COMMERCE RESOURCES CORP.

Management Discussion & Analysis for the Quarter ended January 31, 2010

The following is a discussion and analysis of the operations, results, and financial position of the Company for the first quarter ended January 31, 2010, and should be read in conjunction with the interim financial statements for the quarter ended January 31, 2010 as well as the audited financial statements for the year ended October 31, 2009, all of which were prepared in accordance with Canadian generally accepted accounting principals.

The effective date of this report is March 31, 2010.

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, collectively 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 a focus on rare earth elements.

Properties

Blue River Tantalum/Niobium Project

The Blue River Tantalum/Niobium Project is located in the Kamloops Mining Division of British Columbia, and is host to the Upper Fir Deposit. The Upper Fir Deposit is located approximately 30 km north of Blue River, British Columbia and is owned 100% with no underlying royalties.

The "Independent Technical Report, Blue River Property, Blue River, British Columbia, Canada" and dated March 30, 2010 prepared by Michelle Stone, Ph.D., P. Geo, and Julie Selway, Ph.D., P.Geo., independent Qualified Persons as defined by National Instrument 43-101 ("NI 43-101"), of Caracle Creek International Consulting Inc. ("CCIC") (the "Technical Report") has been filed on SEDAR and is also available on the Company's website.

The results of the resource estimate, reported with a 175 grams per tonne ("g/t") Ta_2O_5 cut-off, show that the Upper Fir contains an Indicated resource of 7,384,000 tonnes with a grade of 217 g/t Ta_2O_5 and Nb_2O_5 grade of 1,202 g/t (3,533,000 and 19,568,000 lbs of contained Ta_2O_5 and Nb_2O_5, respectively).

Inferred resources at the same cut-off include 16,494,000t of 213 g/t Ta_2O_5 and 1,222 g/t Nb_2O_5 (7,746,000 and 44,436,000 lbs of contained Ta_2O_5 and Nb_2O_5, respectively).

A summary of the Upper Fir resource estimate based on data to the end of 2008 follows:

CATEGORY	Cut-off (ppm) Ta_2O_5	Tonnes > Cut-off (T)	Grade (ppm) Ta_2O_5	Contained lbs Ta_2O_5	Grade (ppm) Nb_2O_5	Contained lbs Nb_2O_5
INDICATED RESOURCE	100	16,945,000	175	6,538,000	1,174	43,858,000
	150	11,308,000	198	4,937,000	1,170	29,168,000
	175	**7,384,000**	**217**	**3,533,000**	**1,202**	**19,568,000**
	200	4,566,000	236	2,376,000	1,299	13,076,000
INFERRED RESOURCE	100	44,121,000	167	16,147,000	1,184	115,070,000
	150	26,235,000	194	11,221,000	1,182	68,365,000
	175	**16,494,000**	**213**	**7,746,000**	**1,222**	**44,436,000**
	200	8,918,000	235	4,621,000	1,385	27,230,000

Notes:

- "ppm" = parts per million.
- The 175 ppm cut-off reporting base case is highlighted. Ppm and grams per tonne are equivalent units.
- Mineral resources which are not mineral reserves do not have demonstrated economic viability.
- Not all tonnage will be recovered in mining, nor will all tantalum and niobium values be recovered during milling and processing.
- 1 tonne = 2,204.6 pounds (lbs).
- Tonnes and pounds rounded to the nearest 1,000.

The resource comprises a series of sill-like carbonatite bodies with up to 91.2m in estimated cumulative true thickness. This composite body extends more than 1,450m in a north-south direction and as much as 800m in an east-west direction. Tantalum and niobium are contained in the minerals pyrochlore and ferrocolumbite, which are present as microscopic grains as well as megascopic composite grains that exceed one centimetre in diameter.

Exploration Program: Exploration on the Blue River Project in 2009 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 5,586 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 2010 exploration program in Blue River will focus on the Upper Fir Deposit and will consist of approximately 10,000 m of HQ drilling and engineering work which will support a preliminary economic evaluation.

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 in 2009 consisted of rock, trench, and soil sampling at various locations at the Property.

The Company identified the 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 soil samples collected, two returned greater than 0.80% REE+Y (0.85% and 1.07%).

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.

During a follow-up exploration program, sampling was conducted in order to define further drilling targets. A high value of 2.74% REE was returned from exposed outcrop, with values in excess of 1% REE representing over 55% of the total rock samples collected (boulders and outcrop). Significant mineralization (>1% to 2.74% REE) was consistently returned from numerous samples over multiple outcrops within an area measuring approximately 500 metres by 150 metres, truncated to the east by a shallow lake. Sampling was also conducted at a tantalum-niobium target, the "Glimmerite Occurrence," originally identified in 2007, located 1.5 kilometres north of the Ashram Zone. Significant tantalum-niobium mineralization was confirmed with a sample assaying 1682 ppm tantalum and exceeding the detection limit for niobium (greater than 50,000 ppm (5%) Nb).

