



Management Discussion & Analysis for the Year Ended October 31, 2022

The following discussion and analysis of the financial position and results of operations for COMMERCE RESOURCES CORP. (the "Company" or "Commerce") should be read in conjunction with the audited financial statements for the **year ended October 31, 2022**, which are prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All financial figures presented herein are expressed in Canadian Dollars (CDN\$) unless otherwise specified.

The effective date of this report is February 23, 2023.

Nature of Business

Commerce Resources Corp. is a Canadian mineral exploration and development company, listed on Tier 1 of the TSX Venture Exchange in Canada ("CCE"), the Frankfurt Stock Exchange in Germany ("D7H"), and the OTCQX ("CMFZF"). The Company's primary focus is on rare earth elements ("REEs") and the rare metals tantalum and niobium. Commerce's principal assets are the Eldor Property in Quebec and the Blue River Tantalum-Niobium Property in British Columbia. The technical information included in this Management Discussion & Analysis ("MD&A"), unless otherwise stated, has been reviewed by Darren L. Smith, M.Sc., P. Geol., of Dahrouge Geological Consulting Ltd. Mr. Smith is a Qualified Person under National Instrument 43-101 ("NI 43-101").

The total issued and outstanding shares of the Company total 91,654,630 as at October 31, 2022 (2021: 83,013,201) and 99,846,805 as of the date of this report.

The Company's exploration activities have led to the discovery of a significant REE deposit; the Ashram Deposit. A positive Preliminary Economic Assessment ("PEA") was completed on the rare earth element development potential of the Ashram Deposit (Effective date of July 5, 2012; revised January 7, 2015). The PEA, prepared by SGS Canada Inc., indicates that the deposit could potentially be developed economically as an open-pit mine and recommends future work applicable to the Pre-Feasibility and Feasibility study phases of economic evaluation.

For the Blue River Property, independent consultant Amec Foster Wheeler Americas Limited ("AFW") and consultant Nimbus Management Ltd completed a NI 43-101 Technical Report on the Blue River Property (as defined herein) effective March 18, 2015.

The Company is currently looking for additional financing in order to advance the Company's properties and for general working capital. As such, the Company's activities are limited by the financial constraints the Company faces. All efforts have been put forth to raise capital, including reducing the prices of warrants in order to hopefully encourage shareholders to exercise their warrants.

Chris Grove, President of Commerce Resources Corp. continues to liaise with current shareholders and new potential sources of capital, as well as responding to the expressions of interest from global majors in the Company's two projects.

Selected Annual Information

The following is a summary of the financial data of the Company for the last three completed fiscal year ends and are derived from the audited annual financial statements of the Company:

	Fiscal year ended October 31		
	2022	2021	2020
	\$	\$	\$
Total Revenues	Nil	Nil	Nil
Loss from continuing operations	(723,560)	(451,106)	(827,411)
Loss from continuing operations (per share, basic and diluted)	(0.01)	(0.01)	(0.02)
Net loss	(723,560)	(451,106)	(827,411)
Net loss (per share, basic and diluted)	(0.01)	(0.01)	(0.02)
Net comprehensive loss for the year	(723,560)	(451,106)	(827,411)
Total assets	73,188,193	71,202,000	63,834,828
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil

The Company has recorded losses in each of its three most recently completed fiscal years and expects to continue to record losses until such time as an economic resource is identified, developed, and brought into profitable commercial operation on one or more of the Company's properties or otherwise disposed of at a profit.

During the year ended October 31, 2020, the Company's operating expenses were consistent with the costs in the prior year, with the exception of share-based compensation.

During the year ended October 31, 2021, the Company's operating expenses were consistent with the costs in the prior year, and were offset by recoveries due to expenditures related to flow through shares.

During the year ended October 31, 2022, the Company's operating remained consistent with prior years.

Results of Operations

Exploration and Development Activities

Resource property expenditures for the year ended October 31, 2022 totalled \$4,754,601, compared to \$4,094,332 during the year ended October 31, 2021. Of the total, (2022: \$4,660,885, 2021: \$3,998,619) was incurred on the Eldor Property and the balance was incurred on the Blue River Project (2022: \$93,716, 2021: \$95,713).

The increase in resource property spending over the last few years is due to the availability of cash. The Company intends to increase the spending now that it has successfully raised additional capital.

Eldor Property

The Eldor Property is situated in northern Quebec approximately 130 km south of the town of Kuujuaq. The Property is 100%-owned by the Company and is composed of 244 claims comprising approximately 11,475 hectares, including the Ashram Rare Earth Deposit ("Ashram Deposit"). Of the 244 claims that comprise the Eldor Property, a total of 26 claims (1,223 ha) are currently under Option Agreement to Saville Resources Inc. where they may earn up to a 75% interest subject to certain terms and conditions. As of the Effective Date of this report, no earn-in percentage has vested. On February 14, 2023, the Company extended the Earn-In agreement with Saville for an additional year.

