Management Discussion & Analysis for the Six Months Ended April 30, 2025

The following discussion and analysis of the financial position and results of operations and comprehensive loss for COMMERCE RESOURCES CORP. (the "Company" or "Commerce") should be read in conjunction with the condensed interim financial statements for the **six months ended April 30, 2025,** which are prepared using accounting policies consistent with IFRS Accounting Standards ("IFRS"). All financial figures presented herein are expressed in Canadian Dollars (CDN$) unless otherwise specified.

The effective date of this report is June 24, 2025.

Nature of Business

Commerce is a Canadian mineral exploration and development company, listed on Tier 1 of the TSX Venture Exchange in Canada ("CCE"), the Frankfurt Stock Exchange in Germany ("D7H"), and the OTCQX ("CMFZF"). The Company's primary focus is on rare earth elements ("REEs") and its principal asset is the Eldor Property in Quebec. The technical information included in this Management Discussion & Analysis ("MD&A"), unless otherwise stated, has been reviewed by Patrik Schmidt, M.Sc., P. Geol., Mr Schmidt is a Qualified Person under National Instrument 43-101 ("NI 43-101").

The total issued and outstanding shares of the Company total 212,021,555 as at April 30, 2025 (October 31, 2024: 212,021,555) and 212,021,555 as of the date of this report.

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

Corporate Updates

On March 1, 2024, the Company announced the appointment of Patrik Schmidt as its new Vice President of Exploration, replacing Jody Dahrouge who has stepped down but will remain a director of the Company.

On April 11, 2024, announced the publication of a paper on rare earth element mineral processing, which has been supported by sample material from the Ashram Deposit, located in Nunavik, Quebec. The paper, titled "Assessment of the impact of grinding conditions and water quality on the flotation of rare earth elements bearing minerals using hydroxamic acid" was published earlier this month in The Canadian Journal of Metallurgy and Materials Science, a peer-reviewed international journal.

On May 9, 2024, the Company held its Annual and Special Meeting with all matters passing.

On May 21, 2024, the Company announced it has entered into a property purchase agreement (the "Purchase Agreement") with an arm's length private company (the "Purchaser") to sell its interest in certain mineral claims comprising the “Blue River” property (the “Blue River Claims”) located near Blue River, British Columbia. As part of the transaction, the sale will also include 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”). This transaction was completed on June 14, 2024.

On July 8, 2024, the Company released a Mineral Resource Estimate for the Ashram Rare Earth Element and Fluorspar Deposit.

On August 1, 2024, the Company announced the appointment of Mr. Ross Carroll as the new President and CEO of the Company. Mr. Carroll also joined the board of directors. The Company also announced the resignation of Mr. Chris Grove as President, CEO and director of the Company. Mr. Grove will remain on as the Company’s Director of Corporate Development.

On December 23, 2024, the Company announced the resignation of Mr. Jody Dahrouge from the board of directors.

On February 7, 2025, the Company announced that it has received conditional approval for funding of up to a total of $2,606,977 CAD from Natural Resources Canada’s (NRCan) Critical Minerals Infrastructure Fund (CMIF), for progression of the access road to the company’s wholly owned Ashram REE/ Fluorspar Deposit in Nunavik, Quebec. The Company has received conditional funding approval up to C$2,606,977 from Natural Resources Canada (NRCan) as part of the Critical Minerals Infrastructure Fund (“CMIF”) program, subject to completion of due diligence and the execution of a written agreement. The funding is critical to enable the development of a road between the Ashram project and the Koksoak River (175kms), providing greater access to the Nunavik region and supporting multiple projects and Indigenous groups in the area. This funding will be vital in advancing the company’s, Baseline studies, Pre-feasibility study, and Feasibility study.

On March 17, 2025, the Company announced that Mr. Ross Carroll has terminated his employment with the Company by mutual agreement and will step down as President and Chief Executive Officer and as a member of the board of directors effective immediately. Mr. Jeremy Robinson, who is currently a non-executive Director, will assume the role of interim President and Chief Executive Officer to complete the Company’s expected dual listing on the Australian Securities Exchange (ASX) in the coming months and oversee the next phase of development of the world-class Ashram Rare Earths Project.

