



Condensed Interim Financial Statements

For the Six Months Ended April 30, 2017

(Unaudited - Expressed in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Commerce Resources Corp. for the six months ended April 30, 2017, 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 auditor

Commerce Resources Corp.

Consolidated Interim Statements of Financial Position

As expressed in Canadian dollars

(Unaudited – prepared by management)

	April 30, 2017	October 31, 2016
Assets		
Current		
Cash	\$ 25,908	253,187
Marketable securities	40,307	25,767
Short term investment (Note 5)	501,500	76,500
Mining tax receivable	23,116	23,116
GST/HST receivable	24,322	78,714
Prepaid expenses	111,192	113,580
	726,345	570,864
Investment - asset-backed commercial paper (Note 6)	5,471	5,471
Equipment (Note 7)	466,076	482,332
Exploration and evaluation assets (Note 8 and Schedule I)	60,783,841	60,255,060
Reclamation bonds	82,000	82,000
	\$ 62,063,733	61,395,727
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 15)	\$ 879,151	1,422,704
Due to related parties (Note 12)	1,055,038	904,019
Liability for flow-through shares (Note 15)	111,518	215,704
	2,045,707	2,542,427
Shareholders' Equity		
Share capital (Note 9)	82,765,893	81,086,544
Share subscriptions received	26,826	-
Reserves	8,461,870	8,455,888
Accumulated other comprehensive income	23,869	9,022
Deficit	(31,260,432)	(30,698,154)
	60,018,026	58,853,300
	\$ 62,063,733	61,395,727

Approved and authorized by the Board of Directors on June 15, 2017:

“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
As expressed in Canadian dollars
(Unaudited – prepared by management)

	Three months ended April 30,		Six months ended April 30,	
	2017	2016	2017	2016
Expenses				
Administration fees and rent (Note 14)	\$ 90,000	\$ 161,430	\$ 203,810	\$ 322,860
Advertising and website	110,034	59,456	224,472	139,039
Consulting fees (Note 15)	16,884	34,780	12,408	73,987
Filing and transfer agent fees	9,142	26,558	21,978	34,432
Insurance	2,823	2,823	5,646	5,646
Investor relations	37,879	16,874	42,480	34,648
Office, telephone and miscellaneous (Note 14)	6,986	2,029	22,769	6,170
Professional fees	21,898	14,007	81,958	21,730
Travel and promotion	22,648	34,036	40,509	50,384
Loss before other items	(318,294)	(351,993)	(656,030)	(688,896)
Other income (expenses)				
Interest income	210	796	387	2,672
Part XII.6 tax and interest expense	(2)	(78,875)	(16,677)	(234,418)
Gain on disposition of asset backed commercial paper	3,126	152,473	4,747	181,186
Gain (loss) on foreign exchange	1,109	-	1,109	(3,307)
	4,443	74,394	(10,434)	(53,867)
Loss before income taxes	(313,851)	(277,599)	(666,464)	(742,763)
Deferred income tax recovery	20,666	29,575	104,186	60,201
Net loss for the period	(293,185)	(248,024)	(562,278)	(682,562)
Other comprehensive (loss) for the period				
Unrealized gain (loss) on asset backed commercial paper	180	(65,175)	307	(65,744)
Unrealized gain (loss) on marketable securities	(5,643)	8,563	14,540	8,643
Comprehensive (loss) for the period	(5,463)	(56,612)	14,847	(57,101)
Net loss and comprehensive loss for the period	\$ (298,648)	\$ (304,636)	\$ (547,431)	\$ (739,663)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	287,684,038	234,409,864	266,379,040	224,083,905

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

Commerce Resources Corp.

