COMMERCE RESOURCES CORP.

Condensed Interim Financial Statements

For the Three Months Ended January 31, 2013

The accompanying unaudited condensed interim financial statements of Commerce Resources Corp. for the three months ended January 31, 2013, 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.

(Unaudited - Expressed in Canadian Dollars)

Commerce Resources Corp.
Statements of Financial Position
As expressed in Canadian dollars
(Unaudited – prepared by management)
As at

As at		January 31, 2012		October 31, 2012	
Assets					
Current					
Cash and cash equivalents	$	**874,188**	$	309,661	$
Marketable securities (Note 4)		**280,251**		348,774	
Short term investment (Note 5)		**3,534,500**		34,500	
Amounts receivable		**35,130**		34,392	
Mining tax receivable (Note 7)		**1,786,656**		5,529,544	
GST/HST receivable		**148,378**		227,270	
Due from related parties (Note 14)		**11,263**		17,811	
Prepaid expenses (Note 6)		**127,186**		134,642	
		6,797,552		6,636,594	
Prepaid expenses – non-current (Note 6)		**237,886**		237,886	
Investment - asset-backed commercial paper (Note 8)		**230,878**		248,446	
Equipment (Note 9)		**634,015**		644,570	
Exploration and evaluation assets (Note 10 and Schedule I)		**45,183,923**		44,034,212	
Reclamation bonds		**82,000**		82,000	
	$	**53,166,254**	$	51,883,708	$
Liabilities					
Current					
Accounts payable and accrued liabilities	$	**596,699**	$	909,434	$
Due to related parties (Note 14)		**143,948**		612,340	
Liability for flow through shares (Note 17)		**183,298**		3,889	
		923,945		1,525,663	
Shareholders' Equity					
Share capital (Note 11)		**69,887,819**		67,951,764	
Reserves (Note 12)		**7,448,720**		7,182,303	
Accumulated other comprehensive income (loss)		**(1,059,858)**		(976,301)	
Deficit		**(24,034,372)**		(23,799,721)	
		52,242,309		50,358,045	
	$	**53,166,254**	$	51,883,708	$

Approved and authorized by the Board of Directors on March 19, 2013:

"David Hodge" — Director

"Sven Olsson" — Director

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

Commerce Resources Corp.

Condensed Interim Statements of Operations and Comprehensive Income (Loss)
For the three months ended January 31,
As expressed in Canadian dollars
(Unaudited – prepared by management)

		2013		2012
Expenses				
Administration fees and rent (Note 14)	$	**282,000**	$	270,000
Advertising and website		**72,698**		74,337
Bank charges and interest		**269**		1,320
Consulting fees (Note 13)		**25,120**		64,258
Filing and transfer agent fees		**8,048**		4,055
Insurance		**7,618**		3,806
Investor relations		**7,680**		16,873
Office, telephone and miscellaneous (Note 14)		**3,198**		9,172
Professional fees		**40,918**		1,646
Travel expenses		**15,821**		61,147
Loss before other items		**(463,370)**		(506,614)
Other items:				
Interest income		**21,274**		16,907
Penalties		**(11,199)**		-
Other income (Note 10)		**-**		760,000
Gain on disposition of asset backed commercial paper		**402,661**		(93,000)
		412,736		683,907
Income (loss) before income taxes		**(50,634)**		177,293
Deferred income tax expense		**184,017**		-
Net income (loss) for the period		**(234,651)**		177,293
Other comprehensive income (loss) for the period				
Change in fair value of available-for-sale financial assets (Note 4 and 8)		**(83,557)**		(45,886)
Comprehensive income (loss) for the period		**(83,557)**		(45,886)
Net income (loss) and comprehensive income (loss) for the period	$	**(318,208)**	$	131,407
Basic and diluted loss per share	$	**(0.00)**	$	0.00
Weighted average number of common shares outstanding – basic and diluted		**159,683,618**		143,758,720