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.

On April 9, 2025, the Company announced it had entered into a definitive agreement (the “Agreement”) with Mont Royal Resources Limited (ASX: MRZ) (“Mont Royal”) to combine their respective businesses in a merger transaction, pursuant to which Mont Royal has agreed to acquire 100% of the issued and outstanding common shares of the Company (the “Commerce Shares”) by way of a court approved plan of arrangement under the Business Corporation Act (British Columbia) (the “BCBCA”) (the “Transaction”). See Arrangement Agreement.

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. The Company intends to use the proceeds from the Offering as interim funding to be used for the continuation of studies for the development of the Ashram Project and for working capital while the Company’s Transaction with Mont Royal is completed.

On June 1, 2025, the Company appointed Mr. Nicholas Holthouse as President and CEO of the Company.

Selected Annual Information

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

	Fiscal year ended October 31		
	2024	2023	2022
	$	$	$
Total Revenues	Nil	Nil	Nil
Loss from continuing operations	(28,700,373)	(1,696,223)	(723,560)
Loss from continuing operations (per share, basic and diluted)	(0.16)	(0.02)	(0.01)
Net loss	(28,700,373)	(1,696,223)	(723,560)
Net loss (per share, basic and diluted)	(0.16)	(0.02)	(0.01)
Net comprehensive loss for the year	(28,700,373)	(1,696,223)	(723,560)
Total assets	54,740,606	77,287,736	73,188,193
Total long-term financial liabilities	56,584	94,591	121,805
Cash dividend declared per share	Nil	Nil	Nil

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

During the year ended October 31, 2022, the Company’s operating expenses were consistent with prior years and were offset by a flow-through premium recovery. During the year ended October 31, 2023, the Company’s operating expenses were consistent with prior years, but increased due to the write-off of other receivables. During the year ended October 31, 2024, the Company’s costs increased due to an increase in business activities, which was offset by the flow-through premium, recovery but substantially increased due to the impairment of the Blue River Property.

Arrangement Agreement

On April 9, 2025, the Company entered into a definitive arrangement agreement (the “Agreement”) with Mont Royal Resources Limited (ASX: MRZ) (“Mont Royal”) to combine their respective businesses in a merger transaction, pursuant to which Mont Royal has agreed to acquire 100% of the issued and outstanding common shares of Commerce (the “Commerce Shares”) by way of a court approved plan of arrangement under the Business Corporation Act (British Columbia) (the “BCBCA”) (the “Transaction”). This Transaction will create a Québec-focused critical minerals explorer and developer through the combination of Commerce’s Ashram Rare Earths and Fluorspar Project (the “Ashram Project”) and Eldor

Niobium exploration project (the “Eldor Niobium Project”) and Mont Royal’s Northern Lights Lithium Project (the “Northern Lights Project”).

The merger will result in a dual listing on the TSX Venture Exchange (the “TSXV”) and the Australian Securities Exchange (the “ASX”), enabling greater access to liquidity and funding for the Ashram Project, with the combined entity bringing together highly experienced members of the management teams of each company with strong capital markets experience, project development and operational expertise.

Pursuant to the terms of the Agreement, holders of Commerce Shares will receive 2.3271 ordinary shares of Mont Royal (“Mont Royal Shares”) in exchange for each Commerce Share (the “Exchange Ratio”) held immediately prior to the effective time of the Transaction (the “Effective Time”). Based on the Exchange Ratio and a 30-traded day volume-weighted average price of A$0.04391 per Mont Royal Share on the ASX prior to suspension on February 14, 2025, this represents an implied value of C$0.093 per Commerce Share, an equity value for Commerce of C$17.2 million and an implied premium of 55% to Commerce’s closing share price of $0.06 on April 8, 2025.