Condensed Interim Statements of Changes in Equity

For the six months ended April 30, 2017 and 2016

As expressed in Canadian dollars

(Unaudited – prepared by management)

	Number of Shares	Share Capital	Share Subscriptions Received	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
Share issue costs	-	(190,857)	-	46,033	-	-	(144,824)
Change in fair value of available- for-sale financial assets	-	-	-	-	(57,101)	-	(57,101)
Net loss for the period	-	-	-	-	-	(682,562)	(682,562)
Balance, April 30, 2016	234,409,864	\$ 79,618,773	\$ -	\$ 8,305,383	\$ 252,528	\$ (30,315,294)	\$ 57,861,390
	Number of Shares	Share Capital	Share Subscriptions Received	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, October 31, 2016	259,508,950	\$ 81,086,544	\$ -	\$ 8,455,888	\$ 9,022	\$ (30,698,154)	\$ 58,853,300
Shares issued for cash	34,350,450	1,717,523	-	-	-	-	1,717,523
Share subscriptions received	-	-	26,826	-	-	-	26,826
Share issue costs	-	(38,174)	-	5,982	-	-	(32,192)
Change in fair value of available- for-sale financial assets	-	-	-	-	14,540	-	14,540
Disposition of asset backed commercial paper (Note 6)	-	-	-	-	307	-	307
Net loss for the period	-	-	-	-	-	(562,278)	(562,278)
Balance, April 30, 2017	293,859,400	\$ 82,765,893	\$ 26,826	\$ 8,461,870	\$ 23,869	\$ (31,260,432)	\$ 60,018,026

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

Commerce Resources Corp.
Condensed Interim Statements of Cash Flows
For the six months ended April 30,
As expressed in Canadian dollars
(Unaudited – prepared by management)

	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income (loss) for the period	\$ (562,278)	\$ (682,562)
Add (deduct) items not affecting cash:		
Deferred income tax recovery	(104,186)	(60,201)
Loss (Gain) on disposition of asset-backed commercial paper	(4,747)	(181,186)
	(671,211)	(923,949)
Changes in non-cash working capital items related to operations:		
Amounts receivable	-	2,729
GST/HST receivable	54,392	38,717
Prepaid expenses	2,388	13,436
Due to related parties	151,019	(170,846)
Accounts payable and accrued liabilities	(543,553)	(558,170)
Net cash flows (used in) operating activities	(1,006,965)	(1,598,083)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of share capital, net of share issuance costs	1,685,331	1,829,401
Share subscriptions received	26,826	-
Net cash flows from financing activities	1,712,157	1,829,401
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Redemption of Asset-backed commercial paper	5,054	430,072
Short-term investments	(425,000)	(292,000)
Deferred exploration and development costs, net of tax credits received	(512,525)	(363,030)
Net cash flows (used in) investing activities	(932,471)	(224,958)
Increase (decrease) in cash and cash equivalents	(227,279)	6,360
Cash and cash equivalents, beginning of period	253,187	5,342
Cash and cash equivalents, end of period	\$ 25,908	\$ 11,702

Supplemental disclosure with respect to cash flows – Note 14

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 six months ended April 30, 2017

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”) 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 condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on June 15, 2017.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has a working capital deficit of \$1,319,362 at April 30, 2017 (October 31, 2016 - \$1,971,563), has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the appropriateness of the use of generally accepted accounting principles applicable to a going concern. In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company’s exploration and development programs. There is no assurance that these initiatives will be successful.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans, however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company. These financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and statement of financial position classifications that might be necessary should the Company be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management’s plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests.

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.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2017

Expressed in Canadian Dollars

(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Basis of Measurement - continued

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.

Estimates and assumptions

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

- 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 accrued liability to indemnify shareholders for taxes and penalties related to the unspent portion of the commitment for the flow through shares issued;
- 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;
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods; 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.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2017

Expressed in Canadian Dollars

(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

Judgments - continued

- 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.

- Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

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, 2016. Therefore, these condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2016.

5. SHORT TERM INVESTMENTS

At April 30, 2017, the Company had two guaranteed investment certificate ("GICs"), totaling \$76,500 (October 31, 2016: \$76,500). Both GICs will mature within one year with an interest rate of prime less 2.1%.

6. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER

As at April 30, 2017, the Company held asset-backed commercial paper ("ABCP") issued by a number of trusts with an original cost of \$76,722 (October 31, 2016: \$81,500).

