COMMERCE RESOURCES CORP.

Management Discussion & Analysis for the Third Quarter ended July 31, 2009

The following is a discussion and analysis of the operations, results, and financial position of the Company for the third quarter ended July 31, 2009, and should be read in conjunction with the interim financial statements for the quarter ended July 31, 2009 as well as the audited financial statements for the year ended October 31, 2008, all of which were prepared in accordance with Canadian generally accepted accounting principals.

The effective date of this report is September 28, 2009.

Forward Looking Statements

Statements in this report that are not historical facts are forward looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. All such statements, other than statements of historical facts, that address estimated resource quantities, grades, locations, geometry and contained metals, possible future mining, exploration and development activities, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

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

Readers are cautioned not to put undue reliance on forward looking statements.

The Company is subject to the specific risks inherent in the mining exploration business as well as general economic and business conditions. For more information on the Company, readers should review the Company's disclosure that is available on their website at www.commerceresources.com as well as at www.sedar.com.

Nature of Business and Overall Performance

Commerce Resources Corp. (the "Company") is an exploration-stage company engaged in the acquisition, exploration and development of mineral properties. The Company is a reporting issuer in British Columbia and Alberta and trades as a Tier 1 Issuer on the TSX Venture Exchange under the symbol 'CCE'. The Company also trades on the Frankfurt Stock Exchange under the symbol 'D7H'.

The Company's primary focus is on its exploration activities with respect to tantalum and niobium, and holds a 100% interest in three mineral deposits located in the Kamloops Mining Division of central British Columbia, Canada, more particularly known as the Blue River Project. The total size of the Blue River Project is in excess of 1,000 square kilometres ("km").

The Company is also conducting exploration at its Eldor Property which is located in the Labrador Trough area of Quebec, Canada. The Eldor Property is at a relatively early-stage of exploration with historic exploration results indicating considerable potential for carbonatite-hosted niobium and tantalum mineralization.

Properties

Blue River Tantalum/Niobium Project

The Blue River Tantalum/Niobium Project is located in the Kamloops Mining Division of British Columbia, and is made up of three major anomalous deposits known as the Upper Fir, the Fir and the Verity.

The Upper Fir is located approximately 30 km north of Blue River, British Columbia, the Fir is located 1,200 metres ("m") west of the Upper Fir deposit and the Verity is located approximately 10 km north of the Upper Fir.

All of deposits comprising the Blue River Tantalum/niobium Project are owned 100% with no underlying royalties.

Detailed information on all three deposits and resource calculations may be viewed in the Company's public disclosure on SEDAR at http://www.sedar.com.

Exploration Program: Exploration on the Blue River Project this summer concentrated on infilling geological and mineralogical data gaps identified in previous years exploration on the Upper Fir as well as to provide more detailed technical data to support engineering investigations related to preliminary economic evaluation.

The 2009 field program added approximately 5586 m of HQ drilling (a further 21 holes) to the previous 2005 to 2008 drilling for a total of 37,145.4 m drilled to date.

Future Developments: The preparation of an independent NI 43-101 compliant resource estimation for the Upper Fir using all data available from the 2005 through 2008 exploration drill programs is in process.

Eldor Property

The Eldor Property in located in Labrador Trough area of northern Quebec and was acquired in 2007. The Company acquired the property by both staking and by a purchase agreement with Virginia Mines Inc. (TSX: VGQ).

Exploration Program: Exploration at the Eldor Property this summer consisted of the collection of 61 rock, 48 trench, and 5 soil samples from various locations at the Property.

The Company identified the new Ashram Peninsula rare earth element ("REE") mineralized zone from rock sampling at a 1 km by 0.8 km magnetic low. The zone has been defined by multiple outcrop samples returning greater than 1% REE+Y and is adjacent to a glacially dispersed boulder train that returned assays of up to 4.18% REE+Y. Soil samples were collected at locations where rock sampling was not possible. Of the five samples collected, two returned greater than 0.80% REE+Y (0.85% and 1.07%).

