



Consolidated Financial Statements

October 31, 2023 and 2022

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Commerce Resources Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Commerce Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2023 and 2022, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not yet achieved profitable operations, has accumulated losses since its inception and expects to incur further losses. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there is the following key audit matter to communicate in our auditor's report:

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to note 3 – Significant accounting judgments, estimates and assumptions, note 4 – Significant accounting policies Exploration and evaluation costs, and note 7 – Exploration and evaluation assets</i>	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:
Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgment in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline	- Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment. - Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.

in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgment.

- Confirmed that the Company's right to explore the properties had not expired.
- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is William Nichols.



Chartered Professional Accountants

Vancouver, BC, Canada
February 13, 2024

Commerce Resources Corp.

Consolidated Statements of Financial Position

As at October 31,

As expressed in Canadian dollars

	2023	2022
Assets		
Current		
Cash	\$ 3,954,990	\$ 513,793
Marketable securities	5,616	8,985
Short-term investment (Note 5)	23,000	23,000
Taxes and other receivables	-	567,291
Due from related parties (Note 11)	35,516	-
Prepaid expenses	432,338	708,204
Total current assets	4,451,460	1,821,273
Non-current		
Equipment (Note 6)	268,741	297,777
Exploration and evaluation assets (Note 7 and Schedule I)	72,375,839	70,844,756
Reclamation bonds	80,000	80,000
Right-of-use asset (Note 15)	111,696	144,387
Total Assets	\$ 77,287,736	\$ 73,188,193
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 368,631	\$ 1,288,155
Due to related parties (Note 11)	56,392	131,721
Taxes payable	24,205	-
Lease liabilities (Note 15)	27,214	27,214
Liability for flow-through shares (Note 14)	-	27,872
Total current liabilities	476,442	1,474,962
Non-current		
Lease liabilities (Note 15)	94,591	121,805
Total Liabilities	571,033	1,596,767
Shareholders' Equity		
Share capital (Note 8)	103,574,799	97,315,234
Reserves (Note 9)	11,022,110	10,370,707
Share subscriptions received	-	89,468
Deficit	(37,880,206)	(36,183,983)
Total Shareholders' Equity	76,716,703	71,591,426
Total Liabilities and Shareholders' Equity	\$ 77,287,736	\$ 73,188,193

Commitments - Note 10

Subsequent events - Note 17

Approved and authorized by the Board of Directors on February 13, 2024:

"Christopher Grove"

Director

"Ian Graham"

Director

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

Commerce Resources Corp.

Consolidated Statements of Operations and Comprehensive Loss

For the years ended October 31,

As expressed in Canadian dollars

	2023	2022
Expenses		
Administration fees and rent (Note 10 & 11)	\$ 151,750	\$ 150,000
Advertising and website	108,205	210,765
Consulting fees (Note 11)	439,101	335,651
Filing and transfer agent fees	59,156	78,196
Insurance	13,156	12,604
Investor relations	1,509	18,103
Lease interest (Note 15)	15,986	10,762
Office, telephone and miscellaneous	23,352	21,514
Professional fees	107,058	86,250
ROU asset depreciation (Note 15)	32,691	19,070
Share-based payments (Note 9)	346,899	296,899
Travel	36,310	50,438
Loss before other items	(1,335,173)	(1,290,252)
Other items:		
Interest income	6,418	18,690
Loss on sale of marketable securities	-	(1,343)
Flow-through premium recovery (Note 14)	27,872	580,260
Foreign exchange losses	(2,066)	(6,685)
Part XII.6 tax	(20,615)	(4,837)
Write-off of other receivables (Note 7)	(369,290)	-
Unrealized loss on marketable securities	(3,369)	(19,393)
Net loss and comprehensive loss for the year	\$ (1,696,223)	\$ (723,560)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	98,933,814	90,447,197

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

Commerce Resources Corp.

Consolidated Statements of Changes in Equity

For the years ended October 31,

As expressed in Canadian dollars

	Note	Number of Shares	Share Capital	Share subscriptions received	Reserves	Deficit	Total
Balance, October 31, 2021		83,013,201	\$ 95,606,080	\$ -	\$ 10,073,808	\$ (35,460,423)	\$ 70,219,465
Flow-through shares issued for cash	8	8,641,429	1,857,908	-	-	-	1,857,908
Share issuance costs		-	(148,754)	-	-	-	(148,754)
Share-based compensation	9	-	-	-	296,899	-	296,899
Share subscriptions received		-	-	89,468	-	-	89,468
Net loss for the year		-	-	-	-	(723,560)	(723,560)
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	76,366,925	6,764,728	(89,468)	-	-	6,675,260
Share issuance costs		-	(505,163)	-	304,505	-	(200,658)
Share-based compensation	9	-	-	-	346,898	-	346,898
Net loss for the year		-	-	-	-	(1,696,223)	(1,696,223)
Balance, October 31, 2023		168,021,555	\$ 103,574,799	\$ -	\$ 11,022,110	\$ (37,880,206)	\$ 76,716,703

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

Commerce Resources Corp.

Consolidated Statements of Cash Flows

For the years ended October 31,

As expressed in Canadian dollars

	2023	2022
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Net loss for the year	\$ (1,696,223)	\$ (723,560)
Add (deduct) items not affecting cash:		
ROU asset depreciation	32,691	19,070
Lease interest	15,986	10,762
Loss on sale of investments	-	1,343
Deferred income taxes	(27,872)	(580,260)
Unrealized loss on marketable securities	3,369	19,393
Share-based payments	346,898	296,899
Write-off of other receivables	369,290	-
	(955,861)	(956,353)
Changes in non-cash working capital items related to operations:		
Taxes and other receivables	222,206	(260,146)
Prepaid expenses	275,866	375,096
Due to related parties	(14,228)	19,101
Accounts payable and accrued liabilities	(37,673)	48,165
Net cash used in operating activities	(509,690)	(774,137)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share subscriptions received	(89,468)	89,468
Payments of lease liabilities	(43,200)	(25,200)
Issue of share capital, net of share issuance costs	6,564,070	2,270,847
Net cash flows from financing activities	6,431,402	2,335,115
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Sale of marketable securities	-	157
Exploration and evaluation costs, net of tax credits received	(2,480,515)	(4,308,645)
Net cash used in investing activities	(2,480,515)	(4,308,488)
Increase (decrease) in cash	3,441,197	(2,747,510)
Cash, beginning of year	513,793	3,261,303
Cash, end of year	\$ 3,954,990	\$ 513,793

Supplemental disclosure with respect to cash flows – Note 13

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

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

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.

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

These consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on February 13, 2024.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of \$3,975,018 at October 31, 2023 (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 consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and 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 consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Commerce Resources Corp.
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023
Expressed in Canadian Dollars

2. BASIS OF PRESENTATION - continued

Basis of Measurement and Consolidation

The 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 consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The 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 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 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 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 Consolidated Financial Statements
For the year ended October 31, 2023
Expressed in Canadian Dollars

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 accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Foreign currency translation

The Company's presentation currency and functional currency is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Cash

Cash consists of amounts held in banks and cashable highly liquid investments with limited interest and credit risk.

Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months but less than one year.

Commerce Resources Corp.
Notes to the Consolidated Financial Statements
For the year ended October 31, 2023
Expressed in Canadian Dollars

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Marketable securities

Marketable securities consist of common shares of publicly traded companies listed on the TSX Venture Exchange. Marketable securities are classified as fair value through profit and loss and are recorded at their fair values using quoted market prices at the consolidated statement of financial position date. Subsequent revaluation resulting in unrealized gains or losses is recorded in the consolidated statements of operations and comprehensive loss.

Exploration and evaluation costs

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are capitalized. All capitalized exploration and evaluation costs are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of operations and comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to "Mines under construction". There is no amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Reclamation bonds

Reclamation bonds are required by the Ministry of Natural Resources and are mostly represented by Guaranteed Interest Certificates ("GIC") held in the Company's name at a bank. The Company is entitled to interest on the GICs which is earned at an interest rate ranging from prime minus 2.2% - 2.65%. The reclamation bonds cannot be withdrawn by the Company without the consent of the Ministry of Natural Resources.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated over the estimated useful lives using the following rates:

Field equipment	3 year straight-line
Field office building	5% declining balance
Leasehold improvements	12 year straight-line

Commerce Resources Corp.
Notes to the Consolidated Financial Statements
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4. SIGNIFICANT ACCOUNTING POLICIES - continued

Leases

At inception of a contract, the Company must assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company must assess whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use asset

The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made and any initial direct costs incurred at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy:

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the “flow-through commitment”) as follows:

- Share capital – the fair market price at the date of the issue;
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature, i.e. the portion in excess of the market value of the shares without the flow-through features at the time of issue; and
- Fair value of warrants – if warrants are being issued, based on the valuation derived using the residual method.

In the case that the Company does not issue non flow-through units together with the flow-through units, the flow-through share premium is determined by using the residual method, whereby the fair value of warrants will be valued based on the Black-Scholes option-pricing model, and the flow-through share premium equal to any residual balance after the fair market price of the common shares and fair value of warrants.

As qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Mining tax credits and mining duties

Mining tax credits and mining duties are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits and mining duties. These refundable mining tax credits and mining duties are earned in respect to exploration costs incurred in BC and Quebec, Canada and are recorded as a reduction of the related deferred exploration expenditures.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories:

- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)
- Amortized cost

The determination of the classification of financial assets is made at initial recognition. Marketable securities that are held for trading are classified as FVTPL; for other marketable securities and investments, on the day of acquisition the Company can make an irrevocable election to classify them as FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the consolidated statements of operations and comprehensive loss.