The valuation technique used by the Company to estimate the fair value of its investment in ABCP at April 30, 2017 and October 31, 2016, 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:

April 30, 2017 and October 31, 2016

Probability weighted average interest	74.10%
Weighted average discount rate	15.00%
Maturity of long-term floating rate notes	1 years to 23 years
Credit losses	Rated notes: Nil to 30% Unrated notes: 20% to 100%

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

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2017

Expressed in Canadian Dollars

(Unaudited – prepared by management)

6. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER - continued

During the six months ended April 30, 2017, the Company received payments from settlement of \$5,054 (April 30, 2016: \$430,072) and recognized a gain on sale of ABCP of \$4,747 (April 30, 2016: \$181,186). As at April 30, 2017, the fair value of the ABCP as determined above was \$5,471 (October 31, 2016: \$5,471) and the Company recorded an unrealized gain of \$307 (April 30, 2016: \$65,744 loss) from this instrument.

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

October 31, 2015	\$	329,278
Settlements		(322,475)
Unrealized gains in other comprehensive income		(1,332)
October 31, 2016		5,471
Settlements		(307)
Unrealized gains in other comprehensive income		307
April 30, 2017	\$	5,471

7. EQUIPMENT

	Field Equipment	Field Office Building	Leasehold Improvements	Land	Total
Costs					
April 30, 2017 and October 31, 2016	\$ 316,931	\$ 303,748	\$ 255,796	\$ 120,282	\$ 996,757
Accumulated Amortization					
October 31, 2015	\$ 316,931	81,493	83,488	-	481,912
Additions	-	11,197	21,316	-	32,513
October 31, 2016	316,931	92,690	104,804	-	514,425
Additions	-	5,598	10,658	-	16,256
April 30, 2017	\$ 316,931	\$ 98,288	\$ 115,462	\$ -	\$ 492,953
Net Book Value					
October 31, 2016	\$ -	\$ 211,058	\$ 150,992	\$ 120,282	\$ 482,332
April 30, 2017	\$ -	\$ 205,460	\$ 140,334	\$ 120,282	\$ 466,076

8. 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 a detailed 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.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2017

Expressed in Canadian Dollars

(Unaudited – prepared by management)

8. EXPLORATION AND EVALUATION ASSETS - continued

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. The Company currently has 244 claims covering 11,475 hectares.

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.

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.

9. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value.

b) Issued and outstanding:

The total issued and outstanding shares of the Company total 293,859,400 as at April 30, 2017 (October 31, 2016: 259,508,950).

During the six months ended April 30, 2017:

On February 16, 2017, the Company completed a non-brokered private placement financing (the “Financing”) of 34,350,450 units (a “Unit”), at a price of \$0.05 per Unit, for gross proceeds of \$1,717,522.50. 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. The Company paid cash finders fees of \$12,950 and issued 259,000 share purchase warrants (the “Finder’s Warrants”) to two finders in connection with certain subscriptions in the Financing. The Finder’s Warrants have the same terms as the Warrants. The securities issued under the Financing, and the Shares that may be issuable on exercise of the Warrants and the Finder’s Warrants, are subject to a statutory hold period expiring on June 17, 2017.

During the year ended October 31, 2016:

On November 27, 2015, the Company closed the 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 the second tranche for gross proceeds of \$323,796. The Company issued 2,943,600 FT Shares at a price of \$0.11 per FT Share. The Company paid a total of \$116,793 and issued 1,061,750 agent’s warrants exercisable at \$0.11 per warrant share for a period of two years to various finders. The agent’s warrants were valued at fair value of \$46,033 (see Note 9d). 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. The Company allocated \$472,506 to liability for flow through shares from the issuance of FT Shares. The residual \$28,031 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 six months ended April 30, 2017

Expressed in Canadian Dollars

(Unaudited – prepared by management)

9. SHARE CAPITAL - continued

b) Issued and outstanding: - continued

During the year ended October 31, 2016: - continued

On June 30, 2016, the Company closed the first tranche of its short-form prospectus offering, raising gross proceeds of \$1,169,900. The Company issued 15,598,665 units (“Units”) at a price of \$0.075 per Unit. Each Unit consists of one common share and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder to purchase one common share for a price of \$0.10 per common share expiring June 30, 2018. The Agents were paid a cash commission of \$78,255 in connection with the Unit Offering and received an aggregate of 1,043,407 agent’s warrants to acquire up to 1,043,407 common shares at a price of \$0.075 per common share expiring June 30, 2018. The agent’s warrants were valued at fair value of \$34,805 (see Note 9d). The residual \$70,693 of share issuance costs includes legal and filing expenses related directly to the short form financing.

