



## Condensed Interim Financial Statements

For the Three Months Ended January 31, 2023

(Unaudited - Expressed in Canadian Dollars)

*The accompanying unaudited condensed interim financial statements of Commerce Resources Corp. for the three months ended January 31, 2023, 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)

	January 31, 2022	October 31, 2022
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 434,441	\$ 513,793
Marketable securities	10,108	8,985
Short-term investment (Note 5)	23,000	23,000
Taxes and other receivables	413,956	567,291
Prepaid expenses	656,517	708,204
<b>Total current assets</b>	<b>1,538,022</b>	<b>1,821,273</b>
<b>Non-current</b>		
Equipment (Note 6)	290,518	297,777
Exploration and evaluation assets (Note 7 and Schedule I)	71,358,146	70,844,756
Reclamation bonds	80,000	80,000
Right-of-use asset (Note 15)	136,214	144,387
<b>Total Assets</b>	<b>\$ 73,402,900</b>	<b>\$ 73,188,193</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 14)	\$ 587,490	\$ 1,288,155
Due to related parties (Note 11)	15,176	131,721
Lease liabilities (Note 15)	28,039	27,214
Liability for flow-through shares (Note 14)	-	27,872
<b>Total current liabilities</b>	<b>630,705</b>	<b>1,474,962</b>
<b>Non-current</b>		
Lease liabilities (Note 15)	114,478	121,805
<b>Total Liabilities</b>	<b>745,183</b>	<b>1,596,767</b>
<b>Shareholders' Equity</b>		
Share capital (Note 8)	98,609,127	97,315,234
Reserves (Note 9)	10,371,997	10,370,707
Share subscriptions received (Note 17)	-	89,468
Deficit	(36,323,407)	(36,183,983)
<b>Total Shareholders' Equity</b>	<b>72,657,717</b>	<b>71,591,426</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 73,402,900</b>	<b>\$ 73,188,193</b>

#### Subsequent events - Note 16

Approved and authorized by the Board of Directors on March 22, 2023:

*"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 three months ended January 31, 2023 and 2022

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2023	2022
<b>Expenses</b>		
Administration fees and rent (Note 10 & 11)	\$ 39,250	\$ 37,500
Advertising and website	23,190	41,856
Consulting fees (Note 11)	71,224	63,033
Filing and transfer agent fees	10,843	9,887
Insurance	3,327	3,151
Investor relations	-	9,508
Lease interest (Note 15)	4,298	-
Office, telephone and miscellaneous	1,705	14,807
Professional fees	4,361	9,362
ROU asset depreciation (Note 15)	8,173	-
Share-based payments (Note 9)	-	283,876
Travel	3,388	6,026
<b>Loss before other items</b>	<b>(169,759)</b>	<b>(479,006)</b>
<b>Other items:</b>		
Interest income	1,219	1,145
Flow-through premium recovery (Note 14)	27,872	43,821
Foreign exchange losses	121	(3,953)
Unrealized gain (loss) on marketable securities	1,123	(5,841)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (139,424)</b>	<b>\$ (443,834)</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.00</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>95,483,581</b>	<b>86,864,273</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 three months ended January 31, 2023 and 2022  
 As expressed in Canadian dollars  
 (Unaudited – prepared by management)

	Note	Number of Shares	Share Capital	Share subscriptions received	Reserves	Deficit	Total
<b>Balance, October 31, 2021</b>		<b>83,013,201</b>	<b>\$ 95,606,080</b>	<b>\$ -</b>	<b>\$ 10,073,808</b>	<b>\$ (35,460,423)</b>	<b>\$ 70,219,465</b>
Flow-through shares issued for cash	8	8,641,429	1,857,908	-	-	-	1,857,908
Share issuance costs		-	(147,304)	-	-	-	(147,304)
Share-based compensation	9	-	-	-	283,876	-	283,876
Net loss for the period		-	-	-	-	(443,834)	(443,834)
<b>Balance, January 31, 2022</b>		<b>91,654,630</b>	<b>\$ 97,316,684</b>	<b>\$ -</b>	<b>\$ 10,357,684</b>	<b>\$ (35,904,257)</b>	<b>\$ 71,770,111</b>
	Note	Number of Shares	Share Capital	Share subscriptions received	Reserves	Deficit	Total
<b>Balance, October 31, 2022</b>		<b>91,654,630</b>	<b>\$ 97,315,234</b>	<b>\$ 89,468</b>	<b>\$ 10,370,707</b>	<b>\$ (36,183,983)</b>	<b>\$ 71,591,426</b>
Shares issued for cash	8	8,192,175	1,310,748	(89,468)	-	-	1,221,280
Share issuance costs		-	(16,855)	-	1,290	-	(15,565)
Net loss for the period		-	-	-	-	(139,424)	(139,424)
<b>Balance, January 31, 2023</b>		<b>99,846,805</b>	<b>\$ 98,609,127</b>	<b>\$ -</b>	<b>\$ 10,371,997</b>	<b>\$ (36,323,407)</b>	<b>\$ 72,657,717</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 three months ended January 31, 2023 and 2022