Financial assets at FVTOCI

Financial assets carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost

A financial asset is measured at amortized cost if the objective is to hold the financial asset for the collection on contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. The financial asset is classified as current or non-current based on its maturity date and is initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Financial liabilities at FVTPL

This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statements of operations and comprehensive loss.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities at amortized cost

This category includes accounts payable and accrued liabilities, due to related parties, which are recognized at amortized cost using the effective interest method.

The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs in respect of financial liabilities at fair value through profit or loss are recognized in the consolidated statements of operations and comprehensive loss immediately while transaction costs associated with financial liabilities at amortized cost are included in the initial measurement of the financial liability.

The following table shows the classification of the Company's financial assets and liabilities under IFRS 9:

Financial Assets / Liabilities	IFRS 9 Classification
Cash	Amortized cost
Taxes and Other Receivables	Amortized cost
Reclamation Bond	Amortized cost
Marketable Securities	FVTPL
Short-Term Investments	FVTPL
Accounts Payable and Accrued Liabilities	Amortized cost
Due to/from Related Parties	Amortized cost
Lease Liability	Amortized cost

Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

Earnings (loss) per share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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4. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of non-current assets

Non-current assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

In calculating recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

Decommissioning liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized in the statement of loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Future Accounting Policy Changes Issued but not yet in Effect

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after November 1, 2022. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the consolidated financial statements upon adoption of these new revised accounting pronouncements.

Commerce Resources Corp.

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5. SHORT-TERM INVESTMENTS

At October 31, 2023, the Company had a guaranteed investment certificate ("GIC's") valued at \$23,000 (2022: \$23,000) with an interest rate of prime less 2.7% (2022: 2.7%) and a maturity date of November 7, 2024 (2022: October 27, 2022).

6. EQUIPMENT

	Field Office Building	Leasehold Improvements	Land	Total
Costs				
October 31, 2023 and 2022	\$ 303,748	\$ 255,796	\$ 120,282	\$ 679,826
Accumulated Amortization				
October 31, 2021	141,223	211,384	-	352,607
Additions	8,126	21,316	-	29,442
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
Net Book Value				
October 31, 2022	154,399	23,096	120,282	297,777
October 31, 2023	\$ 146,679	\$ 1,780	\$ 120,282	\$ 268,741

During the year ended October 31, 2023, \$29,036 (2022: \$29,442) of amortization has been capitalized to Exploration and Evaluation Assets.

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.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

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7. EXPLORATION AND EVALUATION ASSETS - continued

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 October 31, 2023 (2022: 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.

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. In addition, and pursuant to the terms of the subscription agreements entered into between the Company and the subscribers who participated in the Offering, the Shares issued to any such subscriber as part of the Units, and any Shares that may be issuable to such subscriber upon exercise of the Warrants, 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.

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).

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

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8. SHARE CAPITAL - continued

c) Share purchase warrants:

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

	2023		2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	40,491,351	\$ 0.33	40,491,351	\$ 0.33
Issued	76,366,925	0.13	-	-
Balance, end of year	116,858,276	\$ 0.20	40,491,351	\$ 0.33

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

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Original Exercise Price	Revised Exercise Price	2023 Number of Warrants	2022 Number of Warrants
October 11, 2024	0.95	\$0.50	\$0.285	3,124,450	3,124,450
October 11, 2024	0.95	\$0.50	\$0.50	5,903,550	5,903,550
October 31, 2024	1.00	\$0.50	\$0.285	646,153	646,153
May 5, 2025	1.51	\$0.15	\$0.15	2,241,982	2,241,982
June 25, 2025	1.65	\$0.24	\$0.24	5,167,318	5,167,318
December 18, 2025	2.13	\$0.29	\$0.29	15,571,241	15,571,241
May 20, 2026	2.55	\$0.44	\$0.44	7,836,657	7,836,657
December 19, 2025	2.14	\$0.25	\$0.25	8,192,175	-
October 30, 2026	3.00	\$0.12	\$0.12	68,174,750	-
Total Outstanding and Exercisable	2.54		\$0.20	116,858,276	40,491,351

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.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

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8. SHARE CAPITAL - continued

d) Finders' warrants:

The following is a summary of finders' warrant transactions for the years ended October 31, 2023 and 2022:

	2023		2022	
	Number of Finders' Warrants	Weighted Average Exercise Price	Number of Finders' Warrants	Weighted Average Exercise Price
Balance, beginning of year	467,741	\$ 0.37	467,741	\$ 0.37
Issued	5,079,010	0.08	-	-
Balance, end of year	5,546,751	\$ 0.10	467,741	\$ 0.37

The following Finders' warrants were outstanding and exercisable as at October 31, 2023 and 2022:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	2023 Number of Warrants	2022 Number of Warrants
May 5, 2025	1.51	\$0.15	2,871	2,871
June 25, 2025	1.65	\$0.24	21,700	21,700
December 18, 2025	2.13	\$0.29	187,250	187,250
May 20, 2026	2.55	\$0.44	255,920	255,920
December 19, 2025	2.14	\$0.25	16,800	-
October 30, 2025	2.00	\$0.08	4,950,000	-
October 30, 2026	3.00	\$0.12	112,210	-
Total Outstanding and Exercisable	2.05	\$0.10	5,546,751	467,741

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

Commerce Resources Corp.

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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 years ended October 31, 2023 and 2022:

	2023		2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	5,255,000	\$ 0.31	4,409,732	\$ 0.45
Cancelled	(350,000)	0.21	(450,000)	0.30
Expired	(1,675,000)	0.40	(1,204,732)	0.65
Granted	4,600,000	0.19	2,500,000	0.23
Balance, end of year	7,830,000	\$ 0.22	5,255,000	\$ 0.31

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

Expiry Date	Exercise Price	Number of Options	Contractual Life (Years)
August 27, 2024	\$0.35	1,115,000	0.82
August 27, 2024	\$0.35	190,000	0.82
December 8, 2023	\$0.23	2,075,000	0.10
February 21, 2025	\$0.19	4,387,500	1.31
Total Outstanding and exercisable		7,767,500	0.91

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.

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

Commerce Resources Corp.

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9. SHARE-BASED PAYMENTS - continued

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.

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.

11. RELATED PARTY TRANSACTIONS

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

	Years ended October 31,	
	2023	2022
	\$	\$
Key management compensation*		
Geological services	68,435	655,760
Administrative fees	151,750	150,000
Consulting fees and salaries	220,860	184,368
Share-based payments	118,500	118,153
Advertising and promotion	62,500	150,000
Total	622,045	1,258,281
Year ended October 31,	2023	2022
Amounts due to (from) related parties	\$	\$
Dahrouge Geological Consulting (a)	11,101	115,485
Zimtu Capital Corp. (b)	(35,516)	368
Dr. Axel Hoppe. (c)	45,291	15,868
Due to related parties – Net total	20,876	131,721

Commerce Resources Corp.

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11. RELATED PARTY TRANSACTIONS - continued

- (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.

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 October 31, 2023, the Company held cash of \$3,954,990 (2022: \$513,793) and short-term investments of \$23,000 (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.

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12. FINANCIAL INSTRUMENTS - continued

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 October 31, 2023, the Company has total current liabilities of \$476,442 (2022: \$1,474,962). 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.

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.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

12. FINANCIAL INSTRUMENTS - continued

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 October 31, 2023 and 2022:

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

	As at October 31, 2022			
	Level 1	Level 2	Level 3	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 October 31, 2023, the Company's shareholders' equity was \$76,716,703 (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.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

During the year ended October 31, 2023:

- Exploration and evaluation assets of \$305,467 were included in accounts payable and \$11,101 were included in due to related parties.
- Amortization of \$29,036 relating to equipment was included in exploration and evaluation assets.

During the year ended October 31, 2022:

- Exploration and evaluation assets of \$1,187,318 were included in accounts payable and \$107,718 were included in due to related parties.
- Amortization of \$29,442 relating to equipment was included in exploration and evaluation assets.

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

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

On December 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 had incurred the entire \$2,419,600 in qualified expenditures.

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

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

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

Balance, October 31, 2021	\$ -
Additions	163,457
Depreciation	(19,070)
Balance, October 31, 2022	\$ 144,387
Depreciation	(32,691)
Balance, October 31, 2023	\$ 111,696

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

15. LEASE LIABILITIES – continued

b) Lease liability

The net change in the lease liability is as follows:

Balance, October 31, 2021	\$ -
Additions	163,457
Principal payments	(14,438)
Balance, October 31, 2022	\$ 149,019
Principal payments	(27,214)
Balance, October 31, 2023	\$ 121,805

During the year ended October 31, 2023, interest of \$15,986 (2022 - \$10,762) is included in interest expense.