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, 2011	**147,781,422**	**$**	**66,835,835**	**$**	**6,990,460**	**1,031,503**	**$**	**(23,599,641)**	**$**	**51,258,157**
Unrealized loss on available-for-sale financial assets	-		-		-	(45,886)		-		(45,886)
Net income for the period	-		-		-	-		177,293		177,293
Balance, January 31, 2012	**147,781,422**		**66,835,835**		**6,990,460**	**985,617**		**(23,422,348)**		**51,389,564**
Balance, October 31, 2012	**153,408,088**	**$**	**67,951,764**	**$**	**7,182,303**	**(976,301)**	**$**	**(23,799,721)**	**$**	**50,358,045**
Flow-through private placements	13,775,554		2,240,832		243,376	-		-		2,484,208
Share issue costs	-		(304,777)		23,041	-		-		(281,736)
Change in fair value of available-for-sale financial assets	-		-		-	(83,557)		-		(83,557)
Net loss for the period	-		-		-	-		(234,651)		(234,651)
Balance, January 31, 2013	**167,183,642**	**$**	**69,887,819**	**$**	**7,448,720**	**(1,059,858)**	**$**	**(24,034,372)**	**$**	**52,242,309**

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,
As expressed in Canadian dollars
(Unaudited - prepared by management)

		2013		2012
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:				
Net income (loss) for the period	$	**(234,651)**	$	**177,293**
Add (deduct) items not affecting cash:				
Deferred income tax recovery		**(59,359)**		**-**
Loss (Gain) on disposition of asset-backed commercial paper		**(402,661)**		**93,000**
Other income		**-**		**(760,000)**
Changes in non-cash working capital items related to operations:				
Amounts receivable		**(738)**		**1,055**
Mining tax credits receivable		**3,742,888**		**-**
GST/HST receivable		**78,892**		**221,932**
Prepaid expenses		**7,456**		**181,364**
Due to (from) related parties		**13,298**		**(277,732)**
Accounts payable and accrued liabilities		**45,546**		**1,946,507**
Net cash flows provided by (used in) operating activities		**3,190,671**		**1,583,419**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issue of share capital, net of share issuance costs		**2,441,240**		**-**
Net cash flows provided by financing activities		**2,441,240**		**-**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:				
Acquisition of equipment		**-**		**(190,717)**
Short term investment		**(3,500,000)**		**-**
Redemption of Asset-backed commercial paper		**405,195**		**2,057,999**
Exploration and evaluation costs, net of tax credits received		**(1,972,579)**		**(6,821,473)**
Net cash flows (used in) investing activities		**(5,067,384)**		**(4,954,191)**
Increase (decrease) in cash and cash equivalents		**564,527**		**(3,370,772)**
Cash and cash equivalents, beginning of period		**309,661**		**5,770,820**
Cash and cash equivalents, end of period	**$**	**874,188**	**$**	**322,858**
Cash and cash equivalents consists of the following:				
Cash	**$**	**618,214**	$	67,768
Money market funds	**$**	**255,974**	$	255,090
Cash paid during the period for:				
Interest expense	**$**	**Nil**	$	Nil
Income taxes	**$**	**Nil**	$	Nil

Supplemental disclosure with respect to cash flows – Note 16

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

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, the OTCQX in the United States of America, and on the Frankfurt Stock Exchange in Germany.

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 19, 2013.

2. BASIS OF PRESENTATION

a) 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.

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, 2012. Therefore, these condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2012.

b) Basis of Measurement

These condensed interim 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim 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.

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS – continued

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.

4. MARKETABLE SECURITIES

	Number Of Shares	Cost	Unrealized Gain (loss)	Fair Value January 31, 2013
Continental Gold Limited ("CGL")	12	$ 31	$ 69	$ 100
Canadian International Minerals ("CIN")	11,500,000	1,385,000	(1,155,000)	230,000
Zimtu Capital Corp. ("ZC")	122,320	159,385	(109,234)	50,151
Total	11,622,332	$ 1,544,416	$ (1,264,165)	$ 280,251

	Number Of Shares	Cost	Unrealized Gain (loss)	Fair Value October 31, 2012
Continental Gold Limited ("CGL")	12	$ 31	$ 82	$ 113
Canadian International Minerals ("CIN")	11,500,000	1,385,000	(1,097,500)	287,500
Zimtu Capital Corp. ("ZC")	122,320	159,385	(98,224)	61,161
Total	11,622,332	$ 1,544,416	$ (1,195,642)	$ 348,774

There were no changes to the Company's marketable securities holdings during the three months ended January 31, 2013.