As of the date of the Agreement, existing shareholders of Commerce (“Commerce Shareholders”) and shareholders of Mont Royal will own approximately 85.3% and 14.7%, respectively, of the outstanding Mont Royal Shares following completion of the Transaction (before taking into account the Commerce Convertible Note Financing and Mont Royal Equity Raise).

The Transaction is conditional upon, amongst other things, Mont Royal raising up to A$10.0 million through the issue of Mont Royal Shares (the “Mont Royal Equity Raise”) pursuant to a public equity offering in Australia. The net proceeds of the Mont Royal Equity Raise are expected to be used for, among other things, advancing the Preliminary Economic Assessment (“PEA”) at the Ashram Project, while also advancing the Eldor Niobium Project and the exploration pipeline at the Northern Lights Project.

In addition to the announcement of the Transaction, Commerce completed a convertible note financing with a number of existing Commerce and Mont Royal shareholders and other sophisticated investors to raise C$2.15 million (“Convertible Note Financing”) to provide interim funding to be used for the continuation of studies for the development of the Ashram Project and for working capital while the Transaction is completed.

Upon closing of the Transaction, it is anticipated that the board of the combined company will be comprised of a new non-executive Chairman in Mr. Cameron Henry, appointed by Commerce, two (2) Directors from Commerce, being Mr. Jeremy Robinson and Mr. Adam Ritchie, and one (1) Non-Executive Director from Mont Royal, expected to be Mr. Ronnie Beevor. In addition, a new CEO and President, Mr. Nick Holthouse, has been appointed to replace the interim Commerce CEO and President, Jeremy Robinson, who will transition to a non-executive Director of the Merged Group.

<u>Results of Operations</u>

<u>Exploration and Development Activities</u>

Eldor Property

The Eldor Property is situated in northern Quebec approximately 130 km south of the town of Kuujjuaq. The Property is 100%-owned by the Company and is composed of 244 claims comprising approximately 11,475 hectares, including the Ashram Rare Earth Deposit (“Ashram Deposit”).

Exploration expenditures during the six months ended April 30, 2025 totalled $1,618,630 (April 30, 2024: $635,338).

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

Work Program and Eldor Updates:

On November 1, 2023, the Company announced it had produced an additional 0.6 kg of mixed rare earth carbonate with an NdPr distribution of 20.5% and TbDy distribution of 0.89%. The sample met typical market specifications and 0.5 kg of the sample was shipped to a well-established downstream processor of Rae Earth Mineral products located outside of China.

On March 4, 2024, the Company announced a significant simplification and optimization of the Ashram Deposit's front-end mineral processing flowsheet, whereby 30 to 35+% REO monazite mineral concentrates at strong recovery (between 60-70%) are produced using only flotation. This test work has been completed at bench scale, is demonstrated repeatable, and has been scaled up successfully from ~1 kg to 10 kg floats using conventional mechanical flotation cells. In addition to the mineral processing developments, a streamlined hydrometallurgical flowsheet has also been developed and demonstrated at bench scale for the downstream processing of the monazite flotation concentrates.

On May 22, 2024, the Company announced an updated mineral resource estimate (“MRE”) for the Ashram Rare Earth and Fluorspar Deposit. The updated MRE firmly establishes Ashram as a globally significant rare earth element deposit, and one of the largest monazite-mineralized carbonatite REE deposits in the world: 73.2 Mt at 1.89% TREO and 6.6% CaF2 (indicated), and 131.1 Mt at 1.91% TREO and 4.0% CaF2 (inferred), at a cut-off of $287 Net Metal Return (NMR) per tonne with an Effective Date of April 4, 2024. Mineral resources are not mineral reserves as they do not have demonstrated economic viability. The Ashram MRE demonstrates very high NdPr distributions (i.e., percent of neodymium plus praseodymium oxide of the TREO) for a carbonatite hosted deposit at 21.2% NdPr (indicated) and 21.4% NdPr (inferred), exceeding that of several active global producers.

