



## Condensed Interim Financial Statements

For the Six Months Ended April 30, 2021

(Unaudited - Expressed in Canadian Dollars)

*The accompanying unaudited condensed interim financial statements of Commerce Resources Corp. for the six months ended April 30, 2021, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditor.*

## Commerce Resources Corp.

### Condensed Interim Statements of Financial Position

As expressed in Canadian dollars

(Unaudited – prepared by management)

|   | April 30,<br>2021    | October 31,<br>2020 |
|---|----------------------|---------------------|
| <b>Assets</b>   |                      |                     |
| <b>Current</b>  |                      |                     |
| Cash  | \$ 5,947,455         | 1,052,825           |
| Marketable securities                                     | 29,056               | 17,299              |
| Short term investment (Note 5)                            | 23,000               | 23,000              |
| Taxes and other receivables                               | 53,675               | 36,235              |
| Prepaid expenses  | 868,198              | 272,557             |
|   | <b>6,921,384</b>     | <b>1,401,916</b>    |
| Equipment (Note 6)  | 342,154              | 357,089             |
| Exploration and evaluation assets (Note 7 and Schedule I) | 62,447,087           | 61,995,823          |
| Reclamation bonds   | 80,000               | 80,000              |
|   | <b>\$ 69,790,625</b> | <b>63,834,828</b>   |
| <b>Liabilities</b>  |                      |                     |
| <b>Current</b>  |                      |                     |
| Accounts payable and accrued liabilities (Note 14)        | \$ 694,297           | 995,907             |
| Due to related parties (Note 11)                          | 22,709               | 21,850              |
| Liability for flow-through shares (Note 14)               | 402,973              | 84,142              |
|   | <b>1,119,979</b>     | <b>1,101,899</b>    |
| <b>Shareholders' Equity</b>                               |                      |                     |
| Share capital (Note 8)                                    | 93,144,617           | 87,860,843          |
| Share subscriptions received (Note 9)                     | 1,462,150            | 231,412             |
| Reserves (Note 9)   | 10,022,848           | 9,649,991           |
| Deficit   | (35,958,969)         | (35,009,317)        |
|   | <b>68,670,646</b>    | <b>62,732,929</b>   |
|   | <b>\$ 69,790,625</b> | <b>63,834,828</b>   |

Subsequent events (Note 15)

Approved and authorized by the Board of Directors on June 16, 2021:

*“Christopher Grove”*

Director

*“David Hodge”*

Director

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

**Commerce Resources Corp.**

Condensed Interim Statements of Operations and Comprehensive Loss

For the six months ended April 30,

As expressed in Canadian dollars

(Unaudited – prepared by management)

|   | Three months ended April 30, |                     | Six months ended April 30, |                     |
|---|------------------------------|---------------------|----------------------------|---------------------|
|   | 2021                         | 2020                | 2021                       | 2020                |
| <b>Expenses</b>   |                              |                     |                            |                     |
| Administration fees and rent (Note 10 and 11)                                   | \$ 21,000                    | \$ 93,000           | \$ 112,000                 | \$ 185,000          |
| Advertising and website   | 69,439                       | 38,699              | 109,158                    | 81,591              |
| Consulting fees and salaries (Note 11)  | 115,712                      | 44,528              | 247,550                    | 82,149              |
| Filing and transfer agent fees  | 23,725                       | 17,240              | 34,081                     | 19,564              |
| Insurance   | 2,804                        | 2,365               | 5,703                      | 4,810               |
| Investor relations  | 6,585                        | 16,429              | 21,585                     | 31,982              |
| Office, telephone and miscellaneous   | 13,407                       | 1,149               | 27,080                     | 11,053              |
| Professional fees   | 25,106                       | 13,192              | 31,734                     | 18,734              |
| Share-based compensation (Note 9)   | 374,234                      | 7,739               | 374,234                    | 13,367              |
| Travel and promotion  | 976                          | 2,628               | 976                        | 15,078              |
| <b>Loss before other items</b>  | <b>(652,988)</b>             | <b>(236,969)</b>    | <b>(964,101)</b>           | <b>(463,328)</b>    |
| <b>Other income (expenses)</b>  |                              |                     |                            |                     |
| Interest income   | 3,562                        | 128                 | 6,055                      | 133                 |
| Gain (loss) on foreign exchange   | (1,071)                      | -                   | (3,363)                    | (811)               |
| Unrealized gain (loss) on marketable securities                                 | 4,381                        | (2,658)             | 11,757                     | (3,258)             |
|   | <b>6,872</b>                 | <b>(2,530)</b>      | <b>14,449</b>              | <b>(3,936)</b>      |
| <b>Net loss and comprehensive loss for the period</b>                           | <b>\$ (646,116)</b>          | <b>\$ (239,499)</b> | <b>\$ (949,652)</b>        | <b>\$ (467,264)</b> |
| <b>Basic and diluted loss per share</b>   | <b>\$ (0.01)</b>             | <b>\$ (0.01)</b>    | <b>\$ (0.02)</b>           | <b>\$ (0.01)</b>    |
| <b>Weighted average number of common shares outstanding – basic and diluted</b> | <b>74,609,344</b>            | <b>41,476,083</b>   | <b>59,262,391</b>          | <b>41,476,083</b>   |