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

	October 31, 2023
Undiscounted minimum lease payments	
Less than one year	\$ 43,200
Two to five years	147,600
	<u>190,800</u>
Effect of discounting	(41,781)
Present value of minimum lease payments	<u>121,805</u>
Less current portion	(27,214)
Long-term portion	<u>\$ 94,591</u>

16. CORPORATE INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian federal and provincial income rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended October 31, 2023 and 2022:

	2023	2022
	\$	\$
Net loss before tax	(1,696,223)	(723,560)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(457,980)	(195,361)
Non-deductible items	76,106	425,494
Change in deferred tax assets not recognized	381,874	(230,133)
Deferred income tax provision	-	-

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

16. CORPORATE INCOME TAXES – continued

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. The unrecognized deductible temporary differences as at October 31, 2023 and 2022 are comprised of the following:

	2023	2022
	\$	\$
Non-capital losses carry-forwards (Canada)	39,972,820	38,410,252
Exploration and evaluation assets	(27,094,174)	(26,858,278)
Capital losses	3,066,348	3,065,005
Equipment	624,848	595,812
Marketable securities	140,681	137,312
Investment Tax Credits	3,216,941	3,216,941
Financing costs	363,916	309,986
Total unrecognized deductible temporary differences	20,291,380	18,877,030
Valuation allowance	(20,291,380)	(18,877,030)
Deferred tax assets	-	-

The Company has not recognized a deferred tax asset in respect of non-capital loss carry-forwards of approximately \$39,972,820 (2022: \$38,410,252) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	\$
2026	730,237
2027	1,988,822
2028	2,663,481
2029	2,687,859
2030	3,710,348
2031	3,709,224
2032	2,725,931
2033	3,190,975
2034	2,661,069
2035	5,153,657
2036	1,851,506
2037	1,641,923
2038	1,203,922
2039	1,080,364
2040	1,035,731
2041	1,255,619
2042	1,167,074
2043	1,515,078
Total	39,972,820

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

17. SUBSEQUENT EVENTS

On December 8, 2023, 2,075,000 stock options priced at \$0.23 expired unexercised.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

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

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

Schedule of Resource Properties (2022)

Schedule I

For the year ended October 31, 2022	Blue River Claims	Eldor Claims	Totals
Acquisition costs			
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
Deferred exploration and development costs			
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



Consolidated Financial Statements

October 31, 2024 and 2023

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Commerce Resources Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Commerce Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2024 and 2023, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2024 and 2023 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not yet achieved profitable operations, has accumulated losses since its inception and expects to incur further losses. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there is the following key audit matter to communicate in our auditor's report:

Key audit matter:	How our audit addressed the key audit matter:
Assessment of impairment indicators of Exploration and evaluation assets.	Our approach to addressing the matter included the following procedures, among others:
<i>Refer to note 3 – Significant accounting judgments, estimates and assumptions; note 4 – Material accounting policy: Exploration and evaluation costs; and note 7 – Exploration and evaluation assets</i>	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following:
Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgment in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline	- Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment. - Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.

in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the property; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgment.

- Confirmed that the Company's right to explore the property had not expired.
- Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets.
- Assessed the reasonability of the Company's financial statement disclosure regarding their exploration and evaluation assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is William Nichols.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada
February 21, 2025

Commerce Resources Corp.

Consolidated Statements of Financial Position

As at October 31,

As expressed in Canadian dollars

	2024	2023
Assets		
Current		
Cash	\$ 2,486,685	\$ 3,954,990
Marketable securities	3,369	5,616
Short-term investment (Note 5)	23,000	23,000
Taxes and other receivables	521,692	-
Investment in associate (Note 16)	299,951	-
Due from equity investee (Note 16)	1,880	-
Due from related parties (Note 11)	-	35,516
Prepaid expenses	644,991	432,338
Total current assets	3,981,568	4,451,460
Non-current		
Equipment (Note 6)	-	268,741
Exploration and evaluation assets (Note 7 and Schedule I)	50,600,034	72,375,839
Reclamation bonds	80,000	80,000
Right-of-use asset (Note 14)	79,004	111,696
Total Assets	\$ 54,740,606	\$ 77,287,736
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,260,758	\$ 368,631
Due to related parties (Note 11)	224,394	56,392
Taxes payable	9,173	24,205
Liability for flow-through shares (Note 15)	53,369	-
Lease liabilities (Note 14)	34,555	27,214
Total current liabilities	1,582,249	476,442
Non-current		
Lease liabilities (Note 14)	56,584	94,591
Total Liabilities	1,638,833	571,033
Shareholders' Equity		
Share capital (Note 8)	108,424,842	103,574,799
Reserves (Notes 8 and 9)	11,257,510	11,022,110
Deficit	(66,580,579)	(37,880,206)
Total Shareholders' Equity	53,101,773	76,716,703
Total Liabilities and Shareholders' Equity	\$ 54,740,606	\$ 77,287,736

Commitments - Note 10**Subsequent event - Note 18**

Approved and authorized by the Board of Directors on February 21, 2025:

 "Ross Carroll"
 Director

 "Ian Graham"
 Director

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

Commerce Resources Corp.

Consolidated Statements of Operations and Comprehensive Loss

For the years ended October 31,

As expressed in Canadian dollars

	2024	2023
Expenses		
Administration fees and rent (Notes 10 & 11)	\$ 177,500	\$ 151,750
Advertising and website (Notes 10 & 11)	258,618	108,205
Consulting fees (Note 11)	597,319	439,101
Directors fees (Note 11)	133,750	-
Filing and transfer agent fees	63,841	59,156
Insurance	12,622	13,156
Investor relations	-	1,509
Lease interest (Note 14)	12,534	15,986
Office, telephone and miscellaneous	50,682	23,352
Professional fees	316,681	107,058
ROU asset depreciation (Note 14)	32,692	32,691
Share-based payments (Note 9)	-	346,899
Travel	163,801	36,310
Loss before other items	(1,820,040)	(1,335,173)
Other items:		
Interest income	116,428	6,418
Equity loss of affiliate (Note 16)	(100,049)	-
Flow-through premium recovery (Note 15)	1,626,631	27,872
Foreign exchange losses	(961)	(2,066)
Loss on sale of Blue River Property (Note 7, 16)	(28,520,135)	-
Part XII.6 tax (Note 15)	-	(20,615)
Write-off of other receivables (Note 7)	-	(369,290)
Unrealized loss on marketable securities	(2,247)	(3,369)
Net loss and comprehensive loss for the year	\$ (28,700,373)	\$ (1,696,223)
Basic and diluted loss per share	\$ (0.16)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	181,654,432	98,933,814

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

Commerce Resources Corp.

Consolidated Statements of Changes in Equity

For the years ended October 31,

As expressed in Canadian dollars

	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	76,366,925	6,764,728	(89,468)	-	-	6,675,260
Share issuance costs	8	-	(505,163)	-	304,505	-	(200,658)
Share-based compensation	9	-	-	-	346,898	-	346,898
Net loss for the year		-	-	-	-	(1,696,223)	(1,696,223)
Balance, October 31, 2023		168,021,555	\$ 103,574,799	\$ -	\$ 11,022,110	\$ (37,880,206)	\$ 76,716,703
Private placement	8	16,000,000	2,016,000	-	-	-	2,016,000
Flow-through private placement	8, 15	28,000,000	3,360,000	-	-	-	3,360,000
Share issuance costs	8, 11	-	(525,957)	-	235,400	-	(290,557)
Net loss for the year		-	-	-	-	(28,700,373)	(28,700,373)
Balance, October 31, 2024		212,021,555	\$ 108,424,842	\$ -	\$ 11,257,510	\$ (66,580,579)	\$ 53,101,773

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

Commerce Resources Corp.

Consolidated Statements of Cash Flows

For the years ended October 31,

As expressed in Canadian dollars

	2024	2023
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Net loss for the year	\$ (28,700,373)	\$ (1,696,223)
Add (deduct) items not affecting cash:		
ROU asset depreciation	32,692	32,691
Lease interest	12,534	15,986
Equity loss of affiliates	100,049	-
Flow-through premium recovery	(1,626,631)	(27,872)
Loss on sale of Blue River Property	28,520,135	-
Unrealized loss on marketable securities	2,247	3,369
Share-based payments	-	346,898
Write-off of other receivables	-	369,290
	(1,659,347)	(955,861)
Changes in non-cash working capital items related to operations:		
Taxes and other receivables	(566,474)	222,206
Prepaid expenses	(212,653)	275,866
Due from equity investee	(1,880)	-
Due to related parties	30,570	(14,228)
Accounts payable and accrued liabilities	88,132	(37,673)
Net cash used in operating activities	(2,321,652)	(509,690)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share subscriptions received	-	(89,468)
Payments of lease liabilities	(43,200)	(43,200)
Issue of share capital, net of share issuance costs	6,765,443	6,564,070
Net cash flows from financing activities	6,722,243	6,431,402
CASH FLOWS USED IN INVESTING ACTIVITY:		
Exploration and evaluation costs, net of tax credits received	(5,868,896)	(2,480,515)
Net cash used in investing activity	(5,868,896)	(2,480,515)
(Decrease) increase in cash	(1,468,305)	3,441,197
Cash, beginning of year	3,954,990	513,793
Cash, end of year	\$ 2,486,685	\$ 3,954,990

Supplemental disclosure with respect to cash flows – Note 13

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

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

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 OTCQB ("CMRZF"). The head office, principal address, registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

These consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on February 21, 2025.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital of \$2,399,319 at October 31, 2024 (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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

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.

On July 12, 2023, the Company incorporated Capacitor Metals Corp., a British Columbia company and a wholly-owned subsidiary of the Company. 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. See Note 7.

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.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

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 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.
- *Investment in Capacitor Metals Corp.*
The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting. As at October 31, 2024, management has determined that the Company did have significant influence over Capacitor Metals Corp. Accordingly, the investment in Capacitor Metals Corp. was accounted for as an investment in associate (Note 16).

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Foreign currency translation

The Company's presentation currency and functional currency is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Cash

Cash consists of amounts held in banks and cashable highly liquid investments with limited interest and credit risk.

Short-term investments

Short-term investments are investments which are transitional or current in nature, with an original maturity greater than three months but less than one year.