During the year ended October 31, 2012, the Company received 8,000,000 shares of CIN valued at $760,000 in accordance with the amended agreement for the Carbo Property (see Note 10). The Company recorded an unrealized holding loss on these shares at October 31, 2012 of $868,969 to other comprehensive income.

Expressed in Canadian Dollars

5. SHORT TERM INVESTMENTS

At January 31, 2013, the Company had two guaranteed investment certificates ("GIC's"), totaling $3,534,500 (October 31, 2012 - $34,500). Of the total, $34,500 was issued on October 11, 2012, with an interest rate of prime less 2.05% and matures on October 10, 2013, and $3,500,000 was issued on December 19, 2012, with an interest rate of prime less 1.65% and matures on December 18, 2013.

6. PREPAID EXPENSES

	January 31, 2013	October 31, 2012
Current		
Insurance	15,661	23,279
Held in trust	72,003	71,820
Deposits and advances	40,522	39,543
Total prepaid expenses – current	**127,186**	**134,642**
Non-current		
Deposits held for exploration	237,886	237,886
Total prepaid expenses – non-current	**237,886**	**237,886**

7. MINING TAX RECEIVABLE

During the year ended October 31, 2012, the Company received a refund of $1,305,862 for BC mining tax credits for the year ended October 31, 2011 and $1,396,670 for Quebec mining tax credits for the year ended October 31, 2010. An adjustment was made to mining tax credits to reflect the approved amounts. The Company also accrued BC mining tax credits of $797,018 and Quebec mining tax credits of $989,638 for the year ended October 31, 2012. During the three months ended January 31, 2013, the Company received a refund for its 2011 Quebec mining tax credits of $3,761,528, including interest income of $18,640.

8. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER

As at January 31, 2013, the Company held asset-backed commercial paper ("ABCP") issued by a number of trusts with an original cost of $797,579 (October 31, 2012: $1,172,074). At 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 billing 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

Expressed in Canadian Dollars

8. 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, 2013 and October 31, 2012, 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:

	January 31, 2013	October 31, 2012
Probability weighted average interest	38.22%	38.22%
Weighted average discount rate	15.95%	15.95%
Maturity of long-term floating rate notes	4 years to 26 years	4 years to 26 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. In 2007 and 2008, the Company recorded an additional provision for impairment of ABCP of $2,902,046 bringing the total impairment charge to $4,541,957 due to a decline to fair value that is other than temporary.

During the three months ended January 31, 2013, the Company received payments from settlement of $405,195 (October 31, 2012: $4,653,094) and recognized a gain on sale of ABCP of $402,661 (October 31, 2012: $1,315,445). As at January 31, 2013, the fair value of the ABCP as determined above was $230,878 (October 31, 2012: $248,446) and the Company recorded an unrealized loss of $15,034 (October 31, 2012: $28,670 gain) from this instrument.

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

Closing balance, October 31, 2011		4,872,289
Settlements		(4,652,513)
Unrealized gains in other comprehensive income		28,670
Closing balance, October 31, 2012		248,446
Settlements		(2,534)
Unrealized losses in other comprehensive income		(15,034)
Closing balance, January 31, 2013	$	230,878

Expressed in Canadian Dollars

9. EQUIPMENT

	Field Equipment	Field Office Building	Leasehold Improvements	Land	Total
October 31, 2011	$ 294,341	$ 316,167	$ -	$ 120,282	$ 730,790
Additions	22,590	10,360	255,796	-	288,746
Write-off	-	(22,779)	-	-	(22,779)
October 31, 2012	316,931	303,748	255,796	120,282	996,757
Additions	-	-	-	-	-
January 31, 2013	**$ 316,931**	**$ 303,748**	**$ 255,796**	**$ 120,282**	**$ 996,757**
October 31, 2011	249,360	31,170	-	-	280,530
Additions	35,500	14,379	22,917	-	72,796
Write-off	-	(1,139)	-	-	(1,139)
October 31, 2012	284,860	44,410	22,917	-	352,187
Additions	5,360	3,243	1,952	-	10,555
January 31, 2013	**$ 290,220**	**$ 47,653**	**$ 24,869**	**$ -**	**$ 362,742**
Net Book Value					
October 31, 2011	$ 44,981	284,997	-	120,282	450,260
October 31, 2012	**32,071**	**$ 259,338**	**$ 232,879**	**$ 120,282**	**$ 644,570**
January 31, 2013	**$ 26,711**	**$ 256,095**	**$ 230,927**	**$ 120,282**	**$ 634,015**

10. 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 Upper Fir, Verity, and Fir claims, located in the Blue River region of the Kamloops Mining District of B.C., Canada, all of which were acquired by staking.