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, 2021 and 2020

As expressed in Canadian dollars

(Unaudited – prepared by management)

|                                     | Number of<br>Shares | Share<br>Capital     | Share<br>subscriptions<br>received | Reserves             | Deficit                | Total                |
|-------------------------------------|---------------------|----------------------|------------------------------------|----------------------|------------------------|----------------------|
| <b>Balance, October 31, 2019</b>    | <b>41,476,083</b>   | <b>\$ 86,485,737</b> | <b>\$ -</b>                        | <b>\$ 9,590,806</b>  | <b>\$ (34,181,906)</b> | <b>\$ 61,894,637</b> |
| Share subscriptions received        | -                   | -                    | 171,188                            | -                    | -                      | 171,188              |
| Share issuance costs                | -                   | (7,173)              | -                                  | -                    | -                      | (7,173)              |
| Share-based compensation            | -                   | -                    | -                                  | 13,367               | -                      | 13,367               |
| Net loss for the period             | -                   | -                    | -                                  | -                    | (467,264)              | (467,264)            |
| <b>Balance, April 30, 2020</b>      | <b>41,476,083</b>   | <b>\$ 86,485,737</b> | <b>\$ 171,188</b>                  | <b>\$ 9,604,173</b>  | <b>\$ (34,649,170)</b> | <b>\$ 61,604,755</b> |
|                                     |                     |                      |                                    |                      |                        |                      |
|                                     | Number of<br>Shares | Share<br>Capital     | Share<br>subscriptions<br>received | Reserves             | Deficit                | Total                |
| <b>Balance, October 31, 2020</b>    | <b>50,890,293</b>   | <b>\$ 87,860,843</b> | <b>\$ 231,412</b>                  | <b>\$ 9,649,991</b>  | <b>\$ (35,009,317)</b> | <b>\$ 62,732,929</b> |
| Shares issued for cash              | 15,571,241          | 3,269,961            | (231,412)                          | -                    | -                      | 3,038,549            |
| Flow-through shares issued for cash | 6,441,129           | 1,677,919            | -                                  | -                    | -                      | 1,677,919            |
| Warrants exercised                  | 1,834,910           | 397,933              | -                                  | -                    | -                      | 397,933              |
| Broker warrants exercised           | 268,971             | 101,356              | -                                  | (36,803)             | -                      | 64,553               |
| Share issuance costs                | -                   | (163,395)            | -                                  | 35,426               | -                      | (127,969)            |
| Share subscriptions received        | -                   | -                    | 1,462,150                          | -                    | -                      | 1,462,150            |
| Share-based compensation            | -                   | -                    | -                                  | 374,234              | -                      | 374,234              |
| Net loss for the period             | -                   | -                    | -                                  | -                    | (949,652)              | (949,652)            |
| <b>Balance, April 30, 2021</b>      | <b>75,006,544</b>   | <b>\$ 93,144,617</b> | <b>\$ 1,462,150</b>                | <b>\$ 10,022,848</b> | <b>\$ (35,958,969)</b> | <b>\$ 68,670,646</b> |

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, 2021 and 2020

As expressed in Canadian dollars

(Unaudited – prepared by management)

