



**Mont Royal Resources Limited  
ACN 625 237 658**

## **Notice of General Meeting**

**A General Meeting of the Company will be held as follows:**

**Time and date:** 11am (AWST) on Friday, 10 October 2025

**In-person:** Level 1, 1 Alvan Street, Subiaco, WA 6008

The Notice of General Meeting should be read in its entirety.

If Shareholders are in doubt as to how to vote, they should seek advice from their suitably qualified professional advisor prior to voting.

**Should you wish to discuss any matter, please do not hesitate to contact the Company on (02) 8651 7800 (within Australia) or on +61 2 8651 7800 (if outside of Australia)**

**Shareholders are urged to attend or vote by lodging the Proxy Form made available with the Notice**

# Chairman's Letter

Dear Shareholders

Mont Royal Resources Limited (ASX:MRZ) (**Company**) advises that its General Meeting of Shareholders will be held in-person at 11am (AWST) on Friday, 10 October 2025 at the offices of Churchill Strategic Investments Group Pty Ltd, located at Level 1, 1 Alvan Street, Subiaco, WA 6008.

On 10 April 2024, the Company announced that it had entered into the arrangement agreement (**Arrangement Agreement**) with Commerce Resources Corporation (**Commerce**), as amended on 29 July 2025 by way of amending agreement (**Amending Agreement**) between the Company and Commerce, to acquire 100% of the issued and outstanding Commerce Shares in the capital of Commerce on the basis of 2.3271 new MRZ Shares for every 1 Commerce Share (on a pre-Consolidation basis) by way of a Canadian plan of arrangement together with the cancellation of existing Commerce Options, Commerce Warrants and Commerce Performance Rights and the automatic conversion of the Convertible Notes into Conversion Shares (**Acquisition**). Commerce is a Canadian domiciled Company with a focus on rare earth elements (**REE**) exploration and development, that holds a 100% interest in the Ashram Project in Quebec, Canada.

The Acquisition constitutes a significant change to the nature and scale of the Company's activities and, as such, the Company is required to re-comply with Chapters 1 and 2 of the Listing Rules, and to obtain shareholder approval at the General Meeting. In connection with the Acquisition, the Company is seeking to raise up to a maximum of \$10,000,000 (before costs) via a public offer of up to 50,000,000 Shares at an issue price of A\$0.20 per Share (on a post-Consolidation basis) (**Public Offer**) (the Acquisition and the Public Offer are, together, the **Transaction**). For further information concerning the Transaction please refer to Section 4 of this notice of meeting (**Notice**).

In order to give effect to that Arrangement Agreement, the Company puts forward this Notice of Meeting so that Shareholders of the Company can vote on the various resolutions related to the Transaction. The Transaction Resolutions are inter-conditional meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the General Meeting.

The Board has unanimously determined that the Transaction and the Consolidation are in the best interests of the Company and Shareholders as a whole and unanimously recommends that Shareholders vote FOR the Transaction Resolutions (acknowledging that some directors have a personal interest in Resolution 15, Resolution 16 and Resolution 17 which the Board declines to make recommendations on due to those personal interests) to approve the Transaction. All of the Directors intend to vote their Shares in favour of the Transaction Resolutions and certain Shareholders of the Company have entered into agreements with the Company to support the Transaction.

On behalf of the Board, we encourage you to read this Notice and take the time to consider and follow the instructions on the enclosed forms of proxy so that your Shares can be voted at the Meeting in accordance with your instructions.

Subject to obtaining Canadian court approval and satisfying certain other conditions, including Commerce Shareholder Approval, it is anticipated that the Acquisition will be completed on 21 October 2025, but no later than 29 May 2026, subject to an extension in accordance with the terms of the Arrangement Agreement, unless otherwise agreed to between Commerce and the Company.

Yours sincerely

A handwritten signature in black ink, appearing to be 'G. Lawler', written in a cursive style.

Gary Lawler  
Chairman

**Mont Royal Resources Limited**  
**ACN 625 237 658**  
**(the Company)**

**Notice of General Meeting**

Notice is hereby given that a general meeting, of Shareholders of Mont Royal Resources Limited (**Company**), will be held at the offices of Churchill Strategic Investments Group Pty Ltd, located at Level 1, 1 Alvan Street, Subiaco, WA 6008, on Friday, 10 October 2025 at 11am (AWST) (**Meeting**).

The Company provides additional information on matters to be considered at the Meeting in an explanatory memorandum attached to the Notice (**Explanatory Memorandum**). The Explanatory Memorandum and the Proxy Form, form part of the Notice.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5 pm (AWST) on Wednesday, 8 October 2025.

Terms and abbreviations used in the Notice are defined in Schedule 1.

## **Agenda**

### **1 Resolutions**

#### **Resolution 1 – Consolidation of capital**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*'That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the terms and conditions in the Explanatory Memorandum, on the basis that:*

- (a) *every 1 Share be consolidated into 0.2195 Shares; and*
- (b) *all Options be adjusted in accordance with Listing Rule 7.22,*

*and where this Consolidation results in a fraction of a Security being held, the Company be authorised to round that fraction up to the nearest whole Security. The Consolidation is to take effect on Consolidation Date.'*

## **Resolution 2 – Approval to change in nature and scale of activities**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 11.1.2 and for all other purposes, Shareholders approve the significant change in the nature and scale of the Company’s activities resulting from the Transaction, on the terms and conditions set out in the Explanatory Memorandum.’*

## **Resolution 3 – Election of Director – Cameron Henry**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Article 6.2(c) of the Constitution and for all other purposes, Cameron Henry, being eligible and having consented to act, be elected as a Director on and from Completion.’*

## **Resolution 4 – Election of Director – Jeremy Robinson**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Article 6.2(c) of the Constitution and for all other purposes, Jeremy Robinson, being eligible and having consented to act, be elected as a Director on and from Completion.’*

## **Resolution 5 – Election of Director – Adam Ritchie**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Article 6.2(c) of the Constitution and for all other purposes, Adam Ritchie, being eligible and having consented to act, be elected as a Director on and from Completion.’*

## **Resolution 6 – Approval to issue Public Offer Shares**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 50,000,000 Public Offer Shares (on a post-Consolidation basis), on the terms and conditions set out in the Explanatory Memorandum.’*

## **Resolution 7 – Participation in Public Offer by the Participating Director**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 50,000 Public Offer Shares (on a post-Consolidation basis) to The Holthouse Family Trust (or its nominee) on the terms and conditions in the Explanatory Memorandum.’*

## **Resolution 8 – Approval to issue Consideration Shares**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 102,891,771 Consideration Shares (on a post-Consolidation basis) to Commerce Shareholders (or their respective nominees), on the terms and conditions in the Explanatory Memorandum.’*

## **Resolution 9 – Approval of issue of Director Consideration Shares**

To consider and, if thought fit, to pass with or without amendment, each as a **separate** ordinary resolution, the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 5,410,445 Director Consideration Shares (on a post-Consolidation basis) to the Proposed Directors (or their respective nominees) as follows:*

- (a) *up to 4,848,557 Director Consideration Shares to Churchill Strategic Investments Group Pty Ltd (an entity controlled by Cameron Henry and Jeremy Robinson);*
- (b) *up to 255,403 Director Consideration Shares to Adam Ritchie; and*
- (c) *up to 306,485 Director Consideration Shares to ALR Investments Pty Ltd,*

*on the terms and conditions in the Explanatory Memorandum.’*

## **Resolution 10 – Approval to issue Consideration Options**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 70,269,274 Consideration Options (on a post-Consolidation basis) to the Commerce Option Holders and Commerce Warrant Holders (or their respective nominees), on the terms and conditions in the Explanatory Memorandum.’*

## **Resolution 11 – Approval of issue of Director Consideration Options**

To consider and, if thought fit, to pass with or without amendment, each as an ordinary resolution, the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 11,343,728 Director Consideration Options (on a post-Consolidation basis) to the parties (or their respective nominees) as follows:*

- (a) *up to 9,249,417 Director Consideration Options to Churchill Strategic Investments Group Pty Ltd (entity controlled by Cameron Henry and Jeremy Robinson);*
- (b) *up to 510,807 Director Consideration Options to Jeremy Robinson;*
- (c) *up to 510,808 Director Consideration Options to Nicholas Holthouse;*
- (d) *up to 766,211 Director Consideration Options to Adam Ritchie; and*
- (e) *up to 306,485 Director Consideration Options to ALR Investments Pty Ltd, an entity connected to Mr Peter Ruse,*

*on the terms and conditions in the Explanatory Memorandum.’*

## **Resolution 12 – Approval of issue of Director Replacement Performance Rights**

To consider and, if thought fit, to pass with or without amendment, each as an ordinary resolution, the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 7,662,114 Director Replacement Performance Rights (on a post-Consolidation basis) as follows:*

- (a) *up to 4,597,268 Director Replacement Performance Rights to Nicholas Holthouse (or his nominees);*
- (b) *up to 1,532,423 Director Replacement Performance Rights to Jeremy Robinson (or his nominees); and*
- (c) *up to 1,532,423 Director Replacement Performance Rights to Adam Ritchie (or his nominees),*

*on the terms and conditions in the Explanatory Memorandum.’*

### **Resolution 13 – Approval of issue of Conversion Shares**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of the Conversion Shares to the Noteholders (or their respective nominees) on conversion of the Commerce Convertible Notes at the Conversion Price (on a post-Consolidation basis), on the terms and conditions in the Explanatory Memorandum.’*

### **Resolution 14 – Approval of issue of Director Conversion Shares**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of the Director Conversion Shares (on a post-Consolidation basis) to ALR Investments Pty Ltd, on the terms and conditions in the Explanatory Memorandum.’*

### **Resolution 15 – Approval of New Plan**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, for the purposes of Listing Rule 7.2, exception 13(b), the policies of the TSX Venture Exchange (TSX-V), and for all other purposes, Shareholders approve the new omnibus equity incentive plan of the Company known as the ‘Mont Royal Limited Omnibus Equity Incentive Plan’ (New Plan) and the issue of (on a post-Consolidation basis):*

- (a) for the purposes of the policies of the TSX-V, up to the maximum number of Shares issuable under the New Plan pursuant to the settlement or exercise, as applicable, of all Equity Securities under the New Plan, not exceeding 36,228,416 Shares; and*
- (b) for the purposes of Listing Rule 7.2, exception 13(b), up to the maximum of 36,228,416 Equity Securities under the New Plan,*

*on the terms and conditions in the Explanatory Memorandum.’*



## **Resolution 16 – Approval of potential termination benefits under the New Plan**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, for a period commencing from the date this Resolution is passed and ending upon the expiry of all Equity Securities issued or to be issued under the New Plan, approval be given for all purposes including Part 2D.2 of the Corporations Act for the giving of benefits to any current or future person holding a managerial or executive office of the Company or a related body corporate in connection with that person ceasing to hold such office, on the terms and conditions in the Explanatory Memorandum.’*

## **Resolution 17 – Approval of issue of PSUs and Options under the New Plan**

To consider and, if thought fit, to pass with or without amendment, each as an ordinary resolution, the following:

*‘That, subject to each of the other Transaction Resolutions being passed, for the purposes of sections 195(4) and 208 of the Corporations Act, Listing Rule 10.14, the policies of the TSX-V and for all other purposes, Shareholders approve the issue of up to 4,597,268 PSUs and 1,532,423 Options (on a post-Consolidation basis) to existing and proposed Directors (or their respective nominees) under the New Plan as follows:*

- (a) *up to 1,532,422 PSUs and 510,807 Options to Cameron Henry;*
- (b) *up to 1,532,423 PSUs and 510,808 Options to Ronald Beevor; and*
- (c) *up to 1,532,423 PSUs and 510,808 Options to Peter Ruse,*

*on the terms and conditions set out in the Explanatory Memorandum.’*

## **Resolution 18 – Approval of issue of Broker Options**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*‘That, subject to each of the other Transaction Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of between 6,000,000 and up to 8,000,000 Broker Options to the Broker Parties (or their respective nominees) on the terms and conditions set out in the Explanatory Memorandum to this Notice.’*

## Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

**Resolution 2:** by or on behalf of a counterparty to the Transaction that, of itself or together with one or more other transactions, will result in a significant change to the nature or scale of the Company's activities and any other person who will obtain a material benefit as a result of the Transaction (except a benefit solely by reason of being a Shareholder) or an associate of those persons.

**Resolution 6:** by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Public Offer Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 7:** by or on behalf of The Holthouse Family Trust or Nicholas Holthouse (or their respective nominees) and any other person who will obtain a material benefit as a result of, the proposed issue of these Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 8:** by or on behalf of each of the Commerce Shareholders (or their respective nominees) and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Consideration Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 9(a):** by or on behalf of Churchill Strategic Investments Group Pty Ltd, Cameron Henry and Jeremy Robinson (or their nominees), and any other person who will obtain a material benefit as a result of, the proposed issue of these Director Consideration Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 9(b):** by or on behalf of Adam Ritchie (or his nominees) and any other person who will obtain a material benefit as a result of, the proposed issue of these Director Consideration Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 9(c):** by or on behalf of ALR Investments Pty Ltd or Peter Ruse (or their respective nominees) and any other person who will obtain a material benefit as a result of, the proposed issue of these Director Consideration Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 10:** by or on behalf of each of the Commerce Option Holders and Commerce Warrant Holders (or their respective nominees) and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Consideration Options (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 11(a):** by or on behalf of Churchill Strategic Investments Group Pty Ltd, Cameron Henry and Jeremy Robinson (or their nominees), and any other person who will obtain a material benefit as a result of, the proposed issue of these Director Consideration Options (except a benefit solely by reason of being a Shareholder or a holder of Commerce Options or Commerce Warrants), or any of their respective associates.

**Resolution 11(b):** by or on behalf of Jeremy Robinson (or his nominees) and any other person who will obtain a material benefit as a result of, the proposed issue of these Director

Consideration Options (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 11(c):** by or on behalf of Nicholas Holthouse (or his nominees) and any other person who will obtain a material benefit as a result of, the proposed issue of these Director Consideration Options (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 11(d):** by or on behalf of Adam Ritchie (or his nominees) and any other person who will obtain a material benefit as a result of, the proposed issue of these Director Consideration Options (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 11(e):** by or on behalf of ALR Investments Pty Ltd or Peter Ruse (or their respective nominees), and any other person who will obtain a material benefit as a result of, the proposed issue of these Director Consideration Options (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 12(a):** by or on behalf of Nicholas Holthouse (or his nominees), or an officer of the entity or any of its child entities who is entitled to participate in a termination benefit, and any other person who will obtain a material benefit as a result of, the issue of these Director Replacement Performance Rights (except a benefit solely by reason of being a Shareholder), or an officer of the Company who is entitled to participate in a termination benefit, or any of their respective associates.

**Resolution 12(b):** by or on behalf of Jeremy Robinson (or his nominees), or an officer of the entity or any of its child entities who is entitled to participate in a termination benefit, and any other person who will obtain a material benefit as a result of, the issue of these Director Replacement Performance Rights (except a benefit solely by reason of being a Shareholder), or an officer of the Company who is entitled to participate in a termination benefit, or any of their respective associates.

**Resolution 12(c):** by or on behalf of Adam Ritchie (or his nominees), or an officer of the entity or any of its child entities who is entitled to participate in a termination benefit, and any other person who will obtain a material benefit as a result of, the issue of these Director Replacement Performance Rights (except a benefit solely by reason of being a Shareholder), or an officer of the Company who is entitled to participate in a termination benefit, or any of their respective associates.

**Resolution 13:** by or on behalf of each of the Noteholders (or their respective nominees) and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Conversion Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 14:** by or on behalf of the ALR Investments Pty Ltd or Peter Ruse (or their respective nominees) and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Director Conversion Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

**Resolution 15:** by or on behalf of a person who is eligible to participate in the New Plan, or any of their respective associates and any votes required to be excluded for the purposes of disinterested shareholder approval under the policies of the TSX-V.

**Resolution 17(a):** by or on behalf of Cameron Henry (or his nominees) and any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the New Plan, or any of their respective associates and any votes required to be excluded for the purposes of disinterested shareholder approval under the policies of the TSX-V.

**Resolution 17(b):** by or on behalf of Ronald Beevor (or his nominees) and any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the New Plan, or any of their respective associates and any votes required to be excluded for the purposes of disinterested shareholder approval under the policies of the TSX-V.

**Resolution 17(c):** by or on behalf of Peter Ruse (or his nominees) and any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the New Plan, or any of their respective associates and any votes required to be excluded for the purposes of disinterested shareholder approval under the policies of the TSX-V.

**Resolution 18:** by or on behalf of any Broker Party (or their respective nominees) and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Broker Options (except a benefit solely by reason of being a holder of ordinary securities in the Company); or any respective associate of those persons.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Voting prohibitions

**Resolution 9(a) to (c) (inclusive), Resolution 11(a) to (e) (inclusive), Resolution 12, Resolution 15, Resolution 16 and Resolution 17(a) to (c) (inclusive):** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 200E(2A) of the Corporations Act, a vote on Resolution 16 must not be cast by any participants or potential participants in the New Plan and their associates, otherwise the benefit of this Resolution will be lost by such a person in relation to that person's future retirement.

However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Further, in accordance with section 224 of the Corporations Act, a vote on Resolution 17(a) to (c) (inclusive) must not be cast (in any capacity) by or on behalf of a Related Party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 18 Excluded Party**).

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a Resolution 18 Excluded Party to whom the Resolution would permit a financial benefit to be given, or an associate of such a Related Party.

**Please note:** If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

## **BY ORDER OF THE BOARD**

**Shaun Menezes**  
**Company Secretary**  
**Mont Royal Resources Limited**  
Dated: 9 September 2025

**Mont Royal Resources Limited**  
**ACN 625 237 658**  
**(Company)**

**Explanatory Memorandum**

**1. Introduction**

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of Churchill Strategic Investments Group Pty Ltd, located at Level 1, 1 Alvan Street, Subiaco, WA 6008, on Friday, 10 October 2025 at 11am (AWST) (**Meeting**).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Voting and attendance information
Section 3	Conditional Transaction Resolutions
Section 4	Background to the Transaction
Section 5	Risks associated with the Transaction
Section 6	Resolution 1 – Consolidation of capital
Section 7	Resolution 2 – Approval to change in nature and scale of activities
Section 8	Resolution 3 – Election of Director – Cameron Henry
Section 9	Resolution 4 – Election of Director – Jeremy Robinson
Section 10	Resolution 5 – Election of Director – Adam Ritchie
Section 11	<b>Resolution 6</b> – Approval to issue Public Offer Shares
Section 12	Resolution 7 – Participation in Public Offer by the Participating Director
Section 13	Resolution 8 – Approval to issue Consideration Shares
Section 14	Resolution 9 – Approval of issue of Director Consideration Shares
Section 15	Resolution 10 – Approval to issue Consideration Options
Section 16	Resolution 11 – Approval of issue of Director Consideration Options
Section 17	Resolution 12 – Approval of issue of Director Replacement Performance Rights

Section 18	Resolution 13 – Approval of issue of Conversion Shares
Section 19	Resolution 14 – Approval of issue of Director Conversion Shares
Section 20	Resolution 15 – Approval of New Plan
Section 21	Resolution 16 – Approval of potential termination benefits under the New Plan
Section 22	Resolution 17 – Approval of issue of PSUs and Options under the New Plan
Section 23	Resolution 18 – Approval of issue of Broker Options
Schedule 1	Definitions
Schedule 2	Foreign Mineral Resource for the Ashram Project
Schedule 3	Transaction Based Comparison Table
Schedule 4	Commerce Financial Statements
Schedule 5	Pro forma Balance Sheet
Schedule 6	Terms and conditions of Options
Schedule 7	Terms and conditions of Director Replacement Performance Rights
Schedule 8	Terms and conditions of ASX waivers and confirmations
Schedule 9	Summary of material terms of the New Plan
Schedule 10	Summary of material terms of the PSUs and Plan Options
Schedule 11	Valuation of PSUs
Schedule 12	Summary of material terms of the Broker Options

A Proxy Form is made available with this Notice.