Exploration expenditures during the year ended October 31, 2022, totalled \$4,660,885 (2021: \$3,998,619).

In 2012, the Company reported a positive PEA for the Ashram Deposit. The PEA, prepared by independent consultants SGS Canada Inc. - Geostat (SGS Geostat) of Montreal (Blainville), indicates that the deposit could potentially be developed economically as an open-pit mine and recommends future work applicable to the Pre-feasibility phases of economic evaluation.

Key findings of the PEA (in Canadian dollars):

- 4,000 t/d open-pit operation with 0.19:1 (waste: mineralization) strip ratio over a 25-year mine life
- Pre-tax Net Present Value (NPV) of \$2.32 billion dollars at a 10% discount rate
- Pre-tax Internal Rate of Return (IRR) of 44% and pre-tax payback period of 2.25 years
- Estimated capital cost of \$763 million (including 25% contingency)
- Estimated operating cost of \$95.20/tonne treated, or approximately \$7.91/ kg of rare earth oxide (REO) produced
- Annual production averaging ~16,850 tonnes of rare earth oxide over life of mine, including 2,870 tonnes Nd oxide, 96 tonnes Eu oxide, 26 tonnes Tb oxide, 106 tonnes Dy oxide, and 440 tonnes Y oxide
- Rare earth element host mineralogy (monazite, bastnaesite, and xenotime) comprises phases amenable to recovery with processing using conventional and proven techniques

The PEA uses the mineral resource estimate for the Ashram Deposit released on March 6, 2012 (SGS Geostat, 2012):

Cut-off	Confidence Category	Tonnage (t)	TREO (%)	LREO (%)	MREO (%)	HREO (%)	MHREO (%)	MHREO/TREO (%)
1.25	Measured	1,590,000	1.77	1.60	0.089	0.085	0.17	9.8%
	Indicated	27,670,000	1.90	1.77	0.073	0.056	0.13	6.7%
	Inferred	219,800,000	1.88	1.77	0.068	0.045	0.11	6.0%

- The base case TREO cut-off grade (CoG) for the reporting of the 2012 mineral resource estimate was retained from the 2011 base case CoG of 1.25% TREO. An Ashram basket price assumption of \$35.02 per kg was used.
- LREO (Light Rare Earth Oxides) = La₂O₃ + Ce₂O₃ + Pr₂O₃ + Nd₂O₃
- MREO (Middle Rare Earth Oxides) = Sm₂O₃ + Eu₂O₃ + Gd₂O₃
- HREO (Heavy Rare Earth Oxides) = Tb₂O₃ + Dy₂O₃ + Ho₂O₃ + Er₂O₃ + Tm₂O₃ + Yb₂O₃ + Lu₂O₃ + Y₂O₃
- MHREO (Middle and Heavy Rare Earth Oxides) = MREO + HREO
- MHREO / TREO, ratio expressed as a percent

The preliminary economic assessment is preliminary in nature, in that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied

to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. The current Ashram Technical Report (effective date July 5, 2015, and revision date January 7, 2015) explains why no after-tax case is included, and that a combined tax rate of around 32.5% may apply to production. Mineral resources are not mineral reserves as they do not have demonstrated economic viability.

The Ashram Deposit remains open to the north, south, and at depth. The deposit's mineralized footprint is approximately 700 m along strike, over 350 m across, and 600 m deep.

Work Program and Eldor Updates:

On November 24, 2020, the Company announced that it had initiated a metallurgical program to produce a high-grade rare earth element (REE) mineral concentrate to satisfy a processor's request. The request is significant as a marketable mineral concentrate would potentially allow for a faster and lower-cost path to production.

On November 30, 2020, the Company announced that it had produced additional samples of acid-grade fluor spar of >98% CaF₂. The sample was made from a front-end flotation/leach/magnetic process, which is one of two approaches to acid-grade fluor spar being evaluated.

On December 31, 2020, the Company announced that it had delivered a sample of acid-spar produced from the Ashram Rare Earth and Fluor spar Deposit to an industry major as per their request. The 0.5 kg sample grades >97% CaF₂ and was produced by Hazen Research using the front-end beneficiation approach developed at their facilities in Colorado, USA.

On January 13, 2021, the Company announced encouraging results from an XRF (X-ray fluorescence) ore sorting test project initiative with MineSense, a digital mining solutions provider. The Company reported that algorithmic modelling of responses obtained from each XRF and LIBS (Laser Induced Breakdown Spectroscopy) analyses were successful in predicting the neodymium (Nd) content of the samples, among other elements. The results indicate that a shovel or belt mounted sensor could effectively estimate the Nd content of the raw run-of-mine feed, allowing for real-time grade-control and therefore more efficient and cost-effective mining.