Marketable securities

Marketable securities consist of common shares of publicly traded companies listed on the TSX Venture Exchange. Marketable securities are classified as fair value through profit and loss and are recorded at their fair values using quoted market prices at the consolidated statement of financial position date. Subsequent revaluation resulting in unrealized gains or losses is recorded in the consolidated statements of operations and comprehensive loss.

Exploration and evaluation costs

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are capitalized. All capitalized exploration and evaluation costs are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statement of operations and comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to "Mines under construction". There is no amortization during the exploration and evaluation phase.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Reclamation bonds

Reclamation bonds are required by the Ministry of Natural Resources and are mostly represented by Guaranteed Interest Certificates ("GIC") held in the Company's name at a bank. The Company is entitled to interest on the GICs which is earned at an interest rate ranging from prime minus 2.95%. The reclamation bonds cannot be withdrawn by the Company without the consent of the Ministry of Natural Resources.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is calculated over the estimated useful lives using the following rates:

Field equipment	3 year straight-line
Field office building	5% declining balance
Leasehold improvements	12 year straight-line

Leases

At inception of a contract, the Company must assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company must assess whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use asset

The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made and any initial direct costs incurred at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for tax purposes by the investors who purchased the shares. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy:

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the “flow-through commitment”) as follows:

- Share capital – the fair market price at the date of the issue;
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature, i.e. the portion in excess of the market value of the shares without the flow-through features at the time of issue; and
- Fair value of warrants – if warrants are being issued, based on the valuation derived using the residual method.

In the case that the Company does not issue non flow-through units together with the flow-through units, the flow-through share premium is determined by using the residual method, whereby the fair value of warrants will be valued based on the Black-Scholes option-pricing model, and the flow-through share premium equal to any residual balance after the fair market price of the common shares and fair value of warrants.

As qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Mining tax credits and mining duties

Mining tax credits and mining duties are recorded in the accounts when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits and mining duties. These refundable mining tax credits and mining duties are earned in respect to exploration costs incurred in BC and Quebec, Canada and are recorded as a reduction of the related deferred exploration expenditures.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

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4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories:

- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)
- Amortized cost

The determination of the classification of financial assets is made at initial recognition. Marketable securities that are held for trading are classified as FVTPL; for other marketable securities and investments, on the day of acquisition the Company can make an irrevocable election to classify them as FVTOCI.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the consolidated statements of operations and comprehensive loss.

Financial assets at FVTOCI

Financial assets carried at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss).

Financial assets at amortized cost

A financial asset is measured at amortized cost if the objective is to hold the financial asset for the collection on contractual cash flows and the asset's contractual cash flows are comprised solely of payments of principal and interest. The financial asset is classified as current or non-current based on its maturity date and is initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Financial liabilities at FVTPL

This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statements of operations and comprehensive loss.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

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4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Financial instruments - continued

Financial liabilities at amortized cost

This category includes accounts payable and accrued liabilities, due to related parties, which are recognized at amortized cost using the effective interest method.

The effective interest method calculates the amortized cost of a financial liability and allocates interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs in respect of financial liabilities at fair value through profit or loss are recognized in the consolidated statements of operations and comprehensive loss immediately while transaction costs associated with financial liabilities at amortized cost are included in the initial measurement of the financial liability.

The following table shows the classification of the Company's financial assets and liabilities under IFRS 9:

Financial Assets / Liabilities	IFRS 9 Classification
Cash	Amortized cost
Taxes and Other Receivables	Amortized cost
Reclamation Bond	Amortized cost
Marketable Securities	FVTPL
Short-Term Investments	FVTPL
Accounts Payable and Accrued Liabilities	Amortized cost
Due to/from Related Parties	Amortized cost
Lease Liability	Amortized cost

Investments in associates

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of the investee unless it can be clearly demonstrated that this is not the case.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The financial statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued, except to the extent that the Company has obligations, or has made payments on behalf of the investee.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Earnings (loss) per share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Impairment of non-current assets

Non-current assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

In calculating recoverable amount, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

Decommissioning liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. A pre-tax discount rate that reflects the time value of money and the risks specific to the liability are used to calculate the net present value of the expected future cash flows. These costs are charged to the statement of loss over the economic life of the related asset, through depreciation expense using either the unit-of-production or the straight-line method as appropriate. The related liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognized

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

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4. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Decommissioning liabilities - continued

in the statement of loss. The liability is assessed at each reporting date for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Future Accounting Policy Changes Issued but not yet in Effect

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after November 1, 2023. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the consolidated financial statements upon adoption of these new revised accounting pronouncements.

5. SHORT-TERM INVESTMENTS

At October 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 2.95% (2023: prime less 2.7%) and a maturity date of November 6, 2025 (2023: November 7, 2024).

6. EQUIPMENT

	Field Office Building	Leasehold Improvements	Land	Total
<u>Costs</u>				
October 31, 2022 and 2023	\$ 303,748	\$ 255,796	\$ 120,282	\$ 679,826
Sale of Asset	(303,748)	-	(120,282)	(424,030)
October 31, 2024	\$ -	\$ 255,796	\$ -	\$ 255,796
<u>Accumulated Amortization</u>				
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
Sale of asset	(161,618)	-	-	(161,618)
Additions	4,549	1,780	-	6,329
October 31, 2024	\$ -	\$ 255,796	\$ -	\$ 255,796
<u>Net Book Value</u>				
October 31, 2023	\$ 146,679	\$ 1,780	\$ 120,282	\$ 268,741
October 31, 2024	\$ -	\$ -	\$ -	\$ -

During the year ended October 31, 2024, \$6,329 (2023: \$29,036) of amortization has been capitalized to Exploration and Evaluation Assets. See Note 7.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

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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):

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. Additionally, 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. On February 14, 2023, the Company announced the extension of the earn-in agreement with Saville for an additional one year. During the year ended October 31, 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 had 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.

On June 14, 2024, the Company completed a property sale agreement with Capacitor Metals Corp., an arm's length private company, to sell its interest in the Blue River property (the "Blue River Claims") located near Blue River, British Columbia. As part of the transaction, the sale also includes certain real property owned by the Company also located in Blue River, B.C. (the "Blue River Land", and together with the Blue River Claims, the "Blue River Assets"). As consideration for the Blue River Assets, the Company received 20,000,000 common shares in the capital of the Purchaser (the "Blue River Shares") fair valued at \$0.02 per share. As a result, the Company recognized a loss on sale of \$28,520,135. See Note 16.

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 212,021,555 as at October 31, 2024 (2023: 168,021,555).

During the year ended October 31, 2024:

On June 21, 2024, the Company closed a non-brokered private placement of 28,000,000 flow-through units (each, a "FT Unit") at a price of \$0.18 per FT Unit for aggregate gross proceeds of \$5,040,000. Each FT Unit consists of one common share in the capital of the Company (each, a "FT Share") and one transferable common share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to acquire one additional non-flow

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

8. SHARE CAPITAL - continued

through common share (each, a "Warrant Share") at a price of \$0.25 per Warrant Share for a period of 24 months from the closing date. The FT Units were issued pursuant to an arrangement structured by Peartree Securities Inc. Pursuant to an engagement agreement (the "Term Sheet") between the Company and Churchill SIG Pty Ltd. ("Churchill"), the Company paid cash finder's fees to Churchill in the amount of \$162,890 (the "Cash Fee") and issued 3,231,945 finder's warrants (each, a "Finder's Warrant") to Churchill as consideration for their services in introducing certain investors who acquired securities in connection with the distribution. Each Finder's Warrant entitles Churchill to acquire one additional common share in the capital of the Company (a "Finder's Warrant Share") at a price of \$0.20 per Finder's Warrant Share for a period of two (2) years from the date of issuance of the Finder's Warrants. See Note 11.

On August 12, 2024, the Company closed a non-brokered private placement offering of 16,000,000 units (each, a "Unit") at a price of \$0.126 per Unit for gross proceeds of up to \$2,016,000 (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 two (2) years from closing of the Offering (the "Closing"). Pursuant to an engagement agreement (the "Term Sheet") between the Company and Churchill, the Company paid cash finder's fees to Churchill in the amount of \$70,235 (the "Cash Fee") and issued 1,393,551 finder's warrants (each, a "Finder's Warrant") to Churchill as consideration for their services in introducing certain non-Canadian resident investors to the Company who acquired securities in connection with the distribution. Each Finder's Warrant entitles Churchill to acquire one additional common share in the capital of the Company (a "Finder's Warrant Share") at a price of \$0.20 per Finder's Warrant Share for a period of two (2) years from the date of issuance of the Finder's Warrants. The Units, Shares, Warrants, Warrant Shares, Finder's Warrants and Finder's Warrant Shares are subject to a statutory hold period expiring four months and one day after closing of the Offering. See Note 11.

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.