## **2. Voting and attendance information**

Shareholders should read this Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

Voting on all proposed Resolutions at the Meeting will be conducted by poll. On a poll, each Shareholder has one vote for every Share held in the Company.

### **2.1 Voting in person**

To vote in person, attend the Meeting on the date and at the place set out above.

## **2.2** Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

## **2.3** Voting by proxy

A Proxy Form is provided with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a '**proxy**') to vote in their place. All Shareholders are invited to attend the Meeting (in-person) or, if they are unable to attend, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Shareholders may also submit their proxies electronically through the Company's Share Registry as outlined on the Proxy Form at any time prior to the Proxy Cut Off Time.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

In order for your proxy to be valid, your Proxy Form (and any power of attorney under which it is signed) must be received prior to 11am (AWST) on Wednesday, 8 October 2025, being not later than 48 hours before the commencement of the Meeting (**Proxy Cut Off Time**). Proxies received after this time will be invalid.

A Proxy Form is located at the end of the Explanatory Memorandum.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).



Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members;
- (b) the appointed proxy is not the chair of the meeting;
- (c) at the meeting, a poll is duly demanded, or is otherwise required under section 250JA of the Corporations Act on the resolution; and
- (d) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## **2.4 Chair's voting intentions**

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention. In exceptional circumstances, the Chair of the Meeting may change their voting intention on any Resolution, in which case an ASX announcement will be made

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 9(a) to (c) (inclusive), Resolution 11(a) to (e) (inclusive), Resolution 12, Resolution 15, Resolution 16 and Resolution 17(a) to (c) (inclusive) by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though these Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution under section 224 of the Corporations Act, the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form.

## **2.5 Submitting questions**

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company at [info@montroyalres.com](mailto:info@montroyalres.com) by 5pm (AWST) on Wednesday, 1 October 2025.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

## **3. Conditional Transaction Resolutions**

Each of Resolution 1 to Resolution 18 (inclusive) (together, the **Transaction Resolutions**) are inter-conditional, meaning that each of them will only take effect if all of them are approved

by the requisite majority of Shareholders' votes at the Meeting. If any of the Transaction Resolutions are not approved at the Meeting, none of the Transaction Resolutions will take effect and the Transaction and other matters contemplated by the Transaction Resolutions will not be completed.

## **4. Background to the Transaction**

### **4.1 Existing activities of the Company**

The Company was incorporated on 26 March 2018 and admitted to the Official List of ASX on 3 May 2019 as Mont Royal Resources Limited.

The Company's Shares were suspended from official quotation on 17 February 2025 at the request of the Company and have remained suspended since that date.

On 10 April 2025, the Company announced that it had entered into an arrangement agreement (as amended on 29 July 2025) (**Arrangement Agreement**) with Commerce, whereby, on the satisfaction of various conditions precedent, the Company will acquire all of the issued and outstanding shares in the capital of Commerce by way of a Canadian plan of arrangement under the Business Corporations Act (British Columbia) (**BCBCA**) (the **Acquisition**). The key terms of the Arrangement Agreement are summarised below at Section 4.2.

Subject to Shareholders approving the Transaction Resolutions and completion of the Acquisition under the Arrangement Agreement (**Completion**), the Company will issue the respective unrelated shareholders of Commerce (or their respective nominees) (**Commerce Shareholders**), Commerce option holders (**Commerce Option Holders**) and Commerce warrant holders (Commerce Warrant Holders) up to 102,891,771 Shares (**Consideration Shares**) and up to 70,269,273 Options (**Consideration Options**) (respectively).

As part of the Acquisition, the Company will issue up to 5,410,445 Shares (**Director Consideration Shares**) and 11,343,729 Options (**Director Consideration Options**) to Messrs Cameron Henry, Nicholas Holthouse, Jeremy Robinson, and Adam Ritchie (or their respective nominees) (**Proposed Directors**), and up to 7,662,114 Performance Rights to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie (or their respective nominees) (**Director Replacement Performance Rights**), as consideration for the acquisition of all the issued and outstanding share capital and the cancellation of all other securities in Commerce currently directly or indirectly held by each respective Proposed Director.

Separately, in connection with the Acquisition, the Commerce Convertible Notes will convert into Shares just prior to the Company's Reinstatement, resulting in the issue of such number of Shares as calculated in accordance with the Conversion Price (**Conversion Shares**) to the holders of the Commerce Convertible Notes (**Noteholders**) (or their respective nominees), including to a Related Party of the Company. The key terms of the Commerce Convertible Notes are summarised below at Section 4.3.

In connection with the Acquisition, the Company is seeking to raise up to a maximum of \$10,000,000 (before costs) via a public offer of up to 50,000,000 Shares at an issue price of A\$0.20 per Share (on a post-Consolidation basis) (**Public Offer**). The Acquisition and the Public Offer are, together, the **Transaction**.

### **4.2 Arrangement Agreement**

The Company has entered into an Arrangement Agreement with Commerce dated 9 April 2025, as further amended by the parties on 29 July 2025 (**Amending Agreement**), whereby

the Company will, subject to the satisfaction of various conditions precedent, acquire a 100% interest in the issued and outstanding shares, together with the cancellation of existing options, warrants and performance securities in Commerce in consideration for the issue of up to:

- (a) 102,891,771 Consideration Shares to the unrelated shareholders of Commerce (or their respective nominees) pursuant to Resolution 8;
- (b) 5,410,445 Director Consideration Shares to Churchill Strategic Investments Group Pty Ltd (an entity controlled by Jeremy Robinson and Cameron Henry), ALR Investments Pty Ltd (an entity connected with Peter Ruse) and Adam Ritchie (or their respective nominees) pursuant to Resolution 9;
- (c) 70,269,274 Consideration Options to the unrelated Commerce Option Holders and Commerce Warrant Holders (or their respective nominees) pursuant to Resolution 10;
- (d) 11,343,728 Director Consideration Options to certain Proposed Directors or their affiliates, being Churchill Strategic Investments Group Pty Ltd (entity controlled by Cameron Henry and Jeremy Robinson) and Messrs Jeremy Robinson, Nicholas Holthouse and Adam Ritchie (or their respective nominees) pursuant to Resolution 11; and
- (e) 7,662,114 Director Replacement Performance Rights to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie (or their respective nominees) pursuant to Resolution 12.

Completion under the Arrangement Agreement remains subject to satisfaction (or waiver) of certain key conditions precedent, including, but not limited to:

- (a) the Company receiving a conditional re-instatement letter from ASX subject to which its Shares will be re-instated to official quotation on the ASX, on terms acceptable to the Company (acting reasonably);
- (b) the Company obtaining all Shareholder approvals required to give effect to the Transaction, which includes the Transaction Resolutions set out in this Notice;
- (c) Commerce Shareholders of no more than 5% of the Commerce Shares at the Commerce Record Date having exercised dissent rights (**Dissent Rights**);
- (d) the Commerce Shareholders approving the Acquisition by way of at least 66⅔% of the votes cast in favour of the Transaction by Commerce Shareholders voting as a single class holding Commerce Shares on Friday, 29 August 2025 (**Commerce Record Date**) (**Commerce Shareholder Approval**);
- (e) the Supreme Court of British Columbia granting interim and final orders on the terms consistent with the Arrangement Agreement;
- (f) the Company and Commerce obtaining all necessary TSX-V approvals required to give effect to the Transaction;
- (g) the Company raising the Minimum Subscription and completing the Public Offer; and
- (h) the Company obtaining any required waivers or other regulatory approvals from ASIC or ASX that the Company deems necessary in connection with the Transaction,

(together, the **Conditions Precedent**).

Either party may terminate the Arrangement Agreement in certain circumstances, including, but not limited to, where:

- (a) the requisite shareholder approvals are not obtained either by Commerce or the Company or there is a change in recommendation by Commerce or the Company in relation to the requisite shareholder approvals being sought;
- (b) a party breaches its representations and warranties or fails to perform any covenants under the Arrangement Agreement;
- (c) the Transaction is not completed by 29 May 2026 (unless extended by the parties);
- (d) there has occurred a material adverse effect to the other party that is not capable of being cured by the earlier of the outside date and 10 Business Days from the notice of such event; or
- (e) Commerce enters into a superior proposal.

The Arrangement Agreement is made pursuant to the provisions of Division 5 of Part 9 of the BCBCA. Pursuant to the Arrangement Agreement, all of the issued outstanding Shares in the capital of Commerce will be acquired by the Company in exchange for Shares at a ratio of 2.3271 Shares (on a pre-Consolidation basis) for each Commerce Share (subject to rounding) (**Exchange Ratio**). Under the Arrangement Agreement, the Company will also exchange the cancelled warrants, options, performance share units and other convertible securities in Commerce which are on issue immediately prior to Completion with the Consideration Options and the Director Replacement Performance Rights on a post-Consolidation basis at the Exchange Ratio. Pursuant to the Arrangement Agreement, the Consolidation will occur immediately following Completion and prior to the Company's Reinstatement.

The Arrangement Agreement is subject to a mutual break fee of A\$250,000 in circumstances where either the Company or Commerce fails to recommend their respective shareholders to vote for the relevant security holder approvals for the Arrangement Agreement. A termination fee of A\$250,000 is payable to the Company in the event that prior to obtaining Commerce Shareholder approval, Commerce changes its recommendation in respect of the Commerce Shareholder approval or enters in an agreement that is a superior proposal to the Acquisition, or the Arrangement Agreement terminates and following termination, Commerce consummates an acquisition proposal, all in accordance with the terms of the Arrangement Agreement.

The Arrangement Agreement is considered to be on standard terms for a transaction of this nature.

#### **4.3 Commerce Convertible Notes**

On 13 May 2025, Commerce announced that it had raised C\$2,15 million (before costs) via the issuance of 2,150 Commerce Convertible Notes (**Convertible Note Financing**). The Commerce Convertible Notes will convert into Conversion Shares and Director Conversion Shares, on Completion, at the implied issue price of Shares offered under the Public Offer (being A\$0.20) (on a post-Consolidation basis) (**Conversion Price**).

As the value of the Commerce Convertible Notes is calculated by reference to Canadian dollars and the Conversion Price is denominated in Australian dollars, the exact number of

Conversion Shares to be issued on conversion of the Commerce Convertible Notes will fluctuate with movements in the AUD:CAD exchange rate.

Set out below is a worked example of the number of Conversion Shares and Director Conversion Shares that may be issued on conversion of the Commerce Convertible Notes based on example AUD:CAD exchange rates and assumes completion of the Consolidation (subject to rounding):

A\$:C\$	Commerce Convertible Notes conversion value (A\$)	Number of Conversion Shares and Director Conversion Shares
A\$1.00:C\$0.85	\$2,529,412	15,176,470
A\$1.00:C\$0.91	\$2,362,637	14,175,824
A\$1.00:C\$1.00	\$2,150,000	12,900,000

**Notes:**

1. Based on a conversion price of A\$0.20, being the price of Shares offered under the Public Offer.
2. Assumes completion of the Transaction.
3. Includes Conversion Shares and Director Conversion Shares issued to satisfy the accrued 20% interest rate per annum paid up front on conversion of the Commerce Convertible Notes subject to completion of the Transaction.

For a summary of the terms of the Commerce Convertible Notes, please refer to Section 18.2 of this Notice.

#### **4.4 Proposed Consolidation, Board Appointments and issue of Securities**

The Company proposes, in accordance with the Transaction and subject to Completion of the Transaction (including the satisfaction, or waiving, of those Conditions Precedents summarised in Section 4.2 above), to:

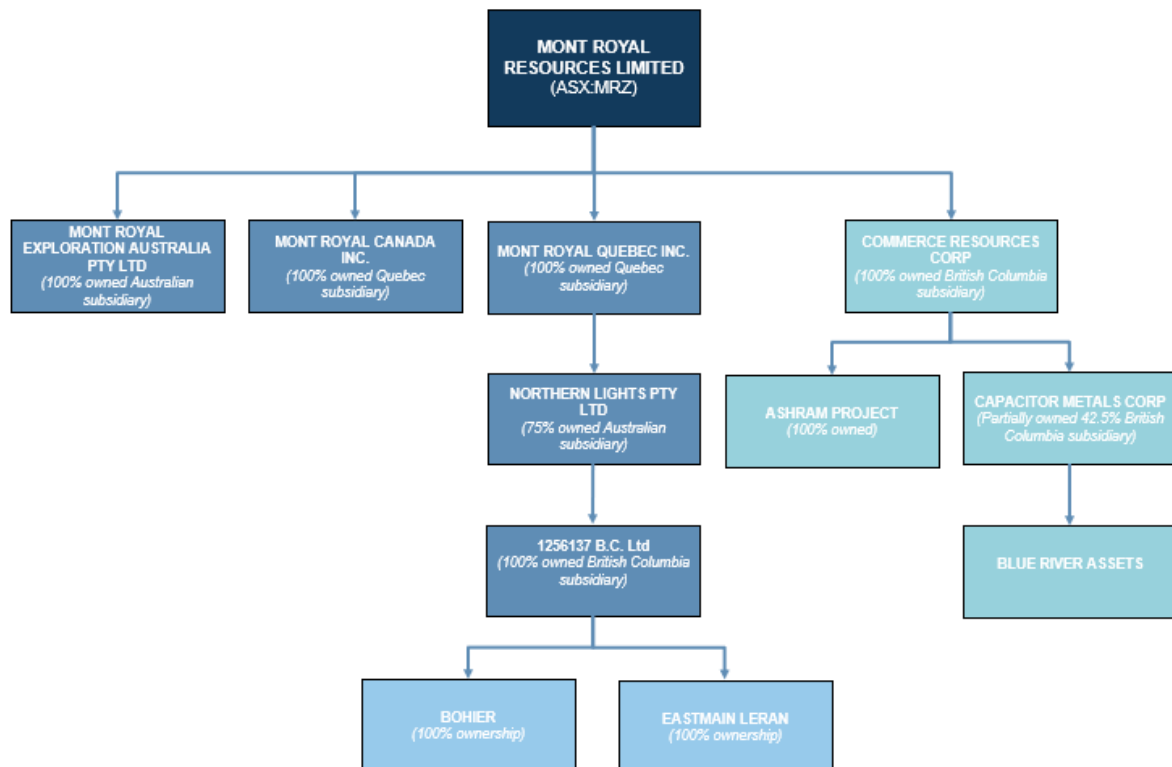
- (a) complete the Consolidation of the Company's issued capital on a 1 to 0.2195 basis pursuant to Resolution 1;
- (b) appoint Cameron Henry, Jeremy Robinson, and Adam Ritchie to the Board upon Completion of the Transaction pursuant to Resolution 3 through to Resolution 5 (inclusive);
- (c) issue up to:
  - (i) 49,950,000 Public Offer Shares to members of the general public, who do not otherwise fall under the definition of a Related Party, pursuant to Resolution 6;

- (ii) 50,000 Public Offer Shares to a Related Party, namely, to The Holthouse Family Trust (or their nominee), an entity that Nicholas Holthouse has an interest in by virtue of being a beneficiary, pursuant to Resolution 7; and
- (d) issue up to:
  - (i) 102,891,771 Consideration Shares to Commerce Shareholders (or their respective nominees) pursuant to Resolution 8; and
  - (ii) 5,410,445 Director Consideration Shares to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie (or their respective nominees) as follows:
    - (A) 4,848,557 Director Consideration Shares to Churchill Strategic Investments Group Pty Ltd (an entity controlled by Cameron Henry and Jeremy Robinson) pursuant to Resolution 9(a);
    - (B) 255,403 Director Consideration Shares to Adam Ritchie pursuant to Resolution 9(b); and
    - (C) 306,485 Director Consideration Shares to ALR Investments Pty Ltd pursuant to Resolution 9(c).
- (e) issue up to:
  - (i) 70,269,274 Consideration Options to Commerce Option Holders (or their respective nominees) pursuant to Resolution 10; and
  - (ii) 11,343,728 Director Consideration Options to the Proposed Directors (or their respective nominees) as follows:
    - (A) 9,249,417 Director Consideration Options to Churchill Strategic Investments Group Pty Ltd (an entity controlled by Cameron Henry and Jeremy Robinson) pursuant to Resolution 11(a);
    - (B) 510,807 Director Consideration Options to Jeremy Robinson pursuant to Resolution 11(b);
    - (C) 510,808 Director Consideration Options to Nicholas Holthouse pursuant to Resolution 11(c);
    - (D) 766,211 Director Consideration Options to Adam Ritchie pursuant to Resolution 11(d); and
    - (E) 306,485 Director Consideration Options to ALR Investments Pty Ltd (an entity controlled by Anthony Ruse and Peter Ruse) pursuant to Resolution 11(e).
- (f) issue up to 7,662,114 Director Replacement Performance Rights to the Proposed Directors (or their respective nominees) as follows:
  - (i) up to 4,597,268 Director Replacement Performance Rights to Mr Nicholas Holthouse (or his nominees) pursuant to Resolution 12(a) ;

- (ii) up to 1,532,423 Director Replacement Performance Rights to Jeremy Robinson to Resolution 12(b); and
  - (iii) up to 1,532,423 Director Replacement Performance Rights to Adam Ritchie Resolution 12(c),
- (g) issue the Conversion Shares to the unrelated Noteholders (or their respective nominees) calculated at the Conversion Price pursuant to Resolution 13;
- (h) issue the Director Conversion Shares to ALR Investments Pty Ltd (or their nominees) calculated at the Conversion Price under Resolution 14;
- (i) issue up to 4,597,268 PSUs and 1,532,423 Options (on a post-Consolidation basis) to existing and proposed Directors (or their respective nominees) (the terms and conditions to the issue of the PSUs and Options under the New Plan are detailed in Schedule 10) under the New Plan as follows:
  - (i) up to 1,532,422 PSUs and 510,807 Options to Cameron Henry pursuant to Resolution 17(a);
  - (ii) up to 1,532,423 PSUs and 510,808 Options to Ronald Beevor pursuant to Resolution 17(b); and
  - (iii) up to 1,532,423 PSUs and 510,808 Options to Peter Ruse pursuant to Resolution 17(c),
- (j) issue up to 8,000,000 Broker Options to the Broker Parties in connection with lead manager services to the Public Offer (on terms which are summarised in Section 4.12(g) below), pursuant to Resolution 18;

## 4.5 Corporate Structure

The diagram below summarises the corporate structure of the Company following Completion:





## **4.6 Overview of Commerce**

### **(a) General overview**

Commerce is a Canadian mineral exploration and development company, listed on Tier 1 of the TSX-V in Canada, the Frankfurt Stock Exchange in Germany and the OTCQX. Commerce's primary focus is on rare earth elements and the rare metals tantalum and niobium. Commerce was incorporated under the laws of the BCBCA on 19 May 1999. Commerce shares were subsequently listed on the TSX-V and began trading under the code CCE. Commerce's office is located at Suite 1450, 789 West Pender Street, Vancouver, BC V6C 1H2.

Commerce's principal assets are the Eldor Property in Quebec and the Blue River Tantalum-Niobium Property in British Columbia. The Eldor Property is 100%-owned by the Company and is composed of 244 claims comprising approximately 11,475 hectares, including the Ashram Rare Earth and Fluorspar Deposit (**Ashram Deposit**).

Commerce is a junior mineral resource company focused on the exploration and development of the Ashram Deposit (**Ashram Project**). Commerce is aiming to be a low-cost rare earths producer, with specific focus on becoming a long-term supplier of mixed rare earth carbonate and/or NdPr oxide to the global market. Additionally, the Ashram Deposit has fluorspar component. Commerce also aims to be a long-term supplier to the met-spar and acid-spar markets.

