



COMMERCE RESOURCES CORP.

Condensed Interim Financial Statements

For the Six Months Ended April 30, 2014

(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review

The accompanying unaudited condensed interim financial statements have been prepared by management, in accordance with International Financial Reporting Standards, and are considered by management to present fairly the financial position, operating results and cash flows of the Company. The company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

Commerce Resources Corp.

Condensed Interim Statements of Financial Position

As expressed in Canadian dollars

(Unaudited – prepared by management)

As at:	April 30, 2014	October 31, 2013
Assets		
Current		
Cash and cash equivalents	\$ 545,270	\$ 600,560
Marketable securities (Note 4)	193,445	69,142
Short term investment (Note 5)	1,184,500	134,500
Amounts receivable	45,127	26,819
Mining tax receivable (Note 6)	1,098,201	1,895,219
GST/HST receivable	61,858	57,793
Due from a related party (Note 14)	103,280	121,092
Prepaid expenses (Note 7)	151,734	105,727
	3,383,415	3,010,852
Prepaid expenses – non-current (Note 7)	154,992	231,905
Investment - asset-backed commercial paper (Note 8)	229,616	229,616
Equipment (Note 9)	572,396	592,221
Exploration and evaluation assets (Note 10 and Schedule I)	49,641,252	48,200,034
Reclamation bonds	82,000	82,000
	\$ 54,063,671	\$ 52,346,628
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 357,670	\$ 406,479
Due to related parties (Note 14)	309,346	173,938
Liability for flow through shares (Note 17)	95,877	28,448
	762,893	608,865
Shareholders' Equity		
Share capital (Note 11)	71,519,761	69,644,443
Reserves (Note 12)	8,040,547	7,850,467
Accumulated other comprehensive income (loss)	32,564	(67,521)
Deficit	(26,292,094)	(25,689,626)
	53,300,778	51,737,763
	\$ 54,063,671	\$ 52,346,628

Approved and authorized by the Board of Directors on June 30, 2014:

"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 Loss

As expressed in Canadian dollars

(Unaudited – prepared by management)

	Three months ended April 30,		Six months ended April 30,	
	2014	2013	2014	2013
Expenses				
Administration fees and rent (Note 14)	\$ 147,540	\$ 270,000	\$ 295,080	\$ 552,000
Advertising and website	88,954	32,815	162,810	105,513
Bank charges and interest	160	282	9,985	551
Consulting fees (Note 13)	39,983	13,806	87,490	38,926
Filing and transfer agent fees	13,367	17,046	19,235	25,094
Insurance	2,572	(1,568)	5,231	6,050
Investor relations	3,145	8,231	14,329	15,911
Office, telephone and miscellaneous (Note 14)	5,420	7,457	17,591	10,655
Professional fees	12,667	14,083	19,626	55,001
Stock-based compensation (Note 12)	-	375,211	-	375,211
Travel and promotion	25,202	5,616	50,566	21,437
Loss before other items	(339,010)	(742,979)	(681,943)	(1,206,349)
Other income (expenses)				
Interest income	945	12,163	10,502	33,437
Other income	-	298,551	-	298,551
Penalties	-	-	-	(11,199)
Gain on disposition of asset backed commercial paper	1,926	2,407	4,853	405,068
Loss on sale of resource property	(80,244)	-	(80,244)	-
Gain on disposition of marketable securities	-	45	-	45
	(77,373)	313,166	(64,889)	725,902
Loss before income taxes	(416,383)	(429,813)	(746,832)	(480,447)
Deferred income tax recovery (expense)	115,916	41,155	144,364	(142,862)
Net loss for the period	(300,467)	(388,658)	(602,468)	(623,309)
Other comprehensive income (loss) for the period				
Unrealized gain (loss) on asset backed commercial paper	782	(15,019)	782	(15,019)
Unrealized gain (loss) on marketable securities	65,901	13,742	99,303	(69,815)
Comprehensive income (loss) for the period	66,683	(1,277)	100,085	(84,834)
Net loss and comprehensive loss for the period	\$ (233,784)	\$ (389,935)	\$ (502,383)	\$ (708,143)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	172,067,265	166,983,642	168,237,138	156,671,377