On January 21, 2021, the Company announced that it had initiated a metallurgical program to produce an over 1-kilogram quantity of mixed rare earth carbonate (mixed REC) concentrate from Ashram Deposit material to satisfy several requests by global processors. In the rare earth industry, a mixed REC concentrate is typically viewed as the initial marketable product in the rare earth element (REE) value chain. This is because a mixed REC is readily saleable as it is the most common feedstock to REE solvent extraction facilities globally, which separate each individual REE and allow for them to be individually refined into marketable products and disseminated throughout their downstream value chains.

On February 9, 2021, the Company announced plans for a summer drill program at the Ashram Rare Earth and Fluor spar Deposit. A total of 15 to 20 NQ-size drill holes, for approximately 2,500 metres, are planned as part of a resource definition drill program focused along the northern, southern, and central portions of the Ashram Deposit.

On March 8, 2021, the Company announced that it had delivered a sample of high-grade monazite mineral concentrate from the Ashram Rare Earth and Fluor spar Deposit to an industry processor per their request (see news release dated Nov. 24, 2020). The 1.0-kilogram sample grades 44.3% rare earth oxide (REO) and was produced using the conventional recovery flowsheet developed by Hazen Research at their facilities in

Colorado.

On April 5, 2021, the Company announced that it has engaged several specialized engineering firms to advance the remaining key components of the PFS through to completion. Companies include DRA Americas, L3 Process Development, CIMA+, and BBA Engineering.

On June 22, 2021, the Company provided an update on the metallurgical program to produce mixed rare earth carbonate to satisfy third party requests by global processors. The program has increased in scope to and will now produce 2.5 kg of mixed rare earth carbonate, an increase over the initial 1.1 kg targeted.

On June 28, 2021 and July 29, 2021 the Company announced and commenced, respectively, a summer drill program at the Ashram Rare Earth and Fluorspar Deposit. The program focused on infill drilling in order to increase resource confidence from the inferred/indicated to indicated/measured categories, respectively. On August 25th, the program was announced to have been completed, and included 2,814 m over 12 drill holes.

On September 9, 2021, the Company provided an update the metallurgical program to produce mixed rare earth carbonate to satisfy third party requests by global processors. As part of this program, continued bench-scale flowsheet development, ahead of scale-up and bulk processing, has resulted in the highest REE recoveries to date into the combined high-grade monazite mineral concentrate as well as into the subsequent sulphation crack water-leach liquor phase. Specifically, a 98% REE recovery into solution from the sulphation crack phase was achieved.

On September 28, 2021, the Company announced that it has initiated a mineral processing program to determine the final Prefeasibility Study (PFS) design criteria of the front-end flowsheet for the Ashram Rare Earth and Fluorspar Deposit. The program has been designed to confirm the mineral processing components in order to establish the front-end flowsheet design criteria for the PFS.

On October 20, 2021, the Company announced that it has completed its 2021 field campaign, which has focused on the remaining field components required to support the ongoing Prefeasibility Study (PFS) on the Ashram Deposit. The work included download of various lake, drill hole, and on-site weather station data loggers, hydrology studies, an expanded bathymetry survey over Centre Pond, final infrastructure site characterization, site visits of Project's Qualified Persons (QPs), and drone and bathymetry survey over the proposed marine facility site.

October 27, 2021, the Company provided an update on the progress of the Prefeasibility Study (PFS) for the Ashram Rare Earth and Fluorspar Deposit. A gap analysis of the entire Ashram Project, from deposit to marketable product, has recently been completed by BBA Inc. A site trade-off on the tailings management facility at the mine-site has also been completed, as well as additional studies underway including concentrate transport and mine-site power generation trade-offs.

On November 8, 2021 and December 8, 2021, the Company announced 2021 drill results on the Mallard and Mirana prospects, respectively, on the Niobium Claim Group, which the Company has Optioned up to a 75% interest to Saville Resources Inc. (operator). The drill program included seven (7) holes totalling 1,349 m split over two prospects -- Mallard (681 m over three holes) and the Miranna prospect (668 m over four holes). Results include the best drill hole to date at Mallard at 1.00% Nb₂O₅ over 17.1 m, within a larger interval of 0.82% Nb₂O₅ over 42.3 m. At Miranna, the first set of drill holes to test the target returned a strong intercept of 1.20% Nb₂O₅ over 3.1 m within a larger interval of 0.72% Nb₂O₅ over 20.4 m, demonstrating the strong potential of this Prospect.