In addition to the REE zone discovered during the summer program, the presence of significant tantalum-niobium mineralization on the Eldor Property continues to be evident. Summer prospecting at the Star Trench area produced a boulder assay of 1,408 g/t Ta_2O_5, 6,171 g/t Nb_2O_5, 0.16% U_3O_8. Additionally, prospecting at the Southeast Zone in the area of drill hole EC08-025 discovered a large area of highly anomalous radioactivity. Boulder samples in this area, believed to be locally derived and possibly frost heaved, assay consistently higher than 200 g/t Ta_2O_5 to a high of 1,153 g/t.

Future Developments: Due to the potential significance of the Ashram Peninsula, the Company is conducting follow-up sampling in September/October, 2009, in order to define further drilling targets.

Other Properties

Carbo Property

The Carbo Property is located approximately 80 km northeast of Prince George, British Columbia. The Carbo Property covers a series of REE and niobium bearing dike- or sill-like carbonatites and syenites. On February 9, 2009 the Company announced that it had entered into an option agreement with Canadian International Metals Inc., a CNSX listed company ("CIN"), pursuant to which CIN was granted the option to acquire up to a 75% interest in the Carbo Claims. CIN has recently commenced an exploration program of geological mapping, soil and rock geochemical sampling, and trenching at the Carbo Property.

Results of Operations

General and Administrative

Net loss for the nine months ending July 31, 2009 was $1,450,012 as compared to a net loss of $1,178,312 for the same period in 2008, an increase of $271,700. The most significant difference is due to stock based compensation expense for options issued in April 2009 (2009: $541,665; 2008: $Nil).

Significant reductions in advertising and website expenses (2009: $142,342; 2008: $312,470), and investor relations (2009 $102,112; 2008: $317,062) were offset by increased travel and promotion expenses (2009: 207,330; 2008 $166,192). The overall reduction in promotions was a cost-saving measure while the markets took a downturn. Further, consulting fees (2009: $145,564; 2008: $171,211), filing and transfer agent fees (2009: $30,271; 2008: $44,818), office, telephone and miscellaneous (2009: $11,840; 2008: $46,848), and professional fees (2009: $2,984; 2008: $50,331) were all lower in a cost-saving effort. Interest income in 2009 was lower due to fewer investments and lower interest rates (2009: $539,989; 2008: $742,808)

Asset Backed Commercial Paper

As at July 31, 2009, the Company held Asset-Backed Commercial Paper ("ABCP") issued by a number of trusts with an original cost of $8,085,639 (2007: $8,135,655). At the dates the Company acquired these investments they were rated R1 (High) by Dominion Bond Rating Servics ("DBRS"). These investments matured during the year ended October 31, 2007 but, as a result of liquidity issues in the ABCP market, did not settle on maturity. As a result, the

Company has classified its ABCP as long-term investments.

More information on ABCP can be found in Note 4 of the financial statements for the nine months ended July 31, 2009.

During the nine months ending July 31, 2009, $50,016 of ABCP was redeemed at no discount.

Selected Annual Information

The following is a summary of the financial data of the Company for the last three completed fiscal year ends:

	Fiscal year ended October 31		
	2008	2007	2006
Total Revenues	Nil	Nil	Nil
Income (loss) from continuing operations	(6,301,541)	(3,716,372)	(1,408,476)
Income from continuing operations (per share)	(0.04)	(0.05)	(0.03)
Income from continuing operations (per share, fully diluted)	(0.04)	(0.04)	(0.02)
Net Income (loss)	(6,301,541)	(3,674,116)	(1,357,654)
Net Income (loss) (per share)	(0.04)	(0.03)	(0.03)
Net income (loss) (per share, fully diluted)	(0.04)	(0.02)	(0.03)
Net comprehensive income (loss)	(4,695,655)	(5,342,767)	(1,357,654)
Net comprehensive income (loss) (per share)	(0.04)	(0.05)	(0.03)
Net comprehensive income (loss) (per share, fully diluted)	(0.04)	(0.04)	(0.02)
Total assets	41,209,386	43,792,486	5,548,283
Total long term financial liabilities	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil

Summary of Quarterly Results

Net loss for the three months ending July 31, 2009 was $199,671 as compared to a net loss of $411,180 for the comparative quarter ended July 31, 2008, a reduction of $211,509.