On May 29, 2024, the Company announced that planning was underway for a diamond drill program at the Eldor Property, targeting further delineation of niobium (± tantalum and phosphate) mineralization at the Mallard Prospect, and continued exploration at the Miranna Prospect. A total of twenty (20) to thirty (30) NQ-size drill holes, for a minimum of 7,500 m, are planned for the program.

On October 10, 2024, the Company announced results of the first set of drill holes of the 2024 program with the most significant intercept being 122.5 m at 0.62% Nb_2O_5 (EC24-208) at the Mallard Prospect, Eldor Property, Quebec. The drill hole successfully demonstrated the down-dip continuity of niobiumenrichment within carbonatite intersected at Mallard. Two (2) holes drilled at the Spoke Target (EC24-212 and EC24-213) returned promising results with niobium-mineralized intercepts, including an interval of 27.5 m at 0.60% Nb_2O_5 (EC24-212) and two intervals in EC24-213 of 17.9 m at 0.66% Nb_2O_5 in addition to a wider interval of 21.3 m at 0.60% Nb_2O_5.

On October 29, 2024, the Company announced the discovery of the Knox niobium Prospect by drilling 69.4 m of 0.61% Nb_2O_5 and extends mineralization at the Miranna Prospect, Eldor Property, Quebec. Inaugural drilling at the previously untested geophysical anomaly referred to as the "Knox Prospect" or "Knox", has identified substantial high-grade intercepts of niobium, including 69.4 m at 0.61% Nb_2O_5 within a wider interval of 96.5 m at 0.51% Nb_2O_5 (EC24-220). Further to the new discovery made at the Knox Prospect, follow-up drill testing at the Miranna Prospect delivered the best niobium-mineralized intercepts to-date for this prospect, factoring both grade and length of drill hole intercepts – 65.7 m at 0.53% Nb_2O_5, including 35.7 m at 0.67% Nb_2O_5 (EC24-215).

On November 14, 2024, the Company announced it produces High-Grade Rare Earth Mineral Concentrate (36% REO) at Strong Recovery in Flotation Locked-Cycle Testing. The locked-cycle test ("LCT") program was completed on the Ashram Deposit's simplified flotation-only beneficiation flowsheet (see news release dated March 4, 2024) and has demonstrated improved grade and recovery compared to the prior bench-scale test program. Monazite dominate rare earth mineral concentrates grading 35.8 to 36.8% REO at 65 to 68% overall recovery were achieved through the LCT test work on the flotation-only beneficiation flowsheet. The locked-cycle test was carried out by SGS Canada at their Lakefield, ON, facility and utilized bulk sample material (~2.1% REO head grade) collected from an outcrop of the Ashram Deposit.

On December 16, 2024, the Company announced the final set of drill results from the 2024 campaign that confirms the significance of the niobium discovery at Mallard with new results, including 24 m of 0.91% Nb_2O_5 within a wider interval of 45.5 m at 0.65% Nb_2O_5 (EC24-232). EC24-225 tested the most southeastern part of the magnetic high anomaly that defines the core of the Mallard Prospect and intercepted several well mineralized horizons (16.8 m at 0.60% Nb_2O_5, 11.0 m at 0.67% Nb_2O_5, 16.0 m at 0.62% Nb_2O_5), with mineralization open in multiple directions. Drill holes completed during the program targeting the Mallard, Spoke, Northwest, Moira, and Loon prospects. Each target except Loon intercepted significant niobium mineralization.

Overall Performance

Source of Funds

Since November 1, 2020, and up to April 30, 2025, the Company has raised gross proceeds of $22.6 million. These proceeds were raised for the specific purpose of advancing the Company's Eldor Property and for general working capital purposes. During this time, the Company has used approximately $18.9 million of the proceeds for work on the Company's properties and $3.3 million on general working capital, leaving a cash balance of $.5 million. The most recent financings are noted below:

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 SIG Pty Ltd. ("Churchill"), the Company paid cash finder's fees to Churchill in the amount of approximately $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.

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 approximately $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. As a director of the Company is also a director of Churchill, Churchill is a ‘related party’ of the Company.