### **(b) Mining activities**

Commerce is currently undertaking the following projects:

#### **(i) Ashram Project**

The Ashram Project is located on Commerce's 100% owned Eldor Property, in north-eastern Quebec, Canada, approximately 130 km south of the community of Kuujuaq (Figure 1) (**Eldor Property**). The Ashram Project is the largest monazite dominant resource of rare earth elements hosted in a carbonatite in Northern America.



*Figure 1: Ashram REE & Fluorspar Project Location*

The Ashram Deposit was first drilled in 2010, with the 'discovery hole' released in August 2010. The program's first hole, EC10-027 was collared in mineralization and included over 215 m at 1.72% rare earth oxide (**REO**) and over 29 m of 2.07% REO. Since discovery in 2010, Commerce has undertaken multiple drill programs totalling almost 35,000 m of drilling and multiple rounds of metallurgical testing resulting in both an updated mineral resource estimate (**MRE**) reported in accordance with NI 43-101 and breakthrough metallurgical results, both published in 2024.

Figures 2 and 3 below contains all drill holes within 100 metres of the slicer for the relevant cross-section and all material drill holes used in the estimation of the Foreign Estimate.

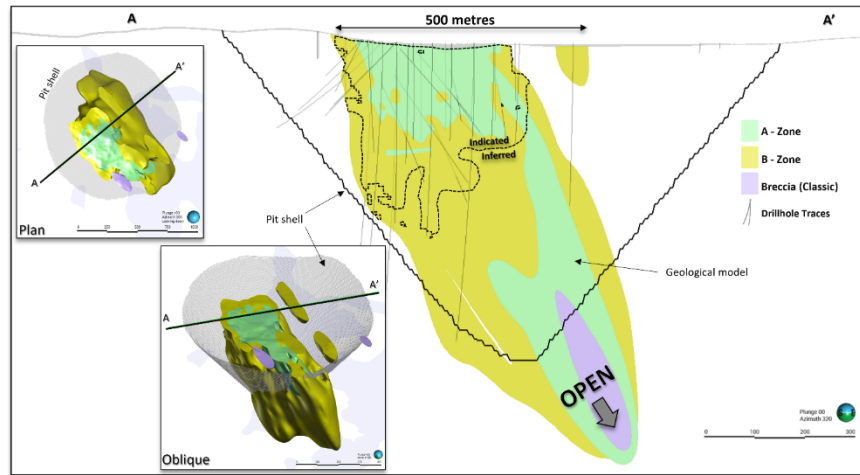


Figure 2: Pit shell and mineralized footprint of the Ashram Project's MRE in cross-sectional and oblique view, highlighting the deposit's scale. Cross-section represents a 100 metre-thick slice through geological model.

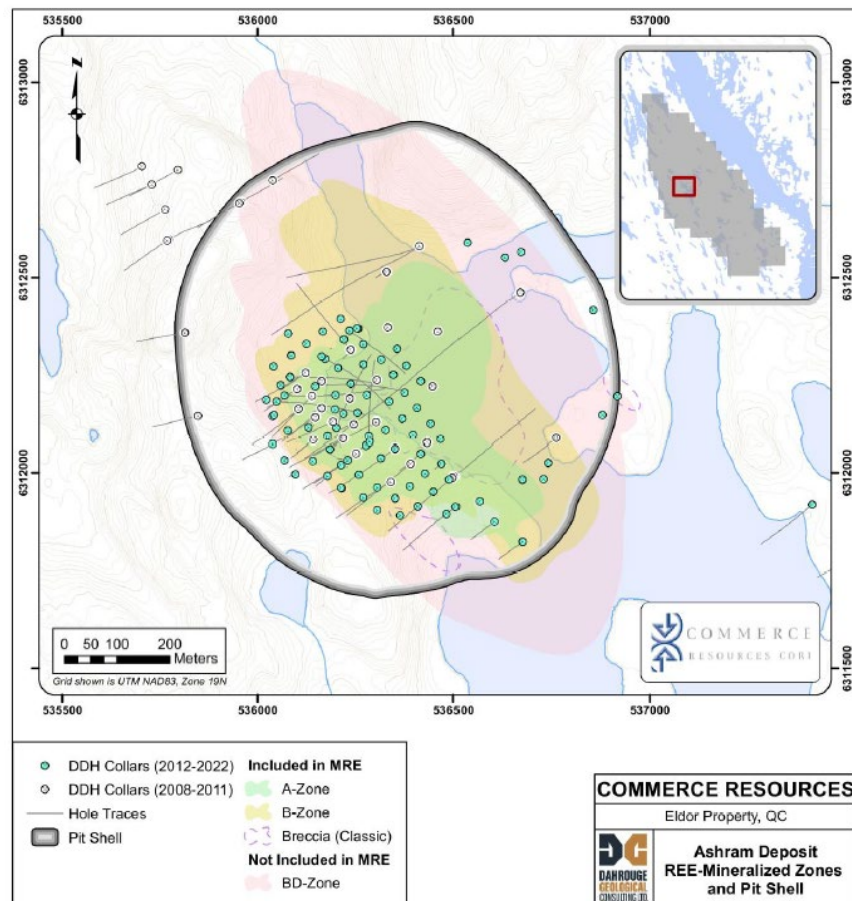


Figure 3: Plan view of drilling undertaken at the Ashram Project.

On 22 May 2024 Commerce released an updated MRE for the Ashram Project prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101) (**Foreign Estimate**).

The Foreign Estimate was announced to the ASX by the Company on 10 April 2025 pursuant to Listing Rule 5.12 and is set out at Schedule 2 below, a copy

of that announcement is available on the Company's website at <https://montroyalres.com/investor-centre/>. Commerce's Mineral Resources disclosure, are based off of the technical report titled "*Mineral Resource Estimate for the Ashram Rare Earth Element and Fluorspar Deposit, Nunavik, Québec, Canada*" with an effective date of 4 April 2024, which was prepared in accordance with Foreign Estimates and is available on Commerce's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The Company is not in the possession of any new information or data relating to the Foreign Estimate that materially impacts the reliability of the estimate or the Company's ability to verify the foreign estimate in accordance with the JORC Code 2012. The supporting information in the announcement of 10 April 2025 continues to apply and has not materially changed.

**CAUTIONARY STATEMENT: The estimates are foreign estimates and are not reported in accordance with the JORC Code 2012. A competent person has not done sufficient work to classify the Foreign Estimate in accordance with the JORC Code 2012. It is uncertain that following evaluation and or further exploration work that the Foreign Estimate will be able to be reported in accordance with the JORC Code 2012.**

On 14 November 2024, Commerce published the results of locked cycle testing that showed that a mineral concentrate in the range of 36% to 37% can be produced with recoveries ranging from 65% to 68% which is more than comparable rare earth projects in production globally.

The Ashram Project also continues to demonstrate very high NdPr distributions (i.e., percent of neodymium plus praseodymium oxide of the total REO) at 21.2% NdPr (Indicated) and 21.4% NdPr (Inferred), exceeding that of several active global producers. The favourable distribution starts at surface, allowing these high-value elements to be targeted early on in a potential open-pit extraction scenario and, therefore, enhancing the project's strategic value and operational efficiency. This enrichment in the magnet feed REE's also extends to dysprosium (Dy) and terbium (Tb).

Commerce's focus now is updating the January 2015 preliminary economic assessment for the Ashram Project and assessing the optimum infrastructure and downstream processing solutions. Given the size and scale of the Ashram Project, Commerce has received strong Canadian Government support through grants and funding and Commerce has commenced discussions with a number of downstream producers in both Canada and the United States given the strategic location of the project. Commerce is committed to exploring the potential of other high-value commodities on the Eldor Property such as the highly prospective Mallard and Miranna niobium prospects to define a second high-value project that could leverage the infrastructure of the Ashram Project and help advance the Ashram Project by reducing costs through shared development.

(c) **Current corporate structure**

Commerce currently holds a partial 42.5% interest in Capacitor Metals Corp on completion of the divestment of certain mineral claims comprising the "Blue River" property and real property owned by Commerce located near Blue River, British Columbia.

On 21 May 2024, Commerce announced it has entered into a property purchase agreement with Capacitor Metals Corp, an arm's length private company, 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 also included certain real property owned by CCE also located in Blue River, B.C. (**Blue River Assets**). As consideration for the Blue River Assets, the Corporation received 20,000,000 common shares in the capital of the Capacitor Metals Corp at a deemed price of \$0.02 per share (**Blue River Shares**). The Merged Company intends to assess its holding of Blue River Shares and consider future corporate actions relating to the Blue River Shares following Reinstatement.

(d) **Financials**

Commerce's audited consolidated financial statements for the years ending 31 October 2024 and 31 October 2023 and the interim reviewed consolidated financial statements for the six months ending 30 April 2025 are set out in Schedule 4.

(e) **Key management personnel of Commerce**

As at the date of this Notice, the Key Management Personnel of Commerce are noted below:

(i) **Nicholas Holthouse**

DipAppSc (Mine and Engineering, Surveying), GradDip (Mining)

Nicholas Holthouse currently serves as the President and CEO of Commerce.

Mr Holthouse is an experienced resources industry executive with a proven track record of progressing projects from feasibility to operations and in addition to his role with Commerce, serves as a non-executive director of Brazilian Critical Minerals (ASX: BCM). Prior to joining Commerce, Mr Holthouse was Chief Operating Officer and General Manager of Engineering at Hastings Technology Metals Ltd (ASX: HAS) where he successfully guided the Yangibana Rare Earths Project in the Gascoyne region of Western Australia from feasibility to the start of construction.

Mr Holthouse has held both Australian and international leadership roles with extensive experience in operations, project development, technical review, project finance and marketing/offtakes. Mr Holthouse has also held senior management roles with Merdeka Copper Gold Tbk (MDKA: JK), Finders Resources Ltd (ASX: FND) and European Nickel Plc (AIM:ENK).

(ii) **Adam Ritchie**

BEng, Meng

Adam Ritchie currently serves as a director of Commerce.

Mr Ritchie has over 20 years' experience in the resources industry and has been heavily focused on project delivery in senior positions for many of Australia's best performing companies in the mining and minerals sector including Pilbara Minerals, FMG, Rio Tinto and BHP.

Mr Ritchie is known for delivering complex projects with a particular focus on high-value mineral processing assets and is recognised for his contributions to major Australian Lithium and Iron Ore projects, delivering across all project stages.

Mr Ritchie is the chief executive officer and managing director of Loyal Metals Ltd (ASX:LLM) (previously known as Loyal Lithium Ltd up and until 03 June 2025), an ASX listed North American focused battery minerals company with hard rock lithium assets in Quebec, Canada. Loyal Metals Ltd also has projects in Australian mining jurisdictions.

(iii) **Jeremy Robinson**

BCom

Jeremy Robinson currently serves as a director of Commerce.

Mr Robinson is an experienced resources executive with 20 years of experience in the industry ranging from business development to managing director positions, specifically focusing on critical minerals including rare earths.

Mr Robinson is the principal and founder of Churchill which has financed multiple junior explorers and developers across the ASX and TSX-V.

Mr Robinson currently holds directorships in RareX Ltd (ASX:REE), Cosmos Exploration Ltd (ASX:C1X), Kincora Copper Ltd (ASX: KCC), Brazilian Critical Minerals Ltd (ASX: BCM) and Ardiden Ltd (ASX: ADV).

(iv) **Ian Graham**

BSc (Geology and Applied Geology), BSc (Hons) (Geology)

Ian Graham currently serves as a director of Commerce.

Mr Graham is an accomplished mining professional with over 20 years of experience in the development and exploration of mineral deposits, mostly gained with the major mining companies Rio Tinto and Anglo American.

Formerly Chief Geologist with the Project Generation Group at Rio Tinto, Mr Graham has been involved with evaluation and pre-development work on several projects in Canada and abroad including the Diavik Diamond Mine (Northwest Territories, Canada), Resolution Copper (Arizona, USA), Eagle Nickel (Michigan, USA), Lakeview Nickel (Minnesota, USA) and Bunder Diamonds (India).

Prior to his work with Rio Tinto, Mr Graham held exploration geologist roles with Anglo American. Since leaving the majors in 2009, Mr Graham has worked with junior companies exploring the Americas and that have made discoveries in potash (now in production), base metals (MRE/PEA), rare earths (MRE/PEA), lithium (MRE) and graphite (MRE).

Mr Graham is currently an officer at several TSX-V listed entities, including as a president at Oroco Resource Corp, an acting CEO at Fidelity Minerals Corp., and a director at Pantera Silver Corp and Green Battery Minerals Inc.

(f) **Strategy**

The main business activities and objectives of the Merged Company will focus on the development of Commerce's flagship Ashram Project and targeted exploration at the Company's Northern Lights Project. The Merged Company will also assess new business opportunities in the resource sector that complement its business.

#### **4.7 Sources of revenue and expenses of the Merged Company**

(a) **Revenue**

Upon Completion of the Proposed Transaction, the Merged Company will be a pre-revenue explorer. As a 'pre-revenue' explorer, the Merged company does not anticipate generating revenue in the near term. Investors are cautioned that the Merged Company is unlikely to generate material revenues in the near-term following Completion of the Proposed Transaction.

From Completion of the Proposed Transaction, the Merged Company's key sources of financing will consist of the \$10,000,000 to be raised under the Public Offer (assuming the Public Offer is fully subscribed) in addition to its existing cash balance. The Merged Company may be required to raise additional capital in the future to fund its operations.

(b) **Expenses**

Further to section 4.7(a) above, upon Completion of the Proposed Transaction, the Merged Company anticipates its expenses will be in line with the projected use of funds as detailed further in section 4.18 below, available funds are proposed to be allocated toward the finalisation of the preliminary economic assessment study for the Ashram Project, Environmental Baseline Studies for the Ashram Project, Prefeasibility Study activities for the Ashram Project, continued exploration at Northern Lights and general administration and working capital.

Expenses of the Merged Company will also include salaries and wages, raw materials, equipment purchases, corporate expenses and marketing and business development.

#### **4.8 Business model of the Merged Company**

The Transaction between the Company and Commerce will create an ASX and TSX-V listed, Quebec-focused, critical minerals developer and exploration company with a strong focus on rare earths, fluorspar, niobium and lithium exploration.

Following Completion, the Merged Company's primary focus will be the development of the Ashram Project which will include updating the PEA, consultation with governments for funding and approvals and optimising infrastructure solutions. The Merged Company will continue exploration of the Eldor Property's niobium assets and the Company's Existing Projects.

The Company's Existing Projects include:

(a) **Northern Lights Projects**

This suite of projects are owned 75% by the Company. The project package includes a 456.3 km<sup>2</sup> tenement package located in the Upper Eastmain Greenstone belt. The projects are located in the James Bay region, a Tier-1 mining jurisdiction of Quebec,

Canada, and are prospective for lithium, precious (gold, silver) and base metal mineralisation (copper, nickel).

The Northern Lights Projects include the Bohier Project (Lithium) and the Eastmain Lèran Project (Lithium, Copper and Gold).

(i) Bohier Project

A lithium fieldwork and prospecting program was completed in June 2023, with initial trenching programs and a maiden drill program completed in the Summer/Fall season of 2024. Assay results were received in November 2024 from the 2024 summer/fall drilling program, which comprised eight (8) holes for 744 metres.

As announced to the ASX on 12 November 2024, significant lithium mineralisation was intersected in several holes, including 21.0 m at 1.39%  $\text{Li}_2\text{O}$  in hole BOH-24-07, 7.7 m at 1.90%  $\text{Li}_2\text{O}$  in hole BOH-24-06 and 1.2 m at 2.79%  $\text{Li}_2\text{O}$  in hole BOH-24-02. The mineralisation is interpreted to be continuous over a length of 200 m and to a depth of 70 m and remains open in all directions. Several targets remain untested. For further information relating to the exploration results, please refer to the Company's ASX announcement dated 12 November 2024. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement.

(ii) Eastmain Lèran Project

, the Company conducted a drilling programme on the Eastmain-Lèran property, consisting of 6 diamond drill holes, totalling 862.4m, which confirmed the presence of volcanogenic massive sulphide style mineralisation. In 2023, the Company also conducted a field programme for the Eastmain-Lèran Project with the field programme highlighting that the Eastmain-Lèran property hosts LCT pegmatite potential. Following the field programme, the Wahemen boulder field at the Eastmain-Lèran property emerged as a priority area due to multiple spodumene-bearing pegmatite boulders suggesting a nearby, possibly buried parent intrusion.

, the Company conducted a prospecting campaign at the Eastmain-Lèran property, targeting zones previously identified as having high potential for lithium-bearing pegmatites. The outcome from the 2024 Eastmain-Lèran program was that spodumene-bearing pegmatite boulders were identified at the Petit Lèran target. The target area (highlighted in red in Figure 4) was the main focus of the previous prospecting program. Figure 4 below provides the location of the Company's Northern Lights Projects.



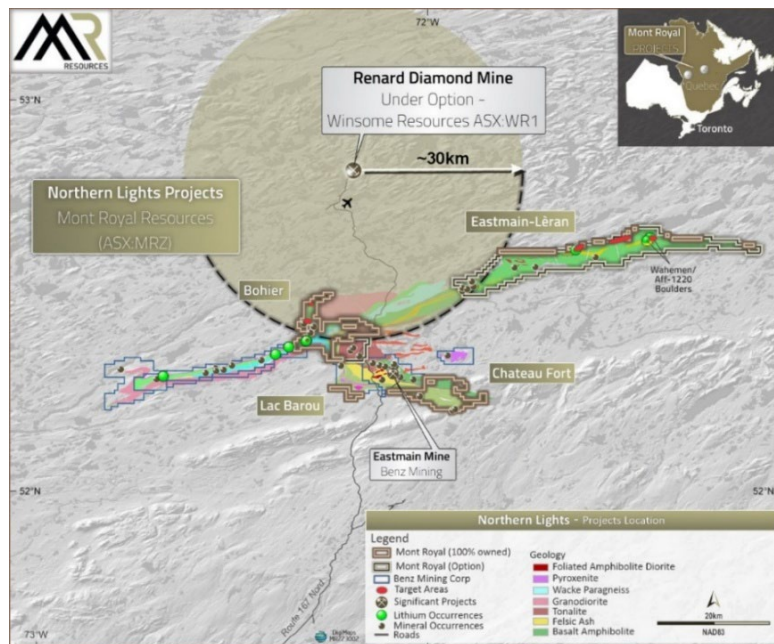


Figure 4: Location of the Northern Lights Projects

#### **4.9 Dividend Policy**

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, operating results, the financial condition of the Company, future capital requirements and other factors considered relevant by the Directors. The Company cannot give any assurances in relation to the payment of dividends or franking credits.

#### **4.10 ASX Guidance Note 12 – Annexure A Disclosure**

ASX Guidance Note 12 – Annexure A (**Annexure A**) sets out various disclosure requirements that an entity must satisfy prior to its securities being reinstated to trading. The Company provides the following disclosure in accordance with Annexure A, to the extent that the information has not been provided elsewhere in this Notice.

##### **(a) Parties and material terms of the Acquisition**

Refer to Section 4.2 for a summary of the material terms of the Arrangement Agreement.

##### **(b) Transaction Analysis**

Refer to Schedule 2 for a transaction based comparison table (as at 31 March 2025) and Schedule 5 for a pro forma statement of financial position of the Company as at 31 March 2025 (based on the reviewed consolidated statement of financial position of the Company as at 31 March 2025, and Commerce's reviewed consolidated statement of financial position for the half-year ended 30 April 2025) for information regarding the effect of the Transaction.

##### **(c) Capital structure**

The Company intends to undertake a Consolidation of the Company's issued capital on a 1 to 0.2195 basis (refer to Section 6.6 for a summary of the effect of the Consolidation).

Refer to Section 4.16 for a summary of the effect of the Transaction on the capital structure of the Company.

(d) **Issues in the previous 6 months**

(i) **The Company**

The Company has not issued any Securities in the past 6 months.