On August 12, 2016, the Company closed the second tranche of its previously announced short-form prospectus offering, raising gross proceeds of \$277,500 with Secutor Capital Management Corporation (the “Agent”) acting as agent for the Company with respect to the sale of 3,700,000 units (“Units”) of Commerce at a price of \$0.075 per Unit. Each Unit consists of one common share and one common share purchase warrant (each, a “Warrant”). Each Warrant entitles the holder to purchase one common share for a price of \$0.10 per common share expiring August 12, 2018. The Agents were paid a cash commission of \$19,425 in connection with the second tranche of the Public Offering and received an aggregate of 259,000 broker warrants to acquire up to 259,000 common shares at a price of \$0.075 per common share expiring August 12, 2018.

On August 12, 2016, the Company closed the Concurrent Private Placement, raising gross proceeds of \$551,040. The company issued 5,800,421 flow-through shares at a price of \$0.095 per common share. In connection with the Concurrent Private Placement, finders were paid a cash commission of \$35,700 and received an aggregate of 375,789 finders’ warrants to acquire up to 375,789 common shares at a price of \$0.095 per common share expiring August 12, 2018. The Company allocated \$145,011. to liability for flow through shares from the issuance of FT Shares. All securities issued pursuant to the Concurrent Private Placement are subject to a four-month hold period and the Concurrent Private Placement has been effected with the conditional acceptance of the TSX Venture Exchange.

c) Share purchase warrants:

The following is a summary of share purchase warrant transactions for the six months ended April 30, 2017 and year ended October 31, 2016:

	April 30, 2017		October 31, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	19,298,665	\$ 0.10	6,058,550	\$ 0.30
Issued	34,350,450	0.075*	19,298,665	0.10
Expired	-	-	(6,058,550)	0.30
Balance, end of period	53,649,115	\$ 0.08	19,298,665	\$ 0.10

*Exercise price for warrants is \$0.075 in the first year and \$0.10 in the second year

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2017

Expressed in Canadian Dollars

(Unaudited – prepared by management)

9. SHARE CAPITAL - continued

c) Share purchase warrants: - continued

The following share purchase warrants were outstanding and exercisable as at April 30, 2017 and October 31, 2016:

Expiry Date	Weighted Average Contractual Life (Years)	Exercise Price	April 30, 2017 Number of Warrants	October 31, 2016 Number of Warrants
June 30, 2018	1.17	\$0.10	15,598,665	15,598,665
August 12, 2018	1.28	\$0.10	3,700,000	3,700,000
February 16, 2019	1.80	\$0.10	34,350,450	-
Total Outstanding	1.58	\$0.10	53,649,115	19,298,665
Total Exercisable	1.19	\$0.10	19,298,665	19,298,665

d) Agents' warrants:

The following is a summary of agents' warrant transactions for the six months ended April 30, 2017 and year ended October 31, 2016:

	April 30, 2017		October 31, 2016	
	Number of Agents' Warrants	Weighted Average Exercise Price	Number of Agents' Warrants	Weighted Average Exercise Price
Balance, beginning of period	2,739,946	\$ 0.09	1,767,502	\$ 0.24
Issued	259,000	0.075*	2,739,946	0.09
Expired	-	-	(1,767,502)	0.24
Balance, end of period	2,998,946	\$ 0.09	2,739,946	\$ 0.09

*Exercise price for warrants is \$0.075 in the first year and \$0.10 in the second year

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2017

Expressed in Canadian Dollars

(Unaudited – prepared by management)