|   | 2021                | 2020             |
|---|---------------------|------------------|
| <b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>                  |                     |                  |
| Net (loss) for the period   | \$ (949,652)        | \$ (467,264)     |
| Add (deduct) items not affecting cash:                                  |                     |                  |
| Unrealized (gain) loss on marketable securities                         | (11,757)            | 3,258            |
| Share-based compensation  | 374,234             | 13,367           |
|   | (587,175)           | (450,639)        |
| Changes in non-cash working capital items related to operations:        |                     |                  |
| GST/HST receivable  | (17,440)            | 14,410           |
| Prepaid expenses  | (595,641)           | 88,166           |
| Due to related parties  | (4,063)             | 135,228          |
| Accounts payable and accrued liabilities                                | (247,631)           | 4,083            |
| <b>Net cash flows from (used in) operating activities</b>               | <b>(1,451,950)</b>  | <b>(208,752)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                            |                     |                  |
| Shares issued for cash  | 5,729,197           | -                |
| Share issuance costs  | (127,969)           | (7,173)          |
| Share subscriptions received  | 1,230,738           | 306,038          |
| <b>Net cash flows from financing activities</b>                         | <b>6,831,966</b>    | <b>298,865</b>   |
| <b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>                  |                     |                  |
| Deferred exploration and development costs, net of tax credits received | (485,386)           | (241,478)        |
| <b>Net cash flows (used in) investing activities</b>                    | <b>(485,386)</b>    | <b>(241,478)</b> |
| <b>Increase (decrease) in cash and cash equivalents</b>                 | <b>4,894,630</b>    | <b>(151,365)</b> |
| <b>Cash and cash equivalents, beginning of period</b>                   | <b>1,052,825</b>    | <b>242,657</b>   |
| <b>Cash and cash equivalents, end of period</b>                         | <b>\$ 5,947,455</b> | <b>\$ 91,292</b> |

Supplemental disclosure with respect to cash flows – Note 13

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, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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## 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Commerce Resources Corp. (“Commerce” or the “Company”) was incorporated on May 19, 1999, under the Company Act of British Columbia and is in the business of acquiring, exploring, developing and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is in the exploration stage and has interests in properties located in British Columbia (“BC”) and Quebec, Canada. Commerce is a public company listed on Tier 1 of the TSX Venture Exchange in Canada (“CCE”) and the Frankfurt Stock Exchange in Germany (“D7H”). The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on June 16, 2021.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has a working capital of \$5,801,405 at April 30, 2021 (October 31, 2020 - \$300,017), has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern and, accordingly, the appropriateness of the use of generally accepted accounting principles applicable to a going concern. In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company’s exploration and development programs. There is no assurance that these initiatives will be successful.

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

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

There continues to be a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

## 2. BASIS OF PRESENTATION

### Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

# Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

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## 2. BASIS OF PRESENTATION - continued

### Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

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.

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

### Estimates and assumptions

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

- The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest;
- The accrued liability to indemnify shareholders for taxes and penalties related to the unspent portion of the commitment for the flow through shares issued;
- The inputs used in assessing the recoverability of deferred income tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income;
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods; and
- The fair value of share-based compensation are determined using the Black-Scholes option pricing model. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options

### 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.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

#### Judgments - continued

- 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.
- Provisions for reclamation  
Management assesses its provision for reclamation on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.
- Going concern  
The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended October 31, 2020. Therefore, these condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2020.

### 5. SHORT TERM INVESTMENTS

At April 30, 2021 and October 31, 2020, the Company had a guaranteed investment certificate ("GIC's") valued at \$23,000 an interest rate of prime less 2.2% and a maturity date of October 21, 2021.

### 6. EQUIPMENT

|                                      | Field<br>Equipment | Field Office<br>Building | Leasehold<br>Improvements | Land       | Total      |
|--------------------------------------|--------------------|--------------------------|---------------------------|------------|------------|
| <b>Costs</b>                         |                    |                          |                           |            |            |
| October 31, 2020 &<br>April 30, 2021 | \$ 316,931         | \$ 303,748               | \$ 255,796                | \$ 120,282 | \$ 996,757 |
| <b>Accumulated Amortization</b>      |                    |                          |                           |            |            |
| October 31, 2019                     | 316,931            | 123,665                  | 168,752                   | -          | 609,348    |
| Additions                            | -                  | 9,004                    | 21,316                    | -          | 30,320     |
| October 31, 2020                     | 316,931            | 132,669                  | 190,068                   | -          | 639,668    |
| Additions                            | -                  | 4,277                    | 10,658                    | -          | 14,935     |
| April 30, 2021                       | \$ 316,931         | \$ 136,946               | \$ 200,726                | \$ -       | \$ 654,603 |
| <b>Net Book Value</b>                |                    |                          |                           |            |            |
| October 31, 2020                     | \$ -               | \$ 171,079               | \$ 65,728                 | \$ 120,282 | \$ 357,089 |
| April 30, 2021                       | \$ -               | \$ 166,802               | \$ 55,070                 | \$ 120,282 | \$ 342,154 |

During the six months ended April 30, 2021, \$14,935 (April 30, 2020: \$15,160) of amortization has been capitalized to Exploration and Evaluation Assets.