(ii) **Commerce**

On 18 March 2025, Commerce announced the issue of 2,500,000 incentive stock options (**Incentive Options**) to certain officers and consultants exercisable at C\$0.12 each and expiring on 18 March 2028. On 10 July 2025, 750,000 Incentive Options lapsed pursuant to Jody Bellefleur's resignation as CFO and Company Secretary of Commerce.

On 13 May 2025, Commerce announced the issue of 1,100,000 warrants to ANC as partial consideration for the provision of lead managerial and corporate advisory services provided in connection with the Convertible Note Financing, each exercisable at C\$0.075 and expiring on 12 May 2028 (**ANC Warrants**).

On 29 July 2025, Commerce announced the issue of:

- (A) 15,000,000 performance share units on the terms and conditions set out in Schedule 7 (**Commerce PSUs**); and
- (B) 3,000,000 Commerce options exercisable at C\$0.139 each and expiring on 28 July 2028 (**CCE Board Options**),

to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie.

The Incentive Options, CCE Board Options and ANC Warrants will be exchanged into Consideration Options and the Commerce PSUs will be exchanged into Director Replacement Performance Rights in the Company of equivalent value at the Exchange Ratio as part of the Transaction.

(e) **Proposed issues of Securities**

Refer to Section 4.4 for details of Securities to be issued as part of the Transaction, subject to Shareholders passing the Transaction Resolutions. None of the proposed issues of securities are underwritten as part of the Offers to the Proposed Transaction.

(f) **Change in control**

No person will acquire control or voting power of 20% or more in the Company as a result of the Transaction.

(g) **Changes to the Board**

Refer to Section 4.20.

(h) **Timetable**

Refer to Section 4.19.

(i) **Principal activities and jurisdictions**

Refer to Section 4. The Company's activities following Completion will be conducted in Canada and Australia.

(j) **Business model and dependencies and risks**

Refer to Section 5.

(k) **Commerce Financial Accounts**

Refer to Section 4.6(d) for Commerce's audited consolidated financial statements for the years ended 31 October 2023 and 31 October 2024, and reviewed consolidated financial statements for the half-year ended 30 April 2025.

(l) **Regulatory Approvals and Waivers and other material conditions**

(i) **ASX**

The Company has applied to ASX for the following waivers and confirmations on the terms and conditions set out in Schedule 8.

(ii) **ASIC exemptions, modifications and relief**

The Company is seeking an exemption from Part 6D.2 and 6D.3 of the Corporations Act to the extent necessary to permit:

- the Consideration Shares, Conversion Shares and Director Conversion Shares; and
- the Shares which may be issued on the conversion of the Consideration Options,

to be able to be sold within 12 months of issue without requirement for a future disclosure document being prepared in connection with that sale (**ASIC relief**). The Company has applied for, but not yet been granted this ASIC relief.

If the Company is unable to obtain the ASIC relief, the Company will have to prepare a disclosure document under Chapter 6D of the Corporations Act to enable the on-sale of those securities.

(iii) **Other**

The Company must also:

- (A) obtain Shareholder approval for the Transaction Resolutions;

- (B) obtain the interim and final order with respect to the Acquisition from the Supreme Court of British Columbia on terms consistent with the Arrangement Agreement; and
- (C) obtain the relevant stock exchange approvals required under the Arrangement Agreement, being:
  - (1) a conditional letter of Reinstatement from ASX; and
  - (2) any approval required from the TSX-V in connection with the Acquisition, the transactions contemplated by the Arrangement Agreement and the delisting of the Commerce Shares from the TSX-V.

(m) **Facilitation and Advisor fees**

There are no fees payable by the Company or Commerce to any person for finding, arranging or facilitating the Acquisition, other than as disclosed in this Notice.

The Company, or Commerce, will pay the following fees for services to be provided in connection with the Transaction:

(i) **Note Placement Fees**

Commerce will pay the Note Placement Fees to ANC under the terms of the ANC Mandate summarised in Section 4.12(f).

(ii) **Lead Manager Fees**

The Company will pay Canaccord Genuity (Australia) Limited (**Canaccord**) (**Lead Manager**) a cash fee of 6% of the total funds raised, up to a maximum amount of A\$600,000 based on a maximum of 50,000,000 Shares issued at A\$0.20 per Share, under the Public Offer and up to 8,000,000 Broker Options (on a post-Consolidation basis) pursuant to Resolution 18 (**Managers Fees**).

The Managers Fees will be paid and allotted in accordance with the terms of the Lead Manager Mandate, which will be split pro-rata between the Broker Parties pursuant to the appointment letters entered into between the Lead Manager and the other Broker Parties, a summary of which is detailed at Section 4.12(g) below.

The total value of fees (including the value of the Broker Options based on a Black Scholes valuation) that may be paid to the Lead Manager, and subsequently to the Broker Parties, is approximately \$1.14 million (assuming the minimum subscription amount of \$8 million (before costs) is raised) and \$1.26 million (assuming the maximum subscription amount of \$10 million (before costs) is raised).

(iii) **Corporate advisory fees**

The Company will pay corporate advisory fees to Yelverton Capital, in its capacity as corporate adviser to the Company comprising a cash completion fee equal to 1.75% of the undiluted market capitalisation (of the Merged

Company) at successful completion of the Transaction under the terms of the Yelverton Capital Mandate summarised in Section 4.12(h).

Commerce will pay corporate advisory fees to Wallabi Group, in its capacity as corporate adviser to Commerce comprising of a cash completion fee equal to 2% of the prescribed value of Commerce upon the successful completion of the Transaction under the terms of the Wallabi Group Mandate summarised in Section 4.12(i).

(n) **Appropriate Enquiries**

The Company has undertaken appropriate enquiries into the prospects of Commerce and its existing projects to be satisfied that the Transaction is in the best interests of the Company and its security holders.

As at the date of this Notice, the Company has completed legal and technical due diligence on Commerce and has not identified any matters that are materially adverse to the Company.

The Directors confirm that this Notice includes all material and accessible information available to the Directors as at the date of this Notice.

(o) **Reinstatement on ASX**

Refer to Section 4.11.

(p) **ASX takes no responsibility**

ASX takes no responsibility for the contents of this Notice or the Explanatory Memorandum.

(q) **Listing Rule 3.1**

The Company confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

#### **4.11 Reinstatement on ASX**

As the Company is currently proposing to make a significant change in the nature and scale of the Company's activities through the Acquisition, the Company must re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules prior to its Shares recommencing quotation on ASX.

Pursuant to Listing Rules 11.1.2 and 11.1.3, the change in the nature and scale of the Company's activities requires the approval of Shareholders and the Company must re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules.

The Company's Shares have been suspended from trading on ASX since 17 February 2025 and will not be reinstated unless each Transaction Resolution is passed by Shareholders (see Section 3 for further details) and ASX is satisfied the Company has met the requirements of Chapters 1 and 2 of the Listing Rules.

Some of the key requirements under Chapters 1 and 2 of the Listing Rules that the Company must satisfy are:

- (a) shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the “assets test” as set out in Listing Rule 1.3.

The Company previously submitted an application for in-principle advice on its suitability for re-admission to the Official List. ASX has identified the requirement for a confirmation that all of the property claims over the Ashram Project are in good standing to the satisfaction of ASX (**In-Principle Condition**).

Commerce’s permits underlying its Ashram Project were renewed as of 14 May 2025, a copy of which was provided to ASX on 18 August 2025. The Company understands that ASX will consider Commerce’s permit renewal, in regard to the satisfaction of the In-Principle Condition, as part of its review of the its listing application in connection with its Reinstatement.

Should the In-Principle Condition not be addressed to ASX’s satisfaction, the Company’s application for re-admission will be formally considered under ASX’s admission discretion in accordance with Listing Rule 1.19.

In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Public Offer. In this regard, the Company notes that:

- (a) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its Securities and therefore the Transaction may not proceed if ASX exercises that discretion; and
- (b) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company’s Securities.

#### **4.12 Material contracts and arrangements**

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when assessing whether to approve the Acquisition or apply for Shares under the Public Offer. The provisions of such material contracts and arrangements are summarised in this Section.

(a) **Arrangement Agreement**

Refer to Section 4.2 for a summary of the Arrangement Agreement.

(b) **Director Appointment Letters**

(i) **Proposed Non-Executive Chair Letter of Appointment – Cameron Henry**

Subject to the Shareholders approving the election of Mr Cameron Henry at the Meeting, the subject of Resolution 3 and the Transaction proceeding Completion, the Company will enter into a Non-Executive Chairman letter of appointment with Mr Henry. Pursuant to which the Company has agreed to pay Mr Henry A\$89,600 per annum (including statutory superannuation) for services provided to the Company as Non-Executive Chair to the Merged

Company.

(ii) **Proposed Non-Executive Director Letter of Appointment – Jeremy Robinson**

Subject to the Shareholders approving the election of Mr Jeremy Robinson at the Meeting, the subject of Resolution 4 and the Transaction proceeding to Completion, the Company will enter into a Non-Executive Director letter of appointment with Mr Robinson. Pursuant to which the Company has agreed to pay Mr Robinson A\$67,200 per annum (including statutory superannuation) for services provided to the Company as a Non-Executive Director to the Merged Company.

(iii) **Proposed Non-Executive Director Letter of Appointment – Adam Ritchie**

Subject to Shareholders approving the election of Mr Adam Ritchie at the Meeting, the subject of Resolution 5 and the Transaction proceeding to Completion, the Company will enter into a Non-Executive Director letter of appointment with Mr Ritchie. Pursuant to which the Company has agreed to pay Mr Ritchie A\$67,200 per annum (including statutory superannuation) for services provided to the Company as Non-Executive Director to the Merged Company.

(c) **Proposed Executive Services Agreement – Nicholas Holthouse**

Mr Nicholas Holthouse was appointed as President and CEO of Commerce, effective 1 June 2025. Subject to the Transaction proceeding to Completion, the Company will enter into an appointment letter with Mr Holthouse effective on reinstatement of the Shares to quotation on ASX, in conjunction with his existing executive services agreement, pursuant to which Mr Holthouse will continue as the Merged Company's Managing Director and Chief Executive Officer.

Pursuant to the agreement, the Company expects to pay Mr Holthouse A\$420,000 per annum (including statutory superannuation). The Company will have the ability to set short and long term incentives, however, as at the date of this Notice, no incentives have been agreed on the basis that the Director Replacement Performance Rights are being issued to replace Mr Holthouse's existing long term incentives granted while he was President and CEO of Commerce.

The Board may, in its absolute discretion invite Mr Holthouse to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time, subject to compliance with the Corporations Act and Listing Rules.

The agreement is for an indefinite term, unless terminated by either party in accordance with the agreement. The Company may terminate the agreement by giving not less than one month written notice of termination to Mr Holthouse (or a shorter period in limited circumstances). Mr Holthouse may terminate the agreement by giving not less than three months written notice of termination to the Company (or a shorter period in limited circumstances).

(d) **Consultancy Agreement – Peter Ruse**

Subject to the Transaction proceeding to Completion, the Company will engage Mr Ruse under a consultancy agreement for services connected to his role as the

Company's corporate development officer (**Consultant**). Pursuant to the agreement, the Company will pay Mr Ruse up to a total maximum of A\$180,000 per annum (which is exclusive of GST) as part of his consultancy fee (**Consultancy Agreement**).

Under the Consultancy Agreement, Mr Ruse will be responsible for reporting to the Board or its Chairperson and will develop and execute strategies aligned with the Company's objectives, focusing on investor relations, market engagement, and corporate growth. Mr Ruse will be required to support executive leadership in investor activities, manage external communications, assist with corporate transactions, and provide regular updates to the Board. Mr Ruse must meet KPIs, comply with Company policies and relevant laws, and devote full time and attention to the role.

Mr Ruse's Consultancy Agreement will continue for a minimum of 12 months, whereafter, either Mr Ruse or the Company will be able to extend for a further term (on agreement) or terminate under the provisions of the consultancy agreement. Subject to legal and shareholder approvals, the Company may offer Mr Ruse (or his nominee) shares, options, or other securities either through an incentive scheme or separately and may also, at its discretion, invite Mr Ruse to participate in a performance-based bonus plan.

(e) **Deeds of Indemnity, Insurance and Access**

The Company has entered into deeds of indemnity, insurance and access with each of the Directors, Proposed Directors, the existing Company Secretary and Joel Ives (the proposed CFO and Company Secretary of the Merged Company). Under these deeds, the Company indemnifies each Director and the Company Secretary, and subject to their appointment each Proposed Director and Mr Ives, to the extent permitted by law against any liability arising as a result of acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the Directors and the Company Secretary and must allow these officers to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

(f) **ANC Mandate**

On 7 May 2025, Commerce entered into a mandate appointing ANC to act as exclusive broker in connection with the Convertible Note Financing (**ANC Mandate**). Under the ANC Mandate, ANC has provided services and assistance customarily provided in connection with marketing and execution of the Commerce Convertible Notes.

Commerce has paid the following fees to the ANC (or its nominees) pursuant to the ANC Mandate:

- (i) a cash fee of 6% of the total funds raised under the Convertible Note Financing from purchasers introduced by ANC (C\$66,000); and
- (ii) 1,100,000 warrants with an exercise price of C\$0.075 and expiring on 12 May 2028, which at Completion will be converted into 561,888 Consideration Options, each exercisable at A\$0.161 and expiring on 12 May 2028 (on a post-Consolidation basis),

(together, the **Note Placement Fees**).



As at the date of this Notice, the ANC Mandate has expired, with Commerce having no continuing obligation under the ANC Mandate other than accrued rights and liabilities pertaining to the Note Placement Fees and any nominal costs and expenses incurred in connection with the Convertible Note Financing. The ANC Mandate contains additional provisions considered standard for agreements of this nature.

(g) **Lead Manager Mandate**

On 2 September 2025, the Company entered into an agreement appointing Canaccord Genuity (Australia) Limited (**Canaccord**) to act as global co-ordinator and lead manager (**Lead Manager**) to the Public Offer (**Lead Manager Mandate**). The Lead Manager Mandate includes an agreement whereby Canaccord has agreed to engage Peloton Capital Pty Ltd (**Peloton**) to act as co-lead manager to the Public Offer (**Co-Lead Manager**). The Lead Manager Mandate also details an agreement between Canaccord and Yelverton Capital Pty Ltd (**Yelverton**) and Euroz Hartleys Limited (**Euroz**) wherein, Yelverton and Euroz will be invited by Canaccord to act as co-managers to the Public Offer (**Co-Managers**) (The Lead Manager, Co-Lead Manager, Co-Managers and any other parties that provide allocations for the Public Offer, are together, known as the **Broker Parties**).

Further detail of the separate agreements between Canaccord and other members of the Broker Parties, are detailed in the 'Fees' section of the Lead Manager Mandate.

Under the Lead Manager Mandate, the Lead Manager will provide services and assistance customarily provided in connection with marketing and execution of the public offer (as applicable).

The Company will pay the Lead Manager the following fees pursuant to the Lead Manager Mandate, subject to the successful completion of the Public Offer:

- (i) a cash fee of 6% of the total funds raised under the Public Offer, up to a maximum amount of A\$600,000 based on a maximum of 50,000,000 Shares issued at A\$0.20 per Share under the Public Offer; and
- (ii) between 6 million and up to 8 million unquoted options each exercisable at \$0.30 (on a post-Consolidation basis) and expiring on the date that is three years from the date of issue (**Broker Options**),

(together, the **Managers Fees**).

The Managers Fees will be split pro rata by the Lead Manager to the Broker Parties on the terms detailed in the Lead Manager Mandate.

The total value the Managers Fees (including the value of the Broker Options based on a Black Scholes valuation) that may be paid to the Lead Manager and, subsequently, the Broker Parties (or their respective nominees) is approximately \$1.14 million (assuming the minimum subscription amount of \$8 million (before costs) is raised) and \$1.26 million (assuming the maximum subscription amount of \$10 million (before costs) is raised).

The Company, or the Lead Manager, may terminate the Lead Manager Mandate at any time by giving five business days' written notice. The Lead Manager Mandate contains additional provisions considered standard for agreements of this nature.

(h) **Yelverton Capital Mandate**

On 13 August 2024, the Company and Yelverton Capital entered into a corporate advisory mandate for the provision of corporate advisory services to the Company customarily provided in connection with transactions similar to the Transaction (**Yelverton Capital Mandate**).

Pursuant to the Yelverton Capital Mandate, Yelverton Capital will receive a cash completion fee of 1.75% of the undiluted market capitalisation of the Merged Group at successful completion of the Transaction.

Yelverton Capital is also entitled to a A\$15,000 monthly retainer fee (plus GST), payable by the Company at the end of each month up until termination of the Yelverton Capital Mandate or completion of the Transaction, with the first four months of retainer fees netted against Yelverton Capital's 1.75% cash completion fee in connection with the Transaction.

The Company or Yelverton may terminate the Yelverton Capital Mandate at any time by giving one month's written notice. The Yelverton Capital Mandate contains additional provisions considered standard for agreements of this nature.

(i) **Wallabi Group Mandate**

Pursuant to a corporate advisory mandate between Commerce and Wallabi Group dated 9 May 2024 (**Wallabi Group Mandate**), Wallabi Group will receive a cash completion fee of 2% of the prescribed value of Commerce upon, and subject to, the successful completion of the Transaction in consideration for Wallabi Group providing corporate advisory services to Commerce customarily provided in connection with transactions similar to the Transaction.

Wallabi Group is also entitled to a A\$15,000 monthly retainer fee (plus GST), payable by Commerce at the end of each month up until termination of the Wallabi Group Mandate or completion of the Transaction.

Commerce or Wallabi Group may terminate the Wallabi Group Mandate at any time. The Wallabi Group Mandate contains additional provisions considered standard for agreements of this nature.

#### **4.13 Escrow arrangements**

Subject to Reinstatement, certain Conversion Shares, Options, Performance Rights and PSUs in the Company will be classified by ASX (in its absolute discretion) as restricted securities and will be required to be held in escrow for up to 12 to 24 months from the date of reinstatement of the Shares to quotation on ASX. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company received certain waivers and confirmations from ASX on 27 August 2025, full terms of which are detailed at Schedule 8 of this Notice, and immediately below is a summary of the ASX's likely application of escrow to the Transaction:

- (a) No escrow will be applied to shareholders in Commerce who receive Company Shares as consideration for the acquisition of their shares in Commerce;

- (b) Escrow may apply to Company Shares issued in exchange for Commerce shares issued on conversion of the principal on Convertible Notes, depending on whether the recipient is a Related Party or unrelated party and the timing of the cash contribution;
- (c) Escrow will apply for 12 or 24 months (as applicable) to Company Shares issued in exchange for Commerce shares issued on conversion of interest on Convertible Notes;
- (d) Escrow will apply for 24 months to securities issued as part of the Broker Options, to brokers and promoters for no cash consideration;
- (e) Escrow will apply for 24 months to Securities issued to Related Parties under an employee incentive plan;
- (f) Escrow will apply for 24 months to options issued to Related Parties in replacement of their Commerce Warrants; and
- (g) No escrow will be applied to options issued to unrelated parties in replacement of their Commerce Warrants.

Prior to the Company's Shares being reinstated to trading on the ASX, the Company will issue escrow notices to the recipients of restricted Securities in accordance with Chapter 9 of the Listing Rules, or, to the extent required by ASX, will enter into restriction deeds with the relevant recipients, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

#### **4.14 Public Offer**

Under the Public Offer, the Company is seeking to raise a minimum of A\$8,000,000 (before costs) and a maximum of A\$10,000,000 (before costs) through an offer of a minimum of 40,000,000 Shares (**Minimum Subscription**) and maximum of 50,000,000 Shares (**Maximum Subscription**) at an issue price of A\$0.20 per Share (on a post-Consolidation basis).

As set out in Section 4.2, raising the Minimum Subscription under the Public Offer is a condition precedent to Completion.

The Company has appointed Canaccord as Lead Manager to the Public Offer on the terms summarised in Section 4.12(g).