9. SHARE CAPITAL - continued

d) Agents' warrants:

The following agents' warrants were outstanding and exercisable as at April 30, 2017 and October 31, 2016:

<u>Expiry Date</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>	<u>Exercise Price</u>	<u>April 30, 2017 Number of Agents' Warrants</u>	<u>October 31, 2016 Number of Agents' Warrants</u>
November 27, 2017	0.58	\$0.11	900,234	900,234
December 22, 2017	0.65	\$0.11	34,116	34,116
December 24, 2017	0.65	\$0.11	127,400	127,400
June 30, 2018	1.17	\$0.075	1,043,407	1,043,407
August 12, 2018	1.28	\$0.075	259,000	259,000
August 12, 2018	1.28	\$0.095	375,789	375,789
February 16, 2017	1.80	\$0.095	259,000	-
Total Outstanding	0.64	\$0.09	2,998,946	2,739,946
Total Exercisable	0.69	\$0.09	2,739,946	2,739,946

The Company applies the fair value method in accounting for its agents' warrants using the Black-Scholes pricing model. During the six months ended April 30, 2017, the Company recorded \$5,982 (April 30, 2016: \$46,033) in share issuance costs with the issuance of 259,000 (April 30, 2016: 1,061,750) agents' warrants.

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

	<u>April 30, 2017</u>	<u>April 30, 2016</u>
Expected dividend yield	Nil	Nil
Expected volatility	88%	107-114%
Risk free rate	0.79%	0.49-0.63%
Expected terms in years	2 years	2 years

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2017

Expressed in Canadian Dollars

(Unaudited – prepared by management)

10. 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 six months ended April 30, 2017 and year ended October 31, 2016:

	April 30, 2017		October 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	3,830,000	\$ 0.15	6,915,000	\$ 0.38
Expired/Cancelled	-	-	(3,085,000)	0.19
Balance, end of period	3,830,000	\$ 0.15	3,830,000	\$ 0.15

The following stock options were outstanding and exercisable as at April 30, 2017:

Expiry Date	Original Exercise Price	Number of Shares	Contractual Life (Years)
February 8, 2018	\$0.15	3,730,000	0.78
May 15, 2018	\$0.10	100,000	1.04
Total Outstanding and Exercisable		3,830,000	0.78

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.

Commerce Resources Corp.

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11. 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.

On December 1, 2016, the Company renewed the agreement for another period of 12 months for \$30,000 per month.

12. RELATED PARTY TRANSACTIONS

During the six months ended April 30, 2017 and 2016, the Company incurred the following transactions to officers or directors of the Company or companies with common directors:

	Six months ended April 30,	
	2017	2016
	\$	\$
Key management compensation*		
Geological services	243,100	256,551
Administrative fees	213,310	322,860
Consulting fees	2,925	-
Advertising and promotion	37,588	18,500
Total	496,923	597,911

	April 30,	October 31,
	2017	2016
	\$	\$
Amounts due to (from) related parties		
Dahrouge Geological Consulting (a)	262,261	387,407
Axel Hoppe, Director	-	20,594
Zimtu Capital Corp. (b)	792,777	496,018
Due to related parties – Net total	1,055,038	904,019

(a) A company controlled by a director of the Company, Jody Dahrouge.

(b) A company with common directors and management 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.

Commerce Resources Corp.

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13. 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, 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 April 30, 2017, the Company held cash of \$25,908 (October 31, 2016: \$253,187) and short term investments of \$501,500 (October 31, 2016: \$76,500) with Canadian chartered banks. The Company also held asset-backed commercial paper fair valued at \$5,471 (October 31, 2016: \$5,471).

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

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.

As at April 30, 2017, the Company has total current liabilities of \$2,045,707 (October 31, 2016: 2,542,427). Management intends to meet the financial obligations by raising funds through future financings.

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 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.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2017

Expressed in Canadian Dollars

(Unaudited – prepared by management)

13. FINANCIAL INSTRUMENTS - continued

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 invests part of the cash balance in a variable rate GIC. The exposure to interest rate risk, however, is limited due to the short-term nature of the GIC.