## **Commerce Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### **7. EXPLORATION AND EVALUATION ASSETS**

The following is a description of the Company's most significant property interests and related spending commitments (see Schedule I for a detailed breakdown):

Blue River Claims – (formerly known as the Upper Fir, Verity and Fir Claims)

The Company has a 100% interest in its Blue River claims, located in the Blue River region of the Kamloops Mining District of B.C., Canada, all of which were acquired by staking.

Eldor Claims

The Company acquired, by staking and a purchase agreement, a 100% interest in the Eldor Carbonatite Complex, located in the Labrador Trough area of Quebec, Canada. During the year ended October 31, 2007, the Company purchased 8 mineral claims from Virginia Mines Inc. ("Virginia Mines"), which cover a portion of the Eldor Carbonatite. These claims are adjacent to the approximately 88 claims staked by the Company. The Company currently has 244 claims covering 11,475 hectares.

Virginia Mines retains a 1% net smelter royalty on the 8 claims purchased from them. As well, 5 of the 8 claims are subject to an underlying 5% net profit royalty, which can be purchased for \$500,000.

On January 11, 2018, the Company entered into an exploration earn-in agreement with Saville Resources Inc. ("Saville") on the Eldor Niobium claims, known as the Niobium Claim Group Property. Under the exploration earn-in agreement, Saville has agreed to perform \$5,000,000 of work on the claims over a five-year period to earn a 75% interest in the claims. The Company received a cash payment of \$25,000 upon signing (received) and a cash payment of \$225,000 (received) following Exchange approval on October 11, 2018. The Company will retain a 2% Net Smelter Royalty (NSR) on production from some of the claims with a 1% NSR buyback for \$1,000,000, and a 1% NSR on the claims that are already subject to royalties.

### **8. SHARE CAPITAL**

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

b) Issued and outstanding:

The total issued and outstanding shares of the Company total 75,006,544 as at April 30, 2021 (October 31, 2020: 50,890,293).

**During the six months ended April 30, 2021:**

On December 21, 2020, the Company completed a non-brokered private placement (the "Offering"), issuing 15,571,241 units (each, a "Unit") at a price of \$0.21 per Unit for gross proceeds of \$3,269,961. Each Unit consists of one common share in the capital of the Company (each, a "Share") and one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable into one additional Share at a price of \$0.29 per Share for a period of five years from the closing date. The Company paid cash finder's fees of \$44,116 and issued 187,250 finder's warrants (each, a "Finder's Warrant") to certain finders in connection with the Offering. The Finder's Warrants have the same terms and conditions as the Warrants. The securities issued under the Offering, and the shares that may be issuable on exercise of the Warrants and the Finder's Warrants, are subject to a statutory hold period expiring four months and one day from the date of closing.

## **Commerce Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### **8. SHARE CAPITAL - continued**

#### **During the six months ended April 30, 2021: - continued**

On December 24, 2020, the Company completed a first tranche (the “First Tranche”) of a non-brokered private placement, issuing 6,279,838 common shares (each, a “Share”) issued on a “flow-through” basis pursuant to the Income Tax Act (Canada) at a price of \$0.31 per Share for gross proceeds of \$1,946,749.79 (the “Offering”). In connection with the closing of the First Tranche, the Company paid cash finder’s fees of \$30,000 to one finder. The securities issued under the First Tranche are subject to a statutory hold period expiring four months and one day from the date of closing.

On December 30, 2020, the Company completed the second and final tranche (the “Offering”) of the non-brokered private placement, issuing 161,291 common shares (each, a “Share”) issued on a “flow-through” basis pursuant to the Income Tax Act (Canada) at a price of \$0.31 per Share for gross proceeds of \$50,000. The securities issued under the Offering are subject to a statutory hold period expiring four months and one day from the date of closing.

During the six months ended April 30, 2021, 1,834,910 share purchase warrants have been exercised for gross proceeds of \$397,933 and 268,971 broker warrants were exercised for gross proceeds of \$64,553.

#### **During the year ended October 31, 2020:**

On May 5, 2020, the Company closed a non-brokered private placement of 2,727,271 units (each, a “Unit”) at a price of \$0.11 per Unit for aggregate proceeds of \$300,000. Each Unit consists of one common share of the Company (each, a “Share”) and one common share purchase warrant (each, a “Warrant”), with each Warrant entitling the holder to purchase one Share at a price of \$0.15 per Share for a period of five years following the closing of the Offering. Finders’ fees of \$584 were paid and 2,871 agent’s warrants were issued with a fair value of \$580. The agents’ warrants have the same terms and conditions of the warrants. All securities issued in connection with the Offering will be subject to a statutory hold period expiring four months and one day after closing of the offering.