The Public Offer is not underwritten.

#### **4.15 Pro forma balance sheet**

A pro forma statement of financial position of the Company based on the consolidated reviewed consolidated historical financial information as at 31 March 2025 and reviewed consolidated historical financial information of Commerce as at 30 April 2025 is set out in Schedule 5.

#### **4.16 Effect on capital structure**

The proposed capital structure of the Company following Completion (on a post-Consolidation

basis), based on both a Minimum Subscription and Maximum Subscription, is set out below:

Shares	Minimum Subscription	%	Maximum Subscription	%
Existing Securities	18,664,040	10.30	18,664,040	9.76
Consideration Shares <sup>(1)</sup>	108,302,216	59.79	108,302,216	56.66
Conversion Shares <sup>(2)</sup>	14,175,824	7.83	14,175,824	7.42
Public Offer Shares <sup>(3)(4)</sup>	40,000,000	22.08	50,000,000	26.16
<b>Total</b>	<b>181,142,080</b>	<b>100</b>	<b>191,142,080</b>	<b>100</b>

**Notes:**

1. Includes the 5,410,445 Director Consideration Shares proposed to be issued to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie (or their respective nominees).
2. Includes the Director Conversion Shares and assumes completion of the Convertible Note Financing and automatic conversion of the Commerce Convertible Notes to the Noteholders in accordance with their terms and at an exchange rate of A\$1.00:C\$0.91.
3. The Company is seeking to raise a minimum of A\$8,000,000 (before costs) and a maximum of A\$10,000,000 (before costs) under the Public Offer.
4. Includes 50,000 Public Offer Shares proposed to be issued The Holthouse Family Trust (or their nominee) under the Public Offer.

Options	Minimum Subscription	%	Maximum Subscription	%
Existing Options	987,750	1.10	987,750	1.07
Consideration Options <sup>1</sup>	81,613,002	90.55	81,613,002	88.58
Options under Resolution 16	1,532,423	1.70	1,532,423	1.66
Broker Options	6,000,000	6.66	6,000,000	8.68
<b>Total</b>	<b>90,133,175</b>	<b>100</b>	<b>92,133,175</b>	<b>100</b>

**Notes:**

1. Includes 11,343,728 Director Consideration Options to be issued to Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd (or their respective nominees) and the Options to be issued under Resolution 11.

Performance Securities	Minimum Subscription	%	Maximum Subscription	%
Existing Performance Rights	Nil	-	Nil	-
Director Replacement Performance Rights	7,662,114	62.5	7,662,114	62.5
PSUs under Resolution 16	4,597,268	37.5	4,597,268	37.5

<b>Total</b>	<b>12,259,382</b>	<b>100</b>	<b>12,259,382</b>	<b>100</b>
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**Notes:** Includes the 7,662,114 Director Replacement Performance Rights proposed to be issued under Resolution 12 and the PSUs to be issued under Resolution 17.

#### **4.17 Substantial Shareholders' voting power**

As at the date of this Notice, the following Shareholders hold a relevant interest in 5% or more of the Shares on issue (on a pre-Consolidation basis):

<b>Shareholder</b>	<b>Shares</b>	<b>%</b>
Vison Pty Ltd <Philip Garrat Family Trust>	6,710,000	7.89%
Michael O'Keeffe / Prospect AG Trading Pty Ltd / Eastbourne DP Pty Ltd	5,856,249	6.89%
<b>Total</b>	<b>12,566,249</b>	<b>14.78%</b>

Based on the information known as at the date of this Notice, on Completion, no person will have an interest in 5% or more of the Shares on issue (on a post-Consolidation basis).

#### **4.18 Proposed use of funds**

Following the Transaction, it is anticipated that the following funds will be available to the Company accounting for cash depletion between April through to Completion:

<b>Funds available</b>	<b>Minimum Subscription (A\$)</b>	<b>%</b>	<b>Maximum Subscription (A\$)</b>	<b>%</b>
Existing cash – MRZ <sup>1</sup>	1,254,462	10.36	1,254,462	8.90
Existing cash – CCE <sup>2</sup>	2,849,680	23.54	2,849,680	20.20
Funds raised from the Public Offer	8,000,000	66.10	10,000,000	70.90
<b>Total funds<sup>3</sup></b>	<b>12,104,142</b>	<b>100</b>	<b>14,104,142</b>	<b>100</b>

**Notes:**

1. Reflects cash at bank for the Company as at 31 March 2025 as per the Company's interim financial report as announced to the ASX on 18 August 2025. As at 30 June 2025, the Company's cash at bank was approximately, A\$ 778,000 as announced in the Company's quarterly announced to the ASX on 30 July 2025. .
2. Reflects Commerce's existing cash as at 30 April 2025, which was the date of Commerce's reviewed consolidated interim financial statements, was A\$518,850, the cumulative figure denoted in the table above includes the approximate A\$2.33 million raised under the Convertible Note Financing (after costs), As at 30 June 2025, Commerce's cash at bank was approximately A\$580,495. These figures assume an exchange rate of AUD:CAD = A\$0.91.

The Company intends to use the funds raised under the Public Offer, together with the Company's estimated existing cash reserves post-Transaction as follows:

Use of funds (Year 1)	Minimum Subscription (A\$)	%	Maximum Subscription (A\$)	%
Costs of the offer	1,067,815	8.82%	1,190,382	8.44%
Finalisation of Preliminary Economic Assessment	1,000,000	8.26%	1,000,000	7.10%
Environmental Baseline Studies	2,750,000	22.72%	3,000,000	21.27%
Prefeasibility Studies	3,000,000	24.79%	3,000,000	21.27%
Northern Lights exploration	250,000	2.06%	250,000	1.76%
General administration and working capital <sup>1,2</sup>	4,036,327	33.35%	5,663,760	40.16%
<b>Total</b>	<b>12,104,142</b>	<b>100%</b>	<b>14,104,142</b>	<b>100%</b>

**Notes:**

1. Comprises corporate and administration expenses, including director fees, legal, ASX fees, accounting and book keeping costs, and general working capital.
2. The funds allocated to general administration and working capital will decrease for the cash depletion between April through to the date of the Reinstatement.

The above table, concerning use of funds, is a statement of the Board's current intentions as at the date of this Notice. Shareholders should note that, as with any budget, the allocation and proposed use of funds set out in the above table may change depending on a number of factors including, but not limited to:

- (a) the risk factors outlined in Section 5; and
- (b) the outcome of operational activities, regulatory developments and market and general economic conditions.

In light of this, the Board reserves the right to alter the way the funds are applied. In addition, as the proceeds of the Public Offer will be received in Australian dollars and the expenditure will largely be in Canadian dollars, the actual amount of the proceeds used for each of the items above will depend on the foreign exchange rate at the time that the funds are converted to Canadian dollars.

The Board is satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to meet its stated objectives.

The Company notes there is no certainty to when or to what extent any Options will be exercised. Depending on the amount raised (if any) from the exercise of any Options, the Board's current intention is to apply funds towards general working capital.

#### **4.19** Indicative timetable for the key business the subject of the Transaction Resolutions

Description	Indicative timing
Dispatch of Notice of General Meeting	Wednesday, 10 September 2025
Lodgement of Prospectus with ASIC and ASX	Wednesday, 17 September 2025
Opening Date of the Offer	Thursday, 25 September 2025
General Meeting Proxy Cut-Off	Wednesday, 8 October 2025
Record Date for General Meeting	Thursday, 9 October 2025
General Meeting	Friday, 10 October 2025
Closing Date of the Offer	Monday, 13 October 2025
Effective Date of Consolidation	Thursday, 16 October 2025
Record Date of Consolidation	Tuesday, 21 October 2025
Settlement Date of Offer	Tuesday, 21 October 2025
Completion of the Transaction	Tuesday, 21 October 2025
Dispatch of holding statements for Shares	Thursday, 23 October 2025
Expected date for Shares to be reinstated to trading on ASX	Tuesday, 28 October 2025

This timetable is a proposed indicative timetable only and the Board reserves the right to vary the dates in accordance with the Listing Rules.

#### **4.20** Changes to Board of Directors and Key Management Personnel

In connection with the Transaction and as at Completion (subject to Shareholders approving the Transaction Resolutions):

- (a) Gary Lawler will resign as Non-Executive Chair;
- (b) Peter Ruse will resign as Executive Director (Messrs Lawler and Ruse together, the **Resigning Directors**);
- (c) Ronald Beevor will remain on the Board as a Non-Executive Director;
- (d) Cameron Henry will be appointed as Non-Executive Chair;
- (e) Nicholas Holthouse will be appointed as Managing Director and Chief Executive Officer;
- (f) Jeremy Robinson will be appointed as a Non-Executive Director; and
- (g) Adam Ritchie will be appointed as a Non-Executive Director.

Subject to Shareholders approving the Transaction Resolutions, on Completion, the proposed Board and Key Management Personnel will be as follows:

- (a) Cameron Henry – Non-Executive Chair;
- (b) Nicholas Holthouse – Managing Director and Chief Executive Officer
- (c) Ronald Beavor – Non-Executive Director;
- (d) Jeremy Robinson – Non-Executive Director;
- (e) Adam Ritchie – Non-Executive Director; and
- (f) Joel Ives – CFO and Company Secretary.

#### **4.21 Advantages of the proposed Transaction Resolutions**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

- (a) the Transaction will create a Canadian-focused critical metals company with core assets located in the Province of Quebec. The 100%-owned Eldor Property, which hosts the Ashram Project (as well as the highly prospective niobium exploration assets, the Mallard and Miranna prospects) adds a robust project portfolio complemented by the Company's Northern Lights Project. In particular, the Ashram Project hosts the largest monazite-dominant carbonatite-hosted REEs deposits in North America, and funds raised in the Public Offer will be used to update the current preliminary economic assessment and advance the project towards development;
- (b) the Public Offer will provide the Company with sufficient funds to support its strategy post completion of the Acquisition;
- (c) the Transaction will provide access to the combined experience of key members of Commerce's and the Company's directors, senior management and major shareholders, who have held former and current roles with successful international resource groups;
- (d) the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Public Offer may lead to improved equity capital market opportunities and increased liquidity; and
- (e) the Company will seek to list on the TSX-V. If successful, the TSX-V listing will provide an additional exchange under which the Company's Shares can be traded, increasing the liquidity of the Shares and providing the Company with new sources of potential capital.

#### **4.22 Disadvantages of the proposed Transaction Resolutions**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

- (a) the Company will undergo a change in the nature and scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) Shareholders will be diluted through the issue of Shares under the Acquisition and Public Offer;



- (c) the Company's future capital requirements may require that additional funds are raised through equity, debt or a combination thereof, which could further dilute Shareholders that do not participate in such capital raisings;
- (d) the Company's expenditure will significantly increase;
- (e) Shareholders will lose the benefit of the skill and experience of the Resigning Directors;
- (f) there are inherent risks associated with the Company's new business as well as other risks which may not suit a Shareholder's risk profile or be consistent with their objectives. A summary of key risks to be faced by the Company is set out in Section 5; and
- (g) by having the Shares listed on the TSX-V, the Company will be subject to the rules of two stock exchanges, which will increase compliance costs and (to the extent the TSX-V Rules are more onerous than the Listing Rules) will reduce the Company's freedom to operate.

#### **4.23 Taxation**

The Transaction may give rise to income tax implications for the Company and Shareholders.

Existing Shareholders are advised to seek their own taxation advice on the effect of the Transaction Resolutions on their personal taxation position and neither the Company, nor any existing Director or advisor to the Company accepts any responsibility for any individual Shareholder's taxation consequences on any aspect of the Transaction or the Transaction Resolutions.

#### **4.24 Plans for the Company if the Transaction Resolutions are not passed or if the Transaction does not proceed**

If the Transaction Resolutions are not passed, the Company will be unable to proceed with the Transaction and the Company will continue to look for alternative potential business acquisitions to enable the Company to seek a relisting on the ASX and generate value for Shareholders. The time taken to identify and execute an alternative acquisition is uncertain and there can be no guarantee that the Company will ultimately be successful in executing an alternative acquisition. Trading in the Company's Shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Acquisition or can otherwise satisfy ASX that its level of its operations is sufficient for the purposes of Listing Rule 12.1.

Given that the Company is currently suspended from trading, if the Transaction Resolutions are not passed and the Company is not able to proceed with the Transaction, and if in that event, the Company is otherwise unable to satisfy conditions to re-quotations or find another viable potential business acquisition before 17 February 2027, the Company will be removed from the official list of the ASX.

#### **4.25 Directors' interests in the Company**

As at the date of this Notice, the Proposed Directors do not hold any Securities in the Company.

The Directors (and their respective related entities) have the following interest in Securities as

at the date of this Notice (on a pre-Consolidation basis).

Name	Shares	Options	% Shares
Gary Lawler	2,437,500	-	2.87
Peter Ruse	2,237,840	-	2.63
Ronald Beevor	937,500	1,500,000	1.10

Set out in the table below are details of the anticipated relevant interests of the existing Directors and Proposed Directors (and their respective related entities) in the Securities of the Company upon Completion (on a post-Consolidation basis):

Name	Shares	Options	Performance Securities
Gary Lawler <sup>1</sup>	535,031	-	-
Peter Ruse <sup>1,2</sup>	1,127,361	817,293	1,532,423
Ronald Beevor <sup>3</sup>	205,781	840,058	1,532,423
Cameron Henry <sup>3,5</sup>	4,848,557	9,760,224	1,532,422
Nicholas Holthouse <sup>4</sup>	50,000	510,808	4,597,268
Adam Ritchie <sup>6</sup>	255,403	766,211	1,532,423
Jeremy Robinson <sup>5,7</sup>	4,848,557	9,760,224	1,532,423

**Notes:**

1. Messrs Lawler and Ruse will resign as directors upon completion of the Transaction.
2. It is proposed that Mr Ruse will continue to provide services to the Company following the Transaction as a corporate development officer and will receive securities under Resolution 17, Director Consideration Shares indirectly under Resolution 9(c), Director Consideration Options indirectly under Resolution 11(e) and Director Conversion Shares indirectly under Resolution 14.
3. Receiving Options and PSUs pursuant to Resolution 17(b).
4. Mr Holthouse will be issued Director Replacement Performance Rights (which will not be subject to the New Plan) pursuant to Resolution 12 and Director Consideration Options pursuant to Resolution 11. The 50,000 Public Offer Shares will be issued to a Related Party, namely, The Holthouse Family Trust (or its nominee), an entity that Nicholas Holthouse has a beneficial interest in by virtue of being a beneficiary, pursuant to Resolution 7.
5. Messrs Henry and Robinson will hold a relevant interest in 4,848,557 Director Consideration Shares and 9,249,417 Director Consideration Options by virtue of their holdings in Churchill Strategic Investments Group Pty Ltd pursuant to Resolution 9 and Resolution 11 respectively.
6. Mr Ritchie will be issued Director Consideration Options pursuant to Resolution 11 and Director Replacement Performance Rights pursuant to Resolution 12.

7. Mr Robinson will be issued Director Consideration Options pursuant to Resolution 11 and Director Replacement Performance Rights pursuant to Resolution 12.

## **5. Risks associated with the Transaction**

This Section identifies the key dependencies and areas of risk associated with the Transaction, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

An investment in Securities of the Company involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. Management of the Company considers the following risks to be most significant for potential investors, but such risks do not necessarily comprise all those associated with an investment in the Company. Additional risks and uncertainties not currently known to management of the Company may also have an adverse effect on the Company's business. If any of these risks actually occur, the Company's business, financial condition, capital resources, results of operations and/or future operations could be materially adversely affected.

In addition to the other information set forth elsewhere in this Notice, the following risk factors should be carefully considered when assessing risks related to the Company's business.

### **5.1 Risks relating to the change in nature and/or scale of activities**

#### **(a) Re-Quotation of Shares on ASX**

The Transaction constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will likely remain in suspension and not be able to be traded on the ASX until such time as those requirements can be met, if at all, and the Public Offer will be withdrawn and all application monies will be refunded to applicants (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the Listing Rules.

Subject to Reinstatement, certain Conversion Shares, Options, Performance Rights and PSUs in the Company will be classified by ASX (in its absolute discretion) as restricted securities and will be required to be held in escrow for up to 12 to 24 months from the date of reinstatement of the Shares to quotation on ASX. The Consideration Shares, the Director Consideration Shares and the Public Offer Shares will not be subject to escrow.

On 27 August 2025, the Company received certain waivers and confirmations which are detailed in Schedule 8 below (**ASX Confirmations**). Following receipt of the ASX Confirmations and as at Reinstatement, the Company expects, of its total Shares on issue, being 181,142,080 Shares (assuming Minimum Subscription), it is likely that only 1.3% of those Shares will be subject to escrow, while this percentage is relatively small, it has a correlative, if only minor, adverse effect on the liquidity of the Company's Shares.

(b) **Listing of Shares on TSX-V**

As part of the Transaction the Company will apply for the Company's Shares to be listed on the TSX-V.

There is a risk that the Company may not be able to meet the requirements of the TSX-V for listing of its Shares. Should this occur, Shares may not be traded on the TSX-V until such time as those requirements can be met, if at all, and if the Company determines it is unable to meet these requirements, there is a risk that the Transaction is unable to be completed.

(c) **Commerce Shareholder approval and Dissent Rights risk**

Completion of the Transaction is dependent on Commerce Shareholders approving the Acquisition by way of at least 66⅔% of the votes cast in favour of the Acquisition by the Commerce Shareholders voting as a single class holding Commerce Shares on the Commerce Record Date.

As at the date of this Notice, Commerce has scheduled an annual general and special meeting of Commerce Shareholders to be held on 10 October 2025 (**Commerce Meeting**).

There is a risk that Commerce Shareholders do not approve the Acquisition at the Commerce Meeting and the Transaction is unable to complete.

The Interim Order provides that a registered Commerce Shareholder as at the Record Date may, upon strict compliance with certain conditions, exercise Dissent Rights and, if ultimately successful, receive the fair value of their Commerce Shares in accordance with the Plan of Arrangement. Under the terms of the Transaction, it is a condition that no more than 5% of the registered Commerce Shareholders exercise their Dissent Rights.

(d) **Dilution risk**

Existing Shareholders may be diluted as a result of the Transaction. The Company currently has 18,664,040 Shares on issue (on a post-Consolidation basis).

Under the terms of the Transaction, the Company is proposing to issue the following Securities (on a post-Consolidation basis):

- (i) 108,302,216 Shares to Commerce Shareholders, being the indicative aggregate amount of Consideration Shares and Director Consideration Shares;
- (ii) Approximately 14,175,824 Shares (being the indicative aggregate amount of Conversion Shares and Director Conversion Shares) on a post-Consolidation basis upon conversion of the Commerce Convertible Notes calculated at the Conversion Price;
- (iii) 81,613,002 Options on a post-Consolidation basis to Commerce Warrant Holders and Commerce Option Holders, being the indicative aggregate amount of Consideration Options and Director Consideration Options;
- (iv) 7,662,114 Director Replacement Performance Rights on a post-Consolidation basis to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie (or their respective nominees);

- (v) 4,597,268 PSUs and 1,532,423 Plan Options on a post-Consolidation basis to Messrs Cameron Henry, Peter Ruse and Ronald Beevor (or their respective nominees); and
- (vi) up to 50,000,000 Shares on a post-Consolidation basis under the Public Offer.

On Completion (assuming that the Maximum Subscription is raised and an exchange rate of A\$1.00:C\$0.91 in connection with the conversion of the Commerce Convertible Notes):

- (i) the existing Shareholders will retain approximately 9.76% of the Company's issued Share capital on an undiluted basis and 6.32% of the Company's issued Share capital on a fully diluted basis (assuming Shareholders do not acquire Shares under the Public Offer or Commerce Convertible Notes);
- (ii) Commerce Shareholders will hold approximately 56.66% of the Company's issued Share capital on an undiluted basis and 36.64% of the Company's issued Share capital on a fully diluted basis (assuming Commerce Shareholders do not acquire Shares under the Public Offer or Commerce Convertible Notes);
- (iii) the investors under the Commerce Convertible Notes will hold 7.42% of the Company's issued capital upon conversion on an undiluted basis and 4.80% on a fully diluted basis; and
- (iv) the investors under the Public Offer will hold approximately 26.16% of the Company's issued Share capital on an undiluted basis and 16.69% of the Company's issued Share capital on a fully diluted basis.