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.

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2017 and October 31, 2016:

	As at April 30, 2017		
	Level 1	Level 2	Level 3
Cash	\$ 25,908	\$ -	\$ -
Short term investments	501,500	-	-
Marketable securities	40,307	-	-
Asset-backed commercial paper	-	-	5,471
	\$ 567,715	\$ -	\$ 5,471

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

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13. FINANCIAL INSTRUMENTS – continued

d) Fair Value - continued

	As at October 31, 2016		
	Level 1	Level 2	Level 3
Cash	\$ 253,187	\$ -	\$ -
Short term investments	76,500	-	-
Marketable securities	25,767	-	-
Asset-backed commercial paper	-	-	5,471
	\$ 355,454	\$ -	\$ 5,471

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 April 30, 2017 and October 31, 2016:

	April 30, 2017			October 31, 2016		
	Face value	Fair value variances	Fair value	Face value	Fair value variances	Fair value
Ineligible Asset						
Tracking Notes	76,722	(71,251)	5,471	81,500	(76,029)	5,471
	76,722	(71,251)	5,471	81,500	(76,029)	5,471

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.

The Company is aware of a number of trades in the restructured notes that have occurred prior to April 30, 2017, 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 6, 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, April 30, 2017 and October 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.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

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(Unaudited – prepared by management)

13. FINANCIAL INSTRUMENTS – continued

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at April 30, 2017, the Company's shareholders' equity was \$60,018,026 (October 31, 2016: \$58,853,300). 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.

14. NON-CASH TRANSACTIONS

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

During the six months ended April 30, 2017:

- Exploration and evaluation assets of \$90,088 were included in accounts payable and \$262,261 were included in due to related parties.
- Amortization of \$16,256 relating to equipment was included in exploration and evaluation assets.
- 259,000 agents' warrants valued at \$5,982 granted to the Agents were included in share issuance costs.

During the six months ended April 30, 2016:

- Exploration and evaluation assets of \$1,124,289 were included in accounts payable and \$451,473 were included in due to related parties at April 30, 2016.
- Amortization of \$16,256 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.

15. 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.

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

On December 22, 2014, the Company issued 12,025,000 shares on a flow-through basis at \$0.25 per share (see Note 9b) for gross proceeds of \$3,006,250, and recognized a liability on flow-through shares of \$781,625. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2014. As at December 31, 2015, the Company has incurred \$1,738,192 (October 31, 2015 - \$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 \$14,174 during the year ended October 31, 2016 (2015 - \$448,016). As the Company had unfulfilled CEE obligations of \$1,268,058 at December 31, 2015, as a result of unspent flow-through proceeds related to this flow through issuance, the Company incurred Part XII.6 tax and related penalties and interest of \$234,418 which was recorded in other expenses for the year ended October 31, 2016. Furthermore, the Company may also have to indemnify shareholders for taxes and penalties related to the unspent portion of the commitment of up to \$594,000, calculated based upon a combined tax rate of 43.7% of unspent flow-through funds raised. The Company has recognized the liability in accrued liabilities. 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 9b) for proceeds of \$1,974,225, and recognized a liability on flow-through shares of \$472,506. At December 31, 2016, the Company has incurred the entire \$1,974,225 of qualified expenditures required. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2015.

On August 12, 2016, the Company issued 5,800,421 shares on a flow-through basis at \$0.095 per share (see Note 12b) for proceeds of \$551,040, and recognized a liability on flow-through shares of \$145,011. At April 30, 2017, the Company has incurred \$127,275 of qualified expenditures. The flow-through proceeds were be renounced under the Look-back Rule on December 31, 2016.