On June 25, 2020, the Company closed an over-subscribed non-brokered private placement of 6,686,939 units (each, a “Unit”) at a price of \$0.18 per Unit for aggregate proceeds of \$1,203,649. Each Unit consists of one common share of the Company (each, a “Share”) and one common share purchase warrant (each, a “Warrant”), with each Warrant entitling the holder to purchase one Share at a price of \$0.24 per Share for a period of five years following the closing of the Offering. Finder’s fees of \$53,077 were paid and 290,671 agent’s warrants were issued with a fair value of \$39,689. The agent’s warrants have the same terms and conditions of the warrants. All securities issued in connection with the Offering will be subject to a statutory hold period expiring four months and one day after closing of the offering.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 8. SHARE CAPITAL - continued

c) Share purchase warrants:

The following is a summary of share purchase warrant transactions for the six months ended April 30, 2021 and the year ended October 31, 2020:

|                              | April 30, 2021     |                                 | October 31, 2020   |                                 |
|------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
|                              | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Balance, beginning of period | 19,088,363         | \$ 0.36                         | 10,426,425         | \$ 0.52                         |
| Issued                       | 15,571,241         | 0.29                            | 9,414,210          | 0.21                            |
| Exercised                    | (1,834,910)        | 0.22                            | -                  | -                               |
| Expired                      | -                  | -                               | (752,272)          | 0.75                            |
| Balance, end of period       | 32,824,694         | \$ 0.33                         | 19,088,363         | \$ 0.36                         |

The following share purchase warrants were outstanding and exercisable as at April 30, 2021 and October 31, 2020:

| Expiry Date                       | Weighted Average Remaining Contractual Life (Years) | Exercise Price | April 30, 2021<br>Number of Warrants | October 31, 2020<br>Number of Warrants |
|-----------------------------------|---|----------------|--------------------------------------|--|
| October 11, 2021**                | 0.45  | \$0.50         | 9,028,000                            | 9,028,000                              |
| October 31, 2021**                | 0.50  | \$0.50         | 646,153                              | 646,153                                |
| May 5, 2025                       | 4.02  | \$0.15         | 2,255,652                            | 2,727,271                              |
| June 25, 2025                     | 4.16  | \$0.24         | 5,323,648                            | 6,686,939                              |
| December 18, 2025                 | 4.64  | \$0.29         | 15,571,241                           | -                                      |
| Total Outstanding and Exercisable | 3.28  | \$0.33         | 32,824,694                           | 19,088,363                             |

\*\*Warrant price is \$0.35 in the first year and \$0.50 in the second year.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 8. SHARE CAPITAL - continued

d) Agents' warrants:

The following is a summary of agents' warrant transactions for the six months ended April 30, 2021 and the year ended October 31, 2020:

|                              | April 30, 2021             |                                 | October 31, 2020           |                                 |
|------------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|
|                              | Number of Agents' Warrants | Weighted Average Exercise Price | Number of Agents' Warrants | Weighted Average Exercise Price |
| Balance, beginning of period | 293,542                    | \$ 0.24                         | -                          | \$ -                            |
| Issued                       | 187,250                    | 0.29                            | 293,542                    | 0.24                            |
| Exercised                    | (268,971)                  | 0.24                            | -                          | -                               |
| Balance, end of period       | 211,821                    | \$ 0.28                         | 293,542                    | \$ 0.24                         |

The following Agents' warrants were outstanding and exercisable as at April 30, 2021 and October 31, 2020:

| Expiry Date                       | Weighted Average Remaining Contractual Life (Years) | Exercise Price | April 30, 2021<br>Number of Warrants | October 31, 2020<br>Number of Warrants |
|-----------------------------------|---|----------------|--------------------------------------|--|
| May 5, 2025                       | 4.02  | \$0.15         | 2,871                                | 2,871                                  |
| June 25, 2025                     | 4.16  | \$0.24         | 21,700                               | 290,671                                |
| December 18, 2025                 | 4.64  | \$0.29         | 187,250                              | -                                      |
| Total Outstanding and Exercisable | 4.58  | \$0.28         | 211,821                              | 293,542                                |