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.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

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8. SHARE CAPITAL - continued

c) Share purchase warrants:

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

	2024		2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	116,858,276	\$ 0.20	40,491,351	\$ 0.33
Expired	(9,674,153)	0.42	-	-
Issued	44,000,000	0.25	76,366,925	0.13
Balance, end of year	151,184,123	\$ 0.20	116,858,276	\$ 0.20

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

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Original Exercise Price	Revised Exercise Price	2024 Number of Warrants	2023 Number of Warrants
October 11, 2024	-	\$0.50	\$0.285	-	3,124,450
October 11, 2024	-	\$0.50	\$0.50	-	5,903,550
October 31, 2024	-	\$0.50	\$0.285	-	646,153
May 5, 2025	0.51	\$0.15	\$0.15	2,241,982	2,241,982
June 25, 2025	0.65	\$0.24	\$0.24	5,167,318	5,167,318
December 18, 2025	1.13	\$0.29	\$0.29	15,571,241	15,571,241
December 19, 2025	1.13	\$0.25	\$0.25	8,192,175	8,192,175
May 20, 2026	1.55	\$0.44	\$0.44	7,836,657	7,836,657
October 30, 2026	2.00	\$0.12	\$0.12	68,174,750	68,174,750
June 21, 2026	1.64	\$0.25	\$0.25	28,000,000	-
August 12, 2026	1.78	\$0.25	\$0.25	16,000,000	-
Total outstanding and exercisable	1.68		\$0.20	151,184,123	116,858,276

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

8. SHARE CAPITAL - continued

d) Finders' warrants:

The following is a summary of finders' warrant transactions for the years ended October 31, 2024 and 2023:

	2024		2023	
	Number of Finders' Warrants	Weighted Average Exercise Price	Number of Finders' Warrants	Weighted Average Exercise Price
Balance, beginning of year	5,546,751	\$ 0.11	467,741	\$ 0.37
Issued	4,625,496	0.20	5,079,010	0.08
Balance, end of year	10,172,247	\$ 0.15	5,546,751	\$ 0.10

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

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	2024 Number of Warrants	2023 Number of Warrants
May 5, 2025	0.51	\$0.15	2,871	2,871
June 25, 2025	0.65	\$0.24	21,700	21,700
October 30, 2025	1.00	\$0.08	4,950,000	4,950,000
December 18, 2025	1.13	\$0.29	187,250	187,250
December 19, 2025	1.13	\$0.25	16,800	16,800
May 20, 2026	1.55	\$0.44	255,920	255,920
October 30, 2026	2.00	\$0.12	112,210	112,210
June 21, 2026	1.64	\$0.20	3,231,945	-
August 12, 2026	1.78	\$0.20	1,393,551	-
Total outstanding and exercisable	1.34	\$0.15	10,172,247	5,546,751

9. SHARE-BASED PAYMENTS

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

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

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9. SHARE-BASED PAYMENTS - continued

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

	2024		2023	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	7,830,000	\$ 0.22	5,255,000	\$ 0.31
Cancelled	(1,550,000)	0.19	(350,000)	0.21
Expired	(3,380,000)	0.28	(1,675,000)	0.40
Granted	-	-	4,600,000	0.19
Balance, end of year	2,900,000	\$ 0.185	7,830,000	\$ 0.22

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

Expiry Date	Exercise Price	Number of Options	Contractual Life (Years)
February 21, 2025	\$0.185	2,900,000	0.31
Total outstanding and exercisable		2,900,000	0.31

On December 23, 2023, 2,075,000 options priced \$0.23 and on August 27, 2024, 1,305,000 options priced at \$0.35 each expired unexercised.

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 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 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, 2024, 1,550,000 (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, at a rate of \$12,500 per month. The agreement was subsequently renewed in prior years and again on December 1, 2022 for a period of twelve months. The Company renewed the agreement on each of December 1, 2023 and 2024 for another period of 12 months with a rate of \$15,000 per month.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

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10. COMMITMENTS - continued

On June 20, 2023, the Company 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, expiring May 31, 2024. On June 1, 2024, the Company extended the agreement for an additional twelve months with the same terms.

11. RELATED PARTY TRANSACTIONS

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

	Years ended October 31,	
	2024	2023
Key management compensation*	\$	\$
Geological services	1,250,570	68,435
Administrative fees	-	151,750
Consulting fees and salaries	211,186	220,860
Director fees	133,750	-
Share-based payments	-	118,500
Finders fees – cash (Note 8)	233,125	-
Finders fees – warrants (Note 8)	235,400	-
Advertising and promotion	-	62,500
Total	2,064,031	622,045

	October 31,	October 31,
	2024	2023
Amounts due to (from) related parties	\$	\$
Dahrouge Geological Consulting (a)	184,049	11,101
Ian Graham (b)	4,471	-
Jeremy Robinson (c)	33,374	-
Adam Ritchie (d)	2,500	-
Zimtu Capital Corp. (e)	-	(35,516)
Dr. Axel Hoppe (f)	-	45,291
Due to related parties – Net total	224,394	20,876

- (a) Dahrouge Geological Consulting (“Dahrouge”) provides geological services to the Company. Dahrouge is controlled by a director of the Company, Jody Dahrouge.
- (b) Ian Graham is a director of the Company and acts as Chairman of the Board
- (c) Churchill SIG Pty Ltd. Provides advisory services to the Company and has a common director, Jeremy Robinson.
- (d) Adam Ritchie is a director of the Company
- (e) 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.
- (f) 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.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

11. RELATED PARTY TRANSACTIONS - continued

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 consolidated 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 condensed interim consolidated 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 consolidated statements of financial position. The Company monitors its credit risk management practices continuously to evaluate their effectiveness.

At October 31, 2024, the Company held cash of \$2,486,685 (2023: \$3,954,990) and short-term, investments of \$23,000 (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 October 31, 2024, the Company has total current liabilities of \$1,582,249 (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.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

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12. FINANCIAL INSTRUMENTS - continued

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 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 October 31, 2024 and 2023:

	As at October 31, 2024		
	Level 1	Level 3	Level 3
Short-term investments	\$ 23,000	\$ -	\$ -
Marketable securities	3,369	-	-
	\$ 26,369	\$ -	\$ -

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

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12. FINANCIAL INSTRUMENTS - continued

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

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at October 31, 2024, the Company's shareholders' equity was \$53,101,773 (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 period.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

During the year ended October 31, 2024:

- Exploration and evaluation asset expenditures of \$1,109,462 were included in accounts payable and \$184,049 were included in due to related parties; and
- Amortization of \$6,329 relating to equipment was included in exploration and evaluation assets.

During the year ended October 31, 2023:

- Exploration and evaluation asset expenditures of \$305,467 were included in accounts payable and \$11,101 were included in due to related parties.
- Amortization of \$29,036 relating to equipment was included in exploration and evaluation assets.

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

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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 October 31, 2024 and 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		(32,692)
Balance, October 31, 2024	\$	79,004

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		(30,666)
Balance, October 31, 2024	\$	91,139

During the year ended October 31, 2024, interest of \$12,534 (2023 - \$15,986) is included in lease interest expense.

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

		October 31, 2024
Undiscounted minimum lease payments		
Less than one year	\$	43,200
Two to five years		61,200
		<u>104,400</u>
Effect of discounting		(13,261)
Present value of minimum lease payments		<u>91,139</u>
Less current portion		(34,555)
Long-term portion	\$	<u>56,584</u>

Commerce Resources Corp.

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15. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

On June 21, 2024, the Company issued 28,000,000 common shares on a "flow-through" basis at a price of \$0.18 per Share for gross proceeds of \$5,040,000. The flow-through proceeds are to be renounced on December 31, 2024. At October 31, 2024, the Company had incurred the \$4,879,891 in qualified expenditures.

	Issued on June 21, 2024
Balance, October 31, 2023	\$ -
Liability incurred on flow-through shares issued	1,680,000
Settlement of flow-through share liability on incurred expenses	(1,626,631)
Balance, July 31, 2024	\$ 53,369

16. INVESTMENT IN ASSOCIATE

	Total \$
Balance, October 31, 2023	-
Shares acquired in Blue River transaction	400,000
Loss from equity investee*	(100,049)
Balance, October 31, 2024	299,951

*Share of loss for the period June 14, 2024 to October 31, 2024 attributable to the Company.

On June 14, 2024, the Company received 20,000,000 shares of Capacitor Metals Corp. ("Capacitor"), a private exploration company with a fair value of \$400,000. See Note 7.

During the year ended October 31, 2024, the investment in associate decreased by \$100,049 (2023: \$nil) from the equity loss of Capacitor. As at October 31, 2024, the Company holds 20,000,000 shares of Capacitor, equal to 42.47% (2023: Nil%) of Capacitor's outstanding common shares.

The financial information of Capacitor as of and for the years ended October 31, 2024 and 2023 is as follows:

	October 31, 2024	October 31, 2023
	\$	\$
Current assets	194,488	N/A
Non-current assets	405,722	N/A
Current liabilities	165,894	N/A
Shareholders' equity	434,316	N/A
Expenses	(235,566)	N/A
Net loss	235,566	N/A

Commerce Resources Corp.

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17. CORPORATE INCOME TAXES

The following table reconciles the expected income taxes expense (recovery) at the Canadian federal and provincial income rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended October 31, 2024 and 2023:

	2024	2023
	\$	\$
Net loss before tax	(28,690,373)	(1,696,223)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(7,746,401)	(457,980)
Non-deductible items	(343,548)	76,106
Change in deferred tax assets not recognized	8,089,949	381,874
Deferred income tax provision	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. The unrecognized deductible temporary differences as at October 31, 2024 and 2023 are comprised of the following:

	2024	2023
	\$	\$
Non-capital losses carry-forwards (Canada)	42,198,372	39,972,820
Exploration and evaluation assets	1,156,332	(27,094,174)
Capital losses	3,066,348	3,066,348
Equipment	12,650	624,848
Marketable securities	142,928	140,681
Investment Tax Credits	3,216,941	3,216,941
Financing costs	460,584	363,916
Total unrecognized deductible temporary differences	50,254,155	20,291,380
Valuation allowance	(50,254,155)	(20,291,380)
Deferred tax assets	-	-

Commerce Resources Corp.