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2023	2022
<b>CASH FLOWS (USED IN) OPERATING ACTIVITIES:</b>		
Net loss for the period	\$ (139,424)	\$ (443,834)
Add (deduct) items not affecting cash:		
ROU asset depreciation	8,173	-
Lease interest	4,298	-
Deferred income taxes	(27,872)	(43,821)
Unrealized (gain) loss on marketable securities	(1,123)	5,841
Share-based payments	-	283,876
	(155,948)	(197,938)
Changes in non-cash working capital items related to operations:		
Taxes and other receivables	153,335	(167,945)
Prepaid expenses	51,687	114,941
Due to related parties	(15,525)	(3,115)
Accounts payable and accrued liabilities	(505,054)	(16,141)
<b>Net cash (used in) operating activities</b>	<b>(471,505)</b>	<b>(270,198)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Share subscriptions received	(89,468)	-
Payments of lease liabilities	(10,800)	-
Issue of share capital, net of share issuance costs	1,295,183	2,272,297
<b>Net cash flows from financing activities</b>	<b>1,194,915</b>	<b>2,272,297</b>
<b>CASH FLOWS (USED IN) INVESTING ACTIVITIES:</b>		
Exploration and evaluation costs, net of tax credits received	(802,762)	(1,390,355)
<b>Net cash (used in) investing activities</b>	<b>\$ (802,762)</b>	<b>\$ (1,390,355)</b>
<b>Increase (decrease) in cash</b>	<b>(79,352)</b>	<b>611,744</b>
<b>Cash, beginning of period</b>	<b>513,793</b>	<b>3,261,303</b>
<b>Cash, end of period</b>	<b>\$ 434,441</b>	<b>\$ 3,873,047</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 three months ended January 31, 2023

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”), the Frankfurt Stock Exchange in Germany (“D7H”), and the OTCQX (“CMFZF”). 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 March 22, 2023.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of \$907,317 at January 31, 2023 (October 31, 2022 - \$346,311), 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.

## 2. BASIS OF PRESENTATION

### Statement of Compliance

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

### 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.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### 2. BASIS OF PRESENTATION - continued

#### Basis of Measurement - continued

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 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 is 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
- The incremental rate of borrowing used in the measurement of the lease liability was based on the interest rate of other junior mining companies' borrowing rate.

#### Judgments

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

- Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs  
Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.
- Production stage of a mine  
The determination of the date on which a mine enters the production stage is a significant judgment since capitalization of certain costs ceases upon entering production.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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

#### Judgments - continued

- Provisions for reclamation  
Management assesses its provision for reclamation on an annual basis or when new information becomes available. This assessment includes the estimation of the future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.
- 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, 2022. Therefore, these condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2022.

### 5. SHORT-TERM INVESTMENTS

At January 31, 2023, the Company had a guaranteed investment certificate ("GIC's") valued at \$23,000 (October 31, 2022: \$23,000) with an interest rate of prime less 2.7% (October 31, 2022: 2.7%) and a maturity date of October 26, 2023 (October 31, 2022: October 27, 2022).

### 6. EQUIPMENT

	Field Equipment	Field Office Building	Leasehold Improvements	Land	Total
<b>Costs</b>					
January 31, 2023 and October 31, 2022	\$ 316,931	\$ 303,748	\$ 255,796	\$ 120,282	\$ 996,757
<b>Accumulated Amortization</b>					
October 31, 2021	316,931	141,223	211,284	-	669,538
Additions	-	1,930	5,329	-	7,259
October 31, 2022	316,931	149,349	232,700	-	698,980
Additions	-	1,930	5,329	-	7,259
January 31, 2023	\$ 316,931	\$ 151,279	\$ 238,029	\$ -	\$ 706,239
<b>Net Book Value</b>					
October 31, 2022	\$ -	\$ 154,399	\$ 23,096	\$ 120,282	\$ 297,777
January 31, 2023	\$ -	\$ 152,469	\$ 17,767	\$ 120,282	\$ 290,518

During the three months ended January 31, 2023, \$7,259 (January 31, 2022: \$7,361) of amortization has been capitalized to Exploration and Evaluation Assets.