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. The Company intends to use the proceeds from the Offering as interim funding to be used for the continuation of studies for the development of the Ashram Project and for working capital while the Company’s Transaction with Mont Royal is completed.

For additional details regarding the Company’s recent financing, please refer to Note 7 of the Company’s condensed interim financial statements for the six months ended April 30, 2025.

General and Administrative

Net loss for the six months ended April 30, 2025, was $2,150,800, compared to a net loss during six months ended April 30, 2024 of $618,861, for a difference of $1,531,939. The significant difference between the periods is due to increased consulting and salaries during the period reflecting an increase in business activities.

Summary of Quarterly Results

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

	April 30, 2025	January 31, 2025	October 31, 2024	July 31, 2024
Revenues	Nil	Nil	Nil	Nil
Net income (loss) from continuing operations	(1,166,016)	(984,784)	220,567	(28,302,079)
Net income (loss) and comprehensive income (loss)	(1,166,016)	(984,784)	220,567	(28,302,079)
Basic and diluted net income (loss) (per share)	(0.01)	0.00	0.00	(0.16)
	April 30, 2024	**January 31, 2024**	**October 31, 2023**	**July 31, 2023**
Revenues	Nil	Nil	Nil	Nil
Net income (loss) from continuing operations	(344,654)	(274,207)	(770,548)	(203,401)
Net income (loss) and comprehensive income (loss)	(344,654)	(274,207)	(770,548)	(203,401)
Basic and diluted net income (loss) (per share)	(0.00)	(0.01)	(0.01)	0.00

Over the course of the Company's previously completed eight quarters, the Company's net loss has remained at a consistent level, with the exception of the share-based payments expense recorded during the quarter ended April 30, 2025, the flow-through premium recovery during the quarters ended July 31, 2022 and October 31, 2022, the write off of other receivables during the quarter ended October 31, 2023, the impairment of the Blue River Property during the quarter ended July 31, 2024, the flow-through premium recovery during the quarter ended October 31, 2024, and increased consulting fees during the three months ended January 31, 2025.

Liquidity and Capital Resources

During the prior fiscal year and up to the date of this report, the Company has raised gross proceeds of $22.6 million. These proceeds were raised for the specific purpose of advancing the Company's Eldor Property and for general working capital purposes. During this time, the Company has used approximately $18.9 million of the proceeds for work on the Company's properties and $3.3 million on general working capital, leaving a cash balance of $.5 million. The Company believes it will be able to raise the capital required to continue to develop these properties. The Company does not have any specific work commitments or property payments, all work on the property is determined by how to best spend the funds raised, taking into consideration the Company's working capital requirements. The Company has maintained reasonable general and administrative expenditures, with advertising and promotion of the property dependent on the capital available to cover such expenditures.

The Company's present cash resources are not sufficient to meet all its current liabilities and administrative and overhead expenses for the next eighteen months. The Company understands it will have to raise additional capital to continue its work on the Eldor Property, and for general working capital requirements.

The Company will continue to require funds to further the exploration of its resource properties. As a result, the Company may have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

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

The Company's property is in the exploration stage only. Development of the property will only follow upon obtaining satisfactory results. Exploration and development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of mineral deposits amenable to commercial development. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of rare metals from the properties (tantalum and niobium) and rare earth elements. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control such as international, economic and political trends, expectations of inflation, currency exchange fluctuations and interest rates.

As at April 30, 2025, the Company has total assets of $53,639,062 (October 31, 2024: $54,740,606). The primary assets of the Company are exploration and evaluation assets of $52,218,664 (October 31, 2024: $50,600,034), short term investments of $23,000 (October 31, 2023: $23,000), marketable securities carried at $1,965 (October 31, 2024: $3,369), reclamation bonds of $80,000 (October 31, 2024: $80,000), right-of-use assets of $62,658 (October 31, 2024: $79,004), prepaid expenses of $514,443 (October 31, 2024: $644,991), GST/QST and other receivables of $98,830 (October 31, 2024: $521,692), investment in associate of $181,150 (October 31, 2024: $299,951), due from equity investee of $nil (October 31, 2024: $1,880), and cash of $458,352 (October 31, 2024: $2,486,685). The Company has long-term liabilities of $37,696 (October 31, 2024: $56,584) and has a working capital deficit of $1,263,153 (October 31, 2024: $2,399,319 surplus) as at April 30, 2025.