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17. CORPORATE INCOME TAXES – continued

The Company has not recognized a deferred tax asset in respect of non-capital loss carry-forwards of approximately \$42,198,372 (2023: \$39,972,820) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	\$
2026	730,237
2027	1,988,822
2028	2,663,481
2029	2,687,859
2030	3,710,348
2031	3,709,224
2032	2,725,931
2033	3,190,975
2034	2,661,069
2035	5,153,657
2036	1,851,506
2037	1,641,923
2038	1,203,922
2039	1,080,364
2040	1,035,731
2041	1,255,619
2042	1,167,074
2043	1,205,993
2044	2,534,637
Total	42,198,372

The deferred tax assets have not been recognized because at this stage of the Company's development, it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

18. SUBSEQUENT EVENT

On January 6, 2025, the Company granted 9,000,000 performance share units (the "PSU's") to Ross Carroll, Chief Executive Officer and a director of the Company in accordance with its Equity Incentive Plan. The PSU's will commence vesting one year after the date of grant upon successful completion of specific performance criteria. Each vested PSU represents the right to receive one common share in the capital of the Company.

Commerce Resources Corp.

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Schedule of Resource Properties (2024)**Schedule I**

For the year ended October 31, 2024	Blue River Claims	Eldor Claims	Totals
Acquisition costs			
Balance, beginning of year	\$ 201,602	\$ 1,403,382	\$ 1,604,984
Staking and renewals	-	-	-
Balance, end of the year	201,602	1,403,382	1,604,984
Deferred exploration and development costs			
Balance, beginning of year	28,368,158	42,402,697	70,770,855
Amortization – field equipment and office	4,549	-	4,549
Assays and analytical	-	234,643	234,643
Camp, food and accommodation	8,164	227,032	235,196
Drilling	-	1,111,888	1,111,888
Environmental and permitting	-	8,425	8,425
Field equipment rental and supplies	1,874	1,400,507	1,402,381
Fuel	-	49,018	49,018
Geology, mapping and drafting	224	1,100,395	1,100,619
Insurance	6,152	15,382	21,534
Lobbying and consulting	-	29,378	29,378
Metallurgy	-	1,181,213	1,181,213
Other	37,250	10,276	47,526
Project management	-	35,193	35,193
Travel and transport	-	1,390,605	1,390,605
	58,213	6,793,955	6,852,168
Balance, end of year	28,426,371	49,196,652	77,623,023
Sale and write-off of Blue River	(28,627,973)	-	(28,627,973)
Total balance, end of year	\$ -	\$ 50,600,034	\$ 50,600,034

Commerce Resources Corp.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

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



Condensed Consolidated Interim Financial Statements

For the Six Months Ended April 30, 2025

(Unaudited - Expressed in Canadian Dollars)

The accompanying unaudited condensed consolidated interim financial statements of Commerce Resources Corp. for the six months ended April 30, 2025, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

Commerce Resources Corp.

Condensed Consolidated Interim Statements of Financial Position

As expressed in Canadian dollars

(Unaudited – prepared by management)

	April 30, 2025	October 31, 2024
Assets		
Current		
Cash	\$ 458,352	\$ 2,486,685
Marketable securities	1,965	3,369
Short-term investment (Note 5)	23,000	23,000
Taxes and other receivables	98,830	521,692
Investment in associate (Note 10)	181,150	299,951
Due from equity investee	-	1,880
Prepaid expenses	514,443	644,991
Total current assets	1,277,740	3,981,568
Non-current		
Exploration and evaluation assets (Note 6 and Schedule I)	52,218,664	50,600,034
Reclamation bonds	80,000	80,000
Right-of-use asset (Note 14)	62,658	79,004
Total Assets	\$ 53,639,062	\$ 54,740,606
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 2,203,862	\$ 1,260,758
Due to related parties (Note 11)	297,244	224,394
Taxes payable	3,106	9,173
Liability for flow-through shares (Note 15)	-	53,369
Lease liabilities (Note 14)	36,681	34,555
Total current liabilities	2,540,893	1,582,249
Non-current		
Lease liabilities (Note 14)	37,696	56,584
Total Liabilities	2,578,589	1,638,833
Shareholders' Equity		
Share capital (Note 7)	108,424,842	108,424,842
Reserves (Notes 7 and 8)	11,367,010	11,257,510
Deficit	(68,731,379)	(66,580,579)
Total Shareholders' Equity	51,060,473	53,101,773
Total Liabilities and Shareholders' Equity	\$ 53,639,062	\$ 54,740,606

Nature of operations and continuance of operations – Note 1

Commitments - Note 9

Subsequent event - Note 16

Approved and authorized by the Board of Directors on June 24, 2025:

"Jeremy Robinson"
Director

"Ian Graham"
Director

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

Commerce Resources Corp.

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss

As expressed in Canadian dollars

(Unaudited – prepared by management)

	Three months ended April 30,		Six months ended April 30,	
	2025	2024	2025	2024
Expenses				
Administration fees and rent (Note 10 and 11)	\$ 45,000	\$ 45,000	\$ 90,000	\$ 87,500
Advertising and website	49,359	49,972	125,690	97,955
Consulting fees and salaries (Note 11)	546,056	98,719	1,267,909	188,946
Directors fees (Note 11)	45,000	35,000	60,000	63,750
Filing and transfer agent fees	19,481	28,402	30,060	39,712
Insurance	3,145	3,146	6,397	6,397
Lease interest (Note 14)	2,294	3,252	4,838	6,725
Office, telephone and miscellaneous	8,093	3,325	21,999	7,371
Professional fees	275,607	80,240	305,731	130,631
ROU asset depreciation (Note 14)	8,173	8,173	16,346	16,346
Share-based compensation (Note 8)	109,500	-	109,500	-
Travel and promotion	28,884	21,979	63,981	32,580
Loss before other items	(1,123,092)	(377,208)	(2,102,451)	(677,913)
Other income (expenses)				
Interest income	2,996	31,992	13,021	60,265
Equity loss of affiliates (Note 10)	(52,502)	-	(118,801)	-
Flow-through premium recovery	-	-	53,369	-
Gain (loss) on foreign exchange	(14)	-	(2,534)	(1,213)
Other income	8,000	-	8,000	-
Unrealized gain on marketable securities	(1,404)	562	(1,404)	-
	(42,924)	32,554	(48,349)	59,052
Net loss and comprehensive loss for the period	\$ (1,166,016)	\$ (344,654)	\$ (2,150,800)	\$ (618,861)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	212,021,555	168,021,555	212,021,555	168,021,555

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

Commerce Resources Corp.

Condensed Consolidated Interim Statements of Changes in Equity

For the six months ended April 30, 2025 and 2024

As expressed in Canadian dollars

(Unaudited – prepared by management)

	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	7	-	(594)	-	-	-	(594)
Net loss for the period		-	-	-	-	(618,861)	(618,861)
Balance, April 30, 2024		168,021,555	\$ 103,574,205	\$ -	\$ 11,022,110	\$ (38,499,067)	\$ 76,097,248
	Note	Number of Shares	Share Capital	Share subscriptions received	Reserves	Deficit	Total
Balance, October 31, 2024		212,021,555	\$ 108,424,842	\$ -	\$ 11,257,510	\$ (66,580,579)	\$ 53,101,773
Share-based compensation	8	-	-	-	109,500	-	109,500
Net loss for the period		-	-	-	-	(2,150,800)	(2,150,800)
Balance, April 30, 2025		212,021,555	\$ 108,424,842	\$ -	\$ 11,367,010	\$ (68,731,379)	\$ 51,060,473

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

Commerce Resources Corp.**Condensed Consolidated Interim Statements of Cash Flows**

For the six months ended April 30, 2025 and 2024

As expressed in Canadian dollars

(Unaudited – prepared by management)

	2025	2024
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net loss for the period	\$ (2,150,800)	\$ (618,861)
Add (deduct) items not affecting cash:		
Lease interest	4,838	6,725
Depreciation of ROU asset	16,346	16,346
Deferred tax recovery	(53,369)	-
Equity loss of affiliates	118,801	-
Unrealized (gain) loss on marketable securities	1,404	-
Share-based compensation	109,500	-
	(1,953,280)	(595,790)
Changes in non-cash working capital items related to operations:		
Taxes and other receivables	416,796	(104,916)
Prepaid expenses	130,547	(340,640)
Due from equity investee	1,880	-
Due to related parties	256,899	240,879
Accounts payable and accrued liabilities	383,361	29,961
Net cash flows (used in) operating activities	(763,797)	(770,506)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Share issuance costs	-	(594)
Principal payments of lease liabilities	(21,600)	(21,600)
Net cash flows (used in) financing activities	(21,600)	(22,194)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Deferred exploration and development costs, net of tax credits received	(1,242,936)	(908,899)
Net cash flows (used in) investing activities	(1,242,936)	(908,899)
Decrease in cash and cash equivalents	(2,028,333)	(1,701,599)
Cash and cash equivalents, beginning of period	2,486,685	3,954,990
Cash and cash equivalents, end of period	\$ 458,352	\$ 2,253,391

Supplemental disclosure with respect to cash flows – Note 13

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

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

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 OTCQB ("CMRZF"). The head office is located at 3 Place Ville Marie, Suite 400, Montreal Quebec, and the registered and records office of the Company are located at 900 – 885 West Georgia Street, Vancouver, BC, Canada, V6C 3H1.

These condensed consolidated interim financial statements were authorized for issue by the Audit Committee and Board of Directors on June 24, 2025.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has a working capital deficit of \$1,263,153 at April 30, 2025 (October 31, 2024 - \$2,399,319 surplus), 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 consolidated interim financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and condensed consolidated interim 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 consolidated interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the condensed consolidated interim 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 financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

2. BASIS OF PRESENTATION - continued

Basis of Measurement and Consolidation

The condensed consolidated interim 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 consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

On July 12, 2023, the Company incorporated Capacitor Metals Corp., a British Columbia company and a wholly-owned subsidiary of the Company. 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. See Note 6.

