



Condensed Interim Consolidated Financial Statements

For the Three Months Ended January 31, 2024

(Unaudited - Expressed in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Commerce Resources Corp. for the three months ended January 31, 2024, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

Commerce Resources Corp.

Condensed Interim Consolidated Statements of Financial Position

As expressed in Canadian dollars

(Unaudited – prepared by management)

	January 31, 2024	October 31, 2023
Assets		
Current		
Cash	\$ 3,274,280	\$ 3,954,990
Marketable securities	5,054	5,616
Short-term investment (Note 5)	23,000	23,000
Taxes and other receivables	20,913	-
Due from related parties (Note 11)	2,600	35,516
Prepaid expenses	376,424	432,338
Total current assets	3,702,271	4,451,460
Non-current		
Equipment (Note 6)	265,128	268,741
Exploration and evaluation assets (Note 7 and Schedule I)	72,592,366	72,375,839
Reclamation bonds	80,000	80,000
Right-of-use asset (Note 14)	103,522	111,696
Total Assets	\$ 76,743,287	\$ 77,287,736
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 115,389	\$ 368,631
Due to related parties (Note 11)	54,659	56,392
Taxes payable	16,859	24,205
Lease liabilities (Note 14)	31,595	27,214
Total current liabilities	218,502	476,442
Non-current		
Lease liabilities (Note 14)	82,883	94,591
Total Liabilities	301,385	571,033
Shareholders' Equity		
Share capital (Note 8)	103,574,205	103,574,799
Reserves (Note 9)	11,022,110	11,022,110
Deficit	(38,154,413)	(37,880,206)
Total Shareholders' Equity	76,441,902	76,716,703
Total Liabilities and Shareholders' Equity	\$ 76,743,287	\$ 77,287,736

Commitments - Note 10**Subsequent events - Note 15**

Approved and authorized by the Board of Directors on March 21, 2024:

*"Christopher Grove"*_____
Director*"Ian Graham"*_____
Director

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

Commerce Resources Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the three months ended January 31, 2024 and 2023

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2024	2023
Expenses		
Administration fees and rent (Notes 10 & 11)	\$ 42,500	\$ 39,250
Advertising and website	47,983	23,190
Consulting fees (Note 11)	90,227	71,224
Director fees (Note 11)	28,750	-
Filing and transfer agent fees	11,310	10,843
Insurance	3,251	3,327
Lease interest (Note 14)	3,473	4,298
Office, telephone and miscellaneous	4,046	1,705
Professional fees	50,391	4,361
ROU asset depreciation (Note 14)	8,173	8,173
Travel	10,601	3,388
Loss before other items	(300,705)	(169,759)
Other items:		
Interest income	28,273	1,219
Flow-through premium recovery	-	27,872
Foreign exchange losses	(1,213)	121
Unrealized loss on marketable securities	(562)	1,123
Net loss and comprehensive loss for the period	\$ (274,207)	\$ (139,424)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	168,021,555	95,483,581

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

Commerce Resources Corp.

Condensed Interim Consolidated Statements of Changes in Equity

For the three months ended January 31, 2024 and 2023

As expressed in Canadian dollars

(Unaudited – prepared by management)

	Note	Number of Shares	Share Capital	Share subscriptions received	Reserves	Deficit	Total
Balance, October 31, 2022		91,654,630	\$ 97,315,234	\$ 89,468	\$ 10,370,707	\$ (36,183,983)	\$ 71,591,426
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)
Balance, January 31, 2023		99,846,805	\$ 98,609,127	\$ -	\$ 10,371,997	\$ (36,323,407)	\$ 72,657,717
	Note	Number of Shares	Share Capital	Share subscriptions received	Reserves	Deficit	Total
Balance, October 31, 2023		168,021,555	\$ 103,574,799	\$ -	\$ 11,022,110	\$ (37,880,206)	\$ 76,716,703
Share issuance costs		-	(594)	-	-	-	(594)
Net loss for the period		-	-	-	-	(274,207)	(274,207)
Balance, January 31, 2024		168,021,555	\$ 103,574,205	\$ -	\$ 11,022,110	\$ (38,154,413)	\$ 76,441,902

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

Commerce Resources Corp.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended January 31, 2024 and 2023