On December 22, 2021, January 17, 2022, and February 7, 2022, the Company announced core assays results from the 2021 drill program at the Ashram Deposit. Highlights include drill hole EC21-187, which returned 2.19% REO over 302.0 m, including 2.94% REO over 35.5 m; and drill hole EC21-185, which returned 2.14% REO over 222.7 m, including 2.35% over 93.5 m. Additional results include 2.15% REO over 67.9 m (EC21-190) and 2.15% over 64.4 m (EC21-191). All drill holes intersected grades consistent with previous drilling, with most remaining mineralized over their entire length. Further, strong NdPr distributions (i.e. % of Nd+Pr oxide of the total REO) continue to be returned in excess of 20-21%.

On March 1, 2022, the Company announced core assay results from the final two holes completed at the Ashram rare earth and fluorspar deposit as part of the 2021 drill program. Both drill holes (EC21-189 and 192) were collared in the south-central portions of the deposit, and intersected grades consistent with previous drilling, remaining mineralized over their entire length. Strong NdPr distributions (i.e. % of Nd+Pr oxide of the total REO) continue to be returned in excess of 20-21%, including drill hole EC21-192 with 129.5 m of 2.07% REO at an NdPr distribution of 21.5%. Core sample assays for all twelve (12) drill holes completed during the 2021 drill program have now been received.

On March 12, 2022, the Company announced that it had produced additional amounts of mixed rare earth carbonate (REC) that meets typical rare earth element (REE) market specifications, as part of its planned scale-up to larger kilogram quantities. The sample had an NdPr oxide distribution – % of Nd+Pr oxide out of the total rare earth oxide (REO) – of 22.4%, which is significantly higher than the distribution reported by several major global producers and that of the previous sample produced (21.6% NdPr).

On March 23, 2022, the Company announced a major milestone with the production of a sample of mixed rare earth carbonate (REC) that meets typical market specifications. The mixed REC sample demonstrated a strong and consistent recovery of neodymium (Nd) and praseodymium (Pr) throughout the flow sheet, resulting in a final NdPr oxide distribution - % of Nd+Pr oxide out of the total rare earth oxide (REO) - of 21.6%, which is significantly higher than several major global producers.

On April 14, 2022, the Company announced that it had entered into a new metallurgical collaboration with CanmetMINING focused on beneficiation test work for the Ashram Deposit. The primary focus for the test program will be to optimize and enhance the development of the Ashram project's base flow sheet. Funding is provided by the federal government under its critical minerals research, development and demonstration program, which targets research and development for upstream critical minerals processing, and aims to stimulate the development of battery and permanent magnet value chains in Canada.

On May 12, 2022, the Company announced it had produced additional amounts of mixed rare earth carbonate ("mixed REC") that meets typical rare earth element ("REE") market specifications, as part of its planned scale-up to larger kilogram quantities. The new sample has a neodymium (Nd) and praseodymium (Pr) distribution – i.e. % of Nd+Pr oxide of the total rare earth oxide ("REO") – of 22.4%, which is significantly higher than the distribution reported by several major global producers, and that of the previous sample produced (21.6% NdPr).

On July 15, 2022, the Company announced it had completed its first shipment of a mixed rare earth carbonate ("mixed REC") concentrate sample to a major global producer of rare earth elements ("REEs") for evaluation. The sample (gram quantities) meets typical market specifications and was produced as part of the Company's ongoing scale-up to larger kilogram quantities. The sample has a neodymium (Nd) plus praseodymium (Pr) distribution – i.e. % of Nd+Pr oxide of the total rare earth oxide ("REO") – of 24.2%, which is significantly higher than that reported by several major global producers, and that of the previous

samples produced by the Company (21.6% and 22.4% NdPr).

On July 20, 2022, the Company announced a summer drill program had commenced at the Ashram Rare Earth and Fluorspar Deposit, located in northern Quebec, with a first hole collar expected end of July/early August. A total of 2,200 m of NQ size core drilling over 7-10 holes was anticipated, focused at the Ashram Deposit in support of deposit delineation.

On July 22, 2022, the Company announced it had delivered an initial shipment of 2 kg of Ashram Deposit whole rock crushed material to an emerging rare earth element (“REE”) processor per their request. The 2 kg sample of whole rock crushed material will be used by the REE processor to assess processing at their internal laboratories and is expected to be followed in the near-term by an additional 200 kg shipment of crushed whole rock. The processor also expressed interest in receiving a sample of mixed REC concentrate produced from the Ashram Deposit.

On August 12, 2022, the Company provided an update on its 2022 drill program, announcing the mineralized footprint at Ashram had been extended an additional ~100 m to the southeast based on geological core logging and interpretation. At this time, the Company had recently completed its fourth drill hole at Ashram, with a total of approximately 1,003 m completed to date.