Consulting fees (2009: $13,204; 2008: $85,752), investor relations (2009 $32,420; 2008: $125,282), travel and promotion (2009: 11,370); 2008 $53,136) and office, telephone and miscellaneous (2009: $3,718; 2008: $30,975) were lower due to cost saving measures implemented as the economy faced a downturn. There was a slight increase in the costs associated with advertising & website fees (2009: $35,564; 2008: $28,145) due to a shift from investor relations and travel to more cost effective methods of advertising. Also filing and transfer agent fees (2009: $16,248; 2008: $1,437) increased due to the timing of expenses related to year-end filings.

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

	July 31, 2009	April 30, 2009	January 31, 2009	October 31, 2008	July 31, 2008	April 30, 2008	January 31, 2008	October 31, 2007
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Income (loss) before discontinued and extraordinary items (Total)	(199,671)	(1,179,401)	(74,715)	(5,124,044)	(411,190)	(504,231)	(262,076)	(1,230,244)
Basic and diluted loss before discontinued and extraordinary items (Per share)	(0.002)	(0.011)	(0.001)	(0.035)	(0.00)	(0.005)	(0.00)	(0.01)
Net income (loss) (total)	(199,671)	(1,175,626)	(74,715)	(582,087)	(411,190)	(504,231)	(262,076)	(1,230,244)
Basic and diluted net loss (per share)	(0.002)	(0.011)	(0.001)	(0.035)	(0.00)	(0.005)	(0.00)	(0.01)

Liquidity and Solvency

As at the quarter ended July 31, 2009, the Company has total assets of $38,735,036. The primary assets of the Company are deferred resource property costs of $22,257,514, asset backed commercial paper carried at $3,543,682, marketable securities carried at $139,080 and cash (and cash equivalents) of $11,746,613.

The Company has no long-term liabilities and has working capital of $11,720,402 as at July 31, 2009.

Capital Resources

The Company has had to rely upon the sale of equity securities for the cash required for capital acquisitions, exploration and development, and administration, among other things.

The capital resources of the Company include resource properties, carried at $22,257,514. The Company's intention is to commit further funds for continuing exploration activities.

The Company will continue to require funds to meet obligations under property agreements and, as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

All of the Company's properties are in the exploration stage only and all are without known bodies of commercial ore. Development of each of the properties will only follow upon obtaining satisfactory results. Exploration and development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

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

The Company has no specific work commitments on its resource properties but, as discussed above, will continue to perform exploration work on its Blue River and Eldor properties.

Off Balance Sheet Arrangements

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

Transactions with Related Parties

The Company incurred charges with directors of the Company and a company with a common director as follows:

	2009	2008
Administration fees	$810,000	$1,080,000
Consulting fees	$78,753	$164,372
Fixed assets	$60,000	-
Deferred exploration and development costs	$1,431,015	$3,941,358
	$2,379,768	$5,185,730

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

At the quarter ended July 31, 2009, accounts payable includes $281,449 (2008: $1,059,605) due to a company with a common director of the Company for geological consulting work.

Administrative fees include management fees, rental expenses and accounting services received during the year.

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

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

	Nine Months Ended July 31, 2009	Year ended October 31, 2008
Capitalized or Expensed Exploration and Development Costs	$5,867,396	$13,296,821
General and Administration Expenses	$1,996,962	$2,640,777
Gain on sale of marketable securities	-	$1,065

Disclosure of Outstanding Share Capital

	September 28, 2009	July 31, 2009	October 31, 2008	October 31, 2007
Common shares	128,379,640	111,684,015	111,534,015	111,438,265
Stock Options	7,440,000	7,440,000	6,585,000	6,847,500
Warrants	35,630,192	27,291,817	28,635,442	28,731,192
Agent's Options	561,720	2,464,202	2,754,202	2,754,202
Fully Diluted Shares	172,011,552	148,880,034	149,508,659	149,771,159

For additional details of outstanding share capital, refer to the financial statements for the nine months ended July 31, 2009.