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2024		2023
CASH FLOWS USED IN OPERATING ACTIVITIES:			
Net loss for the period	\$ (274,207)	\$	(139,424)
Add (deduct) items not affecting cash:			
ROU asset depreciation	8,174		8,173
Lease interest	3,473		4,298
Flow-through premium recovery	-		(27,872)
Unrealized loss (gain) on marketable securities	562		(1,123)
	(261,998)		(155,948)
Changes in non-cash working capital items related to operations:			
Taxes and other receivables	(28,259)		153,335
Prepaid expenses	55,914		51,687
Due to related parties	3,875		(15,525)
Accounts payable and accrued liabilities	22,869		(505,054)
Net cash used in operating activities	(207,599)		(471,505)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Share subscriptions received	-		(89,468)
Payments of lease liabilities	(10,800)		(10,800)
Issue of share capital, net of share issuance costs	(594)		1,295,183
Net cash flows from financing activities	(11,394)		1,194,915
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Exploration and evaluation costs, net of tax credits received	(461,717)		(802,762)
Net cash used in investing activities	(461,717)		(802,762)
Increase (decrease) in cash	(680,710)		(79,352)
Cash, beginning of period	3,954,990		513,793
Cash, end of period	\$ 3,274,280	\$	434,441

Supplemental disclosure with respect to cash flows – Note 13

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

Commerce Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2024

Expressed in Canadian Dollars

(Unaudited – prepared by management)

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, registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

On July 12, 2023, the Company incorporated Capacitor Metals Corp., a British Columbia company and a wholly-owned subsidiary of the Company.

These consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on March 21, 2024.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of \$3,483,769 at January 31, 2024 (October 31, 2023 - \$3,975,018), 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 condensed interim consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and condensed interim consolidated 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 to be found not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the condensed interim consolidated 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.

Commerce Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2024

Expressed in Canadian Dollars

(Unaudited – prepared by management)

2. BASIS OF PRESENTATION - continued

Basis of Measurement and Consolidation

The condensed interim consolidated financial statements have been prepared on the historical cost basis, except for cash equivalents which are reflected at fair value as set out in the accounting policies below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed interim consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary Capacitor Metals Corp. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

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 condensed interim consolidated 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;
- 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; and
- 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.

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 condensed interim consolidated 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

Commerce Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2024

Expressed in Canadian Dollars

(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

Judgments – continued

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.
- *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 consolidated financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended October 31, 2023. Therefore, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2023.

5. SHORT-TERM INVESTMENTS

At January 31, 2024, the Company had a guaranteed investment certificate ("GIC's") valued at \$23,000 (October 31, 2023: \$23,000) with an interest rate of prime less 2.7% (October 31, 2023: 2.7%) and a maturity date of November 7, 2024 (October 31, 2023: November 7, 2024).

6. EQUIPMENT

	Field Office Building	Leasehold Improvements	Land	Total
Costs				
October 31, 2023 and January 31, 2024	\$ 303,748	\$ 255,796	\$ 120,282	\$ 679,826
Accumulated Amortization				
October 31, 2022	149,349	232,700	-	382,049
Additions	7,720	21,316	-	29,036
October 31, 2023	157,069	254,016	-	411,085
Additions	1,833	1,780	-	3,613
January 31, 2024	\$ 158,902	\$ 255,796	\$ -	\$ 414,698
Net Book Value				
October 31, 2022	\$ 146,679	\$ 1,780	\$ 120,282	\$ 268,741
January 31, 2024	\$ 144,846	\$ -	\$ 120,282	\$ 265,128

During the three months ended January 31, 2024, \$3,613 (January 31, 2023: \$7,259) of amortization has been capitalized to Exploration and Evaluation Assets.

Commerce Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited – prepared by management)

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):

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 ("NSR") 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 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 and a cash payment of \$225,000 following Exchange approval on October 11, 2018. The Company will retain a 2% 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 on the Company's Niobium Claim Group Property in Quebec for an additional one year. On December 5, 2023, the Company and Saville jointly agreed to terminate the agreement and in consideration for the work completed, the Company forgave the outstanding debt of \$369,290 owing from Saville recorded in other receivables.

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.

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 168,021,555 as at January 31, 2024 (October 31, 2023: 91,654,630).