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, 2014 and 2013

As expressed in Canadian dollars

(Unaudited – prepared by management)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
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
Shares returned to treasury	(200,000)	-	-	-	-	-
Share issue costs	-	(304,777)	23,041	-	-	(281,736)
Share-based payments	-	-	396,413	-	-	396,413
Change in fair value of available-for-sale financial assets	-	-	-	(84,834)	-	(84,834)
Net loss for the period	-	-	-	-	(623,309)	(623,309)
Balance, April 30, 2013	166,983,642	\$ 69,887,819	7,845,133	\$ (1,061,135)	\$ (24,423,030)	\$ 52,248,787
	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, October 31, 2013	166,983,642	\$ 69,644,443	\$ 7,850,467	\$ (67,521)	\$ (25,689,626)	\$ 51,737,763
Flow-through private placements	8,425,652	1,558,746	167,361	-	-	1,726,107
Private placements	3,012,500	602,500	-	-	-	602,500
Share issue costs	-	(285,928)	22,719	-	-	(263,209)
Change in fair value of available-for-sale financial assets	-	-	-	100,085	-	100,085
Net loss for the period	-	-	-	-	(602,468)	(602,468)
Balance, April 30, 2014	178,421,794	\$ 71,519,761	\$ 8,040,547	\$ 32,564	\$ (26,292,094)	\$ 53,300,778

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, 2014 and 2013

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2014	2013
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income (loss) for the period	\$ (602,468)	\$ (623,309)
Add (deduct) items not affecting cash:		
Deferred income tax recovery	(144,364)	142,862
Loss on sale of resource property	80,244	-
Loss (Gain) on disposition of asset-backed commercial paper	(4,853)	(405,067)
Loss (Gain) on disposition of marketable securities	-	(45)
Share-based payments	-	375,211
	(671,440)	(510,348)
Changes in non-cash working capital items related to operations:		
Amounts receivable	(18,308)	(7,423)
Income tax receivable	923,421	3,742,888
GST/HST receivable	(4,065)	121,040
Prepaid expenses	30,906	6,003
Due to related parties	17,812	(62,653)
Accounts payable and accrued liabilities	(794,742)	(54,640)
Net cash flows from (used in) operating activities	(516,416)	3,234,867
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of share capital, net of share issuance costs	2,277,191	2,197,864
Net cash flows from financing activities	2,277,191	2,197,864
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Proceeds from sale of resource property	125,000	-
Redemption of Asset-backed commercial paper	5,635	407,616
Short-term investments	(1,050,000)	(2,375,000)
Sale (purchase) of marketable securities	(25,000)	76
Deferred exploration and development costs, net of tax credits received	(871,700)	(2,978,414)
Net cash flows (used in) investing activities	(1,816,065)	(4,945,722)
Increase (decrease) in cash and cash equivalents	(55,290)	487,009
Cash and cash equivalents, beginning of period	600,560	309,661
Cash and cash equivalents, end of period	\$ 545,270	\$ 796,670

Supplemental disclosure with respect to cash flows – Note 16

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, 2014

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 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 June 30, 2014.

The Company had cash and short term investments of \$1,729,770 (2013 - \$735,060) and working capital of \$2,620,522 at April 30, 2014 (2013 - \$2,401,987). These financial statements have been prepared on a going concern basis which assumes that the Company will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company has in place a planning, budgeting and forecasting process to help determine the funds required to support the Company’s normal operations on an ongoing basis and its expansionary plans. The Company expects to have sufficient liquidity and capital resources to meet its ongoing obligations and future contractual commitments for at least twelve months from the end of the April 30, 2014 reporting period. The Company expects its liquidity to remain sufficient based on anticipated cash flow streams from the mining tax receivable and equity financings. In the recent years, the Company has successfully raised significant operating funds from equity financing, even in a difficult economic climate. It is to the management’s strong belief that the necessary operating funds can be acquired through equity financing given the Company’s share price has been revived and there is strong interest from investors for new shares. Also, the Company continues to minimize uncommitted capital expenditures and exploration expenditures in order to preserve the Company’s financial resources.

2. BASIS OF PRESENTATION

Statement of Compliance

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

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, 2013. Therefore, these condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended October 31, 2013.

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.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2014

Expressed in Canadian Dollars

(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgments

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

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

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

- Production stage of a mine

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

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2014

Expressed in Canadian Dollars

(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS – 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.