On September 1, 2022, the Company provided an update on Saville Resources Inc.’s (TSXv: SRE, FSE: SOJ) drill program at the Niobium Claim Group Property, which is comprised of a subset of the Company’s Eldor Property claims that cover several prospective niobium-tantalum prospects. Saville Resources had recently completed its third and final drill hole, totalling approximately 603 m (core not fully processed). All three (3) drill holes were completed at the Mallard Prospect as follow-up to the high-grade niobium mineralization returned from drilling in 2021 (0.82% Nb₂O₅ over 42.3 m, including 1.00% Nb₂O₅ over 17.1 m, in drill hole EC21-175).

On September 8, 2022, the Company provided another update announcing that it had completed the twelfth (12) and final drill hole of the 2022 program for a total of 2,760 m. The drill holes were completed – for deposit delineation – at various orientations and locations with pre-determined end-of-hole depths ranging from approximately 50 m to 410 m core length. No assays had been received as the date of the announcement.

On October 27, 2022, the Company announced it had successfully scaled up its process flowsheet with the production of approximately 1.2 kilograms of mixed rare earth carbonate (REC) concentrate and was preparing to ship to a major global processor and major emerging global processor. The sample meets typical market specification and contains an NdPr oxide distribution of 21.9%, which is significantly higher than that reported by several major global producers.

On December 5, 2022, the Company announced that it had shipped a 100 g sample of mixed rare earth concentrate (REC) to a major global processor located outside of China. The sample meets typical market specification and contains an NdPr oxide distribution of 21.9%, which is significantly higher than that reported by several major global producers. An additional 1.5 kg sample of mixed REC is targeted to be produced to satisfy other third-party requests.

On January 23, 2023, the Company reported results from Saville Resources Inc.’s 2022 drill program at its Niobium Claim Group Property, a subset of the Company’s Eldor claims, located in northern Quebec. The drill program totaled 600.0 m over three (3) holes and focused on the Mallard Prospect. High-grade mineralized intervals were returned near surface (0.78% Nb₂O₅ over 16.0 m, including 1.07% Nb₂O₅ over

3.0 m) and at depth (0.94% Nb₂O₅ over 2.5 m) in drill EC22-202.

On February 21, 2023, the Company announced core assays results for twelve (12) holes completed during its 2022 drill program at the Ashram Deposit. The primary objective was to complete resource infill as well as obtain further geological control at the south end of the deposit. Highlights include 392.8 m at 2.12% REO (21.6% NdPr) (EC22-197), 379.1 m at 2.04% REO (21.4% NdPr) (EC22-199), and 406.4 m at 1.99% REO (21.3% NdPr) (EC22-198A), each with mineralization starting from surface. Additionally, several wide intervals with ≥24% NdPr distribution (% of Nd+Pr oxide of the total REO) were returned including 36.0 m at 1.56% REO (24.0% NdPr) (EC22-198A), 32.6 m at 1.34% REO (25.8% NdPr) (EC22-196), as well as 13.8 m at 1.54% REO (26.9% NdPr) and 11.1 m at 1.40% REO (33.3% NdPr) (EC22-200).

Blue River Tantalum/Niobium Property

The Blue River Property, located in British Columbia, Canada, is host to the Upper Fir Deposit. The Upper Fir Deposit is located approximately 30 km north of the town of Blue River and is owned 100% with no underlying royalties.

Exploration expenditures during the year ended October 31, 2022, totalled \$93,713 (2021: \$95,713). Most of the work this period has been with the objective of maintaining the property and its data base for future exploration and development of the project.

Project Update Report

In connection with filing its Annual Information Form for its fiscal year ended October 31, 2014, the Company filed an updated technical report with respect to the Blue River Property, as further amended and filed on the date hereof, entitled: "NI 43-101 Blue River Tantalum-Niobium Project, British Columbia, Canada - Project Update Report" (the "Blue River Report"). The Blue River Report was prepared by AFW and Nimbus Management Ltd. with a March 18, 2015 effective date. The previous technical report, with an effective date of June 21, 2013, included results of a PEA initially reported in 2011. The economic inputs for that mining study are now considered outdated and the PEA results are no longer relevant. No additional work has been completed on the property since the effective date of the previous technical report. Any changes to the economic inputs to the mineral resource estimates are considered offsetting and therefore the estimates are unchanged since the last technical report. The Blue River Report, which incorporates all data from 2005 through 2012, shows indicated mineral resources totalling 48.4 million tonnes at 197 ppm Ta₂O₅ and 1,610 ppm Nb₂O₅ and inferred mineral resources totalling 5.4 million tonnes at 191 ppm Ta₂O₅ and 1,760 ppm Nb₂O₅. A total of 271 drill holes comprising 59,110 metres of HQ drill core and 15,512 samples were used to develop the mineral resource estimate.