During the year ended October 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 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 Consolidated Financial Statements

For the three months ended January 31, 2024

Expressed in Canadian Dollars

(Unaudited – prepared by management)

8. SHARE CAPITAL - continued

During the year ended October 31, 2023: - continued

On October 30, 2023, the Company completed a non-brokered private placement issuing 68,174,750 units (each, a “Unit”) at a price of \$0.08 per Unit for gross proceeds of \$5,453,980 (the “Offering”). 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 entitles the holder to acquire one additional Share at a price of \$0.12 per Share for a period of three (3) years from the closing of the Offering. All securities issued in connection with the Offering are subject to a statutory hold period expiring four months and one day after closing of the Offering, as well all securities are subject to a voluntary hold period of 12 months from the date of issuance. The Company paid cash finder’s fees of \$149,644 and issued 112,210 finder’s warrants entitling the holder to acquire one common share per finder’s warrant at a price of \$0.12 per share for a period of 36 months from the date of issuance. Additionally, 4,950,000 finder’s warrants were issued entitling the holder to acquire one common share per finder’s warrant at a price of \$0.08 per share for a period of two years from the date of issuance.

c) Share purchase warrants:

The following is a summary of share purchase warrant transactions for the three months ended January 31, 2024 and the year ended October 31, 2023:

	January 31, 2024		October 31, 2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	116,858,276	\$ 0.20	40,491,351	\$ 0.33
Issued	-	-	76,366,925	0.13
Balance, end of period	116,858,276	\$ 0.20	116,858,276	\$ 0.20

The following share purchase warrants were outstanding and exercisable as at January 31, 2024 and October 31, 2023:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Original Exercise Price	Revised Exercise Price	January 31, 2024 Number of Warrants	October 31, 2023 Number of Warrants
October 11, 2024	0.70	\$0.50	\$0.285	3,124,450	3,124,450
October 11, 2024	0.70	\$0.50	\$0.50	5,903,550	5,903,550
October 31, 2024	0.75	\$0.50	\$0.285	646,153	646,153
May 5, 2025	1.26	\$0.15	\$0.15	2,241,982	2,241,982
June 25, 2025	1.40	\$0.24	\$0.24	5,167,318	5,167,318
December 18, 2025	1.88	\$0.29	\$0.29	15,571,241	15,571,241
December 19, 2025	1.88	\$0.25	\$0.25	8,192,175	8,192,175
May 20, 2026	2.30	\$0.44	\$0.44	7,836,657	7,836,657
October 30, 2026	2.75	\$0.12	\$0.12	68,174,750	68,174,750
Total Outstanding and Exercisable	2.28		\$0.20	116,858,276	116,858,276

Commerce Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2024

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) Finders’ warrants:

The following is a summary of finders’ warrant transactions for the three months ended January 31, 2024 and the year ended October 31, 2023:

	January 31, 2024		October 31, 2023	
	Number of Finders’ Warrants	Weighted Average Exercise Price	Number of Finders’ Warrants	Weighted Average Exercise Price
Balance, beginning of period	5,546,751	\$ 0.10	467,741	\$ 0.37
Issued	-	-	5,079,010	0.08
Balance, end of period	5,546,751	\$ 0.10	5,546,751	\$ 0.10

The following Finders’ warrants were outstanding and exercisable as at January 31, 2024 and October 31, 2023:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	January 31, 2024 Number of Warrants	October 31, 2023 Number of Warrants
May 5, 2025	1.26	\$0.15	2,871	2,871
June 25, 2025	1.40	\$0.24	21,700	21,700
December 18, 2025	1.88	\$0.29	187,250	187,250
May 20, 2026	2.30	\$0.44	255,920	255,920
December 19, 2025	1.88	\$0.25	16,800	16,800
October 30, 2025	1.75	\$0.08	4,950,000	4,950,000
October 30, 2026	2.75	\$0.12	112,210	112,210
Total Outstanding and Exercisable	1.80	\$0.10	5,546,751	5,546,751

Commerce Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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Expressed in Canadian Dollars

(Unaudited – prepared by management)

8. SHARE CAPITAL - continued

d) Finders' warrants: - continued

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

	October 30, 2023	December 19, 2022
Risk-free interest rate	4.52% - 4.65%	3.42%
Expected stock price volatility	77.79% - 80%	88.61%
Expected option life in years	2-3 years	3 years
Dividend rate	Nil	Nil

9. SHARE-BASED PAYMENTS

The Company has a stock option plan for officers, directors, employees and consultants. Options are granted with an exercise price determined by the Board of Directors, which may not be less than 25% of the Company's stock price on the date of the grant. Options granted to directors, employees and consultants other than consultants engaged in investor relations activities will vest immediately. However, for options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