4. MARKETABLE SECURITIES

	Number Of Shares	Cost	Unrealized Gain (loss)	Fair Value April 30, 2014
Ximen Mining Corp. (“XIM”)	100,000	\$ 25,000	\$ 84,000	\$ 109,000
Canadian International Minerals (“CIN”)	150,000	185,000	(171,500)	13,500
Zimtu Capital Corp. (“ZC”)	122,320	159,385	(88,440)	70,945
Total	372,320	\$ 369,385	\$ (175,940)	\$ 193,445

	Number Of Shares	Cost	Unrealized Gain (loss)	Fair Value October 31, 2013
Canadian International Minerals (“CIN”)	1,500,000	\$185,000	\$ (155,000)	\$ 30,000
Zimtu Capital Corp. (“ZC”)	122,320	159,385	(120,243)	39,142
Total	1,622,320	\$ 344,385	\$ (275,243)	\$ 69,142

On July 31, 2013, the Company signed an agreement with CIN to purchase Treasure Mountain Property (see Note 10) for 10,000,000 common shares of CIN. On October 9, 2013, these shares were distributed to the vendors at \$0.02 per share. As a result, the Company recorded a realized loss on the sale of CIN shares of \$1,000,000. During the six months ended April 30, 2014, the shares of CIN were consolidated on a 10:1 basis.

On January 22, 2014, the Company acquired 100,000 units of Ximen Mining Corp. at a price of \$0.25 per share through a private placement. Each unit consists of one common share and one-half common share purchase warrant, exercisable for 18 months at a price of \$0.50 per share. The warrants are subject to an accelerated exercise provision in the event the Company’s shares trade at or above \$0.55 per share for 10 consecutive trading days. During the six months ended April 30, 2014, the warrants traded above \$0.55 for more than 10 days and expired unexercised.

5. SHORT TERM INVESTMENTS

At April 30, 2014, the Company had two guaranteed investment certificate (“GIC’s”), totaling \$1,184,500 (2013: \$134,500). Of the total, \$34,500 was issued on October 10, 2013, with an interest rate of prime less 1.90% and maturing on October 9, 2014, and \$2,000,000 was issued on March 17, 2014, with an interest rate of prime less 1.80% and maturing on March 16, 2014.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

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Expressed in Canadian Dollars

(Unaudited – prepared by management)

6. MINING TAX RECEIVABLE

During the six months ended April 30, 2014, the Company received a refund of \$807,389 for its 2012 BC mining tax credits, including interest income of \$6,389 and an adjustment to mining tax credits of \$3,982. During the year ended October 31, 2013, the Company received a refund for its 2011 Quebec mining tax credits of \$3,761,528, including interest income of \$18,640. For the year ended October 31, 2013, the Company accrued BC mining tax credits of \$5,766 and Quebec mining tax credits of \$102,797.

	April 30, 2014			October 31, 2013		
	BC	Quebec	Total	BC	Quebec	Total
Balance, beginning of year	\$802,784	\$1,092,435	\$1,895,219	\$797,018	\$4,732,526	\$5,529,544
Refund received	(807,389)	-	(807,389)	-	(3,761,528)	(3,761,528)
Adjustments and interest	10,371	-	10,371	-	18,640	18,640
Tax credits accrual	-	-	-	5,766	102,797	108,563
Balance, end of period	\$5,766	\$1,092,435	\$1,098,201	\$802,784	\$1,092,435	\$1,895,219

7. PREPAID EXPENSES

	April 30, 2014	October 31, 2013
Current		
Insurance	11,068	26,479
Held in trust	72,603	72,603
Deposits and advances	68,063	6,645
Total prepaid expenses – current	151,734	105,727
Non-current		
Deposits held for exploration	161,673	231,905
Total prepaid expenses – non-current	154,992	231,905

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

8. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER

As at April 30, 2014, the Company held asset-backed commercial paper (“ABCP”) issued by a number of trusts with an original cost of \$784,559 (2013: \$789,801). 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 billion of third-party ABCP was fully implemented.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2014

Expressed in Canadian Dollars

(Unaudited – prepared by management)

8. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER - continued

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

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 April 30, 2014 and October 31, 2013, incorporates probability weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. The assumptions used in determining the estimated fair value reflect the details included in the Information Statement issued by the Pan-Canadian restructuring committee and the risks associated with the long-term floating rate notes.