The following assumptions were used for the Black-Scholes pricing model calculations:

|                                 | May 5, 2020 | June 25, 2020 | December 18, 2020 |
|---------------------------------|-------------|---------------|-------------------|
| Risk-free interest rate         | 0.40%       | 0.37%         | 0.45%             |
| Expected stock price volatility | 101.91%     | 102.44%       | 100.53%           |
| Expected option life in years   | 5 years     | 5 years       | 5 years           |
| Dividend rate                   | Nil         | Nil           | Nil               |

### 9. 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.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 9. SHARE-BASED PAYMENTS - continued

The following is a summary of option transactions under the Company's stock option plan for the for the six months ended April 30, 2021 and the year ended October 31, 2020:

|                              | April 30, 2021    |                                 | October 31, 2020  |                                 |
|------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|                              | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance, beginning of period | 2,709,732         | \$ 0.50                         | 2,917,232         | \$ 0.50                         |
| Granted                      | 1,700,000         | 0.38                            | -                 | -                               |
| Expired/Cancelled            | -                 | -                               | (207,500)         | 0.51                            |
| Balance, end of period       | 4,409,732         | \$ 0.45                         | 2,709,732         | \$ 0.50                         |

The following stock options were outstanding and exercisable as at April 30, 2021:

| Expiry Date       | Exercise Price | Number of Options | Contractual Life (Years) |
|-------------------|----------------|-------------------|--------------------------|
| June 6, 2022      | \$0.65         | 1,204,732         | 1.10                     |
| April 12, 2023    | \$0.75         | 100,000           | 1.95                     |
| August 27, 2024   | \$0.35         | 1,215,000         | 3.33                     |
| August 27, 2024   | \$0.35         | 190,000           | 3.33                     |
| March 5, 2023     | \$0.38         | 1,700,000         | 1.85                     |
| Total Outstanding |                | 4,409,732         | 2.12                     |
| Total Exercisable |                | 2,709,732         | 2.29                     |

On March 5, 2021, the Company granted 1,700,000 stock options (each, an "Option") to certain directors, officers, employees and consultants of the Company for the purchase of up to 1,700,000 common shares of the Company pursuant to its Stock Option Plan. Each Option is exercisable for a period of two (2) years at a price of \$0.38 per common share. Of these Options, 700,000 were granted to directors and officers of the Company and 100,000 were granted to persons providing investor relations to the Company and, pursuant to the policies of the TSX Venture Exchange, must vest over 12 months from the issuance date, with 25% vesting in each three (3) month period after the grant of the Options.

During the year ended October 31, 2020, the Company cancelled 107,500 stock options exercisable at \$0.65 per share and 100,000 stock options exercisable at \$0.35 issued to former employees and consultants of the Company.

### 10. COMMITMENTS

On May 1, 2008, the Company entered into a Management & Administration Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"). Under the terms of the agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 12 months. The agreement has subsequently been renewed in prior years and on December 1, 2020, the Company renewed the agreement for another period of 12 months.

On November 16, 2020, the Company signed an agreement with Zimtu Capital Corp. whereas Zimtu will provide services under the ZimtuADVANTAGE program. The Company paid \$100,000 up front for the initial 12-month term.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 11. RELATED PARTY TRANSACTIONS

During the six months ended April 30, 2021 and 2020, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

| <b>Key management compensation*</b>               | <b>Six months ended April 30,</b> |                |
|---|-----------------------------------|----------------|
|   | <b>2021</b>                       | <b>2020</b>    |
|   | <b>\$</b>                         | <b>\$</b>      |
| Geological services                               | 41,359                            | 12,096         |
| Administrative fees, net of wage subsidy received | 112,000                           | 185,000        |
| Consulting fees and salaries                      | 87,996                            | 62,076         |
| Share-based payments                              | 161,209                           | -              |
| Advertising and promotion                         | 50,000                            | 10,528         |
| <b>Total</b>                                      | <b>452,564</b>                    | <b>269,700</b> |

  

| <b>Amounts due to (from) related parties</b> | <b>April 30,</b> | <b>October 31,</b> |
|--|------------------|--------------------|
|  | <b>2021</b>      | <b>2020</b>        |
|  | <b>\$</b>        | <b>\$</b>          |
| Dahrouge Geological Consulting (a)           | 21,926           | 21,918             |
| Zimtu Capital Corp. (c)                      | 783              | (68)               |
| <b>Due to related parties – Net total</b>    | <b>22,709</b>    | <b>21,850</b>      |

- (a) Dahrouge Geological Consulting provides geological services to the Company. Dahrouge is controlled by a director of the Company, Jody Dahrouge.
- (b) Dr. Axel Hoppe provides guidance, direction and advice based on his professional experience in tantalum and niobium for over forty years.
- (c) Zimtu Capital Corp. is a company with common directors and management. Zimtu provides key management services to the Company.

\* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### 12. 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 short-term investments 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, 2021, the Company held cash of \$5,947,455 (October 31, 2020: \$1,052,825) and short-term investments of \$23,000 (October 31, 2020: \$23,000) with Canadian chartered banks.

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

#### b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at April 30, 2021, the Company has total current liabilities of \$1,119,979 (October 31, 2020: \$1,101,899). Management intends to meet these obligations by raising funds through future financings.

#### c) Market Risk

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

##### i) Currency Risk

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

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 12. FINANCIAL INSTRUMENTS - continued

#### c) Market Risk - continued

##### ii) Commodity Price Risk

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

##### iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company invests part of the cash balance in a variable rate GIC. The exposure to interest rate risk, however, is limited due to the short-term nature of the GIC.

#### d) Fair Value

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

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

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2021 and October 31, 2020:

|                        | As at April 30, 2021 |         |         |
|------------------------|----------------------|---------|---------|
|                        | Level 1              | Level 2 | Level 3 |
| Short term investments | \$ 23,000            | -       | -       |
| Marketable securities  | 29,056               | -       | -       |
|                        | \$ 52,056            | \$ -    | \$ -    |

  

|                        | As at October 31, 2020 |         |         |
|------------------------|------------------------|---------|---------|
|                        | Level 1                | Level 2 | Level 3 |
| Short term investments | \$ 23,000              | -       | -       |
| Marketable securities  | 17,299                 | -       | -       |
|                        | \$ 40,299              | \$ -    | \$ -    |

#### e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at April 30, 2021, the Company's shareholders' equity was \$68,670,646 (October 31, 2020: \$62,732,929). 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.



## **Commerce Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### **12. FINANCIAL INSTRUMENTS - continued**

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. The Company is not subject to any externally imposed capital requirements and there were no changes in the Company's approach to capital management during the year.

### **13. NON-CASH TRANSACTIONS**

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

#### **During the six months ended April 30, 2021:**

- Exploration and evaluation assets of \$55,948 were included in accounts payable and \$19,878 were included in due to related parties.
- Amortization of \$14,935 relating to equipment was included in exploration and evaluation assets.

#### **During the six months ended April 30, 2020:**

- Exploration and evaluation assets of \$33,765 were included in accounts payable and \$5,762 were included in due to related parties.
- Amortization of \$15,160 relating to equipment was included in exploration and evaluation assets.

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

On August 27, 2019, the Company issued 752,272 shares on a flow-through basis at \$0.55 per share for proceeds of \$413,750 and recognized a liability on flow-through shares of \$84,142. At January 31, 2021, the Company has incurred \$nil qualified expenditures. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2019, and the expenditures will be incurred prior to December 31, 2021, as all flow through expenditure spending has been extended by one year due to Covid-19.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the six months ended April 30, 2021

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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

On December 24, 2020, the Company issued 6,279,838 common shares on a “flow-through” basis at a price of \$0.31 per Share for gross proceeds of \$1,946,750. At January 31, 2021, the Company has incurred \$nil qualified expenditures. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2020 and the expenditures will be incurred prior to December 31, 2022, as all flow through expenditure spending has been extended by one year due to Covid-19.

On December 30, 2020, the Company issued 161,291 common shares on a “flow-through” basis at a price of \$0.31 per Share for gross proceeds of \$50,000. At January 31, 2021, the Company has incurred \$nil qualified expenditures. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2020 and the expenditures will be incurred prior to December 31, 2022, as all flow through expenditure spending has been extended by one year due to Covid-19.

|  | Issued on<br>August 27,<br>2019 | Issued on<br>December 23,<br>2020 | Issued on<br>December 30,<br>2020 | Total      |
|--|---------------------------------|-----------------------------------|-----------------------------------|------------|
| <b>Balance, October 31, 2020</b>                                 | \$ 84,142                       | \$ -                              | \$ -                              | \$ 84,142  |
| Liability incurred on flow-through shares issued                 | -                               | 313,992                           | 4,839                             | 318,831    |
| Settlement of flow-through share liability on incurring expenses | -                               | -                                 | -                                 | -          |
| <b>Balance, April 30, 2021</b>                                   | \$ 84,142                       | \$ 313,992                        | \$ 4,839                          | \$ 402,973 |