Cash Used in Operating Activities: Cash used in operating activities during the six months ended April 30, 2025 was $763,797, compared with $770,506 used in operating activities during the six months ended April 30, 2024. Cash was mostly spent on general operating expenses, outstanding payables, and prepaid expenses related to advances for the Company's field work program, and adjusted for items not involving cash.

Cash From Financing Activities: Total cash used in financing activities during the six months ended April 30, 2025 was $21,600, (April 30, 2024: $22,194), made up of share issuance costs (2025: $nil, 2024: $594) and principal payments of lease liabilities (2025: $21,600, 2024: $21,600).

Cash Used in Investing Activities: Total cash used in investing activities during the six months ended April 30, 2025 was $1,242,936 compared to $908,899 of cash used during the six months ended April 30, 2024, for the exploration and development of its mineral properties.

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 December 1, 2023 and 2024 each for another period of 12 months with a rate of $15,000 per month.

On June 20, 2023, the Company signed an agreement with Zimtu 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. The agreement expired on May 31, 2025.

Transactions with Related Parties

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,	**October 31,**
	2025	**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

(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.

Off Balance Sheet Arrangements

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

Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in either of its last two financial years, the following is a breakdown of the material costs incurred:

	Year Ended October 31, 2024	Year ended October 31, 2023
Capitalized or Expensed Exploration and Development Costs	$6,852,168	$1,493,995
General and Administration Expenses	$1,820,040	$1,335,173

Disclosure of Outstanding Share Capital

The total issued and outstanding shares of the Company total 212,021,555 as April 30, 2025 (October 31, 2024: 212,021,555) and 212,021,555 as of the date of this report.

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

	June 24, 2025	April 30, 2025	October 31, 2024	October 31, 2023
Common Shares	212,021,555	212,021,555	212,021,555	168,021,555
Stock Options	2,500,000	2,500,000	2,900,000	7,830,000
Warrants	148,942,141	151,184,123	151,184,123	116,858,276
Agents' Warrants	10,169,376	10,172,247	10,172,247	5,546,751
Fully Diluted Shares	373,633,072	376,277,925	376,277,925	298,256,582

On January 6, 2025, the Company announced it had granted 9,000,000 performance share units (the "PSU's") to Ross Carroll, former Chief Executive Officer and a director of the Company in accordance with its Equity Incentive Plan. The PSU's were to 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. Upon Mr. Carroll's resignation, these PSU's were 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.

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 SIG Pty Ltd. ("Churchill"), the Company paid cash finder's fees to Churchill in the amount of approximately $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.

On June 21, 2024, the Company announced that it has closed its 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 (the "Offering"). 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 approximately $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. As a director of the Company is also a director of Churchill, Churchill is a 'related party' of the Company.

For additional details of outstanding share capital, refer to Notes 7 and 8 of the condensed interim financial statements for the six months ended April 30, 2025.

Industry and Economic Factors Affecting Performance

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

Risk Factors

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

Environmental Risks and Other Regulatory Requirements

Any future operations of the Company, including development activities and commencement of production on its properties, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. In addition, agreements may be required with local native people and / or groups that could have a material effect on the Company's operations. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Management

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

Forward Looking Statements

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

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

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

Factors that could cause actual results to differ materially from those in forward-looking statements include increases to operating expenses and capital expenditures, market prices for metals, the conclusions of detailed feasibility and technical analyses, lower than expected grades and quantities of resources, mining rates and recovery rates and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. There can be no assurance that the plan, intentions or expectations upon which these forward-looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

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

Approval

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

Additional Information

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