The following is a summary of option transactions under the Company's stock option plan for the three months ended January 31, 2024 and the year ended October 31, 2023:

	January 31, 2024		October 31, 2023	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	7,830,000	\$ 0.22	5,255,000	\$ 0.31
Cancelled	-	-	(350,000)	0.21
Expired	(2,075,000)	0.23	(1,675,000)	0.40
Granted	-	-	4,600,000	0.19
Balance, end of period	5,755,000	\$ 0.22	7,830,000	\$ 0.22

The following stock options were outstanding and exercisable as at January 31, 2024:

Expiry Date	Exercise Price	Number of Options	Contractual Life (Years)
August 27, 2024	\$0.35	1,115,000	0.57
August 27, 2024	\$0.35	190,000	0.57
February 21, 2025	\$0.19	4,450,000	1.06
Total Outstanding		5,755,000	0.95
Total Exercisable		5,692,500	0.95

Commerce Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2024

Expressed in Canadian Dollars

(Unaudited – prepared by management)

9. SHARE-BASED PAYMENTS - continued

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.

On February 21, 2023, the Company 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, 250,000 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 and on April 12, 2023, 100,000 stock options priced at \$0.75 each expired unexercised.

During the year ended October 31, 2023, 350,000 stock options previously granted to former consultants of the Company were cancelled.

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 and 2023, 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 will pay Zimtu \$12,500 per month for a period of twelve months, expiring October 31, 2022. On June 20, 2023, the Company announced it has signed an agreement with Zimtu under the ZimtuADVANTAGE program at a rate of \$12,500 per month for a period of twelve months.

Commerce Resources Corp.

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(Unaudited – prepared by management)

11. RELATED PARTY TRANSACTIONS

During the three months ended January 31, 2024 and 2023, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Three Months ended January 31,	
	2024	2023
Key management compensation*	\$	\$
Geological services	43,814	19,760
Administrative fees	37,500	39,250
Consulting fees and salaries	43,500	403
Director fees	28,750	-
Advertising and promotion	37,500	12,500
Total	191,064	71,913

Amounts due to (from) related parties	January 31,	October 31,
	2024	2023
	\$	\$
Dahrouge Geological Consulting (a)	38,409	14,465
Jody Dahrouge, director	7,500	-
Jeremy Robinson, director	7,500	-
Adam Ritchie, director	1,250	-
Zimtu Capital Corp. (b)	(2,600)	711
Dr. Axel Hoppe. (c)	-	-
Due to related parties – Net total	52,059	15,176

- (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. was previously a company with common directors and management however the companies are no longer considered related parties due to the resignation of Mr. David Hodge from the Company's board of directors as well as the board of Zimtu. Zimtu provides key management services to the Company.
- (c) Dr. Axel Hoppe is a former 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.

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

Commerce Resources Corp.

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12. FINANCIAL INSTRUMENTS

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash and short-term investments are subject to credit risk for a maximum of the amounts shown on the statements of financial position. The Company monitors its credit risk management practices continuously to evaluate their effectiveness.

At January 31, 2024, the Company held cash of \$3,274,280 (October 31, 2023: \$3,954,990) and short-term, investments of \$23,000 (October 31, 2023: \$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, 2024, the Company has total current liabilities of \$218,502 (October 31, 2023: \$476,442). Management intends to meet these obligations by raising funds through future financings.

c) Market Risk

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

i) Currency Risk

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

Commerce Resources Corp.

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12. FINANCIAL INSTRUMENTS - continued

ii) Commodity Price Risk

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

The Company has made technical studies (Preliminary Economic Assessments) conducted by independent third parties on two of its mineral properties. Those studies include future commodity price assumptions which were considered reasonable by the study authors. These assumptions contribute to the preliminary assessment of potential viability of the projects, and to the valuation of each asset on the basis of those project and price assumptions. Insofar as the Company and its management relies on those studies for its future ability to raise capital, significant longer term changes in the price of the minerals comprising the project deposits may have an influence on the Company.