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

	<u>April 30, 2014</u>	<u>October 31, 2013</u>
Probability weighted average interest	35.70%	35.70%
Weighted average discount rate	15.00%	15.00%
Maturity of long-term floating rate notes	3 years to 25 years	3 years to 25 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 six months ended April 30, 2014, the Company received payments from settlement of \$5,635 (2013: \$410,022) and recognized a gain on sale of ABCP of \$4,853 (2013: \$406,183). As at April 30, 2014, the fair value of the ABCP as determined above was \$229,616 (2013: \$229,616) and the Company recorded an unrealized gain of \$782 (2013: \$14,991 loss) from this instrument.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2014

Expressed in Canadian Dollars

(Unaudited – prepared by management)

8. INVESTMENTS IN ASSET-BACKED COMMERCIAL PAPER - continued

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

October 31, 2012	248,446
Settlements	(3,839)
Unrealized losses in other comprehensive income	(14,991)
October 31, 2013	229,616
Settlements	(782)
Unrealized gains in other comprehensive income	782
April 30, 2014	\$ 229,616

9. EQUIPMENT

	Field Equipment	Field Office Building	Leasehold Improvements	Land	Total
Cost					
October 31, 2012 and 2013	\$ 316,931	\$ 303,748	\$ 255,796	\$ 120,282	\$ 996,757
Additions	-	-	-	-	-
April 30, 2014	\$ 316,931	\$ 303,748	\$ 255,796	\$ 120,282	\$ 996,757
Accumulated Amortization					
October 31, 2012	284,860	44,410	22,917	-	352,187
Additions	21,437	12,973	17,939	-	52,349
October 31, 2013	306,297	\$ 57,383	\$ 40,856	\$ -	\$ 404,536
Additions	2,991	6,176	10,658	-	19,825
April 30, 2014	\$ 309,288	\$ 63,559	\$ 51,514	\$ -	\$ 424,361
Net Book Value					
October 31, 2013	\$ 10,634	\$ 246,365	\$ 214,940	\$ 120,282	\$ 592,221
April 30, 2014	\$ 7,643	\$ 240,189	\$ 204,282	\$ 120,282	\$ 572,396

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 an exercise price of \$0.55 per share and 235,000 stock options with an exercise price of \$0.81 per share were granted to geologists conducting exploration activities of Blue River Claims. The Company capitalized a total of \$158,824 stock based compensation pursuant to the option grants. During the six months ended April 30, 2014, nil (2013: \$230,000) stock options with an exercise price of \$0.10 were granted to geologists, and the Company capitalized a total of \$nil (2013: \$21,202) in share-based payments pursuant to the option grants.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2014

Expressed in Canadian Dollars

(Unaudited – prepared by management)

10. 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.

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 an exercise price of \$0.55 per share and 125,000 stock options with an exercise price of \$0.81 were granted to geologists conducting exploration activities of Eldor Claims. The Company capitalized a total of \$131,127 in share based payments as resources properties pursuant to the option grants.

Other Claims – British Columbia, Canada

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

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.

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.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2014

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(Unaudited – prepared by management)

10. EXPLORATION AND EVALUATION ASSETS - continued

Other Claims – British Columbia, Canada - continued

On July 31, 2013, the Company entered into a Mineral Property Purchase Agreement (“Agreement”) with Canadian International Minerals Inc. (“CIN”) and Canadian Strategic Metals Corp. (“CSM”) (CIN and CSM together called the “Vendors”) to purchase a 100% interest in and to the 24 mineral claims in the Similkameen and New Westminster Mining Districts of British Columbia, known as the Treasure Mountain Property. In consideration, on October 9, 2013, the Company paid a total of 10,000,000 shares of CIN at \$0.02 per share.

On March 15, 2014, the Company entered into an agreement with Ximen Mining Corp. (“Ximen”) whereby Ximen can earn a 100%-interest in and to the Treasure Mountain Property located in British Columbia, Canada. The Company will receive cash of \$125,000 (received) on or before September 15, 2014. The agreement is subject to acceptance by the TSX-V.

Other Claims – Quebec, Canada

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

11. SHARE CAPITAL

- a) Authorized: Unlimited common shares with no par value.
- b) Issued and outstanding:

The total issued and outstanding shares of the Company are 178,421,794 as at April 30, 2014 (2013: 166,983,642).