During the year ended October 31, 2011, 20,000 stock options with exercise price of $0.55 per share and 235,000 stock options with exercise price of $0.81 were granted to geologists conducting mining activities of Blue River Claims and with expiry in 5 years. The Company capitalized a total of $158,824 stock based compensation as resources properties pursuant to the option grants. No stock options were granted to geologists conducting mining activities during the year ended October 31, 2012.

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.

Under the terms of the purchase agreement with Virginia Mines, the Company issued 710,000 common shares and 290,000 share purchase warrants. The share purchase warrants were exercisable at $1.12 per share until June 19, 2009. The Company also issued 25,000 common shares as a finder's fee. The total of 735,000 common shares issued for this transaction was valued at $1,014,300 which was determined by the closing price of the Company's shares on the date of the execution of the option agreement. A charge of $176,602 had been recorded in resource properties acquisition costs in respect to the share purchase warrants.

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, 2011, 155,000 stock options with exercise price of $0.55 per share and 125,000 stock options with exercise price of $0.81 were granted to geologists conducting mining activities of Eldor Claims and with expiry in 5 years. The Company capitalized a total of $131,127 share based payments as resources properties pursuant to the option grants. During the year ended October 31, 2012, there is no stock option granted to geologists in the same nature as in fiscal 2011.

Other Claims – British Columbia, Canada

Other claims consist of mineral claims located in B.C., Canada known as the Cable Creek, Mud Lake, Alan Parson, Lac Nach, and Carbo claims. As at October 31, 2011, the Company determined that the value of several mineral claims was impaired, and accordingly wrote off capitalized costs in the amount of $39,896. At January 31, 2013, the Company still holds the Alan Parson claims.

On January 15, 2009, the Company entered into a Mineral Acquisition Agreement with Canadian International Minerals Inc. ("CIN") whereby CIN can acquire a 75% interest in the Carbo Property. In consideration for the interest, CIN must pay the Company $30,000 ($10,000 received at October 31, 2009, $10,000 at January 31, 2010, and $10,000 received January 19, 2011), issue 1,500,000 common shares (500,000 received at October 31, 2009, 500,000 received at January 31, 2010, and 500,000 received at January 12, 2011) to the Company and incur total exploration expenditures of $198,000 (incurred) on the Carbo Property over a three year period.

10. EXPLORATION AND EVALUATION ASSETS - continued

Other Claims – British Columbia, Canada – continued

On September 23, 2011, the Company entered into an amending agreement with CIN whereby CIN acquire 100% interest in the Carbo Property by issuing an additional 8,000,000 common shares to the Company (received November 8, 2011). The Company will retain its 2% NSR royalty on the property. Pursuant to the amending agreement, the Company shall subscribe for $300,000 worth of Units (the "Units", at $0.15 per unit , totalling 2,000,000 units) into CIN's recently announced private placement, with each Unit consisting of one common share and one-half of one transferable share purchase warrant entitling the Company to purchase one additional share of CIN for a period of 24 months from the closing date at a price of $0.25 per share in the first year and $0.30 per share in the second year. As of October 31, 2011, the Company recognized other income of $276,369 as the option payment received from the $30,000 cash received and CIN 1,500,000 shares issued over the capitalized costs invested on Carbo Property. During the year ended October 31, 2012, the Company recorded a gain of $760,000 for receipt of the 8,000,000 shares for the Carbo Property.

Other Claims – Quebec, Canada

During the three months ended January 31, 2013, the Company acquired, by staking, a 100% interest in the Lac Dupoisson Property, consisting of 57 claims, covering an area of 2,688 ha in the Labrador Trough.