Overall Performance

Source of Funds

Since November 1, 2020 to the date of this report, the Company has raised gross proceeds of \$12.1 million. These proceeds were raised for the specific purpose of advancing the Company's Eldor Property and for general working capital purposes. During this time, the Company has used approximately \$8.8 million of the proceeds for work on the Company's properties and \$2.8 million on general working capital, leaving a cash balance of \$0.5 million. The flow-through funds raised in December 2020 and December 2021 will be used to further explore the Company's Eldor property. The most recent financings are noted below:

On December 19, 2022, the Company completed a non-brokered private placement issuing 8,192,175 units (each, a “Unit”) at a price of \$0.16 per Unit for gross proceeds of \$1,310,748. 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 \$0.25 per Share for a period of three years from the closing date. The Company paid cash finder’s fees of \$2,688 and issued 16,800 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.

On December 21, 2021, the Company completed a non-brokered private placement, pursuant to which it has issued an aggregate of 8,641,429 common shares (each, a “Share”) issued on a “flow-through” basis pursuant to the Income Tax Act (Canada) at a price of \$0.28 per Share for gross proceeds of \$2,419,600 (the “Offering”). The aggregate gross proceeds from the sale of the Offering will be used to advance the developments of the Company’s Ashram REE Deposit in Quebec. In connection with the closing of the Offering, the Company paid share issue costs of \$22,253 and cash finder’s fees of \$126,500.00 to two finders.

During the year ended October 31, 2021, 2,004,910 share purchase warrants have been exercised for gross proceeds of \$437,502 and 268,971 broker warrants were exercised for gross proceeds of \$64,553.

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.

On December 30, 2020, the Company completed the second and final tranche 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.

On December 24, 2020, the Company completed a first tranche (the “First Tranche”) of the 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 \$1,946,750 (the “Offering”). In connection with the closing of the First Tranche, the Company paid cash finder’s fees of \$30,000 to one finder.

On December 21, 2020, the Company completed its non-brokered private placement, 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.

For additional details regarding the Company’s recent financing, please refer to Note 8 of the Company’s audited financial statements for the year ended October 31, 2022.

General and Administrative

Net loss for the year ended October 31, 2022, was \$723,560, compared to a net loss during the year ended October 31, 2021 of \$451,106, for a difference of \$258,799. The significant changes in expenses include:

- Administrative fees (2022: \$150,000, 2021: \$187,000) decreased due to a change in payroll policy (see below);
- Consulting fees and salaries (2022: \$335,651, 2021: \$401,389) decreased as the Company hired fewer specialized consultants during the year;
- Share-based compensation (2022: \$296,899, 2021: \$374,234) decreased due to the different valuation of options granted during the year;
- Travel expenses (2022: \$50,438, 2021: \$8,126) increased due to the resumption of travel to trade shows and financing meetings;
- Unrealized loss on marketable securities (2022: \$19,393, 2021: \$12,579 gain) increased due to the depreciation of share prices of the Company's investments; and
- Flow-through premium recovery (2022: \$580,260, 2021: \$356,534) increased due to eligible flow-through expenditures incurred in the year.

Summary of Quarterly Results

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

	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022
Revenues	Nil	Nil	Nil	Nil
Net income (loss) from continuing operations	39,869	(178,683)	(140,912)	(443,834)
Net income (loss) and comprehensive income (loss)	39,869	(178,683)	(140,912)	(443,834)
Basic and diluted net income (loss) (per share)	0.00	0.00	0.00	(0.01)

	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021
Revenues	Nil	Nil	Nil	Nil
Net income (loss) from continuing operations	672,984	(174,438)	(646,116)	(303,536)
Net income (loss) and comprehensive income (loss)	672,984	(174,438)	(646,116)	(303,536)
Basic and diluted net income (loss) (per share)	0.01	(0.00)	(0.01)	(0.00)

Over the course of the Company's previously completed eight quarters, the Company's net loss has remained at a consistent level, with the exception of the share-based payments expense recorded during the quarters ended April 30, 2021 and January 31, 2022, and the income tax recovery for flow-through expenditures during the quarters ended October 31, 2021, April 30, 2022, July 31, 2022, and October 31, 2022.

Net income for the three months ended October 31, 2022, was \$39,869, compared to net income during the three months ended October 31, 2021 of \$672,984, for a difference of \$619,460. The significant change in expense is due to the gain on the reversal of flow through liability (2022: \$nil, 2021: \$594,000) which had been set up for the tax and penalties for the 2014 flow through expenditures that were not incurred as the time period for claims from investors has elapsed.