## **Commerce Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

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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. On February 14, 2023, the Company announced the extension of the Earn-In agreement with Saville Resources Inc. on the Company's Niobium Claim Group Property in Quebec for an additional one year.

### **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 99,846,805 as at January 31, 2023 (October 31, 2022: 91,654,630).

#### **During the three months ended January 31, 2023:**

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.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 8. SHARE CAPITAL - continued

#### During the year ended October 31, 2022:

On December 21, 2021, the Company completed a non-brokered private placement, issuing 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”). 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 to two finders. Of the gross proceeds, \$561,693 was allocated to liability for flow-through shares (See Note 14).

#### c) Share purchase warrants:

The following is a summary of share purchase warrant transactions for the three months ended January 31, 2023 and the year ended October 31, 2022:

	January 31, 2023		October 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	40,491,351	\$ 0.33	40,491,351	\$ 0.33
Issued	8,192,175	0.25	-	-
Balance, end of period	48,683,526	\$ 0.32	40,491,351	\$ 0.33

The following share purchase warrants were outstanding and exercisable as at January 31, 2023 and October 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Original Exercise Price	Revised Exercised Price	January 31, 2023 Number of Warrants	October 31, 2022 Number of Warrants
October 11, 2024	1.70	\$0.50	\$0.285	3,124,450	3,124,450
October 11, 2024	1.70	\$0.50	\$0.50	5,903,550	5,903,550
October 31, 2024	1.75	\$0.50	\$0.285	646,153	646,153
May 5, 2025	2.26	\$0.15	\$0.15	2,241,982	2,241,982
June 25, 2025	2.40	\$0.24	\$0.24	5,167,318	5,167,318
December 18, 2025	2.88	\$0.29	\$0.29	15,571,241	15,571,241
May 20, 2026	3.30	\$0.44	\$0.44	7,836,657	7,836,657
December 19, 2025	2.88	\$0.25	\$0.25	8,192,175	-
Total Outstanding and Exercisable	2.64		\$0.32	48,683,526	40,491,351

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 8. SHARE CAPITAL - continued

#### c) Share purchase warrants - continued

On September 24, 2021, the Company 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 proposed 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 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.

#### d) Agents’ warrants:

The following is a summary of agents’ warrant transactions for the three months ended January 31, 2023 and the year ended October 31, 2022:

	January 31, 2023		October 31, 2022	
	Number of Agents’ Warrants	Weighted Average Exercise Price	Number of Agents’ Warrants	Weighted Average Exercise Price
Balance, beginning of period	467,741	\$ 0.37	467,741	\$ 0.37
Issued	16,800	0.25	-	-
Balance, end of period	484,541	\$ 0.36	467,741	\$ 0.37

The following Agents’ warrants were outstanding and exercisable as at January 31, 2023 and October 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	January 31, 2023 Number of Warrants	October 31, 2022 Number of Warrants
May 5, 2025	2.26	\$0.15	2,871	2,871
June 25, 2025	2.40	\$0.24	21,700	21,700
December 18, 2025	2.88	\$0.29	187,250	187,250
May 20, 2026	3.30	\$0.44	255,920	255,920
December 19, 2025	2.88	\$0.25	16,800	-
Total Outstanding and Exercisable	3.08	\$0.36	484,541	467,741

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

	December 18, 2020	May 20, 2021	December 19, 2022
Risk-free interest rate	0.45%	0.94%	3.42%
Expected stock price volatility	100.53%	100.21%	88.61%
Expected option life in years	5 years	5 years	3 years
Dividend rate	Nil	Nil	Nil

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

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(Unaudited – prepared by management)

### 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.

The following is a summary of option transactions under the Company's stock option plan for the three months ended January 31, 2023 and the year ended October 31, 2022:

	January 31, 2023		October 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	5,255,000	\$ 0.31	4,409,732	\$ 0.45
Cancelled	-	-	(450,000)	0.30
Expired	-	-	(1,204,732)	0.65
Granted	-	-	2,500,000	0.23
Balance, end of period	5,255,000	\$ 0.31	5,255,000	\$ 0.31