11. SHARE CAPITAL

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

b) Issued and outstanding:

Historically, the Company repurchased 200,000 common shares of its own at nominal value, which has been deemed as common shares returned to treasury. As a result, the total issued and outstanding shares of the Company are 166,983,642 as at January 31, 2013 (October 31, 2012: 153,208,088).

During the three months ended January 31, 2013:

On December 12, 2012, the Company completed a brokered private placement with Marquest Capital Markets and Casimir Capital Ltd. (the "Agents") in the amount of 6,438,890 flow-through units (the "FT Units") at a price of $0.18 per flow-through unit for gross proceeds of $1,159,000. The FT Units consist of one flow-through common share and one half of one non-transferable share purchase warrant. One whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.25 per share until June 11, 2014. In addition, the Company paid the Agents a cash commission of 8% of the gross proceeds and issued 515,111 Agents' Options, with each Agents' Option exercisable at a price of $0.25 until June 11, 2014. On December 31, 2012, the Company filed the renouncement of the qualified expenditures in full of $1,159,000.

The Company also closed a non-brokered private placement of 7,336,664 FT Units for gross proceeds of $1,320,600. The non-brokers FT Units were issued at the same price and on the same terms as the brokered private placement. No finder's fee or commissions were paid. On December 31, 2012, the Company filed the renouncement of the qualified expenditures in full of $1,320,600.

Expressed in Canadian Dollars

11. SHARE CAPITAL - continued

b) Issued and outstanding – continued:

During the year ended October 31, 2012:

On August 2, 2012, the Company closed a private placement of 5,436,666 units at a price of $0.30 per unit, for gross proceeds of $1,680,500. Each unit consists of one flow-through common share and one-half of one non flow-through common share purchase warrant. Each whole share purchase warrant is exercisable into one common share of the Company for a period of two years at a price of $0.40 per share in the first year and $0.48 per share in the second year. The securities issued are subject to a four-month hold period expiring December 3, 2012. The fair value of the share at the date of issuance is $0.23 where the exercise price is greater than the market price. The share purchase warrants were fair valued at $171,996 based on the Black-Scholes pricing model which utilizes the following assumptions: expected dividend yield of nil, expected stock price volatility of 86.66% and risk free interest rate of 1.06%. As a result, the Company allocated $171,996 to reserves and $208,571 to liability for flow through shares. The Company paid NCP Northland Capital Partners Inc. (the "Agent") a commission of $114,170, being 7% of the gross sales of units, and issued to the Agent 380,567 Compensation Options, being 7% of the number of units sold in the private placement. Each Compensation Option is exercisable into one common share for two years at a price of $0.30. The Agent's Compensation Options were valued at fair value of $34,512. The fair value of these Compensation Options 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 warrant granted is calculated using the Black-Scholes pricing model assuming a risk-free interest rate of 1.08%, a dividend yield of nil, an expected volatility of 86.66% and an average expected life of 2 years. The residual $50,153 of share issuance costs constitutes of legal and filing expenses related directly to the private placement.

On August 3, 2012, the Company also closed a non-brokered private placement of 165,000 flow-through commons shares with units having the same terms and conditions as the brokered portion described above for gross proceeds of $49,500. The fair value of the share at the date of issuance is $0.23 where the exercise price is greater than the market price. The share purchase warrants were fair valued at $5,216 based on the Black-Scholes pricing model which utilizes the following assumptions: expected dividend yield of nil, expected stock price volatility of 86.62% and risk free interest rate of 1.06%. As a result, the Company allocated $5,216 to reserves and $6,334 to liability for flow through shares.