There is a risk that the interests of Shareholders may be further diluted as a result of future capital raisings that may be required in order to fund the future development of the Company.

**(e) Completion, counterparty and contractual risk**

As set out above, the Company has agreed to acquire 100% of the issued and outstanding Shares in the capital of Commerce subject to the fulfilment of the Conditions Precedent. There is a risk that the Conditions Precedent for Completion will not be fulfilled and, in turn, that Completion will not occur. If the Transaction does not Complete, the Company will incur costs relating to advisers and other costs without any material benefit being achieved. In the event Completion does not occur, the Public Offer will be withdrawn, and all application monies will be refunded to applicants (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The ability of the Company to achieve its stated objectives will depend on the performance by Commerce and the Commerce Shareholders of their obligations under the Arrangement Agreement. If Commerce or any other counterparty defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly and without any certainty of a favourable outcome.

(f) **Future capital needs**

The Company intends to spend significant funds to grow its operations. As the Company continues to grow, expenses will continue to exceed revenue. There can be no assurance that the Company's objectives can continue to be met in the future without securing further funding.

## **5.2 Specific risks applicable to the Merged Company on Completion**

On Completion, Commerce will become a wholly owned subsidiary of the Company, and the Company's main undertaking will be the exploration and development of the Ashram Project in addition to the Company's Existing Projects. Set out below is a non-exhaustive list of key risks of operating the Company's business following Completion.

(a) **Maintaining and expanding permits and licences and regulatory risk**

The successful execution of the Merged Company's business objectives is contingent upon compliance with all applicable laws and regulatory requirements in Australia and Canada and obtaining all other required regulatory approvals for permits and licences in these jurisdictions.

The Merged Company's ability to execute its business model and undertake its growth strategy is dependent on its ability to secure and maintain adequate licences and permits. A failure to obtain these statutory approvals or comply with these regulatory processes may adversely affect the Merged Company's title to the mineral rights, may prevent or impede the grant, acquisition or advancement of, or the conduct of activities within, mineral rights and may have a material adverse effect on the business, results of operations, financial condition and prospects of the Merged Company.

Further, there is no guarantee or assurance that the licences, concessions, leases, permits or consents will be renewed or extended as and when required or that new conditions will not be imposed in connection with the Group's mineral rights. The renewal or grant of the terms of each licence is usually at the discretion of the relevant government authority. To the extent such approvals, consents or renewals are not obtained, the Group may be curtailed or prohibited from continuing with its exploration and development activities or proceeding with any future development, which may have a material adverse effect on the business, results of operations, financial condition and prospects of the Merged Company.

(b) **Land access**

Land access is critical for exploration and/or exploitation to succeed. It requires both access to the mineral rights and access to the surface rights. Minerals rights may be negotiated and acquired. In all cases the acquisition of prospective exploration and mining licences is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. The Company may not be successful in acquiring or obtaining the necessary licences to conduct exploration or evaluation activities outside of the mineral tenements that it already owns.

Access to land for exploration and evaluation purposes can be obtained by: private access and compensation agreement with the landowner; purchase of surface rights; or through judicial rulings. However, access rights to the licences can be affected by many factors including: (i) surface title land ownership negotiations; (ii) permitting for

exploration activities, which are required in order to undertake most exploration and exploitation activities within the jurisdictions where the Company operates; (iii) travel restrictions, quarantining procedures or other impediments to the free movement of personnel, including as a result of global pandemics that may arise; and (iv) natural occurrences.

(c) **Future Capital Needs**

The Merged Company has no operating revenue and is unlikely to generate any operating revenue unless and until its projects are successfully developed and production commences. The future capital requirements of the Merged Company will depend on many factors including its business development activities.

The Merged Company will require further financing in the future, in addition to amounts raised pursuant to the Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Public Offer price) or may involve restrictive covenants which limit the Merged Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

As an exploration entity, the Merged Company is making a loss, meaning it is reliant on raising funds from investors or lenders in order to continue to fund its operations and to scale growth. Although the Company believes that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Merged Company or at all. If the Merged Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

The Merged Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Merged Company's shareholders will be diluted.

(d) **Going concern risk**

The Company's reviewed financial report for the period ended 31 March 2025 includes the following material uncertainty relating to going concern:

*'We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.'*

The Company's reviewed financial report for the period ended 31 March 2025 was prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Board believes that on completion of the Offers, the Company will have sufficient funds to adequately meet the Company's current commitment and working capital

requirements. However, there remains a risk that further funding will be required by the Company in the medium to long term. An inability to obtain additional funding would have a materially adverse effect on the Company's business, and may give rise to significant uncertainty on the Company's ability to continue as a going concern.

(e) **Sovereign risk**

The Merged Company's assets are located in the states of Quebec and British Columbia, Canada. The Merged Company will be subject to risks of operating in those jurisdictions.

(f) **Political regulatory risk**

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policy, monetary policy, taxation, exchange rates, environmental regulations, labour relations and return of capital. Any such change may affect the Company's ability to undertake exploration and development activity at the projects.

(g) **Exploration and development**

Mineral exploration and development, by its nature, is a speculative and high risk undertaking that may be impeded by circumstances beyond the control of the Merged Company. The Company is subject to customary risks associated with a mining entity, such as volatility of commodity prices and exchange rates, exploration and development costs.

(h) **Land claims and community opposition**

Specific legislation concerning land rights of indigenous peoples in Canada may impact the Company's projects and its ability to gain access to licences (through obtaining consent of any relevant landowner). Such legislation may also adversely affect the Company's ability to progress from the exploration phase to the development and mining phases of project operations.

The Merged Company's activities could potentially face disruptions or postponements from claims to the licence areas by other parties, community opposition or legal actions against the Merged Company. Such occurrences could have repercussions on the Merged Company's operations and could also affect the value and performance of the Shares.

The Ashram Project is located proximally to the Inuit community of Kuujjuaq and the Northern Lights Project is located roughly 320 kms away from Chibougamau (the Communities). While neither project operates on the verges of neighbouring communities, the close proximity is nonetheless, part of the broader environmental risks that the Merged Company must operate under and consider. **Project Access**

As for relevant environmental risks associated with the Merged Company's planned activities:

- the Ashram Project is situated approximately 130 km south of the Inuit community of Kuujjuaq and is directly adjacent to the western shore of Lac Le Moyne. Access to the Ashram Project site for exploration can become limited during the winter months, despite having snowmobile access and helicopter supported logistics. The region experiences prolonged, severe winters with mean January temperatures falling below -20 degrees, as such, the Ashram Project and general



mining operations therein, are susceptible to environmental risks associated with severe cold weather; and

- the Northern Lights Project is located approximately 500 km south-southwest of the Ashram Project and is at approximately 450 meters altitude. The Northern Lights Project experiences less extreme snow coverage as compared to the Ashram Project and does not experience permafrost. Access to the project area is by road approximately 320 km north north-east of the city of Chibougamau. Weather conditions could affect accessibility to the project area.

**(i) Insurance and uninsured risks**

The Merged Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. Although insurance is maintained in line with industry practice, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims.

**(j) Resources and reserves**

Additional expenditures may be required to establish either mineral resource or ore reserve estimates on the projects, and to develop processes to extract the minerals. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis or at all.

**(k) Infrastructure and equipment**

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Company's projects will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect operations.

The operations of the Merged Company could also be adversely affected if essential equipment fails or becomes unavailable to access in a timely manner.

**(l) Counterparty exposure and joint ventures**

If one of the Merged Company's counterparties or joint venture partners fails to adequately perform contractual obligations, this may result in loss of earnings, termination of particular contracts, disputes and/or litigation, which may adversely affect the Merged Company's financial performance and business operations.

**(m) Specialised skill and knowledge**

The nature of the Merged Company's business requires specialised skills and knowledge, including in the areas of geology, metallurgical processing, community and governmental relations and environmental compliance.

The Merged Company also relies on staff members, local contractors and consultants with specialised knowledge of logistics and operations in the countries in which it operates. In order to attract and retain personnel with the specialised skills and knowledge required for the Merged Company's operations, the Merged Company will maintain remuneration and compensation packages it believes to be competitive.

The Merged Company and other companies in the mining and resources industry compete for qualified and key personnel, and if the Merged Company is unable to attract and retain qualified personnel or fail to establish adequate succession planning strategies, its financial condition and/or results or operations could be materially adversely affected.

(n) **General market risks**

The Company is exposed to general market and economic condition risks including adverse changes in levels of economic activity, exchange rates, interest rates, commodity price volatility, government policies, employment rates and industrial disruption.

### **5.3 General risks**

(a) **Key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. The loss of any of the key personnel, the inability to recruit necessary staff as needed or the increased cost to recruit or retain the necessary staff, may cause disruption and adversely impact the Company's operations, financial performance and financial position.

(b) **Mineral resources estimation risk and Foreign Estimate conversion risk**

The calculation and interpretation of resource estimates are by their nature expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly through additional fieldwork or when new information or techniques become available. This may result in alterations to development and mining plans, which may in turn adversely affect the Company's operations.

The estimates are foreign estimates and are not reported in accordance with the JORC Code 2012. A competent person has not done sufficient work to classify the Foreign Estimate in accordance with the JORC Code 2012. It is uncertain that following evaluation and or further exploration work that the Foreign Estimate will be able to be reported in accordance with the JORC Code 2012.

(c) **Environmental risk**

The Company is subject to several laws and regulations to minimise the environmental impact of its operations and rehabilitation of any areas affected by its operations. Changes to environmental laws may result in revocation of licences, cessation or reduction of the Company's operations or materially increase exploration, development or production costs. Penalties for failure to adhere to requirements or, in the event of environmental damage, remediation costs can be substantive.

As for relevant environmental risks associated with the Merged Company's planned activities:

- the Ashram Project is situated approximately 130 km south of the Inuit community of Kuujjuaq and is directly adjacent to the western shore of Lac Le Moyne. Access to the Ashram Project site for exploration can become limited during the winter months, despite having snowmobile access and helicopter supported logistic. The region experiences prolonged, severe winters with mean January temperatures falling below -20 degrees, as such, the Ashram Project and general mining operations therein, are susceptible to environmental risks associated with severe cold weather; and
- the Northern Lights Project is located approximately 500 km south-southwest of the Ashram Project and is at approximately 450 meters altitude. The Northern Lights Project experiences less extreme snow coverage as compared to the Ashram Project and does not experience permafrost. Access to the project area is by road approximately 320 km north north-east of the city of Chibougamau. Weather conditions could affect accessibility to the project area.

As noted above, the Ashram Project is located proximally to the Inuit community of Kuujjuaq and the Northern Lights Project is located roughly 320 kms away from Chibougamau (the Communities). While neither project operates on the verges of neighbouring communities, the close proximity is nonetheless, part of the broader environmental risks that the Merged Company must operate under and consider.

Other environmental risks to the Merged Company relate to potential future challenges and opposition from members of the Communities. Neither the Ashram Project nor the Northern Lights Project, are located proximally to surrounding water such that there would be a real risk of water contamination at either the Ashram Project or the Northern Lights Project, irrespective, the Company notes the general risk of environmental contamination to the Merged Company's mining operations. The Company notes that environmental regulatory risks exist in Canada and may affect the Merged Company's abilities to carry out mining operations.

(d) **Climate change risk**

The Company is exposed to both transition risks and physical risks associated with climate change. This includes the emergence of new or expanded regulations associated with transitioning to a lower-carbon economy. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit among an array of possible restraints on industry that may further impact the Company and make it challenging to commercialise any resources it discovers.

While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. The transition and physical risks associated with climate change (including also regulatory responses to such issues and associated costs) may significantly alter the industry in which the Company operates

and its operating and financial performance.

(e) **Infectious diseases risk**

Outbreaks of infectious diseases (such as COVID-19) may lead to interruptions in operations, exploration and development activities, inability to source supplies or consumables and higher volatility in the global capital markets, commodity prices or foreign exchange, which may materially and adversely affect the Company's business, financial condition and results of operations.

Additionally, such outbreaks can cause travel restrictions and prolonged closures of facilities or other workplaces which may have a material adverse effect on the Company and the global economy more generally. Any material change in the Company's operating conditions, the financial markets or the economy as a result of these events may materially and adversely affect the Company's business, financial condition and results of operations.

(f) **Operational risk and insurance risk**

Adverse weather conditions, unforeseen increases in establishment costs, accidents, industrial disputes, technical issues or encountering unusual geological formations or other unforeseen events could increase operational costs and significantly disrupt the Company's operations, possibly restricting the Company's ability to advance its exploration programs. The Company will mitigate this risk by, among other things, taking out appropriate insurance in line with industry practice.

(g) **Commodity price volatility and exchange rate**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for critical minerals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be considered in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(h) **Discretion in use of capital**

The Board and the Company's management have discretion concerning the use of the Company's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, the Company's financial and/or operational performance may suffer.

(i) **Investment in capital markets**

As with all stock market investments, there are risks associated with an investment in the Company. Securities listed on the stock market have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances

of such companies. These factors may materially affect the market price of Shares regardless of the Company's performance.

(j) **General economic conditions**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, commodity prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position. The Company's future possible revenues and Share prices may be affected by these factors, which are beyond the control of the Company.

(k) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

(l) **Dividends**

Any future as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors and Proposed Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(m) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of the Prospectus and this Notice. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(n) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares.

(o) **Litigation**

The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims.

Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(p) **Force Majeure**

The Projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## **6. Resolution 1 – Consolidation of capital**

### **6.1 General**

Resolution 1 seeks Shareholder approval for the Company to undertake a consolidation of its issued capital on the basis that:

- (a) every 1 Share be consolidated into 0.2195 Share; and
- (b) every 1 Option be consolidated into 0.2195 Option,

subject to rounding (**Consolidation**).

Resolution 1 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions.

### **6.2 Section 254H of the Corporations Act**

Section 254H of the Corporations Act provides that a company may, by resolution passed at a general meeting, convert all or any of its shares into a larger or smaller number.

Listing Rule 7.20 provides that where an entity proposes to reorganise its capital, it must tell Equity Security holders:

- (a) the effect of the proposal on the number of Securities and the amount unpaid (if any) on the Securities;
- (b) the proposed treatment of any fractional entitlements; and
- (c) the proposed treatment of any convertible securities on issue.

Listing Rule 7.21 provides that a listed entity which has convertible securities (except options) on issue may only reorganise its capital if, in respect of the convertible securities, the number of its convertible securities or the conversion price, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of ordinary securities do not receive.

Listing Rule 7.22.1 requires that when a listed entity undertakes a consolidation of capital, the number of its options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

If Resolution 1 and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the Consolidation and the number of Securities on issue is anticipated

to be adjusted as follows, based on the Securities on issue as at the date of this Notice (in each case, subject to rounding up):

Security	Pre-Consolidation	Post-Consolidation
Shares	85,029,793	18,664,040
Options	4,500,000	987,750

The effective date of the Consolidation is to take place on Tuesday, 21 2025, with the record date of the Consolidation occurring on Tuesday, 21 October 2025.

If Resolution 1 is not passed, the Company will not be able to proceed with the Consolidation and the Transaction will not proceed.

### **6.3** Fractional entitlements

Not all Security holders will hold that number of Securities which can be evenly divided as part of the Consolidation. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

### **6.4** Taxation

It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and the Company accepts no responsibility for the individual taxation implications arising from the Consolidation.

### **6.5** Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities. It is the responsibility of each Shareholder to check the number of Securities held prior to disposal or exercise (as the case may be).

### **6.6** Effect on capital structure

The approximate effect which the Consolidation will have on the Company's current capital structure is set out in the tables below. All numbers are subject to rounding.

#### **(a) Shares**

	Pre-Consolidation	Post-Consolidation
Shares on issue	85,029,793	18,664,040

(b) **Existing Unquoted Options**

Expiry date	Pre-Consolidation		Post-Consolidation	
	Number	Exercise Price (A\$)	Number	Exercise Price (A\$)
25 March 2026	1,500,000	0.30	329,250	1.37
10 November 2026	3,000,000	0.35	658,500	1.59

**6.7 Consolidation timetable**

If Resolution 1 and each of the other Transaction Resolutions are passed, the Consolidation will take effect in accordance with the following timetable:

Event	Date (2025)
Company announces Consolidation using an Appendix 3A.3 and sends out Notice	10 September
Meeting – Shareholders approve Consolidation	10 October
Effective Date of Consolidation	16 October
Last day for trading on a pre-Consolidation basis	17 October
Post-Consolidation trading starts on a deferred settlement basis	20 October
Record date and last day for Company to register transfers on a pre-Consolidation basis	21 October
First day for Company to update its register of Securities on a post-Consolidation basis and first day for issue of holding statements	22 October
Last date for Company to update its register and send holding statements on a post-Consolidation basis and notify ASX that this has occurred	28 October

The timetable is a proposed indicative timetable and the Board reserves the right to vary the dates in accordance with the Listing Rules.

**6.8 Additional information**

Resolution 1 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 1.

**7. Resolution 2 – Approval to change in nature and scale of activities**

**7.1 General**

Resolution 2 seeks the approval of Shareholders to the Transaction under and for the purposes of Listing Rule 11.1.2.

A detailed description of the Transaction is outlined in Section 4 above.



Resolution 2 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions.

## **7.2 Listing Rule 11.1**

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and/or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the company were applying for admission to the Official List.

The Transaction will involve a significant change in nature or scale to the Company's activities and, as is usual practice, the Company is required to:

- (a) obtain the approval of its Shareholders for the proposed change in nature or scale to the Company's activities pursuant to Listing Rule 11.1.2; and
- (b) re-comply with the admission and quotation requirements set out in Chapters 1 and 2 of the Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under Listing Rule 11.1.2 and pursuant to Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the Listing Rules.

Details of the assets to be acquired by the Company and the proposed changes to the structure and operations of the Company are provided throughout this Explanatory Memorandum.

If Resolution 2 and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the Transaction as outlined in this Notice.

If Resolution 2 is not passed, the Company will not be able to proceed with the Transaction and re-comply with the admission and quotation requirements of Chapters 1 and 2 of the Listing Rules.

## **7.3 Additional information**

Resolution 2 is an ordinary resolution.

A voting exclusion statement is included in the Notice.

The Board recommends that Shareholders vote in favour of Resolution 2.

## **8. Resolution 3 – Election of Director – Cameron Henry**

### **8.1 General**

Article 6.2(c) of the Constitution provides that the Company may elect a person as a Director by resolution passed in general meeting. Mr Cameron Henry seeks election as the Non-Executive Chair, subject to Shareholders approving Resolution 3.

Resolution 3 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions.

### **8.2 Cameron Henry**

Mr Cameron Henry boasts over 20 years' experience in managing and operating public companies within the mining industry spanning across a diverse array of commodities encompassing engagements in Australia, Indonesia, North America, and South America. Mr Henry's most significant role was serving as the founding managing director of Primero Group Limited, where his leadership propelled the company into becoming an industry leader in engineering and construction. Under his guidance, Primero Group Limited expanded its global presence and earned recognition as a top builder of lithium processing facilities worldwide.

Mr Henry's wealth of experience and accomplishments in the mining industry become invaluable assets for the Company's success. His proven expertise in managing public companies and his specific achievements in lithium processing make him a key contributor to the Company's strategic goals and endeavours.

Mr Henry is currently managing director of ASX-listed company Green Technology Metals Ltd (ASX:GT1) and non-executive director of rare earths development company RareX Limited (ASX:REE). Mr Henry previously held non-executive roles with ASX-listed resource company Titan Minerals Limited (ASX:TTM).