During the six months ended April 30, 2014:

On March 14, 2014, the Company closed a private placement of 8,425,652 flow-through units (“FT Units”) at a price of \$0.23 per FT Unit and 3,012,500 units (“Units”) at \$0.20 per Unit for gross proceeds of \$2,540,400. Each FT Unit consists of one flow-through common share and one half of one non flow-through common share purchase warrant in the capital of the Company. Each whole share purchase warrant (a “Warrant”) is exercisable into one common share of the Company for a period of 18 months from closing at a price of \$0.35 per common share. Each Unit consists of one common share and one half of one Warrant. All the securities issuable will be subject to a four-month hold period from the date of closing.

The Company has paid Secutor Capital Management Corporation (the “Agent”) a cash commission of \$174,228, plus expenses. In addition, the Company granted a total of 571,908 compensation options to acquire common shares of the Company exercisable at \$0.35 per share for 18 months from closing.

During the year ended October 31, 2013:

During the year ended October 31, 2013, the Company repurchased 200,000 common shares of its own at nominal value, which has been deemed as common shares returned to treasury.

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.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

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(Unaudited – prepared by management)

11. SHARE CAPITAL – continued

The Company also closed a non-brokered private placement of 7,336,664 FT Units for gross proceeds of \$1,320,600. The non-broker's 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.

c) Share purchase warrants:

The following is a summary of share purchase warrant transactions for the six months ended April 30, 2014 and the year ended October 31, 2013:

Expiry Date	Weighted Average Contractual Life (Years)	Exercise Price (Year 1/ Year 2)	April 30, 2014 Number of Warrants	October 31, 2013 Number of Warrants
August 2, 2014	0.26	\$0.40/0.48	2,718,334	2,718,334
August 3, 2014	0.26	\$0.40/0.48	82,500	82,500
June 12, 2014*	0.12	\$0.25	6,887,777	6,887,777
September 14, 2015	1.38	\$0.35	5,719,084	-
Total Outstanding and Exercisable	0.61	\$0.32	15,407,695	9,688,611

* expired subsequent to April 30, 2014

The following share purchase warrants were outstanding and exercisable as at April 30, 2014 and October 31, 2013:

	April 30, 2014		October 31, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	9,688,611	\$ 0.32	4,805,543	\$ 0.63
Issued	5,719,084	0.35	6,887,777	0.25
Expired	-	-	(2,004,709)	0.90
Balance, end of period	15,407,695	\$ 0.32	9,688,611	\$ 0.32

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

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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 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, 2014 and the year ended October 31, 2013:

	April 30, 2014		October 31, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	12,005,678	\$ 0.33	9,073,067	\$ 0.59
Granted	571,908	0.35	4,915,111	0.16
Expired/Cancelled	(1,345,000)	0.26	(1,982,500)	0.58
Balance, end of year	11,232,586	\$ 0.32	12,005,678	\$ 0.33

The following stock options were outstanding and exercisable as at April 30, 2014:

Expiry Date	Revised Exercise Price	Original Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life (Years)
June 12, 2014*	N/A	\$0.25	515,111	0.12
August 2, 2014	N/A	\$0.30	380,567	0.26
September 29, 2014	N/A	\$0.68	200,000	0.42
October 15, 2014	\$0.15	\$0.60	100,000	0.46
October 15, 2014	N/A	\$0.60	50,000	0.46
November 6, 2014	N/A	\$0.45	200,000	0.52
November 20, 2014	N/A	\$0.66	285,000	0.56
September 14, 2015	N/A	\$0.35	571,908	1.38
November 17, 2015	\$0.15	\$0.55	1,150,000	1.55
November 17, 2015	N/A	\$0.55	675,000	1.55
February 28, 2016	\$0.15	\$0.81	705,000	1.83
February 28, 2016	N/A	\$0.81	2,000,000	1.83
February 8, 2018	N/A	\$0.15	4,300,000	3.78
May 15, 2018	N/A	\$0.10	100,000	4.04
Total Outstanding			11,232,586	2.30
Total Exercisable			10,660,678	2.30

* expired subsequent to April 30, 2014

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

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(Unaudited – prepared by management)

12. SHARE-BASED PAYMENTS - continued

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 fair value of these options was \$0.09 per share where the exercise price is greater than the market price at the date of grant. On May 15, 2013, the Company granted 100,000 incentive stock options to a consultant, exercisable into one common share of the Company at a price of \$0.10 per share for a period of 5 years. The fair value of these options was \$0.05 per share where the exercise price is greater than the market price at the date of grant.