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, 2024 and October 31, 2023:

	As at January 31, 2024		
	Level 1	Level 2	Level 3
Short-term investments	\$ 23,000	\$ -	\$ -
Marketable securities	5,054	-	-
	\$ 28,054	\$ -	\$ -

	As at October 31, 2023		
	Level 1	Level 2	Level 3
Short-term investments	\$ 23,000	\$ -	\$ -
Marketable securities	5,616	-	-
	\$ 28,616	\$ -	\$ -

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12. FINANCIAL INSTRUMENTS - continued

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at January 31, 2024, the Company's shareholders' equity was \$76,441,902 (October 31, 2023: \$76,716,703). 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. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

During the three months ended January 31, 2024:

- Exploration and evaluation assets of \$29,356 were included in accounts payable and \$38,409 were included in due to related parties.
- Amortization of \$3,613 to equipment was included in exploration and evaluation assets.

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.

14. 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, 2024 and October 31, 2023, the right-of-use asset recorded for the Company's storage premises is as follows:

Balance, October 31, 2022	\$	144,387
Depreciation		(32,691)
Balance, October 31, 2023	\$	111,696
Depreciation		(8,174)
Balance, January 31, 2024	\$	103,522

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14. LEASE LIABILITIES – continued

b) Lease liability

The net change in the lease liability is as follows:

Balance, October 31, 2022	\$ 149,019
Principal payments	(27,214)
Balance, October 31, 2023	\$ 121,805
Principal payments	(7,327)
Balance, January 31, 2024	\$ 114,478

During the three months ended January 31, 2024, interest of \$3,473 (January 31, 2023 - \$4,298) is included in interest expense.

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

		January 31, 2024
Undiscounted minimum lease payments		
Less than one year	\$	43,200
Two to five years		93,600
		<u>136,800</u>
Effect of discounting		(22,322)
Present value of minimum lease payments		<u>114,478</u>
Less current portion		<u>(31,595)</u>
Long-term portion	\$	<u>82,883</u>

15. SUBSEQUENT EVENTS

On February 15, 2024, the company entered into a share purchase agreement with an arm's length party (the "Purchaser") pursuant to which, the Purchaser agreed to acquire all of the issued and outstanding common shares in the capital of Capacitor Metals Corp. in consideration for the aggregate purchase price of \$10.00.

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Schedule of Resource Properties (2024)

Schedule I

For the three ended January 31, 2024	Blue River Claims	Eldor Claims	Totals
Acquisition costs			
Balance, beginning of period	\$ 201,602	\$ 1,403,382	\$ 1,604,984
Staking and renewals	-	-	-
Balance, end of the period	201,602	1,403,382	1,604,984
Deferred exploration and development costs			
Balance, beginning of period	28,368,159	42,402,696	70,770,855
Amortization – field equipment and office	1,833	-	1,833
Consulting	-	9,037	9,037
Engineering	-	1,444	1,444
Field equipment rental and supplies	1,873	(93)	1,780
Camp, food and accommodation	1,553	3,673	5,226
Geology, mapping and drafting	-	27,717	27,717
Insurance	2,336	3,503	5,839
Lobbying and consulting	-	9,100	9,100
Metallurgy	-	127,900	127,900
Other	20,500	5,836	26,336
Travel and transport	-	315	315
	28,095	188,432	216,527
Balance, end of period	28,396,254	42,591,129	70,987,383
Total balance, end of period	\$ 28,597,856	\$ 43,994,510	\$ 72,592,366

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

For the year ended October 31, 2023	Blue River Claims	Eldor Claims	Totals
Acquisition costs			
Balance, beginning of year	\$ 201,602	\$ 1,366,294	\$ 1,567,896
Staking and renewals	-	37,088	37,088
Balance, end of the year	201,602	1,403,382	1,604,984
Deferred exploration and development costs			
Balance, beginning of year	28,282,853	40,994,007	69,276,860
Amortization – field equipment and office	7,720	-	7,720
Assays and analytical	-	233,376	233,376
Drilling recovery	-	(17,818)	(17,818)
Environmental and permitting	-	363	363
Field equipment rental and supplies	21,316	2,289	23,605
Camp, food and accommodation	13,338	(27,777)	(14,439)
Fuel	-	(46,380)	(46,380)
Geology, mapping and drafting	1,749	43,722	45,471
Insurance	11,182	16,773	27,955
Lobbying and consulting	-	17,753	17,753
Metallurgy	-	1,172,277	1,172,277
Other	30,000	5,765	35,765
Travel and transport	-	8,347	8,347
	85,305	1,408,690	1,493,995
Balance, end of year	28,368,158	42,402,697	70,770,855
Total balance, end of year	\$ 28,569,760	\$ 43,806,079	\$ 72,375,839