	Issued on December 22, 2014	Issued in Nov/Dec 2015	Issued on August 12, 2016	Total
Balance, October 31, 2015	333,609	-	-	333,609
Liability incurred on flow-through shares issued	-	472,506	145,011	617,517
Transfer FT liability to accrued liabilities	(319,435)	-	-	(319,435)
Settlement of flow-through share liability on incurring expenses	(14,174)	(401,813)	-	(415,987)
Balance, October 31, 2016	\$ -	\$ 70,693	\$ 145,011	\$ 215,704
Settlement of flow-through share liability on incurring expenses	-	(70,693)	(33,493)	(104,186)
Balance, April 30, 2017	\$ -	\$ -	\$ 111,518	\$ 111,518

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2017

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(Unaudited – prepared by management)

16. SUBSEQUENT EVENTS

- a) On May 26, 2017, the Company completed a non-brokered private placement financing (the “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. The Company paid cash finders fees of \$1,918 and issued 31,962 share purchase warrants (the “Finder’s Warrants”) to one finder in connection with certain subscriptions in the Financing. The Finder’s Warrants have the same terms as the Warrants. The securities issued under the Financing, and the Shares that may be issuable on exercise of the Warrants and the Finder’s Warrants, are subject to a statutory hold period expiring on September 27, 2017.
- b) On June 5, 2017, the Company granted an aggregate of 12,997,320 stock options to its directors, officers, consultants, and employees for the purchase of up to 12,997,320 common shares of the Company at a price of \$0.065 per common share for a period of 5 years.

Commerce Resources Corp.
Schedule of Resource Properties
For the six months ended April 30, 2017
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(Unaudited – prepared by management)

Schedule I

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of period	\$ 201,602	\$ 1,300,599	\$ 211,580	\$ 1,713,781
Staking	-	-	-	-
Balance, end of the period	201,602	1,300,599	211,580	1,713,781
Deferred exploration and development costs				
Balance, beginning of period	27,731,208	31,015,762	(205,692)	58,541,279
Amortization – field equipment and office	5,598	-	-	5,598
Assays and analytical	-	117,419	-	117,419
Community projects	-	16,651	-	16,651
Consulting	-	2,400	-	2,400
Engineering	-	490	-	490
Environmental and permitting	-	435	-	435
Field equipment rental	10,658	58,926	-	69,584
Field supplies	-	9,868	-	9,868
Food and accommodation	5,266	7,169	-	12,435
Fuel	-	2,289	-	2,289
Geology, mapping and drafting	-	177,854	-	177,854
Insurance	2,800	4,202	-	7,002
Metallurgy	-	26,071	-	26,071
Other	26,500	-	-	26,500
Project management	1,526	-	-	1,526
Travel and transport	-	52,659	-	52,659
	52,348	476,433	-	528,781
Balance, end of period	27,783,557	31,492,195	(205,692)	59,070,060
Total balance, end of period	\$ 27,985,159	\$ 32,792,794	\$ 5,888	\$ 60,783,841

Commerce Resources Corp.
Schedule of Resource Properties
For the year ended October 31, 2016
Expressed in Canadian dollars
(Unaudited – prepared by management)

Schedule I
Continued

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of year	\$ 201,602	\$ 1,270,558	\$ 211,580	\$ 1,683,740
Staking	-	30,041	-	30,041
Balance, end of the year	201,602	1,300,599	211,580	1,713,781
Deferred exploration and development costs				
Balance, beginning of year	27,633,433	29,217,785	(205,692)	56,645,526
Amortization – field equipment and office	11,197	-	-	11,197
Assays and analytical	-	82,618	-	82,618
Drilling	-	241,900	-	241,900
Engineering	3,960	-	-	3,960
Environmental and permitting	2,627	2,986	-	5,613
Field equipment rental	22,817	89,835	-	112,652
Field supplies	270	44,019	-	44,289
Food and accommodation	13,878	38,390	-	52,268
Fuel	-	3,061	-	3,061
Geology, mapping and drafting	2,385	783,579	-	785,964
Insurance	5,684	8,528	-	14,212
Other	39,500	303	-	39,803
Project management	3,710	-	-	3,710
Travel and transport	982	502,759	-	503,741
	107,010	1,797,978	-	1,904,988
Mining tax credits	(9,235)	-	-	(9,235)
Balance, end of year	27,731,208	31,015,763	(205,692)	58,541,279
Total balance, end of year	\$ 27,932,810	\$ 32,316,362	\$ 5,888	\$ 60,255,060