### 15. SUBSEQUENT EVENTS

- i. The Company has received notification from the Canada Revenue Agency (“CRA”) and Revenu Quebec that the flow through funds raised in 2019, which were to be spent prior to December 31, 2020, will receive a one-year extension, thereby requiring the funds to be spent by December 31, 2021.
- ii. Subsequent to the six months ended April 30, 2021, 13,670 share purchase warrants priced at \$0.15 were exercised for gross proceeds of \$2,051 and 6,330 share purchase warrants priced at \$0.24 were exercised for gross proceeds of \$1,519.
- iii. On May 20, 2021, the Company closed a non-brokered private placement issuing 7,836,657 units (each, a “Unit”) at a price of \$0.33 per Unit for gross proceeds of \$2,586,097. Each Unit consists of one common share in the capital of the Company (each, a “Share”) and one common share purchase warrant (each, a “Warrant”). Each Warrant is exercisable into one additional Share at a price of \$0.44 per Share for a period of five years from the closing date. The Company paid cash finder’s fees of \$85,661 and issued 255,920 finder’s warrants (each, a “Finder’s Warrant”) to certain finders in connection with the Offering. The Finder’s Warrants have the same terms and conditions as the Warrants.

**Commerce Resources Corp.**

Schedule I

Schedule of Resource Properties

For the six months ended April 30, 2021

Expressed in Canadian dollars

(Unaudited – prepared by management)

|  | Blue River<br>Claims | Eldor<br>Claims | Totals        |
|--|----------------------|-----------------|---------------|
| Acquisition costs                          |                      |                 |               |
| Balance, beginning of period               | \$ 201,602           | \$ 1,366,294    | \$ 1,567,896  |
| Staking and renewals                       | -                    | -               | -             |
| Balance, end of the period                 | 201,602              | 1,366,294       | 1,567,896     |
| Deferred exploration and development costs |                      |                 |               |
| Balance, beginning of period               | 28,093,424           | 32,334,503      | 60,427,927    |
| Amortization – field equipment and office  | 4,277                | -               | 4,277         |
| Assays                                     | 278                  | -               | 278           |
| Field equipment rental                     | 10,658               | 11,835          | 22,493        |
| Food and accommodation                     | 2,725                | 1,228           | 3,953         |
| Geology, mapping and drafting              | -                    | 33,753          | 33,753        |
| Insurance                                  | 2,882                | 4,323           | 7,205         |
| Other                                      | 25,000               | 21,120          | 46,120        |
| Metallurgy                                 | -                    | 333,185         | 333,185       |
|  | 45,820               | 405,444         | 451,264       |
| Balance, end of period                     | 28,139,244           | 32,739,947      | 60,879,191    |
| Total balance, end of period               | \$ 28,340,846        | \$ 34,106,241   | \$ 62,447,087 |

**Commerce Resources Corp.**  
Schedule of Resource Properties  
For the year ended October 31, 2020  
Expressed in Canadian dollars  
(Unaudited – prepared by management)

Schedule I  
Continued

|   | Blue River<br>Claims | Eldor<br>Claims | Totals        |
|---|----------------------|-----------------|---------------|
| <b>Acquisition costs</b>                          |                      |                 |               |
| Balance, beginning of year                        | \$ 201,602           | \$ 1,332,866    | \$ 1,534,468  |
| Staking and renewals                              | -                    | 33,428          | 33,428        |
| Balance, end of the year                          | 201,602              | 1,366,294       | 1,567,896     |
| <b>Deferred exploration and development costs</b> |                      |                 |               |
| Balance, beginning of year                        | 28,010,869           | 31,887,520      | 59,898,389    |
| Amortization – field equipment and office         | 9,004                | -               | 9,004         |
| Assays  | -                    | 919             | 919           |
| Environmental and permitting                      | -                    | 598             | 598           |
| Field equipment rental                            | 21,316               | 2,936           | 24,242        |
| Field supplies                                    | -                    | 11,925          | 11,925        |
| Food and accommodation                            | 14,282               | -               | 14,282        |
| Geology, mapping and drafting                     | -                    | 25,779          | 25,779        |
| Insurance   | 5,229                | 7,843           | 13,072        |
| Other   | 38,000               | 46,056          | 84,056        |
| Metallurgy  | -                    | 359,161         | 359,161       |
| Project management                                | 825                  | -               | 825           |
| Travel and transport                              | -                    | 8,503           | 8,503         |
|   | 88,656               | 463,720         | 552,376       |
| Balance, end of year                              | 28,099,525           | 32,351,240      | 60,450,765    |
| Mining tax credits                                | (6,101)              | (16,737)        | (22,838)      |
| Total balance, end of year                        | \$ 28,295,026        | \$ 33,700,797   | \$ 61,995,823 |