The Company applies the fair value method in accounting for its stock options using the Black-Scholes pricing model. During the six months ended April 30, 2014, the Company recorded \$nil (April 30, 2013: \$375,211, October 31, 2013: \$380,545) in share-based payments expense and capitalized \$nil (April 30, 2013: \$21,202, October 31, 2013: \$21,202) in resource expenditures. The Company also applies the fair value method in accounting for its agents' options using the Black-Scholes pricing model. During the six months ended April 30, 2014, the Company recorded \$22,719 (April 30, 2013: \$23,041, October 31, 2013: \$23,041) in share issuance costs with the issuance of 571,907 (2013: 515,111) agents' options.

The amount was determined using Black-Scholes option pricing model with the following assumptions:

	<u>2014</u>	<u>2013</u>
Expected dividend yield	Nil	Nil
Expected volatility	114%	84-88%
Risk free rate	1.01%	1.10%
Expected terms in years	1.5 years	1 – 3 years

On February 8, 2013, the Company's Board of Directors approved the re-pricing of 1,985,000 incentive stock options issued to consultants and directors of the Company, to reflect current market conditions. The modification on the stock options was later approved by the Exchange on April 9, 2013. All other terms remain the same. The options were originally granted in 2009, 2010, and 2011 at prices ranging from \$0.26 to \$0.81. The modification has an immaterial impact as the incremental fair value of the stock options is not material. The incremental fair value associated with the stock option modification was determined using the Black-Scholes option pricing model using the following assumptions:

	<u>2013</u>
Expected dividend yield	Nil
Expected volatility	84-91%
Risk free rate	1.10 – 1.43%
Expected terms in years	2 – 5 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. On May 1, 2013, the Company extended the agreement for a period of 12 months, with a revised rate of remuneration of \$49,180 per month. On May 1, 2014, this amended agreement was extended for an additional 12 months.

On March 7, 2014, the Company entered into a consulting agreement with Zimtu Capital Corp. to provide corporate development and market services. The contract term is for one year for a monthly fee of \$5,000.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

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14. RELATED PARTY TRANSACTIONS

During the six months ended April 30, 2014 and 2013, the Company incurred the following expenses to officers or directors of the Company or companies with common directors:

Key management compensation*	Six months ended April 30,	
	2014	2013
	\$	\$
Consulting fees	39,000	25,936
Geological services	809,262	812,475
Office, promotion, and travel expenses	44,597	18,718
Total	892,859	857,129

Amounts due to (from) related parties	April 30,	October 31,
	2014	2013
	\$	\$
Dahrouge Geological Consulting (a)	309,346	148,353
Nimbus Resource Management (b)	-	5,985
Axel Hoppe, Director	-	19,600
Due to related parties - Total	309,346	173,938
Due from a related party – Zimtu Capital Corp. (c)	(103,280)	(121,092)

- (a) A company controlled by a director of the Company, Jody Dahrouge.
- (b) A company owned by a director of the Company, Jenna Hardy.
- (c) Zimtu Capital Corp. (“Zimtu”) is related by way of common directorship with two directors of the Company and provides monthly administrative and managerial services (see Note 13). At April 30, 2014, \$70,945 (2013 - \$39,142) included in marketable securities is for shares held in Zimtu. Also see Note 18.

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

A number of these entities transacted with the Company during the year. The terms and conditions of these transactions with key management personnel 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 personnel 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.

Notes to the Condensed Interim Financial Statements

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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 April 30, 2014, cash and cash equivalents of \$545,270 (2013: \$600,560) consisted of cash balances of \$204,182 (2013: \$78,079 indebtedness) with Canadian chartered banks and \$341,088 (2013: \$678,639) in money market funds. As at April 30, 2014, the Company also held short term investments of \$1,184,500 (2013: \$134,500) in GIC's at a Canadian chartered bank and asset-backed commercial paper fair valued at \$229,616 (2013: \$229,616).