During the year ended October 31, 2012, 25,000 stock options were exercised at $0.26 per share for total proceeds of $6,500. A total of $19,881 was reversed out of reserves and credited to share capital in relation to the option exercise.

c) Share purchase warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

	January 31, 2013		**October 31, 2012**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	4,805,542	$ 0.63	2,004,709	$ 0.90
Issued	6,887,777	$ 0.25	2,800,833	0.40 / 0.48
Balance, end of period	11,693,319	$ 0.41	4,805,542	$ 0.63

Expressed in Canadian Dollars

11. SHARE CAPITAL - continued

c) Share purchase warrants - continued:

The following share purchase warrants were outstanding and exercisable as at January 31, 2013 and October 31, 2012:

Expiry Date	Weighted Average Contractual Life (Years)	Exercise Price (Year 1/ Year 2)	**January 31, 2013** Number of Warrants	**October 31, 2012** Number of Warrants
June 3, 2013	0.34	$0.90	2,004,709	2,004,709
August 2, 2014	1.50	$0.40/0.48	2,718,333	2,718,333
August 3, 2014	1.50	$0.40/0.48	82,500	82,500
June 12, 2014	1.36	$0.25	6,887,777	-
Total Outstanding	1.22	$0.41	11,693,319	4,805,542
Total Exercisable			4,805,542	4,805,542

12. 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 investors 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, 2013 and the year ended October 31, 2012:

	January 31, 2013		**October 31, 2012**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	9,073,067	$ 0.59	11,038,483	$ 0.54
Granted	515,111	$ 0.59	380,567	0.30
Exercised	-	-	(25,000)	0.26
Expired/Cancelled	-	-	(2,320,983)	0.33
Balance, end of period	9,588,178	$ 0.57	9,073,067	$ 0.59

Expressed in Canadian Dollars

12. SHARE-BASED PAYMENTS - continued

The following stock options were outstanding and exercisable as at January 31, 2013:

Expiry Date	Original Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life (Years)
June 15, 2013	$0.90	592,500	0.37
April 13, 2014	$0.26	1,430,000	1.20
June 12, 2014	$0.25	515,111	1.36
August 2, 2014	$0.30	380,567	1.50
September 29, 2014	$0.68	200,000	1.66
October 15, 2014	$0.55	350,000	1.70
October 15, 2014	$0.60	350,000	1.70
November 6, 2014	$0.45	200,000	1.76
November 20, 2014	$0.66	285,000	1.80
April 20, 2015	$0.35	600,000	2.22
November 17, 2015	$0.55	1,980,000	2.79
February 28, 2016	$0.81	2,705,000	3.06
Total Outstanding		9,588,178	2.21
Total Exercisable		9,073,067	2.16

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the three months ended January 31, 2013, the Company recorded $nil (January 31, 2012 - $nil) in share-based payments expense. The Company also applies the fair value method in accounting for its agents' options using the Black-Scholes pricing model. During the three months ended January 31, 2013, the Company recorded $23,041 (January 31, 2012 - $nil) in share issuance costs with the issuance of 515,111 agents' options. The amount was determined using Black-Scholes option pricing model with the following assumptions:

	January 31, 2013
Expected dividend yield	Nil
Expected volatility	84%
Risk free rate	1.10%
Expected terms in years	2 years

13. COMMITMENTS

On May 1, 2008, the Company entered into a Management & Administration 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 for $90,000 per month. The agreement was extended on May 1, 2012, for a term of one year.

Expressed in Canadian Dollars

14. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the three months ended January 31, 2013 and 2012, the Company incurred the following expenses to officers or directors of the Company or companies with common directors:

Related party transactions	Three months ended January 31, 2013 $	2012 $	
Administration fees and rent	282,000	270,000	(a)
Consulting fees	12,130	63,588	
Deferred exploration and development costs	374,366	880,631	
Office, promotion, and travel expenses	15,718	-	
Total	684,214	1,214,219	

Amounts due to (from) related parties	January 31, 2013 $	October 31, 2012 $	
Dahrouge Geological Consulting	109,185	583,276	(b)
nKwazi Resource Management	4,480	-	(c)
Nimbus Resource Management	22,008	23,500	(c)
Dr. Axel Hoppe, director	8,130	5,564	
Zimtu Capital Corp.	(17,811)	(17,811)	(b)
Net amount payable	125,992	594,529	

(a) Zimtu Capital Corp. ("Zimtu") is related by way of common directorship with a director of the Company and provides monthly administrative and managerial services (see Note 14). At January 31, 2013, $50,151 (October 31, 2012 - $61,161) included in marketable securities is for shares held in Zimtu.

(b) A company with a common director of the Company.

(c) A company owned by a director of the Company.

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.