Future Developments: The 2010 exploration program on the Eldor is to consist of approximately 3,000 m of drilling, trenching, prospecting-mapping, rock and soil sampling.

Other Properties

<u>Carbo Property</u>

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. In February, 2009, Canadian International Metals Inc. ("CIN"), was granted the option to acquire up to a 75% interest in the Carbo Claims. In consideration for the interest, over a three year period CIN must pay the Company $30,000 cash ($20,000 received), issue the Company 1,500,000 common shares (1,000,000 received) and incur total exploration expenditures of $198,000 on the Carbo Property.

CIN completed an exploration program of geological mapping, soil and rock geochemical sampling, and trenching at the Carbo Property in 2009 which resulted in the identification of a new soil anomaly greater than 1 kilometre by 500 m in the southwest portion of the claim blocks. The highlight of the program was a soil sample (09mgb0002) within the new anomaly that exceeded the detection limit of 10,000 ppm (greater than 1%) cerium (Ce), indicative of light rare earth content, and 309 ppm gadolinium (Gd), indicating the presence of heavy rare earths.

The Company and CIN are encouraged by the results being released from the area and an expanded exploration program, including trenching and drilling, is planned by CIN for 2010.

Results of Operations

General and Administrative

Net loss for the quarter ending January 31, 2010 was $721,570 as compared to a net loss of $74,715 for the same period in 2009, an increase of $646,855. The most significant differences are stock based compensation increased (2010: $232,944; 2009: $nil) due to the grant of options and the decrease in interest income (2010: $66,105, 2009 $320,544) due to fewer investments and lower interest rates.

Significant increases in advertising and website expenses (2010: $159,640; 2009: $18,376), and investor relations (2010: $26,680; 2009: $9,318) were offset by a slight decrease in travel and promotion expenses (2010: $47,392; 2009 $61,215). The overall increase in promotions was a reversal of last year's cost-saving measures during uncertain market conditions. Further, consulting fees (2010: $35,959; 2009: $35,531), filing and transfer agent fees (2010: $1,633; 2009: $1,150), insurance expense (2010: $3,655; 2009: $nil), office, telephone and miscellaneous (2010: $4,915; 2009: $688 recovery), and professional fees (2010: $4,110; 2009: $nil) were all consistent with last year's spending.

Asset Backed Commercial Paper

As at January 31, 2010, the Company held asset-backed commercial paper ("ABCP") issued by a number of trusts with an original cost of $8,135,655 (2009: $8,135,655). At the dates the Company acquired these investments they were rated R1 (High) by Dominion Bond Rating Services ("DBRS"). These investments matured during the year ended October 31, 2007 however, due to liquidity issues in the ABCP market, they 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 5 of the financial statements for the quarter ended January 31, 2010.

During the quarter ended January 31, 2010, $5,087 (2009: $54,236) of ABCP was redeemed at no discount.

Marketable securities

As at January 31, 2010, the Company has $260,074 in marketable securities. The Company's marketable securities are comprised mostly of securities that it received in the sale or optioning of property interests.

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		
	2009	2008	2007
	$	$	$
Total Revenues	Nil	Nil	Nil
Loss from continuing operations	(2,756,648)	(6,301,541)	(3,716,372)
Loss from continuing operations (per share)	(0.02)	(0.04)	(0.05)
Loss from continuing operations (per share, diluted)	(0.02)	(0.04)	(0.04)
Net loss	(2,756,648)	(6,301,541)	(3,674,116)
Net loss (per share, basic and diluted)	(0.02)	(0.04)	(0.03)
Net loss (per share, diluted)	(0.02)	(0.04)	(0.03)
Comprehensive income (loss) for the year	615,999	1,605,886	(1,668,651)
Net comprehensive income (loss) (per share, diluted)	(0.02)	(0.06)	(0.04)
Total assets	45,092,078	41,209,386	43,792,486
Total long term financial liabilities	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil

Summary of Quarterly Results

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

	January 31, 2010	October 31, 2009	July 31, 2009	April 30, 2009	January 31, 2009	October 31, 2008	July 31, 2008	April 30, 2008
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Income (loss) before discontinued and extraordinary items (Total)	(721,570)	(1,302,861)	(199,671)	(1,179,401)	(74,715)	(5,124,044)	(411,190)	(504,231)
Basic and diluted loss before discontinued and extraordinary items (Per share)	(0.006)	(0.011)	(0.002)	(0.011)	(0.001)	(0.046)	(0.00)	(0.005)
Net income (loss) (total)	(721,570)	(1,302,861)	(199,671)	(1,175,626)	(74,715)	(5,124,044)	(411,190)	(504,231)
Basic and diluted net loss (per share)	(0.006)	(0.011)	(0.002)	(0.011)	(0.001)	(0.046)	(0.00)	(0.005)

Liquidity and Solvency

As at the quarter ended January 31, 2010, the Company has total assets of $44,670,750. The primary assets of the Company are deferred resource property costs of $22,734,180, asset backed commercial paper carried at $4,126,267, marketable securities carried at $260,074 and cash (and cash equivalents) of $14,712,423.