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 consolidated interim 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.

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS - continued

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 consolidated interim 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.
- *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.
- *Investment in Capacitor Metals Corp.*
The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting. As at April 30, 2025 and October 31, 2024, management has determined that the Company did have significant influence over Capacitor Metals Corp. Accordingly, the investment in Capacitor Metals Corp. was accounted for as an investment in associate (Note 10).

4. MATERIAL ACCOUNTING POLICY INFORMATION

The policies applied in these condensed consolidated interim financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended October 31, 2024. Therefore, these condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2024.

5. SHORT-TERM INVESTMENTS

At April 30, 2025, the Company had a guaranteed investment certificate ("GIC's") valued at \$23,000 (October 31, 2024: \$23,000) with an interest rate of prime less 2.95% (2024: prime less 2.95%) and a maturity date of November 6, 2025 (2024: November 6, 2025).

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

6. 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. Additionally, 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. On February 14, 2023, the Company announced the extension of the earn-in agreement with Saville for an additional one year. During the year ended October 31, 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 had 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.

On June 14, 2024, the Company completed a property sale agreement with Capacitor Metals Corp., an arm's length private company, to sell its interest in the Blue River property (the "Blue River Claims") located near Blue River, British Columbia. As part of the transaction, the sale also includes certain real property owned by the Company also located in Blue River, B.C. (the "Blue River Land", and together with the Blue River Claims, the "Blue River Assets"). As consideration for the Blue River Assets, the Company received 20,000,000 common shares in the capital of the Purchaser (the "Blue River Shares") fair valued at \$0.02 per share. As a result, the Company recognized a loss on sale of \$28,520,135. See Note 10.

7. 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 212,021,555 as at April 30, 2025 (October 31, 2024: 212,021,555).

Shares issued during the six months ended April 30, 2025:

None

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

7. SHARE CAPITAL - continued

Shares issued during the year ended October 31, 2024:

On June 21, 2024, the Company closed a non-brokered private placement of 28,000,000 flow-through units (each, a “FT Unit”) at a price of \$0.18 per FT Unit for aggregate gross proceeds of \$5,040,000. Each FT Unit consists of one common share in the capital of the Company (each, a “FT Share”) and one transferable common share purchase warrant (each, a “Warrant”). Each Warrant entitles the holder to acquire one additional non-flow through common share (each, a “Warrant Share”) at a price of \$0.25 per Warrant Share for a period of 24 months from the closing date. The FT Units were issued pursuant to an arrangement structured by Peartree Securities Inc. Pursuant to an engagement agreement (the “Term Sheet”) between the Company and Churchill SIG Pty Ltd. (“Churchill”), the Company paid cash finder’s fees to Churchill in the amount of \$162,890 (the “Cash Fee”) and issued 3,231,945 finder’s warrants (each, a “Finder’s Warrant”) to Churchill as consideration for their services in introducing certain investors who acquired securities in connection with the distribution. Each Finder’s Warrant entitles Churchill to acquire one additional common share in the capital of the Company (a “Finder’s Warrant Share”) at a price of \$0.20 per Finder’s Warrant Share for a period of two (2) years from the date of issuance of the Finder’s Warrants. See Note 11.

On August 12, 2024, the Company closed a non-brokered private placement offering of 16,000,000 units (each, a “Unit”) at a price of \$0.126 per Unit for gross proceeds of up to \$2,016,000 (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 two (2) years from closing of the Offering (the “Closing”). Pursuant to an engagement agreement (the “Term Sheet”) between the Company and Churchill, the Company paid cash finder’s fees to Churchill in the amount of \$70,235 (the “Cash Fee”) and issued 1,393,551 finder’s warrants (each, a “Finder’s Warrant”) to Churchill as consideration for their services in introducing certain non-Canadian resident investors to the Company who acquired securities in connection with the distribution. Each Finder’s Warrant entitles Churchill to acquire one additional common share in the capital of the Company (a “Finder’s Warrant Share”) at a price of \$0.20 per Finder’s Warrant Share for a period of two (2) years from the date of issuance of the Finder’s Warrants. The Units, Shares, Warrants, Warrant Shares, Finder’s Warrants and Finder’s Warrant Shares are subject to a statutory hold period expiring four months and one day after closing of the Offering. See Note 11.

c) Share purchase warrants:

The following is a summary of share purchase warrant transactions for the six months ended April 30, 2025 and the year ended October 31, 2024:

	April 30, 2025			October 31, 2024		
	Number of Warrants	Weighted Average Exercise Price		Number of Warrants	Weighted Average Exercise Price	
Balance, beginning of period	151,184,123	\$ 0.20		116,858,276	\$ 0.20	
Expired	-	-		(9,674,153)	0.42	
Issued	-	-		44,000,000	0.25	
Balance, end of period	151,184,123	\$ 0.20		151,184,123	\$ 0.20	

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

7. SHARE CAPITAL - continued

c) Share purchase warrants - continued:

The following share purchase warrants were outstanding and exercisable as at April 30, 2025 and October 31, 2024:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Original Exercise Price	Revised Exercise Price	April 30, 2025 Number of Warrants	October 31, 2024 Number of Warrants
May 5, 2025*	0.01	\$0.15	\$0.15	2,241,982	2,241,982
June 25, 2025	0.15	\$0.24	\$0.24	5,167,318	5,167,318
December 18, 2025	0.64	\$0.29	\$0.29	15,571,241	15,571,241
December 19, 2025	0.64	\$0.25	\$0.25	8,192,175	8,192,175
May 20, 2026	1.05	\$0.44	\$0.44	7,836,657	7,836,657
October 30, 2026	1.50	\$0.12	\$0.12	68,174,750	68,174,750
June 21, 2026	1.14	\$0.25	\$0.25	28,000,000	28,000,000
August 12, 2026	1.28	\$0.25	\$0.25	16,000,000	16,000,000
Total outstanding and exercisable	1.18		\$0.20	151,184,123	151,184,123

* See Note 16

d) Finders' warrants:

The following is a summary of finders' warrant transactions for the six months ended April 30, 2025 and the year ended October 31, 2024:

	April 30, 2025		October 31, 2024	
	Number of Finders' Warrants	Weighted Average Exercise Price	Number of Finders' Warrants	Weighted Average Exercise Price
Balance, beginning of period	10,172,247	\$ 0.15	5,546,751	\$ 0.11
Issued	-	-	4,625,496	0.20
Balance, end of period	10,172,247	\$ 0.15	10,172,247	\$ 0.15

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

7. SHARE CAPITAL - continued

d) Finders' warrants:

The following Finders' warrants were outstanding and exercisable as at April 30, 2025 and October 31, 2024:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	April 30, 2025 Number of Warrants	October 31, 2024 Number of Warrants
May 5, 2025*	0.01	\$0.15	2,871	2,871
June 25, 2025	0.15	\$0.24	21,700	21,700
October 30, 2025	0.50	\$0.08	4,950,000	4,950,000
December 18, 2025	0.64	\$0.29	187,250	187,250
December 19, 2025	0.64	\$0.25	16,800	16,800
May 20, 2026	1.05	\$0.44	255,920	255,920
October 30, 2026	1.50	\$0.12	112,210	112,210
June 21, 2026	1.14	\$0.20	3,231,945	3,231,945
August 12, 2026	1.28	\$0.20	1,393,551	1,393,551
Total outstanding and exercisable	0.84	\$0.15	10,172,247	10,172,247

* See Note 16

8. 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 six months ended April 30, 2025 and the year ended October 31, 2024:

	April 30, 2025		October 31, 2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	2,900,000	\$ 0.185	7,830,000	\$ 0.22
Granted	2,500,000	0.12	-	-
Cancelled	-	-	(1,550,000)	0.19
Expired	(2,900,000)	0.185	(3,380,000)	0.28
Balance, end of period	2,500,000	\$ 0.12	2,900,000	\$ 0.185

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

8. SHARE-BASED PAYMENTS - continued

The following stock options were outstanding and exercisable as at April 30, 2025:

Expiry Date	Exercise Price	Number of Options	Contractual Life (Years)
March 28, 2028	\$0.12	2,500,000	2.88
Total outstanding and exercisable		2,500,000	2.88

On January 6, 2025, the Company granted 9,000,000 performance share units (the “PSU’s”) to Ross Carroll, Chief Executive Officer and a director of the Company in accordance with its Equity Incentive Plan. The PSU’s will commence vesting one year after the date of grant upon successful completion of specific performance criteria. Each vested PSU represents the right to receive one common share in the capital of the Company. On March 17, 2025, Mr. Carroll’s employment with the Company was terminated by mutual agreement and the PSU’s were subsequently cancelled.

On February 21, 2025, 2,900,000 stock options priced at \$0.185 expired unexercised.

On March 18, 2025, the Company granted an aggregate of 2,500,000 incentive stock options to purchase up to 2,500,000 common shares of the Company to certain officers and consultants under its Equity Incentive Plan. The Options are exercisable for a period of three years from the date of Grant, expiring on March 18, 2028, at a price of \$0.12 per Share. The options all vest immediately.

During the year ended October 31, 2024, 1,550,000 stock options previously granted to former consultants of the Company were cancelled.

9. 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, at a rate of \$12,500 per month. The agreement was subsequently renewed in prior years and again on December 1, 2022 for a period of twelve months. The Company renewed the agreement on each of December 1, 2023 and 2024 for a further period of 12 months with a rate of \$15,000 per month.