Mr Henry is a director and founder of Churchill Strategic Investments Group which has financed multiple junior explorers and developers across the ASX and TSX.

Mr Henry does not currently hold any other material directorships, other than as disclosed in this Notice.

The Company confirms that, with Mr Henry's consent, it took appropriate checks into Mr Henry's background and experience and that these checks did not identify any information of concern.

If elected, Mr Henry is considered by the Board to be an independent Director. Mr Henry is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

Mr Henry has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a Director.

### **8.3 Additional information**

Resolution 3 is an ordinary Resolution.

The Board recommends that Shareholders vote in favour of the election of Mr Cameron Henry

as Non-Executive Chair of the Company, as Mr Henry's skills and significant experience within the mining industry across a diverse array of commodities are important additions to the Board's existing skills and experience.

## **9. Resolution 4 – Election of Director – Jeremy Robinson**

### **9.1 General**

Article 6.2(c) of the Constitution provides that the Company may elect a person as a Director by resolution passed in general meeting. Jeremy Robinson seeks election as a Non-Executive Director subject to Shareholders approving Resolution 4.

Resolution 4 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions.

### **9.2 Jeremy Robinson**

Mr Robinson currently serves as a Director of Commerce.

Mr Robinson is an experienced resources executive with 20 years of experience in the industry ranging from business development to managing director positions, specifically focusing on critical minerals including rare earths.

Mr Robinson is currently a non-executive director at RareX Limited (ASX:REE), Cosmos Exploration Limited (ASX:C1X), Kincora Copper Limited (ASX:KCC), Brazilian Critical Minerals Limited (ASX:BCM) and Ardiden Limited (ASX:ADV).

Mr Robinson is the principal and founder of Churchill Strategic Investments Group which has financed multiple junior explorers and developers across the ASX and TSX.

Mr Robinson does not currently hold any other material directorships, other than as disclosed in this Notice.

The Company confirms that, with Mr Robinson's consent, it took appropriate checks into Mr Robinson's background and experience and that these checks did not identify any information of concern. The Company notes that Mr Robinson was appointed as a non-executive director of Apex Minerals NL (ASX:AXM) in May 2013. He served as a director of Apex in conjunction with his existing role as company secretary. Following operational capacity issues at the Wiluna Gold Mine, Apex went into voluntary administration in June 2013 before being wound up by creditors and delisted from the ASX in September 2014, at which time Mr Robinson ceased to be a director. The other Directors have considered the circumstances surrounding Mr Robinson's involvement in Apex and are of the view that Mr Robinson's involvement in no way impacts his appointment and contribution as a Director of the Company.

If elected, Mr Robinson is considered by the Board to be an independent Director. Mr Robinson is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

Mr Robinson has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a Director.

### **9.3 Additional information**

Resolution 4 is an ordinary Resolution.

The Board recommends that Shareholders vote in favour of the election of Jeremy Robinson as a Non-Executive Director of the Company, as Mr Robinson's skills and significant experience as a resources executive with a specific focus on critical minerals are important additions to the Board's existing skills and experience.

## **10. Resolution 5 – Election of Director – Adam Ritchie**

### **10.1 General**

Article 6.2(c) of the Constitution provides that the Company may elect a person as a Director by resolution passed in general meeting. Adam Ritchie seeks election as a Non-Executive Director subject to Shareholders approving Resolution 5.

Resolution 5 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions.

### **10.2 Adam Ritchie**

Mr Adam Ritchie currently serves as a director of Commerce. Mr Ritchie has over 20 years of experience in the resources industry and has been heavily focused on project delivery in senior positions for many of Australia's best performing companies in the mining and minerals sector including Pilbara Minerals, FMG, Rio Tinto and BHP.

Mr Ritchie is known for delivering complex projects with a particular focus on high-value mineral processing assets and is recognised for his contributions to major Australian lithium and iron ore projects, delivering across all project stages.

Mr Ritchie is currently the managing director of Loyal Lithium Ltd (ASX:LLI), an ASX listed North American focused battery minerals company with hard rock lithium assets in Quebec, Canada.

Mr Ritchie does not currently hold any other material directorships, other than as disclosed in this Notice.

The Company confirms that, with Mr Ritchie's consent, it took appropriate checks into Mr Ritchie's background and experience and that these checks did not identify any information of concern.

If elected, Mr Ritchie is considered by the Board to be an independent Director. Mr Ritchie is not considered by the Board to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

Mr Ritchie has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a Director.

### **10.3 Additional information**

Resolution 5 is an ordinary Resolution.

The Board recommends that Shareholders vote in favour of the election of Mr Adam Ritchie as a Non-Executive Director of the Company, as Mr Ritchie's skills and significant experience in the resources industry are important additions to the Board's existing skills and experience.

## **11. Resolution 6 – Approval to issue Public Offer Shares**

### **11.1 General**

A detailed description of the Transaction, including the Public Offer, is outlined in Section 4 above.

Resolution 6 seeks Shareholder approval for the issue of up to 50,000,000 Shares at an issue price of A\$0.20 each to raise up to A\$10,000,000 (before costs) (on a post-Consolidation basis) (**Public Offer Shares**).

The Public Offer Shares will be issued by the Company under a prospectus in order to re-comply with Chapters 1 and 2 of the Listing Rules (**Prospectus**).

The Company has appointed Canaccord Genuity (Australia) Limited (**Canaccord**) to act as the lead manager to the Public Offer (**Lead Manager**) on terms laid out in the lead manager mandate (**Lead Manager Mandate**), a summary of the materials terms of the Lead Manager Mandate are detailed in Section 4.12(g). Under the Lead Manager Mandate, Canaccord has agreed to invite certain members of the Broker Parties to provide syndicate services in relation to the Public Offer.

Resolution 6 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions.

### **11.2 Listing Rule 7.1**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period (**15% Placement Capacity**).

The issue of the Public Offer Shares does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% Placement Capacity. It therefore requires the approval of Shareholders under Listing Rule 7.1.

The effect of Shareholders passing Resolution 6 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% Placement Capacity, without the requirement to obtain prior Shareholder approval.

Resolution 6 seeks the required Shareholder approval to the issue of the Public Offer Shares under and for the purposes of Listing Rule 7.1.

If Resolution 6 and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the Transaction as outlined in this Notice. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Public Offer Shares and the Transaction will not proceed.

### **11.3 Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Public Offer Shares:

- (a) The Public Offer Shares are proposed to be issued to participants in the Public Offer who will be determined by the Lead Manager, in consultation with the Board and in accordance with the allocation policy set out in the Prospectus. The subscribers under the Public Offer will not be Related Parties (as is defined in the definition set out in Schedule 1 of this Notice) of the Company, except for the subscriber detailed under Resolution 7.
- (b) The participants in the Public Offer were identified through a bookbuild process, which involved the Lead Manager and Co-Lead Managers seeking expressions of interest to participate in the Public Offer from new and existing contacts of the Company and clients of the Lead Manager and Co-Lead Managers.
- (c) The maximum number of Shares to be issued as Public Offer Shares is 50,000,000 (on a post-Consolidation basis).
- (d) The Public Offer Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) The Public Offer Shares will be issued no later than 3 months after the date of the Meeting.
- (f) The issue price of the Public Offer Shares will be A\$0.20 per Share (on a post-Consolidation basis) and will raise at least A\$8,000,000 (before costs) on a Minimum Subscription basis and up to A\$10,000,000 (before costs) on a Maximum Subscription basis. This number will be reduced in the event that Public Offer Shares are issued to the Related Party, namely, The Holthouse Family Trust (or its nominee), an entity that Nicholas Holthouse has an interest in by virtue of being a beneficiary, pursuant to Resolution 7.
- (g) The purpose of the Public Offer is to assist the Company to re-comply with Chapters 1 and 2 of the Listing Rules and to fund the activities set out in the proposed use of funds in Section 4.18.
- (h) Further details of the Transaction are set out in Section 4.
- (i) A voting exclusion statement is included in the Notice.

### **11.4 Additional information**

Resolution 6 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 6.

## **12. Resolution 7 – Participation in Public Offer by the Participating Director**

### **12.1 General**

The background to the Transaction, including the Public Offer, is set out in Section 4 above.

Nicholas Holthouse (**Participating Director**) a Related Party to the Company, wishes to participate in the Public Offer and to have any and all Public Offer Shares that might be issued to him as the Participating Director, be issued to The Holthouse Family Trust (or its nominee), an entity that the Participating Director has an interest in by virtue of being a beneficiary, subject to Shareholder approval being obtained (**Participating Director**).

Resolution 7 seeks the approval of Shareholders pursuant to Listing Rule 10.11 for the issue of up to 50,000 Public Offer Shares to the Participating Director (or his nominee) arising from the Participating Director's participation in the Public Offer (**Director Participation**).

Resolution 7 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions.

## **12.2 Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to any of the following persons without the approval of its Shareholders:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5).

Under the Listing Rules, related parties include Directors of a Company and persons whom the Company reasonably believes will become a related party in the future. As such, the Participating Director is a related parties of the Company.

As the Director Participation involves the issue of Shares to a Related Party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required for the Director Participation as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Public Offer Shares to the Participating Director (or their nominees) will not be included in the use of the Company's 15% Placement Capacity.

If Resolution 7 and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the issue of the Public Offer Shares to the Participating Director and proceed with the Transaction as outlined in this Notice.

If Resolution 7 is not passed, the Participating Director will not be able to acquire the Public

Offer Shares pursuant to the Director Participation and the Transaction will not proceed.

### **12.3 Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the Director Participation:

- (a) The Holthouse Family Trust (or their nominee), an entity that the Participating Director has an interest in by virtue of being a beneficiary, are to be issued a maximum of 50,000 Public Offer Shares.
- (b) The Participating Director is a Related Party of the Company by virtue of his position as a Proposed Director and thus, he falls under the category stipulated under Listing Rule 10.11.1.
- (c) The Public Offer Shares will be issued to the Participating Director (or his nominee) no later than 1 month after the date of the Meeting, or such date to the extent permitted by any ASX waiver or modifications of the Listing Rules.
- (d) The Public Offer Shares to be issued to the Participating Director will be issued at a price of A\$0.20 each (on a post-Consolidation basis).
- (e) The Public Offer Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) The Company's intended use of the funds raised from the issue of the Public Offer is set out in Section 4.18 above.
- (g) The proposed issue of the Public Offer Shares to be issued to the Participating Director is not intended to remunerate or incentivise the Participating Director.
- (h) Further details of the Transaction are set out in Section 4.
- (i) A voting exclusion statement is included in the Notice.

### **12.4 Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a Related Party, the Company must:

- (a) obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Director Participation will result in the issue of Securities which constitutes giving a financial benefit and the Participating Director is a Related Party of the Company by virtue of his position as a Proposed Director.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Director Participation, because the Public Offer Shares to be issued to the Participating Director will be issued on the same terms as Public Offer Shares



issued to other unrelated participants in the Public Offer, and as such the giving of the financial benefit is on arm's length terms.

## **12.5 Additional information**

Resolution 7 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 7.

## **13. Resolution 8 – Approval to issue Consideration Shares**

### **13.1 General**

The background to the Transaction, including the Consideration Shares, is set out in Section 4 above.

As consideration for the acquisition of all the issued and outstanding share capital in Commerce, the Company will issue the respective unrelated Commerce Shareholders, who are not related parties of the Company, with the Consideration Shares. The material terms of the Arrangement Agreement are summarised in Section 4.2.

Resolution 8 seeks Shareholders approval pursuant to Listing Rule 7.1 to issue up to 102,891,771 Consideration Shares (on a post-Consolidation basis) to the Commerce Shareholders (or their respective nominees).

Resolution 8 is a Transaction Resolution and is conditional on Shareholders passing each of the other Transaction Resolutions.

### **13.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 11.2 above.

The issue of the Consideration Shares does not fit within any of the exceptions to Listing Rule 7.1 and exceeds the 15% Placement Capacity and therefore requires the approval of Shareholders under Listing Rule 7.1.

The issue of the Consideration Shares will reduce the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the issue of the Consideration Shares. The effect of Shareholders passing Resolution 8 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% Placement Capacity, without the requirement to obtain prior Shareholder approval.

If Resolution 8 and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the issue of the Consideration Shares to the unrelated Commerce Shareholders (or their nominees).

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares to the unrelated Commerce Shareholders (or their nominees) and the Transaction will not proceed.

### **13.3 Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

- (a) The Consideration Shares will be issued to the Commerce Shareholders (or their respective nominees), none of whom are a Related Party or Material Investor, other than those persons detailed below:
  - (i) Thomas Bahen, an adviser to the Company, will be issued 1,340,870 Consideration Shares. Thomas Bahen currently has a relevant interest in 2,625,000 Commerce Shares, 2,625,000 Commerce Warrants and 100 Convertible Notes. Thomas Bahen holds his Commerce Shares and Commerce Warrants directly and indirectly through his control of Kendali Pty Ltd. Thomas Bahen will receive 1,340,870 Consideration Options and will also have a relevant interest, through his holding in Yelverton Capital Pty Ltd, in approximately 659,341 Conversion Shares upon the conversion of the Commerce Convertible Notes (assuming a foreign exchange rate of A\$1.00:C\$0.91), noting that the exact number of Conversion Shares is subject to the prevailing foreign exchange ratio at the time of conversion.
  - (ii) Daniel Bahen, an adviser to the Company, will be issued 1,085,466 Consideration Shares. Daniel Bahen currently has a relevant interest in 2,125,000 Commerce Shares, 2,125,000 Commerce Warrants and 100 Convertible Notes. Daniel Bahen holds his Commerce Shares and Commerce Warrants directly and indirectly through his control of Longreach Pty Ltd and Wilhenlu Pty Ltd. Daniel Bahen will receive 1,085,466 Consideration Options and will also have a relevant interest, through his holding in Yelverton Capital Pty Ltd, in approximately 659,341 Conversion Shares upon the conversion of the Commerce Convertible Notes (assuming a foreign exchange rate of A\$1.00:C\$0.91), noting that the exact number of Conversion Shares is subject to the prevailing foreign exchange ratio at the time of conversion.
  - (iii) Philip Garrat, a substantial shareholder of the Company, has a relevant interest in 1,550,000 Commerce Shares and 1,450,000 Commerce Warrants. Philip Garrat will be issued 791,752 Consideration Shares and 740,671 Consideration Options.
  - (iv) Michael O'Keeffe, a substantial shareholder of the Company, has a relevant interest in 1,450,000 Commerce Shares, 1,450,000 Commerce Warrants and 450 Commerce Convertible Notes directly and indirectly through Prospect AG Trading Pty Ltd. Michael O'Keeffe will be issued 740,671 Consideration Shares, 740,671 Consideration Options and approximately 2,967,033 Conversion Shares upon the conversion of the Convertible Notes (assuming a foreign exchange rate of A\$1.00:C\$0.91), noting that the exact number of Conversion Shares is subject to the prevailing foreign exchange ratio at the time of conversion.
- (b) A maximum of 102,891,771 Consideration Shares will be issued (on a post-Consolidation basis).
- (c) The Consideration Shares have an issue price of A\$0.20 each (on a post-Consolidation basis) and rank equally in all respects with the Company's existing Shares on issue.

- (d) The Consideration Shares will be issued no later than 3 months after the date of the Meeting.
- (e) The Consideration Shares will be issued for nil cash consideration, and no funds will be raised by their issue.
- (f) A summary of the material terms of the Arrangement Agreement is in Section 4.2 above.
- (g) A voting exclusion statement is included in the Notice.

### **13.4 Additional information**

Resolution 8 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 8.

## **14. Resolution 9 – Approval of issue of Director Consideration Shares**

### **14.1 General**

The background to the Transaction, including the Director Consideration Shares, is set out in Section 4 above. Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie currently hold Commerce Shares which will be acquired by the Company under the Transaction on the same terms as all other Commerce Shareholders. Separate Shareholder approval under Listing Rule 10.11 is being sought for Churchill Strategic Investments Group Pty Ltd (an entity controlled by Jeremy Robinson and Cameron Henry), ALR Investments Pty Ltd (an entity connected to Peter Ruse) and Adam Ritchie given that Jeremy Robinson, Cameron Henry and Adam Ritchies will be appointed as Directors upon Completion and Peter Ruse is an existing Director.

As consideration for the acquisition of all the issued and outstanding share capital in Commerce, the Company will issue Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie with the Director Consideration Shares. The material terms of the Arrangement Agreement are summarised in Section 4.2.

The Company is proposing, subject to obtaining Shareholder approval, to issue up to a total of 5,410,445 Director Consideration Shares (on a post-Consolidation basis) to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie (or their respective nominees), in the following proportions:

Entity / Person	Director Consideration Shares
Churchill Strategic Investments Group Pty Ltd <sup>1</sup>	4,848,557
ALR Investments Pty Ltd <sup>2</sup>	306,485 <sup>3</sup>
Adam Ritchie	255,403
<b>TOTAL</b>	<b>5,410,445</b>

**Notes:**

1. Churchill Strategic Investments Pty Ltd is an entity controlled by Cameron Henry and Jeremy Robinson.
2. ALR Investments Pty Ltd, is a Related Party by virtue of the fact that the entity is controlled by Anthony Ruse with Peter Ruse being an alternate director of the entity.
3. In addition to the 306,485 Director Consideration Shares being issued to ALR Investments Pty Ltd includes under Resolution 9(c), ALR Investments Pty Ltd's will also hold a further interest in 329,670 Conversion Shares.

Resolution 9(a) to (c) (inclusive) seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Director Consideration Shares to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie (or their respective nominees). These Resolutions are Transaction Resolutions and are conditional on Shareholders passing each of the Transaction Resolutions.

## **14.2 Listing Rule 10.11**

A summary of Listing rule 10.11 is set out in Section 12.2.

Under Chapter 19 of the Listing Rules, the definition for Related Parties include Directors of a Company and persons whom the Company reasonably believes will become a Related Party in the future. As such, Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie are related parties of the Company.

As the issue of Director Consideration Shares to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies.

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Consideration Shares as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Director Consideration Shares to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie (or their respective nominees) will not be included in the Company's 15% Placement Capacity.

If Resolution 9(a) to (c) (inclusive) and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the issue of the Director Consideration Shares to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie (or their respective nominees).

If Resolution 9(a) to (c) (inclusive) are not passed, the Company will not be able to proceed with the issue of the relevant Director Consideration Shares to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie (or their respective nominees), and the Transaction will not proceed.

## **14.3 Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Director Consideration Shares:

- (a) Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie fall into the category stipulated by Listing Rule 10.11.1 by virtue of being either

a proposed Directors of the Company or due to their relationship with the Company and its Directors.

- (a) A maximum of 5,410,445 Director Consideration Shares will be issued to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie (or their respective nominees) in the proportions set out in Section 14.1 above (on a post-Consolidation basis).
- (b) The Director Consideration Shares have an issue price of A\$0.20 each (on a post-Consolidation basis) and rank equally in all respects with the Company's existing Shares on issue.
- (c) The issue of the Director Consideration Shares will be issued as partial consideration for the Acquisition and is not intended to remunerate or incentivise Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie.
- (d) The Director Consideration Shares will be issued to the Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie (or their respective nominees) on completion of the Transaction and in any event not later than 1 month after the Meeting, or such date to the extent permitted by any ASX waiver or modifications of the Listing Rules.
- (e) The Director Consideration Shares will be issued for nil cash consideration and no funds will be raised by their issue.
- (f) A summary of the material terms of the Arrangement Agreement is set out in Section 4.2 above.
- (g) A voting exclusion statement is included in the Notice.