Liquidity and Capital Resources

During the prior fiscal year and up to the date of this report, the Company has raised gross proceeds of \$12.1 million. These proceeds were raised for the specific purpose of advancing the Company's Eldor Property and for general working capital purposes. During this time, the Company has used approximately \$8.8 million of the proceeds for work on the Company's properties and \$2.8 million on general working capital, leaving a cash balance of \$0.5 million. The flow-through funds raised in December 2020 and December 2021 were spent on upcoming exploration projects. The Company believes it will be able to raise the capital required to continue to develop these properties. The Company does not have any specific work commitments or property payments, all work on the property is determined by how to best spend the funds raised, taking into consideration the Company's working capital requirements. The Company has maintained reasonable general and administrative expenditures, with advertising and promotion of the property dependent on the capital available to cover such expenditures.

The Company's present cash resources are sufficient to meet all its current liabilities and administrative and overhead expenses for the next eighteen months. The Company understands it will have to raise additional capital to continue its work on the Eldor Property, and for general working capital requirements.

The Company will continue to require funds to further the exploration of its resource properties. As a result, the Company may have to continue to rely on equity and debt financing. 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.

The Company's financial success will be dependent on the economic viability of its resource properties and the extent to which it can discover and develop new mineral deposits. Such development may take several years to complete and the amount of resulting income, if any, is difficult to determine.

All of the Company's properties are in the exploration or development stage only. Development of one or both 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 rare metals from the properties (tantalum and niobium) and rare earth elements. 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 international, economic and political trends, expectations of inflation, currency exchange fluctuations and interest rates.

As at October 31, 2022, the Company has total assets of \$73,188,193 (2021: \$71,202,000). The primary assets of the Company are exploration and evaluation assets of \$70,844,756 (2021: \$66,090,155), short term investments of \$23,000 (2021: \$23,000), equipment of \$297,777 (2021: \$327,219), marketable securities carried at \$8,985 (2021: \$29,878), reclamation bonds of \$80,000 (2021: \$80,000), right-of-use assets of \$144,387 (2021: Nil) prepaid expenses of \$708,204 (2021: \$1,083,300), GST/QST and other

receivables of \$567,291 (2021: \$307,145), and cash of \$513,793 (2021: \$3,261,303). The Company has no long-term liabilities and has working capital of \$346,311 (2021: \$3,722,091) as at October 31, 2022.

Cash From (Used in) Operating Activities: Cash used in operating activities during the year ended October 31, 2022 was \$774,137, compared with \$2,362,938 used in operating activities during the year ended October 31, 2021. Cash was mostly spent on general operating expenses, outstanding payables, and prepaid expenses related to advances for the Company’s field work program, and adjusted for items not involving cash.

Cash From Financing Activities: Total cash from financing activities during year ended October 31, 2022 was \$2,335,115 (2021: \$7,882,239), made up of shares issued for cash (2022: \$2,270,847, 2021: \$7,882,239), less principal payments of lease liabilities (2022: \$25,200, 2021: Nil), plus share subscriptions received (2022: \$89,468, 2021: \$nil).

Cash Used in Investing Activities: Total cash used in investing activities during the year ended October 31, 2022 was \$4,308,645 compared to \$3,310,823 of cash used during the year ended October 31, 2021, for the exploration and development of its mineral properties and \$157 (2021: \$nil) from the sale of marketable securities.

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, 2021 and 2022, the Company renewed the agreement for another period of 12 months.

On November 3, 2021, the Company announced it had signed an agreement with Zimtu Capital Corp. for services under the ZimtuADVANTAGE program. Under the terms of the agreement, the Company paid Zimtu \$12,500 per month for a period of twelve months.

Transactions with Related Parties

During the years ended October 31, 2022 and 2021, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Years ended October 31,	
	2022	2021
Key management compensation*	\$	\$
Geological services	655,760	536,092
Administrative fees	150,000	187,000
Consulting fees and salaries	184,368	199,310
Share-based payments	118,153	161,209
Advertising and promotion	150,000	100,000
Total	1,258,281	1,183,611

Amounts due to (from) related parties	2022	2021
	\$	\$
Dahrouge Geological Consulting (a)	115,485	17,332
Zimtu Capital Corp. (b)	368	1,059
Dr. Axel Hoppe. (c)	15,868	-
Due to related parties – Net total	131,721	18,391

Dahrouge Geological Consulting provides geological services to the Company. Dahrouge is controlled by a director of the Company, Jody Dahrouge.

(a) 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.

Off Balance Sheet Arrangements

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

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:

	<u>Year Ended</u>	<u>Year ended</u>
	<u>October 31, 2022</u>	<u>October 31, 2021</u>
Capitalized or Expensed Exploration and Development Costs	\$4,754,601	\$4,094,332
General and Administration Expenses	\$1,290,252	\$1,416,132

Disclosure of Outstanding Share Capital

The total issued and outstanding shares of the Company total 91,654,630 as October 31, 2022 (2021: 83,013,201) and 99,846,805 as of the date of this report.