15. 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, 2013, cash and cash equivalents of $874,188 (October 31, 2012 - $309,661) consisted of cash balances of $618,214 (October 31, 2012 - $53,909) on deposit with Canadian chartered banks and $255,974 (October 31, 2012 - $255,752) in money market funds. As at January 31, 2013, the Company also held short term investments of $3,534,500 (October 31, 2012 - $34,500) in GIC's at a Canadian chartered bank and asset-backed commercial paper fair valued at $230,878 (October 31, 2012 - $248,446).

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.

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.

Expressed in Canadian Dollars

15. 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 is exposed to interest rate risk on its cash and cash equivalents and investments in asset-backed commercial paper. The sensitivity in interest rates of a decrease by 1% would result in an approximate decrease of $10,000 (October 31, 2012: $12,000) 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, 2013 is $3,000 (October 31, 2012: $10,000).

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.

The following is an analysis of the Company's financial assets measured at fair value as at January 31, 2013 and October 31, 2012:

	As at January 31, 2013		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 874,188	$ -	$ -
Short term investments	$ 3,534,500	$ -	$ -
Marketable securities	$ 280,251	$ -	$ -
Asset-backed commercial paper	$ -	$ -	$ 230,878
	$ 4,688,939	$ -	$ 230,878

	As at October 31, 2012		
	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	$ 309,661	$ -	$ -
Short term investments	$ 34,500	$ -	$ -
Marketable securities	$ 348,774	$ -	$ -
Asset-backed commercial paper	$ -	$ -	$ 248,446
	$ 692,935	$ -	$ 248,446

Expressed in Canadian Dollars

15. FINANCIAL INSTRUMENTS - continued

d) Fair Value – continued

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, 2013 and October 31, 2012:

	January 31, 2013			October 31, 2012		
	Face value	Fair value variances	Fair value	Face value	Fair value variances	Fair value
MAV II Notes						
Class B	353,772	(143,873)	209,899	353,772	(143,873)	209,899
Class C	233,913	(222,894)	11,019	233,913	(222,894)	11,019
	587,685	(366,767)	220,918	587,685	(366,767)	220,918
Ineligible Asset						
Tracking Notes	209,894	(199,934)	9,961	584,389	(556,860)	27,528
	797,579	(566,701)	230,878	1,172,074	(923,628)	248,446

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 January 31, 2013, 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 8, 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, 2013. 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.

15. FINANCIAL INSTRUMENTS - continued

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at January 31, 2013, the Company's shareholders' equity was $52,242,309 (October 31, 2012 - $50,358,045). 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.

16. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows. The following transactions have been excluded from the statement of cash flows:

During the three months ended January 31, 2013:

a) Exploration and evaluation assets of $408,535 were included in accounts payable and $99,899 included in due to related parties at January 31, 2013.

b) Amortization of $10,555 relating to equipment was included in exploration and evaluation assets.

c) 515,111 options valued at $23,041 granted to the Agents were included in share issuance costs.

During the three months ended January 31, 2012:

a) Deferred exploration expenditures of $890,268 were included in accounts payable and $450,280 were included in due to related parties at January 31, 2012,

b) Amortization of $14,388 relating to equipment was included in resources properties account, and

c) Other income of $760,000 is due to the receipt of 8,000,000 shares of CIN received for the Carbo Property.

17. LIABILITY AND INCOME TAX EFFECT ON FLOW-THOUGH 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.

On December 12, 2012, the Company issued 13,775,554 units on a flow-through basis at $0.18 per share (see Note 11 (b)) for proceeds of $2,479,600, and recognized a liability on flow-through shares of $238,768. At January 31, 2013, the Company has incurred $576,054 (October 31, 2012 - $nil) of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of $55,470 (October 31, 2012 - $nil). As at January 31, 2013, the amount of flow-through proceeds remains to be expended is $1,903,545 (October 31, 2012 - $nil) and the balance of liability on flow-through shares related to this private placement is $183,298 (October 31, 2012 - $nil).

On August 2 and August 3, 2012, respectively, the Company issued 5,436,666 and 165,000 units on a flow-through basis at $0.30 per share (see Note 11 (b)) for proceeds of $1,680,500, and recognized a liability on flow-through shares of $214,905. At January 31, 2013, the Company has incurred $1,680,500 (October 31, 2012 - $1,663,833) of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of $214,905 (October 31, 2012 - $211,016). As at January 31, 2013, the amount of flow-through proceeds remains to be expended is $nil (October 31, 2012 - $16,667) and the balance of liability on flow-through shares related to this private placement is $nil (October 31, 2012 - $3,889).

