed of some its investments during the current period; and
- Deferred tax recovery (2019: $nil; 2018: $31,513) decreased as there were no flow through renunciations in the current period.

Summary of Quarterly Results

The following is a summary of the results from the eight previously completed financial quarters:

	April 30, 2019	January 31, 2019	October 31, 2018	July 31, 2018
Revenues	Nil	Nil	Nil	Nil
Net income (loss) from continuing operations	(176,960)	(175,848)	(184,953)	(162,156)
Net income (loss) and comprehensive income (loss)	(176,678)	(160,320)	(192,218)	(171,319)
Basic and diluted net income (loss) (per share)	(0.001)	(0.001)	(0.001)	(0.001)

	April 30, 2018	January 31, 2018	October 31, 2017	July 31, 2017
Revenues	Nil	Nil	Nil	Nil
Net income (loss) from continuing operations	(209,662)	(243,207)	(192,598)	(794,035)
Net income (loss) and comprehensive income (loss)	(201,323)	(241,886)	(187,094)	(808,032)
Basic and diluted net income (loss) (per share)	(0.001)	(0.001)	(0.001)	(0.003)

Over the course of the Company's previously completed eight quarters, the Company's net loss has remained at a consistent level with the exception of the share-based payments expense recorded during the quarter ended July 31, 2017.

Net loss for the three months ended April 30, 2019, was $176,960, compared to a net loss during the three months ended April 30, 2018 of $209,662, for a difference of $32,702. The significant changes in expenses include:

- Advertising and website expenses (2019: $9,661; 2018: $16,123) and travel expenses (2019: $3,973; 2018: $8,730) have decreased to reflect the reduced promotion of the Company;
- Professional fees (2019: $14,877; 2018: $25,963) have decreased due to the nature of the Company's current activities;
- Share-based payments (2019: $nil, 2018: $14,996) have decreased as no options have been granted during the current period;
- Impairment expense (2019: $nil, 2018: $5,888) decreased as no properties were impaired in the current period; and
- Loss on disposition of marketable securities (2019: $9,805, 2018: $nil) increased as the Company disposed of some its investments during the current period.

Liquidity and Capital Resources

During the last two fiscal years, the Company has raised $2.7 million to further the Company's mineral properties and for general working capital. Of the funds raised, approximately $1.7 million was spent on the properties and $1.0 million was used for general working capital. The company believes it will be able to raise the capital required to continue to develop these properties. The Company does not have any specific work commitments or property payments, all work on the property is determined by how to best spend the funds raised, taking into consideration the Company's working capital requirements. The Company has maintained reasonable general and administrative expenditures, with advertising and promotion of the property dependent on the capital available to cover such expenditures.

The Company's present cash resources are not sufficient to meet all of its current liabilities and administrative and overhead expenses for the next eighteen months. The Company filed its amended and restated final short form prospectus on June 21, 2016 and raised additional capital to continue its work on the Eldor Property, and for general working capital requirements.

The Company will continue to require funds to further the exploration of its resource properties. As a result, the Company may have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company's financial success will be dependent on the economic viability of its resource properties and the extent to which it can discover and develop new mineral deposits. Such development may take several years to complete and the amount of resulting income, if any, is difficult to determine.

All of the Company's properties are in the exploration or development stage only. Development of one or both of the properties will only follow upon obtaining satisfactory results. Exploration and development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of rare metals from the properties (tantalum and niobium) and rare earth elements. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control such as international, economic and political trends, expectations of inflation, currency exchange fluctuations and interest rates.

As at April 30, 2019, the Company has total assets of $62,048,898 (October 31, 2018: $62,057,123). The primary assets of the Company are exploration and evaluation assets of $61,366,906 (October 31, 2018: $61,283,508), short term investments of $34,500 (October 31, 2018: $34,500), equipment of $402,892 (October 31, 2018: $418,374), marketable securities carried at $30,814 (October 31, 2018: $28,035), reclamation bonds of $82,000 (October 31, 2018: $82,000), prepaid expenses of $87,479 (October 31, 2018: $104,719), GST/QST and other receivables of $38,666 (October 31, 2018: $49,277), and cash of $5,641 (October 31, 2018: $56,710). The Company has no long-term liabilities and has working capital deficiency of $2,274,553 (October 31, 2018: $1,869,639) as at April 30, 2019.

Cash From (Used in) Operating Activities: Cash from operating activities during the six months ended April 30, 2019 was $13,622, compared with $40,871 during the six months ended April 30, 2018. Cash was mostly spent on advertising, investor relations, general office expenses, and professional fees, and adjusted for items not involving cash.