The following stock options were outstanding and exercisable as at January 31, 2023:

Expiry Date	Exercise Price	Number of Options	Contractual Life (Years)
April 12, 2023	\$0.75	100,000	0.19
August 27, 2024	\$0.35	1,115,000	1.57
August 27, 2024	\$0.35	190,000	1.57
March 5, 2023	\$0.38	1,575,000	0.09
December 8, 2023	\$0.23	2,275,000	0.85
Total Outstanding and exercisable		5,255,000	0.79

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. Subsequent to the issuance of the options, 225,000 were cancelled.

See Note 16.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 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, 2022, 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 and it expenses the cost on a monthly basis. On November 3, 2021, the Company announced it had resigned the agreement for services under the ZimtuADVANTAGE program. Under the terms of the agreement, the Company will pay Zimtu \$12,500 per month for a period of twelve months, expiring October 31, 2022.

### 11. RELATED PARTY TRANSACTIONS

During the three months ended January 31, 2023 and 2022, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

Key management compensation*	Three Months ended January 31,	
	2023	2022
	\$	\$
Geological services	19,760	85,559
Administrative fees	39,250	37,500
Consulting fees and salaries	403	38,964
Share-based payments	-	118,153
Advertising and promotion	12,500	37,500
Total	71,913	317,676

Amounts due to (from) related parties	January 31,	October 31,
	2023	2022
	\$	\$
Dahrouge Geological Consulting (a)	14,465	115,485
Zimtu Capital Corp. (b)	711	368
Dr. Axel Hoppe. (c)	-	15,868
Due to related parties – Net total	15,176	131,721

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

(b) Zimtu Capital Corp. is a company with common directors and management. Zimtu provides key management services to the Company.

(c) Dr. Axel Hoppe is a director of 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.

## **Commerce Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### **11. RELATED PARTY TRANSACTIONS - continued**

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.

### **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 January 31, 2023, the Company held cash of \$434,441 (October 31, 2022: \$513,793) and short-term investments of \$23,000 (October 31, 2022: \$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 January 31, 2023, the Company has total current liabilities of \$630,705 (October 31, 2022: \$1,474,962). Management intends to meet these obligations by raising funds through future financings.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 12. FINANCIAL INSTRUMENTS - continued

#### c) Market Risk

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

##### i) Currency Risk

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

##### ii) Commodity Price Risk

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

##### iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company 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 January 31, 2023 and October 31, 2022:

	As at January 31, 2023		
	Level 1	Level 2	Level 3
Short-term investments	\$ 23,000	-	-
Marketable securities	10,108	-	-
	\$ 33,108	\$ -	\$ -

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

### 12. FINANCIAL INSTRUMENTS - continued

	As at October 31, 2022		
	Level 1	Level 2	Level 3
Short-term investments	\$ 23,000	-	-
Marketable securities	8,985	-	-
	\$ 31,985	\$ -	\$ -

#### e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at January 31, 2023, the Company's shareholders' equity was \$72,657,717 (October 31, 2022: \$71,591,426). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the exploration of its mineral properties, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties. 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 three months ended January 31, 2023:

- Exploration and evaluation assets of \$629,719 were included in accounts payable and \$14,465 were included in due to related parties.
- Amortization of \$7,259 relating to equipment was included in exploration and evaluation assets.

#### During the three months ended January 31, 2022:

- Exploration and evaluation assets of \$256,656 were included in accounts payable and \$40,378 were included in due to related parties.
- Amortization of \$7,361 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.



## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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

On December 21, 2021, the Company issued 8,641,429 common shares on a “flow-through” basis at a price of \$0.28 per Share for gross proceeds of \$2,419,600. The flow-through proceeds were renounced under the Look-back Rule on December 31, 2021. At December 31, 2022, the Company has incurred \$2,419,600 qualified expenditures.

As at December 31, 2022, all flow-through expenditures have been incurred.

	<b>Issued on December 21, 2021</b>
<b>Balance, October 31, 2022</b>	\$ 27,872
Settlement of flow-through share liability on incurred expenses	(27,872)
<b>Balance, January 31, 2023</b>	\$ -

### 15. LEASE LIABILITIES

On April 1, 2022, the Company entered a five-year premises lease for storage space. The incremental borrowing rate was estimated by management to be 12% per annum.