The Company has no long-term liabilities and has working capital surplus of $16,936,093 as at January 31, 2010.

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 $22,734,180. 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 companies with a common director as follows:

	2010	2009
Administration fees	$270,000	$1,080,000
Consulting fees	$8,500	$125,322
Office expenses and travel	$858	$51,767
Advertising and promotion	$1,580	-
Fixed assets	-	$60,000
Deferred exploration and development costs	$334,219	$2,012,446
	$615,157	$3,409,535

These charges were measured at the exchange amount, which is the amount agreed upon by the transacting parties. Administrative fees and rent include management fees, rental expenses and accounting services received during the year.

At January 31, 2010, $154,625 (2009: $178,056) was due to Dahrouge Geological Ltd., a company with a common director of the Company, for fees and expenses related to geological consulting and $22,290 (2009: $11,874) was due from Zimtu Capital Corp., a company with a common director. The payables and receivables are non-interest bearing and due on demand.

At January 31, 2010, $146,784 included in marketable securities (2009:$71,276) is with Zimtu Capital Corp, a related party with a director in common.

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

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

	Year Ended October 31, 2009	Year ended October 31, 2008
Capitalized or Expensed Exploration and Development Costs	$5,935,113	$13,296,821
General and Administration Expenses	$3,337,446	$2,640,777
Gain on sale of marketable securities	$17,196	$1,065

Disclosure of Outstanding Share Capital

	March 31, 2010	**January 31, 2010**	**October 31, 2009**	**October 31, 2008**
Common shares	130,587,140	130,587,140	130,517,140	111,534,015
Stock Options	7,905,000	7,955,000	7,540,000	6,585,000
Warrants	36,298,942	36,298,942	36,298,942	28,635,442
Agent's Options	621,720	621,720	621,720	2,754,202
Fully Diluted Shares	175,412,802	175,462,802	174,977,802	149,508,659

For additional details of outstanding share capital, refer to the financial statements for the quarter ended January 31, 2010.

Changes in Accounting Policies

There have been no changes in the accounting policies except for the added disclosures regarding the fair values on the asset-back commercial paper.

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. To meet the change over date, the Company is required to issue its first IFRS compliant Financial Statements for the year ending October 31, 2012. To provide comparative information, an opening Balance Sheet will be necessary on November 1, 2010.

Management has addressed this issue by researching methods to identify the items materially impacted on the Company's financial statements. The Company is also evaluating the impact of adopting IFRS. The analysis will be completed and a plan to implement the conversion will be devised before Q3 of the 2010 fiscal year. Management expects to complete the conversion in Q4 of the 2010 fiscal year and believes it has the necessary financial expertise and resources available.

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 are 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.

Handbook Section 3862, Financial Instruments – Disclosures, was amended in June 2009. It establishes revised standards for the disclosure of financial instruments. The new standard establishes a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

Changes in valuation methods may result in transfers into or out of an investment's assigned level. During the quarter ended January 31, 2010, there were no significant transfers between level 1 and 2. Financial instruments classified as level 1 – quoted prices in active markets include cash and cash equivalents and marketable securities. Financial estimates classified as level 3 – significant unobservable inputs include asset-backed commercial paper.

Proposed Transactions and Subsequent Events

Subsequent to the quarter ending January 31, 2010, 50,000 stock options valued at $0.26 were cancelled.

On February 26, 2010, the Company announced that the resource estimate for the Upper Fir Deposit, Blue River Project was delayed in order to include resource estimates for the Fir and Verity Deposits.

On March 31, 2010, the Company announced the "Independent Technical Report, Blue River

Property, Blue River, British Columbia, Canada" and dated March 30, 2010 prepared by Michelle Stone, Ph.D., P. Geo, and Julie Selway, Ph.D., P.Geo., independent Qualified Persons as defined by National Instrument 43-101 ("NI 43-101"), of Caracle Creek International Consulting Inc. ("CCIC") was filed. The Fir and Verity resource estimates were reviewed and audited by CCIC and it was determined that insufficient exploration was completed on each of the Fir and Verity Deposits to define a current NI 43-101 compliant resource. As such, both the Fir and Verity mineral estimates were been downgraded to estimates of potential tonnage and grade and re-classified as exploration targets.

Additional Information

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

The Company has also become active in social media channels in order to meet its shareholders and investors online to share information, thoughts and opinions. Investors are invited to become a fan of Commerce Resources Corp. on Facebook or follow the Company at http://www.twitter.com/CommerceResCCE to receive live updates.