Changes in Accounting Policies

Effective November 1, 2007, the Company adopted the new CICA accounting standards: (a) Handbook Section 1535, *Capital Disclosures*; (b) handbook Section 3862, *Financial Instruments – Disclosures*; (c) Handbook Section 3863, *Financial Instruments – Presentation*; and (d) Handbook Section 1506, *Accounting Changes*. The main requirements of these new standards and the resulting financial statement impact are detailed in the audited financial statements for the year ended October 31, 2008.

Consistent with the requirements of the new accounting standards, the Company has not restated any prior period amounts as a result of adopting the accounting changes. The effect of the adoption of these standards is also summarized in the audited financial statements of the Company for the year ended October 31, 2008.

International financial reporting standards ("IFRS"): In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the fiscal year ended on or before December 31, 2010.

While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Financial Instruments and Other Instruments

The Company has classified its financial instruments as follows:

- Cash and cash equivalents are classified as held-for-trading and is measured at fair value.

- Marketable securities and asset-backed commercial paper ("ABCP") are classified as available for sale. They are recorded at fair value at initial recognition. Subsequent revaluation resulting in gains or losses is recorded in the statements of comprehensive income (loss).

- Amounts receivable is classified as loans and receivables. They are recorded at cost, which on initial recognition represents their fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

- Accounts payable and accrued liabilities are classified as other liabilities. They are initially measured at fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

Proposed Transactions and Subsequent Events

a) Subsequent to the quarter end, 1,232,101 brokers' units and 1,232,101 warrants expired.

b) On September 15, 2009, the Company completed a private placement of a total of 16,676,750 units at a price of $0.40 per unit for gross proceeds of $6,670,700. Each unit consisted of one common share and one half of one share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share of the Company for two years, at a price of $0.50 per share until September 15, 2010 and at a price of $0.54 per share from September 16, 2010 until September 15, 2011. All securities issued are subject to a four-month hold period, expiring on January 15, 2010. Finder's fees of a total of $369,288 and 18,875 common shares was paid in accordance with the policies of the TSX.

   Pope & Company, an independent brokerage firm that provides investment banking, capital markets and asset management services, assisted in a portion of the private placement and sold 7,021,500 of the units. A cash commission equal to 8% of the total proceeds raised was be paid to Pope & Company ($224,688). Pope & Company also received broker warrants, equal to 8% of the units placed (561,720 Broker Warrants), which are exercisable until September 15, 2011, at a price of $0.40 per broker warrant, into one common share and one half of one share purchase warrant. Each whole share purchase warrant issued upon exercise of the broker warrants will entitle the holder to purchase one additional common share of the Company for two years, at a price of $0.50 per share in the first year and at a price of $0.54 per share in the second year.

   The remaining 9,655,250 units were sold on a non-brokered basis.

   The proceeds of the private placement will be used to advance the Company's exploration and development program on its Blue River Tantalum and Niobium Project, British Columbia, to conduct exploration at the Eldor Property, Quebec, and for general working capital.

c) On September 21, 2009, the Company announced a private placement of up to 1,137,500 units, at a price of $0.40 per unit, for proceeds of up to $455,000, subject to the approval of the TSX Venture Exchange. Each unit consists of one common share and one half of one share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one additional common share of the Company for two years, at a price of $0.50 per share in the first year and at a price of $0.54 per share in the second year. All securities issued will be subject to a four-month hold period and finder's fees may be payable in accordance with the policies of the TSX The proceeds of the private placement will be used to advance the Company's exploration and development program on its Blue River Tantalum and Niobium Project, British Columbia, to conduct exploration at the Eldor Property, Quebec, and for general working capital.

Additional Information

Additional information about the Company can be found on www.sedar.com.