#### a) Right of use asset

As at January 31, 2023 and October 31, 2022, the right-of-use asset recorded for the Company’s storage premises is as follows:

	<b>2022</b>
<b>Balance, October 31, 2021</b>	\$ -
Additions	163,457
Depreciation	(19,070)
<b>Balance, October 31, 2022</b>	<b>\$ 144,387</b>
Depreciation	(8,173)
<b>Balance, January 31, 2023</b>	<b>\$ 136,214</b>

#### b) Lease liability

The net change in the lease liability is as follows:

	<b>2022</b>
<b>Balance, October 31, 2021</b>	\$ -
Additions	163,457
Principal payments	(14,438)
<b>Balance, October 31, 2022</b>	<b>\$ 149,019</b>
Principal payments	(6,502)
<b>Balance, January 31, 2023</b>	<b>\$ 142,517</b>

During the three months ended January 31, 2023, interest of \$4,298 (January 31, 2022 - \$nil) is included in interest expense.

## Commerce Resources Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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### 15. LEASE LIABILITIES – continued

Minimum lease payments in respect of lease liabilities and the effect of discounting are as follows:

	<b>January 31, 2023</b>
Undiscounted minimum lease payments	
Less than one year	\$ 43,200
Two to five years	141,098
	<u>184,298</u>
Effect of discounting	(41,781)
Present value of minimum lease payments	<u>142,517</u>
Less current portion	<u>(28,039)</u>
Long-term portion	<u>\$ 114,478</u>

### 16. SUBSEQUENT EVENTS

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 March 5, 2023, 1,575,000 stock options priced at \$0.38 expired unexercised.

**Commerce Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

**Schedule of Resource Properties (2023)****Schedule I**

<b>For the three months ended January 31, 2023</b>	<b>Blue River Claims</b>	<b>Eldor Claims</b>	<b>Totals</b>
<b>Acquisition costs</b>			
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
<b>Deferred exploration and development costs</b>			
Balance, beginning of period	28,282,853	40,994,007	69,276,860
Amortization – field equipment and office	1,930	-	1,930
Assays and analytical	-	182,957	182,957
Drilling	-	-	-
Environmental and permitting	-	363	363
Field equipment rental and supplies	5,329	-	5,329
Camp, food and accommodation	835	4,888	5,723
Fuel	-	-	-
Geology, mapping and drafting	1,602	4,806	6,408
Insurance	2,655	3,982	6,637
Lobbying and consulting	-	3,520	3,520
Metallurgy	-	290,189	290,189
Other	4,500	1,655	6,155
Travel and transport	-	4,179	4,179
	16,851	496,539	513,390
Balance, end of period	28,299,704	41,490,546	69,790,250
Total balance, end of period	\$ 28,501,306	\$ 42,856,840	\$ 71,358,146

**Commerce Resources Corp.**

Notes to the Condensed Interim Financial Statements

For the three months ended January 31, 2023

Expressed in Canadian Dollars

(Unaudited – prepared by management)

**Schedule of Resource Properties (2022)****Schedule I**

<b>For the year ended October 31, 2022</b>	<b>Blue River Claims</b>	<b>Eldor Claims</b>	<b>Totals</b>
<b>Acquisition costs</b>			
Balance, beginning of year	\$ 201,602	\$ 1,366,294	\$ 1,567,896
Staking and renewals	-	-	-
Balance, end of the year	201,602	1,366,294	1,567,896
<b>Deferred exploration and development costs</b>			
Balance, beginning of year	28,189,137	36,333,122	64,522,259
Amortization – field equipment and office	8,126	-	8,126
Assays and analytical	-	279,890	279,890
Drilling	-	553,722	553,722
Environmental and permitting	-	1,076	1,076
Field equipment rental and supplies	21,316	213,371	234,687
Camp, food and accommodation	13,843	232,829	246,672
Fuel	-	156,983	156,983
Geology, mapping and drafting	399	529,245	529,644
Insurance	7,282	11,127	18,409
Lobbying and consulting	-	18,800	18,800
Metallurgy	-	2,016,890	2,016,890
Other	42,750	25,567	68,317
Travel and transport	-	621,385	621,385
	93,716	4,660,885	4,754,601
Balance, end of year	28,282,853	40,994,007	69,276,860
Total balance, end of year	\$ 28,484,455	\$ 42,360,301	\$ 70,844,756