On June 20, 2023, the Company 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, expiring May 31, 2024. On June 1, 2024, the Company extended the agreement for an additional twelve months with the same terms.

10. INVESTMENT IN ASSOCIATE

	Total \$
Balance, October 31, 2023	-
Shares acquired in Blue River transaction	400,000
Loss from equity investee (June 14, 2024 – October 31, 2024)	(100,049)
Balance, October 31, 2024	299,951
Loss from equity investee (November 1, 2024 – January 31, 2025)	(118,801)
Balance, April 30, 2025	181,150

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – prepared by management)

10. INVESTMENT IN ASSOCIATE - continued

On June 14, 2024, the Company received 20,000,000 shares of Capacitor Metals Corp. ("Capacitor"), a private exploration company with a fair value of \$400,000. See Note 6.

During the six months ended April 30, 2025, the investment in associate decreased by \$118,801 (April 30, 2024: \$nil) from the equity loss of Capacitor. As at April 30, 2025, the Company holds 20,000,000 shares of Capacitor, equal to 42.47% (October 31, 2024: 42.47%) of Capacitor's outstanding common shares.

The financial information of Capacitor as of and for the six months ended April 30, 2025 and the year ended October 31, 2024:

	April 30, 2025 \$	October 31, 2024 \$
Current assets	66,241	194,488
Non-current assets	425,321	405,722
Current liabilities	399,248	165,894
Shareholders' equity	92,314	434,316
Expenses	(279,719)	(235,566)
Net loss	279,719	235,566

11. RELATED PARTY TRANSACTIONS

During the six months ended April 30, 2025 and 2024, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Six months ended April 30, 2025 2024	
Key management compensation*	\$	\$
Geological services	70,520	107,694
Administrative fees	-	87,500
Consulting fees and salaries	434,331	87,840
Director fees	60,000	63,750
Advertising and promotion	-	75,000
Total	514,851	421,784

	April 30, 2025 \$	October 31, 2024 \$
Amounts due to (from) related parties		
Dahrouge Geological Consulting (a)	-	184,049
Ian Graham (b)	-	4,471
Jeremy Robinson (c)	132,500	33,374
Adam Ritchie (d)	2,500	2,500
Ross Carroll (e)	141,244	-
Jody Bellefleur (f)	21,000	-
Due to related parties – Net total	297,244	224,394

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

11. RELATED PARTY TRANSACTIONS - continued

- (a) Dahrouge Geological Consulting (“Dahrouge”) provides geological services to the Company. Dahrouge is controlled by former director of the Company, Jody Dahrouge, who resigned December 23, 2024. Dahrouge is no longer considered a related party
- (b) Ian Graham is a director of the Company and acts as Chairman of the Board
- (c) Churchill SIG Pty Ltd. provides advisory services to the Company and has a common director, Jeremy Robinson.
- (d) Adam Ritchie is a director of the Company
- (e) Ross Carroll is the former President, CEO and a director of the Company
- (f) Jody Bellefleur is the CFO 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.

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 condensed consolidated interim financial statements.

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

a) Credit Risk

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

At April 30, 2025, the Company held cash of \$458,352 (October 31, 2024: \$2,486,685) and short-term, investments of \$23,000 (October 31, 2024: \$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.

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

12. FINANCIAL INSTRUMENTS - continued

b) Liquidity Risk

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

As at April 30, 2025, the Company has total current liabilities of \$2,490,893 (October 31, 2024: \$1,582,249). 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.

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.

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

12. FINANCIAL INSTRUMENTS - continued

d) Fair Value

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

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

The following is an analysis of the Company's financial assets measured at fair value as at April 30, 2025 and October 31, 2024:

	As at April 30, 2025		
	Level 1	Level 2	Level 3
Short-term investments	\$ 23,000	\$ -	\$ -
Marketable securities	1,965	-	-
	\$ 24,965	\$ -	\$ -

	As at October 31, 2024		
	Level 1	Level 2	Level 3
Short-term investments	\$ 23,000	\$ -	\$ -
Marketable securities	3,369	-	-
	\$ 26,369	\$ -	\$ -

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at April 30, 2025, the Company's shareholders' equity was \$51,110,473 (October 31, 2024: \$53,101,773). 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 period.

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

During the six months ended April 30, 2025:

- Exploration and evaluation assets of \$1,669,205 were included in accounts payable.

During the six months ended April 30, 2024:

- Exploration and evaluation assets of \$42,239 were included in accounts payable and \$33,190 were included in due to related parties; and
- Amortization of \$5,446 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 April 30, 2025 and October 31, 2024, the right-of-use asset recorded for storage premises is as follows:

Balance, October 31, 2023	\$	111,696
Depreciation		(32,692)
Balance, October 31, 2024	\$	79,004
Depreciation		(16,346)
Balance, January 31, 2025	\$	62,658

b) Lease liability

The net change in the lease liability is as follows:

Balance, October 31, 2023	\$	121,805
Principal payments		(30,666)
Balance, October 31, 2024	\$	91,139
Principal payments		(16,762)
Balance, April 30, 2025	\$	74,377

During the six months ended April 30, 2025, interest of \$4,838 (April 30, 2024 - \$6,725) is included in lease interest expense.

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

		April 30, 2025
Undiscounted minimum lease payments		
Less than one year	\$	21,600
Two to five years		61,200
		<u>82,800</u>
Effect of discounting		(8,424)
Present value of minimum lease payments		<u>74,376</u>
Less current portion		(36,681)
Long-term portion	\$	<u>37,696</u>

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

15. LIABILITY AND INCOME TAX EFFECT ON FLOW-THROUGH SHARES

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

On June 21, 2024, the Company issued 28,000,000 common shares on a “flow-through” basis at a price of \$0.18 per Share for gross proceeds of \$5,040,000. The flow-through proceeds are to be renounced on December 31, 2024. At April 30, 2025, the Company had incurred the \$5,040,000 in qualified expenditures.

	Issued on June 21, 2024
Balance, October 31, 2023	\$ -
Liability incurred on flow-through shares issued	1,680,000
Settlement of flow-through share liability on incurred expenses	(1,626,631)
Balance, October 31, 2024	\$ 53,369
Settlement of flow-through share liability on incurred expenses	(53,369)
Balance, April 30, 2025	\$ -

16. SUBSEQUENT EVENTS

On May 5, 2025, 2,241,982 share purchase warrants priced at \$0.15 and 2,871 finders warrants priced at \$0.15 expired unexercised.

On May 13, 2025, the Company announced the completion of a non-brokered private placement of secured convertible notes (the “Notes”) for gross proceeds of \$2,150,000. The Notes accrue interest at a rate of 20.0% per annum, calculated on the basis of the actual number of days elapsed in an applicable interest period and on the basis of a year of 365 or 366 days, as the case may be (the “Interest”) and mature on May 12, 2027 (the “Maturity Date”). Unless converted or redeemed in accordance with the terms of the Notes, the principal amount of the Notes (the “Principal Amount”) will be owing and accrued Interest due and payable at the Maturity Date.

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

Schedule of Resource Properties (2025)**Schedule I**

	Eldor Claims
For the six months ended April 30, 2025	
Acquisition costs	
Balance, beginning of period	\$ 1,403,382
Staking and renewals	-
Balance, end of the period	1,403,382
Deferred exploration and development costs	
Balance, beginning of period	49,196,652
Assays and analytical	86,109
Camp, food and accommodation	7,976
Field equipment rental and supplies	16,681
Geology, mapping and drafting	251,517
Insurance	13,542
Lobbying and consulting	18,554
Metallurgy	1,217,700
Other	1,965
Travel and transport	4,586
	1,618,630
Balance, end of period	50,815,282
Total balance, end of period	\$ 52,218,664

Commerce Resources Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended April 30, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

Schedule of Resource Properties (2024)**Schedule I**

For the year ended October 31, 2024	Blue River Claims	Eldor Claims	Totals
Acquisition costs			
Balance, beginning of year	\$ 201,602	\$ 1,403,382	\$ 1,604,984
Staking and renewals	-	-	-
Balance, end of the year	201,602	1,403,382	1,604,984
Deferred exploration and development costs			
Balance, beginning of year	28,368,158	42,402,697	70,770,855
Amortization – field equipment and office	4,549	-	4,549
Assays and analytical	-	234,643	234,643
Camp, food and accommodation	8,164	227,032	235,196
Drilling	-	1,111,888	1,111,888
Environmental and permitting	-	8,425	8,425
Field equipment rental and supplies	1,874	1,400,507	1,402,381
Fuel	-	49,018	49,018
Geology, mapping and drafting	224	1,100,395	1,100,619
Insurance	6,152	15,382	21,534
Lobbying and consulting	-	29,378	29,378
Metallurgy	-	1,181,213	1,181,213
Other	37,250	10,276	47,526
Project management	-	35,193	35,193
Travel and transport	-	1,390,605	1,390,605
	58,213	6,793,955	6,852,168
Balance, end of year	28,426,371	49,196,652	77,623,023
Sale and write-off of Blue River	(28,627,973)	-	(28,627,973)
Total balance, end of year	\$ -	\$ 50,600,034	\$ 50,600,034

Report on review of condensed consolidated interim financial statements

To the Shareholders of Commerce Resources Corp.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statement of Commerce Resources Corp. as at April 30, 2025, and the related condensed consolidated interim statements of operations and comprehensive loss, changes in equity and cash flows for the six-month period then ended, and the related notes, comprising material accounting policy information and other explanatory information. Management is responsible for the preparation and presentation of this condensed consolidation interim financial information in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on the condensed consolidation interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
June 24, 2025