Cash From Financing Activities: Total cash from financing activities during the six months ended April 30, 2019 was $nil, compared to $67,999 from the exercise of warrants during the six months ended April 30, 2018.

Cash Used in Investing Activities: Total cash used in investing activities during the six months ended April 30, 2019 was $64,691, compared to $88,955 during the six months ended April 30, 2018.

During the six months ended April 30, 2019, the Company:

- spent $67,916 (2018: $253,955) on the exploration and development of its mineral properties,
- received $nil (2018: $140,000) from short-term investments,
- received $3,225 (2018: $nil) from the disposition of marketable securities, and
- received $nil (2018: $25,000) from the proceeds of disposition of exploration and evaluation assets.

Commitments

On May 1, 2008, the Company entered into a Management & Administration Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"). 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. The agreement has been renewed in prior years and on December 1, 2018, the Company renewed the agreement for another period of 12 months at $30,000 per month.

Transactions with Related Parties

During the six months ended April 30, 2019 and 2018, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Six months ended April 30,	
	2019	**2018**
Key management compensation*	**$**	**$**
Geological services	5,545	53,525
Administrative fees	180,000	180,000
Consulting fees to key management	15,182	30,016
Advertising and promotion	-	71,217
Total	200,727	334,758

	April 30, 2019	**October 31, 2018**
Amounts due to (from) related parties	**$**	**$**
Dahrouge Geological Consulting (a)	267,863	274,244
Axel Hoppe, Director (b)	70,768	56,520
Zimtu Capital Corp. (c)	898,503	652,276
Due to related parties – Net total	1,237,134	983,040

(a) Dahrouge Geological Consulting provides geological services to the Company. Dahrouge is controlled by a director of the Company, Jody Dahrouge.
(b) Dr. Axel Hoppe provides guidance, direction and advice based on his professional experience in tantalum and niobium for over forty years.
(c) Zimtu Capital Corp. is a company with common directors and management. Zimtu provides key management services to the Company.

* 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.

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	Year Ended October 31, 2018	Year ended October 31, 2017
Capitalized or Expensed Exploration and Development Costs	$315,607	$944,675
General and Administration Expenses	$828,260	$1,769,078

Disclosure of Outstanding Share Capital

The following is a breakdown of the share capital of the Company, on an annual basis and the date of this report:

	June 19, 2019	April 30, 2019	October 31, 2018	October 31, 2017
Common Shares	310,496,558	310,496,558	310,496,558	309,569,908
Stock Options	14,322,320	14,122,320	14,322,320	17,152,320
Warrants	-	15,710,508	49,134,308	69,339,623
Agents' Warrants	-	31,962	290,962	3,030,908
Fully Diluted Shares	324,618,878	340,361,348	374,244,148	399,092,759

For additional details of outstanding share capital, refer to Notes 8 and 9 of the condensed interim financial statements for the six months ended April 30, 2019.

Industry and Economic Factors Affecting Performance

As a mineral exploration and development company, Commerce's performance is affected by a number of industry and economic factors and exposure to certain environmental risks and regulatory requirements. These include metal prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in providing high-risk equity capital to exploration companies, and the availability of qualified staff and equipment such as drilling rigs to conduct exploration.

Risk Factors

Mineral exploration and development involves a high degree of risk such that few properties, which are explored, are ultimately developed into producing mines. With respect to the Company's properties, where mineral resources exist, substantial expenditures will be required to confirm ore reserves which are sufficient to commercially mine and to obtain the required environmental approvals and permitting required to commence commercial operations. Should any mineral resource be defined on such properties there can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable saleable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control.

Environmental Risks and Other Regulatory Requirements

Any future operations of the Company, including development activities and commencement of production on its properties, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. In addition, agreements may be required with local native people groups that could have a material effect on the Company's operations. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Management

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company.

Forward Looking Statements

This Management Discussion & Analysis may contain forward-looking information and is 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.

Readers can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof.

Forward-looking information is based on the opinions and estimates of management and its consultants at the date the information is given. It is 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. The information is based on reasonable assumptions which include but are not limited to those regarding actual costs for mining and processing and their impact on the cut-off grade established, actual capital costs, forecasts of mine production rates, the timing and content of upcoming work programs, geological interpretations, potential process methods and mineral recoveries, the availability of markets for the products produced, market pricing for the products produced, etc.

Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for metals, the conclusions of detailed feasibility and technical analyses, lower than expected grades and quantities of resources, mining rates and recovery rates and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. There can be no assurance that the plan, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

Approval

The Board of Directors of Commerce Resources Corp. has approved the disclosure contained in this MD&A.

Additional Information

Additional information related to the Company can be found on the Company's website at www.commerceresources.com or on SEDAR at www.sedar.com.