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.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2014

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(Unaudited – prepared by management)

15. FINANCIAL INSTRUMENTS - continued

c) Market Risk

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

i) Currency Risk

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

ii) Commodity Price Risk

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

iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents, short term investments, and investments in asset-backed commercial paper. The sensitivity in interest rates of a decrease by 1% would result in an approximate decrease of \$5,000 (2013: \$30,000) 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 six months ended April 30, 2014 is \$3,000 (2013: \$9,000).

d) Fair Value

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

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

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

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15. FINANCIAL INSTRUMENTS - continued

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2014 and October 31, 2013:

	As at April 30, 2014		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 545,270	\$ -	\$ -
Short term investments	1,184,500	-	-
Marketable securities	193,445	-	-
Asset-backed commercial paper	-	-	229,616
	\$ 1,923,215	\$ -	\$ 229,616

	As at October 31, 2013		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 600,560	\$ -	\$ -
Short term investments	134,500	-	-
Marketable securities	69,142	-	-
Asset-backed commercial paper	-	-	229,616
	\$ 804,202	\$ -	\$ 229,616

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, 2014 and October 31, 2013:

	April 30, 2014			October 31, 2013		
	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	196,889	(188,191)	8,698	202,116	(193,418)	8,698
	784,574	(554,958)	229,616	789,801	(560,185)	229,616

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%.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

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(Unaudited – prepared by management)

15. FINANCIAL INSTRUMENTS - continued

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, 2014, 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, April 30, 2014. These estimates arrived at by the Company are subject to measurement uncertainty and are dependent on market conditions as at the measurement date.

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

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at April, 2014, the Company's shareholders' equity was \$53,300,778 (2013: \$51,737,963). 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

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

During the six months ended April 30, 2014:

- a) Exploration and evaluation assets of \$315,276 were included in accounts payable and \$309,346 were included in due to related parties at April 30, 2014.
- b) Amortization of \$19,825 relating to equipment was included in exploration and evaluation assets.
- c) 571,908 options valued at \$22,719 granted to the Agents were included in share issuance costs.

During the six months ended April 30, 2013:

- d) Exploration and evaluation assets of \$341,660 were included in accounts payable and \$272,499 included in due to related parties at April 30, 2013.

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2014

Expressed in Canadian Dollars

(Unaudited – prepared by management)

16. NON-CASH TRANSACTIONS - continued

During the six months ended April 30, 2013: - continued

- e) Amortization of \$24,487 relating to equipment was included in exploration and evaluation assets.
- f) 515,111 options valued at \$23,041 granted to the Agents were included in share issuance costs.

17. 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.

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, 2014, the Company has incurred \$1,680,500 (2013: \$1,680,500) of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of \$214,905 (2013: \$214,905). As at January 31, 2014, the amount of flow-through proceeds remains to be expended is \$nil (2013: \$nil) and the balance of liability on flow-through shares related to this private placement is \$nil (2013: \$nil) as all of the proceeds have been spent in fiscal 2013.

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 April 30, 2014, the Company has incurred \$2,479,600 (2013: \$2,184,169) of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of \$238,768 (2013: \$210,320). As at April 30, 2014, the amount of flow-through proceeds remains to be expended is \$nil (2013: \$295,431) and the balance of liability on flow-through shares related to this private placement is \$nil (2013: \$28,448). All of the flow through proceeds remaining to be spent as at October 31, 2013 were spent prior to December 31, 2013.

On March 14, 2014, the Company issued 8,425,652 units on a flow-through basis at \$0.23 per share (see Note 11 (b)) for proceeds of \$1,937,900, and recognized a liability on flow-through shares of \$211,793. At April 30, 2014, the Company has incurred \$830,055 (2013: \$nil) of qualified expenditures resulting in the reversal of liability on flow-through shares and recorded the related net deferred tax effect of \$115,916 (2013: \$nil). As at April 30, 2014, the amount of flow-through proceeds remains to be expended is \$686,562 (2013: \$295,431) and the balance of liability on flow-through shares related to this private placement is \$95,877 (2013: \$28,448).