The following is a breakdown of the share capital of the Company:

	<u>February 23, 2023</u>	<u>October 31, 2022</u>	<u>October 31, 2021</u>	<u>October 31, 2020</u>
Common Shares	99,846,805	91,654,630	83,013,201	50,890,293
Stock Options	9,855,000	5,255,000	4,409,732	2,917,232
Warrants	48,683,526	40,491,351	40,491,351	19,088,363
Agents' Warrants	484,541	467,741	467,741	293,542
Fully Diluted Shares	158,869,872	137,868,722	128,382,025	73,189,430

On February 21, 2023, the Company announced that it has granted an aggregate of 4,600,000 stock options (each, an "Option") to certain directors, officers, employees, and consultants of the Company for the purchase of up to 4,600,000 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 \$0.185 per common share. Of the Options, 400,000 are being granted to persons providing investor relations services 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.

On December 19, 2022, the Company completed a non-brokered private placement, issuing 8,192,175 units (each, a "Unit") at a price of \$0.16 per Unit for gross proceeds of \$1,310,748 (the "Offering"). 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 \$0.25 per Share for a period of three (3) years from closing of the Offering (the "Closing"). The Company paid cash finder's fees of \$2,688 and issued 16,800 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. 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. Completion of the Offering is subject to the approval of the Exchange. The net proceeds from the sale of the Offering will be used towards continued work on the pre-feasibility study for the Company's Ashram REE/ Fluorspar Deposit, the production of commercially marketable samples of Rare Earth concentrates as requested by industry majors and for general working capital purposes.

On March 5, 2021, the Company announced that it has granted an aggregate of 1,800,000 stock options (each, an "Option") to certain directors, officers, employees and consultants of the Company for the purchase of up to 1,800,000 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, 200,000 are being 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.

On September 24, 2021, the Company announced that it has applied to the TSX Venture Exchange (the "Exchange") for an amendment to the terms of the 9,674,153 warrants (the "Warrants") issued in connection with the Company's private placement which held its first closing on October 11, 2019 and second closing on October 31, 2019. The Company proposes to extend the expiry date of the Warrants from October 11, 2021 to October 11, 2024 in respect of the first closing and October 31, 2021 to October 31, 2024 in respect of the second closing. In addition, the Company has applied for an amendment of the Warrants' exercise price from \$0.50 to \$0.285. All other terms of the Warrants will remain the same. The extension of the expiry date and repricing was approved by the Exchange on October 1, 2021. Only 10% of the placements held by insiders was eligible for repricing.

On December 8, 2021, the Company granted 2,500,000 stock options (each, an "Option") to certain

directors, officers, employees and consultants of the Company for the purchase of up to 2,500,000 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 \$0.23 per common share. Of these Options, 150,000 are being granted to persons providing investor relations services 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.

For additional details of outstanding share capital, refer to Notes 8 and 9 of the audited financial statements for the year ended October 31, 2022.

Industry and Economic Factors Affecting Performance

As a mineral exploration and development company, Commerce's performance is affected by a number of industry and economic factors and exposure to certain environmental risks and regulatory requirements. These include metal prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in providing high-risk equity capital to exploration companies, and the availability of qualified staff and equipment such as drilling rigs to conduct exploration.

Risk Factors

Mineral exploration and development involves a high degree of risk such that few properties, which are explored, are ultimately developed into producing mines. With respect to the Company's properties, where mineral resources exist, substantial expenditures will be required to confirm ore reserves which are sufficient to commercially mine and to obtain the required environmental approvals and permitting required to commence commercial operations. Should any mineral resource be defined on such properties there can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable saleable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control.

Environmental Risks and Other Regulatory Requirements

Any future operations of the Company, including development activities and commencement of production on its properties, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. In addition, agreements may be required with local native people groups that could have a material effect on the Company's operations. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits

which the Company may require for the construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Management

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company.

Forward Looking Statements

This Management Discussion & Analysis may contain forward-looking information and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements.

Readers can identify many of these statements by looking for words such as “believes”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues” or similar words or the negative thereof.

Forward-looking information is based on the opinions and estimates of management and its consultants at the date the information is given. It is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. The information is based on reasonable assumptions which include but are not limited to those regarding actual costs for mining and processing and their impact on the cut-off grade established, actual capital costs, forecasts of mine production rates, the timing and content of upcoming work programs, geological interpretations, potential process methods and mineral recoveries, the availability of markets for the products produced, market pricing for the products produced, etc.

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.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. There can be no assurance that the plan, intentions or expectations upon which these forward-looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. 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.

Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

Approval

The Board of Directors of Commerce Resources Corp. has approved the disclosure contained in this MD&A.

Additional Information

Additional information related to the Company can be found on the Company's website at www.commerceresources.com or on SEDAR at www.sedar.com.