18. SUBSEQUENT EVENTS

a. On February 8, 2013, the Company granted 4,300,000 incentive stock options, exercisable into one common share of the Company at a price of $0.15 per share for a period of 5 years. The Company also announced, subject to the approval of the Exchange, the re-pricing of 1,985,000 incentive stock options issued to consultants of the Company, to reflect current market conditions. The options were originally granted in 2009, 2010, and 2011 at prices ranging from $0.26 to $0.81. The new exercise price for these options will be $0.15 per share. The modification will have no impact on the fair value of the stock options as they were 100% vested when granted.

Commerce Resources Corp. Schedule I

Schedule of Resource Properties

As expressed in Canadian dollars

For the three months ended January 31, 2013

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of year	$ 201,602	$ 1,270,237	$ 950	$ 1,472,789
Staking	-	-	6,213	6,213
Balance, end of the period	201,602	1,270,237	7,163	1,472,789
Deferred exploration and development costs – Note 10				
Balance, beginning of year	26,711,422	15,845,064	4,937	42,561,423
Amortization – field equipment and office	7,779	824	-	8,603
Assays and analytical	11,951	12,801	176	24,928
Consulting	-	7,905	372	8,277
Engineering	96,933	224,045	-	320,979
Environmental and permitting	19,013	183,203	-	202,216
Field equipment rental	8,420	25,459	-	33,879
Community	319	-	-	319
Field supplies	2,714	6,879	634	10,227
Food and accommodation	505	9,694	-	10,199
Geology, mapping and drafting	130,763	99,937	636	231,336
Metallurgy	15,863	179,984	-	195,847
Other	7,500	299	-	7,799
Project management	48,170	-	-	48,170
Travel and transport	1,078	39,608	34	40,720
	351,008	790,638	1,852	1,143,499
Balance, end of period	27,062,430	16,635,702	4,937	43,704,921
Total balance, end of period	27,264,032	17,905,939	5,887	45,183,923

Commerce Resources Corp. Schedule I
Schedule of Resource Properties Continued
As expressed in Canadian dollars
For the year ended October 31, 2012

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of year	$ 201,602	$ 1,230,919	$ 950	$ 1,433,471
Staking	-	39,318	-	39,318
Balance, end of the period	201,602	1,270,237	950	1,472,789
Deferred exploration and development costs – Note 10				
Balance, beginning of year	23,731,959	12,039,412	4,937	35,776,308
Amortization – field equipment and office	38,149	10,592	-	48,741
Assays and analytical	739,794	1,157,989	-	1,897,783
Consulting	8,148	39,112	-	47,260
Drilling	1,668	53,680	-	55,348
Engineering	573,725	277,851	-	851,576
Environmental and permitting	169,897	126,104	-	296,001
Field equipment rental	161,135	222,809	-	383,944
Community	37,898	68,815	-	106,713
Field supplies	31,089	125,067	-	156,156
Food and accommodation	54,510	47,017	-	101,527
Fuel	-	126,513	-	126,513
Geology, mapping and drafting	1,099,445	1,349,468	-	2,448,913
Geophysics	22,000	38,464	-	60,464
Metallurgy	249,003	409,672	-	658,675
Other	48,756	3,506	-	52,262
Project insurance	21,251	2,444	-	23,695
Project management	202,371	-	-	202,371
Research	35,000	-	-	35,000
Road and site preparation	224,336	-	-	224,336
Travel and transport	37,498	776,262	-	813,760
	3,755,673	4,835,365	-	8,591,038
Less: Mining tax credits	(776,210)	(1,029,713)	-	(1,805,923)
Option payments in excess of carrying amount Of Carbo Property (Note 10)	-	-	760,000	760,000
Option payments received	-	-	(760,000)	(760,000)
Balance, end of year	26,711,422	15,845,064	4,937	42,561,423
Total balance, end of year	26,913,024	17,115,301	5,887	44,034,212