	Issued on August 3, 2012	Issued on December 12, 2012	Issued on March 14, 2014	Total
Balance, November 1, 2012	\$ 3,889	\$ -	\$ -	\$ 3,889
Liability incurred on flow-through shares issued	-	238,768	-	238,768
Settlement of flow-through share liability on incurring expenses	(3,889)	(210,320)	-	(214,209)
Balance, October 31, 2013	-	28,448	-	28,448
Liability incurred on flow-through shares issued	-	-	211,793	211,793
Settlement of flow-through share liability on incurring expenses	-	(28,448)	(115,916)	(144,364)
Balance, April 30, 2014	\$ -	\$ -	\$ 95,877	\$ 95,877

Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2014

Expressed in Canadian Dollars

(Unaudited – prepared by management)

18. SUBSEQUENT EVENTS

- a) On June 12, 2014, 515,111 compensation options priced at \$0.25 expired unexercised.
- b) On June 12, 2014, 6,887,777 warrants priced at \$0.25 expired unexercised.
- c) Subsequent to April 30, 2014, 1,550,000 stock options priced at \$0.15 were exercised.
- d) Subsequent to April 30, 2014, 620,520 warrants priced at \$0.25 were exercised.

Commerce Resources Corp.
Schedule of Resource Properties
For the six months ended April 30, 2014
Expressed in Canadian dollars
(Unaudited – prepared by management)

Schedule I

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of year	\$ 201,602	\$ 1,270,237	\$ 210,166	\$ 1,682,005
Staking	-	-	1,414	1,414
Balance, end of the period	201,602	1,270,237	211,580	1,683,419
Deferred exploration and development costs – Note 10				
Balance, beginning of year	27,599,172	18,910,224	8,633	46,518,029
Amortization – field equipment and office	7,520	1,647	-	9,167
Assays and analytical	32	125,633	-	125,665
Consulting	-	2,820	-	2,820
Drilling	-	192,374	-	192,374
Engineering	552	33,626	-	34,178
Environmental and permitting	2,270	48,549	-	50,819
Field equipment rental	14,310	126,693	-	141,003
Field supplies	-	52,069	-	52,069
Food and accommodation	3,088	24,079	-	27,167
Geology, mapping and drafting	22,328	518,885	-	541,213
Insurance	4,072	6,108	-	10,180
Metallurgy	10,250	354,029	-	364,279
Other	8,750	6,282	-	15,032
Project management	15,300	-	-	15,300
Travel and transport	-	190,185	-	190,185
	88,472	1,682,979	-	1,771,451
Less: Proceeds received for sale of property	-	-	(125,000)	(125,000)
Less: Loss on sale of property	-	-	(80,244)	(80,244)
Less: Mining tax credits	(3,982)	(122,421)	-	(126,403)
Balance, end of period	27,683,661	20,470,783	(196,611)	47,957,833
Total balance, end of period	27,885,263	21,741,020	14,969	49,641,252

Commerce Resources Corp.
Schedule of Resource Properties
For the year ended October 31, 2013
Expressed in Canadian dollars

Schedule I
Continued

	Blue River Claims	Eldor Claims	Other Claims	Totals
Acquisition costs				
Balance, beginning of year	\$ 201,602	\$ 1,270,237	\$ 950	\$ 1,472,789
Shares of CIN issued for property	-	-	200,000	200,000
Staking	-	-	9,216	9,216
Balance, end of the year	201,602	1,270,237	210,166	1,682,005
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	31,116	3,294	-	34,410
Assays and analytical	18,498	227,564	176	246,238
Community	12,828	-	-	12,828
Consulting	-	22,920	372	23,292
Drilling	-	141,933	-	141,933
Engineering	238,091	131,037	-	369,128
Environmental and permitting	37,877	327,483	-	365,360
Field equipment rental	28,676	273,923	-	302,599
Field supplies	3,841	67,289	634	71,764
Food and accommodation	9,594	41,641	-	51,235
Geology, mapping and drafting	327,692	814,471	2,480	1,144,643
Insurance	15,357	4,148	-	19,505
Metallurgy	46,084	1,131,199	-	1,177,283
Other	12,430	6,243	-	18,673
Project management	161,345	-	-	161,345
Road and site preparation	24,869	-	-	24,869
Share-based payments	21,202	-	-	21,202
Travel and transport	1,047	296,269	34	297,349
	990,547	3,489,413	3,696	4,483,656
Less: Mining tax credits	(102,797)	(424,253)	-	(527,050)
Balance, end of year	27,599,172	18,910,224	8,633	46,518,029
Total balance, end of year	27,800,774	20,180,461	218,799	48,200,034