#### **14.4 Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a Related Party, the Company must:

- (a) obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of the Director Consideration Shares constitutes giving a financial benefit as Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie are related parties of the Company by virtue of their position as proposed Directors or due to their relationship to the Company and its Directors.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Consideration Shares, because the Shares to be issued to Churchill Strategic Investments Group Pty Ltd, ALR Investments Pty Ltd and Adam Ritchie will be issued on the same terms as the Consideration Shares issued to other unrelated Commerce Shareholders as part of the Transaction, and as such the giving of the financial benefit is on arm's length terms.

## **14.5 Additional information**

Resolution 9(a) to (c) (inclusive) are each, separately, ordinary resolutions.

The Board recommends that Shareholders vote in favour of Resolution 9(a) to (c) (inclusive).

## **15. Resolution 10 – Approval to issue Consideration Options**

### **15.1 General**

The background to the Transaction, including the Consideration Options, is set out in Section 4 above.

As consideration for the cancellation of Commerce Options and Commerce Warrants, the Company will issue the respective unrelated Commerce Option Holders and unrelated Commerce Warrant Holders, who are not related parties of the Company, with the Consideration Options. The material terms of the Arrangement Agreement are summarised in Section 4.2.

Resolution 10 seeks Shareholders approval pursuant to Listing Rule 7.1 to issue up to 66,908,242 Consideration Options (on a post-Consolidation basis) to the Commerce Option Holders and Commerce Warrant Holders (or their respective nominees).

Subject to Shareholder approval of the Transaction Resolutions, and completion of the Transaction, the Consideration Options (which include the Director Consideration Options) will have the following exercise prices and expiry dates (on a post-Consolidation basis):

<b>Number</b>	<b>Exercise Price (Post-Consolidation)</b>	<b>Expiry Date</b>
2,528,497	\$0.172	30 October 2025
8,049,557	\$0.624	18 December 2025
4,193,206	\$0.538	19 December 2025
4,133,750	\$0.947	20 May 2026
15,953,514	\$0.538	21 June 2026
711,836	\$0.430	12 August 2026
8,172,921	\$0.538	12 August 2026

34,881,497	\$0.258	30 October 2026
893,913	\$0.258	18 March 2028
561,888	\$0.161	12 May 2028
1,532,423	\$0.300	28 July 2028
<b>81,613,002</b>	-	-

A complete table of all those current Directors of the Company as well as the Proposed Directors of the Merged Company and their respective holdings of Commerce Options/Warrants (on a post-Consolidation basis) is detailed below:

Name	Shares (including Director Consideration Shares)	Options (Including Director Consideration Options)	Plan Options	Class A Performance Rights / PSUs	Class B Performance Rights / PSUs	Class C Performance Rights / PSUs
Gary Lawler	535,031	-		-	-	-
Peter Ruse <sup>1</sup>	1,127,361	306,485	510,808	510,807	510,808	510,808
Ronald Beevor	205,781	329,250	510,808	510,808	510,808	510,807
Cameron Henry	-	-	510,807	510,807	510,807	510,808
Adam Ritchie	255,403	766,211	-	510,807	510,808	510,808
Jeremy Robinson	-	510,807	-	510,808	510,807	510,808
Nicholas Holthouse	-	510,808	-	1,532,423	1,532,423	1,532,422
Churchill Strategic Investments Pty Ltd <sup>2</sup>	4,848,557	9,249,417	-	-	-	-
Joel Ives	-	-	-	-	-	-
<b>TOTAL</b>	<b>6,972,133</b>	<b>11,672,978</b>	<b>1,532,423</b>	<b>4,086,460</b>	<b>4,086,461</b>	<b>4,086,461</b>



**Notes:**

1. For further detail concerning Mr Ruse's interest in the Company, please see Section 4.25.
2. Churchill Strategic Investments Pty Ltd is a wholly owned entity of Cameron Henry and Jeremy Robinson and each will, accordingly, have a relevant interest in the securities held by Churchill Strategic Investments Pty Ltd.

Resolution 10 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions. For completeness, the table includes the Director Consideration Options.

## **15.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 11.2 above.

The issue of the Consideration Options does not fit within any of the exceptions to Listing Rule 7.1 and exceeds the Company's 15% Placement Capacity and therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

The issue of the Consideration Options will reduce the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the issue of the Consideration Options. The effect of Shareholders passing Resolution 10 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% Placement Capacity, without the requirement to obtain prior Shareholder approval.

If Resolution 10 and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the issue of the Consideration Options to the unrelated Commerce Option Holders and unrelated Commerce Warrant Holders (or their respective nominees).

If Resolution 10 is not passed, the Company will not be able to proceed with the issue of the Consideration Options to the unrelated Commerce Option Holders and unrelated Commerce Warrant Holders (or their respective nominees) and the Transaction will not proceed.

## **15.3 Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Options:

- (a) The Consideration Options will be issued to the Commerce Option and Warrant Holders (or their respective nominees), none of whom are a Related Party or Material Investor, other than those persons detailed below:
  - (i) Thomas Bahen, an adviser to the Company, will receive 1,340,870 Consideration Options.
  - (ii) Daniel Bahen, an adviser to the Company, will receive 1,085,466 Consideration Options.
  - (iii) Philip Garrat, a substantial shareholder of the Company, will receive 740,671 Consideration Options.
  - (iv) Michael O'Keeffe, a substantial holder of the Company, will receive 740,671 Consideration Options.

For further information on the holdings of the above persons in Commerce, please refer to Section 13.3(a).

- (b) A maximum of 70,269,274 Consideration Options will be issued (on a post-Consolidation basis).

- (c) The Consideration Options exercise prices and expiry dates are set out above in Section 15.1 and are otherwise subject to the terms and conditions in Schedule 6.
- (d) The Consideration Options will be issued no later than 3 months after the date of the Meeting.
- (e) The Consideration Options will be issued for nil cash consideration and no funds will be raised by their issue.
- (f) A summary of the material terms of the Arrangement Agreement is set out in Section 4.2 above.
- (g) A voting exclusion statement is included in the Notice.

## **15.4 Additional information**

Resolution 10 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 10.

## **16. Resolution 11 – Approval of issue of Director Consideration Options**

### **16.1 General**

The background to the Transaction, including the Director Consideration Options, is set out in Section 4 above. Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd currently hold Commerce Options and/or Commerce Warrants which will be cancelled by Commerce pursuant to the Transaction on the same terms as all other holders of Commerce Options and Warrants. Separate Shareholder approval under Listing Rule 10.11 is being sought for Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd given their appointment as Directors upon completion of the Transaction or their relationship to Directors of the Company.

As consideration for the acquisition of all the issued and outstanding capital currently held in Commerce, the Company will issue Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd with the Director Consideration Options. The material terms of the Arrangement Agreement are summarised in Section 4.2.

Subject to Shareholder approval of the Transaction Resolutions, and completion of the Transaction, the Director Consideration Options will have the following exercise prices and expiry dates:

Director	Number	Exercise Price (Post-Consolidation)	Expiry Date
Churchill Strategic Investments Group Pty Ltd <sup>1</sup>	1,095,398	\$0.538	21 June 2026
	2,528,497	\$0.172	30 October 2025

Director	Number	Exercise Price (Post-Consolidation)	Expiry Date
	1,650,902	\$0.538	21 June 2026
	711,836	\$0.430	12 August 2026
	3,262,783	\$0.258	30 October 2026
Jeremy Robinson	510,807	\$0.30	28 July 2028
Nicholas Holthouse	510,808	\$0.30	28 July 2028
Adam Ritchie <sup>2</sup>	255,403	\$0.258	30 October 2026
	510,808	\$0.30	28 July 2028
ALR Investments Pty Ltd <sup>3</sup>	306,485	\$0.538	21 June 2026
<b>TOTAL</b>	<b>11,343,728</b>	-	-

**Notes:**

1. An entity controlled by Cameron Henry and Jeremy Robinson.
2. Mr Ritchie holds his Director Consideration Options through Vector Concepts Pty Ltd.
3. An entity controlled by Anthony Ruse who is a Related Party by virtue of his relationship to Peter Ruse, who is an alternate director of ALR Investments Pty Ltd.

## **16.2 Listing Rule 10.11**

A summary of Listing rule 10.11 is set out in Section 12.2.

Under Chapter 19 of the Listing Rules, Related Parties include Directors of the Company and persons whom the Company reasonably believes will become a Related Party in the future. As such, Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd are Related Parties of the Company by virtue of either them becoming a Director of the Merged Company or due to their relationship with the Directors of the Company.

As the issue of Director Consideration Options to Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd involves the issue of Options to related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies.

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Consideration Options as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Director Consideration Options to Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd (or their respective nominees) will not be included in the Company's 15% Placement Capacity.

If Resolution 11(a) to (e) (inclusive), and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the issue of the Director Consideration Options to Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd (or their respective nominees).

If Resolution 11(a) to (e) (inclusive) are not passed, the Company will not be able to proceed with the issue of the relevant Director Consideration Options to Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd (or their respective nominees), and the Transaction will not proceed.

### **16.3 Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Director Consideration Options:

- (a) Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd fall into the category stipulated by Listing Rule 10.11.1 by virtue of being a proposed Directors of the Company or due to their relationship with a Director of the Company.
- (b) A maximum of 11,343,729 Director Consideration Options will be issued to Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd in the proportions set out in Section 16.1 above (on a post-Consolidation basis).
- (c) The Director Consideration Options' exercise prices and expiry dates are set out in Section 16.1 above, and are otherwise subject to the terms and conditions in Schedule 6.
- (d) The issue of the Director Consideration Options will be issued as partial consideration for the Acquisition and is not intended to remunerate or incentivise Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd.
- (e) The Director Consideration Options will be issued to Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd (or their respective nominees) on completion of the Transaction and in any event not later than 1 month after the Meeting, or such date to the extent permitted by any ASX waiver or modifications of the Listing Rules.
- (f) A summary of the material terms of the Arrangement Agreement is set out in Section 4.2 above.
- (g) A voting exclusion statement is included in the Notice.

## **16.4 Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a Related Party, the Company must:

- (a) obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of the Director Consideration Options constitutes giving a financial benefit as Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd are related parties of the Company by virtue of their position as proposed Directors or due to their relationship with a Director of the Company.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Consideration Options, because the Consideration Options to be issued to Churchill Strategic Investments Group Pty Ltd, Jeremy Robinson, Nicholas Holthouse, Adam Ritchie and ALR Investments Pty Ltd will be issued on the same terms as Consideration Options issued to other unrelated Commerce Option Holders and Commerce Warrant Holders as part of the Transaction, and as such the giving of the financial benefit is on arm's length terms.

## **16.5 Additional information**

Resolution 11(a) to (e) (inclusive) are each, separately, ordinary resolutions.

The Board recommends that Shareholders vote in favour of Resolution 11(a) to (e) (inclusive).

## **17. Resolution 12 – Approval of issue of Director Replacement Performance Rights**

### **17.1 General**

The background to the Transaction, including the Director Replacement Performance Rights, is set out in Section 4 above.

As consideration for the cancellation of Commerce Performance Rights, the Company will issue Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie (or their respective nominees) with Director Replacement Performance Rights. The material terms of the Arrangement Agreement are summarised in Section 4.2.

Subject to Shareholder approval of the Transaction Resolutions, and completion of the Transaction, the issue of Director Replacement Performance Rights to each of Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie, pursuant to Resolution 12(a) to (c) (inclusive), each a separate ordinary resolution, will be subject to the following milestones and expiry dates (on a post-Consolidation basis):

Tranche	Number	Milestone	Expiry Date
1	2,554,038	The VWAP of the Company's shares over a period of 20 consecutive days on which the Company's shares have actually traded, commencing on or after completion of the MRZ Transaction, being greater than A\$0.30.	3 years from the date of issue
2	2,554,038	The Company completing and announcing on ASX, TSX-V or a recognised securities exchange, a positive Pre-Feasibility Study for the Company's Ashram Project.	3 years from the date of issue
3	2,554,038	The Company announcing it has secured a significant funding package with an aggregate value of at least AUD\$200 million from a Governmental Agency for a portion of the Company's Ashram Project at either equity or asset level.	3 years from the date of issue
<b>TOTAL</b>	<b>7,662,114</b>	-	-

The following definitions apply to the defined terms used in the table above:

**Governmental Agency** means:

- (a) a government or government department;
- (b) a governmental, semi-governmental, regulatory or judicial entity or authority, including any self-regulatory organisation established under statute or any stock exchange; or
- (c) a person (whether autonomous or not) who is charged with the administration of a law.

**JORC Code** means the Joint Ore Reserves Committee's Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition), or any updated editions.

**MRZ Transaction** means:

- (a) the acquisition of all of the issued and outstanding capital in in the Company by way of a Canadian plan of arrangement under the *Business Corporations Act* (British Columbia) ( the "**Acquisition**");
- (b) a public offer in connection with the Acquisition of up to 50,000,000 fully paid ordinary shares in the capital of Mont Royal Resources Limited (ASX:MRZ) raising up to AUD\$10,000,000 (before costs); and

- (c) reinstatement of the shares of Mont Royal Resources Limited to official quotation on the ASX.

**Pre-Feasibility Study** has the meaning given to that term in the JORC Code.

**VWAP** means the volume weighted average market price of shares.

## **17.2 Listing Rule 10.11**

A summary of Listing rule 10.11 is set out in Section 12.2.

Under the Listing Rules, related parties include Directors of a Company and persons whom the Company reasonably believes will become a Related Party in the future. As such, Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie are each considered a Related Party of the Company by virtue of their proposed engagement as directors of the Merged Company.

As the issue of Director Replacement Performance Rights to each of Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie involves the issue of Securities to related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies.

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Replacement Performance Rights as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Director Replacement Performance Rights to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie (or their respective nominees) will not be included in the Company's 15% Placement Capacity.

Approval is also sought under section 200E of the Corporations Act for any benefits given under the Director Replacement Performance Rights in connection with Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie ceasing office or employment.

If Resolution 12(a) to (c) (inclusive) and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the issue of the Director Replacement Performance Rights to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie (or their respective nominees) and be entitled to be paid the termination benefits arising under the Director Replacement Performance Rights.

If Resolution 12(a) to (c) (inclusive) are not passed, the Company will not be able to proceed with the issue of the Director Replacement Performance Rights to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie (or their respective nominees), and the Transaction will not proceed.

## **17.3 Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Director Replacement Performance Rights to the following persons for the following reasons:

- (a) Mr Nicholas Holthouse falls into the category stipulated by Listing Rule 10.11.1 by virtue of being a proposed Director of the Company.
- (b) Mr Jeremy Robinson falls into the category stipulated by Listing Rule 10.11.1 by virtue of being a proposed Director of the Company.



- (c) Mr Adam Ritchie falls into the category stipulated by Listing Rule 10.11.1 by virtue of being a proposed Director of the Company.
- (d) A maximum of:
  - (i) 4,597,268 Director Replacement Performance Rights will be issued to Mr Holthouse (on a post-Consolidation basis) pursuant to Resolution 12(a);
  - (ii) 1,532,423 Director Replacement Performance Rights will be issued to Mr Robinson (on a post-Consolidation basis) pursuant to Resolution 12(b); and
  - (iii) 1,532,423 Director Replacement Performance Rights will be issued to Mr Ritchie (on a post-Consolidation basis) pursuant to Resolution 12(c),
 each of which is a separate ordinary resolution.
- (e) The Director Replacement Performance Rights are subject to the terms and conditions in Schedule 7.
- (f) The issue of the Director Replacement Performance Rights will be issued as partial consideration for the Acquisition and is not intended to remunerate or incentivise Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie.
- (g) The Director Replacement Performance Rights will be issued to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie (or their respective nominees) on completion of the Transaction and in any event not later than 1 month after the Meeting, or such date to the extent permitted by any ASX waiver or modifications of the Listing Rules.
- (h) A summary of the material terms of the Arrangement Agreement is set out in Section 4.2 above.
- (i) Separate voting exclusion statements for each of Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie are included in this Notice.

#### **17.4 Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a Related Party, the Company must:

- (a) obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of the Director Replacement Performance Rights constitutes giving a financial benefit to each of Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie as they are each and separately considered as, 'related parties' of the Company by virtue of their position as proposed Directors.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Replacement Performance Rights to

each of Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie, because the Director Replacement Performance Rights are to be issued on the same terms as Commerce PSUs which would be issued to other unrelated Commerce performance PSUs as part of the Transaction and are equivalently treated in line with the treatment of other convertible securityholders in Commerce.

Notwithstanding that, the Company considers the agreement to issue the Commerce Performance Rights to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie and the Director Replacement Performance Rights to be issued to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie (or their respective nominees) on Completion of the Transaction, to be reasonable remuneration for the purposes of section 211 of the Corporations Act, having regard to the circumstances of the Company and the responsibilities of Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie in the Merged Company.

### **17.5 Section 200B of the Corporations Act**

The Corporations Act restricts the benefits which can be given to individuals who hold a managerial or executive office (as defined in the Corporations Act) in connection with the retirement from their position in the Company or its related bodies corporate.

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a relevant person's retirement from an office, the Company must, subject to various exceptions, obtain the approval of Shareholders in the manner set out in section 200E of the Corporations Act. The term "benefit" has a wide meaning under the Corporations Act and may include benefits that arise, upon a person ceasing to hold office or employment, as a result of the waiver or acceleration, either automatically or in the Board's discretion, of vesting conditions or disposal restrictions applying to the Director Replacement Performance Rights.

Resolution 12(a) to (c) (inclusive), each a separate ordinary resolution, seeks Shareholder approval in accordance with Part 2D.2 of the Corporations Act (including sections 200B and 200E of the Corporations Act), for the Company to give certain termination benefits to Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie in connection with their ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company or a related body corporate.

While the Director Replacement Performance Rights will not be issued pursuant to the New Plan, the leaver provisions (as summarised in Schedule 9) will apply. Broadly, this will provide the Board, subject to the policies of the TSX-V, with the discretion to, amongst other things, determine that some or all of the unvested Director Replacement Performance Rights will not lapse in the event of Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie ceasing their engagement and/or appointment with the Company before such Director Replacement Performance Rights have vested. This 'accelerated vesting' of unvested Director Replacement Performance Rights may constitute a 'termination benefit' prohibited under the Corporations Act, regardless of the value of such benefit, unless Shareholder approval is obtained. The benefits for which approval is being sought under Resolution 12(a) to (c) (inclusive), each a separate ordinary resolution, include the benefits that may result from accelerated vesting of the Director Replacement Performance Rights (the **Potential Termination Benefits**).

### **17.6 Specific information required by section 200E of the Corporations Act**

The following additional information is provided for the purposes of obtaining Shareholder approval in respect of the Potential Termination Benefits payable to Messrs Nicholas

Holthouse, Jeremy Robinson and Adam Ritchie, pursuant to Resolution 12(a) to (c) (inclusive), each a separate ordinary resolution, for the purposes of section 200E of the Corporations Act.

The amount or value of the benefit which may arise in connection with Messrs Nicholas Holthouse's, Jeremy Robinson's or Adam Ritchie's retirement from a managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to affect the calculation of that amount or value include:

- a) the number of Performance Rights held prior to ceasing employment or engagement with the Company;
- b) the outstanding conditions (if any) of vesting of the Performance Rights and the number that the Board determines to (or which automatically) vest, lapse or leave on foot;
- c) the applicable performance measures and the achievement of such measures (and the personal performance of Mr Messrs Nicholas Holthouse, Jeremy Robinson and Adam Ritchie), including those measures set out in Section 17.1;
- d) the portion of the relevant Performance Rights that have expired at the time Messrs Nicholas Holthouse, Jeremy Robinson or Adam Ritchie cease employment or engagement;
- e) the circumstances of, or reasons for, ceasing employment or engagement with the Company;
- f) the length of service with the Company and performance over that period of time;
- g) the market price of the Company's Shares on ASX at the relevant time when the amount or value of the Director Replacement Performance Rights is determined;
- h) any changes in law; and
- i) the risk-free rate of return in Australia and the estimated volatility of the Company's Shares on ASX at the relevant time.

The Company will likely calculate the value of the benefit at the relevant time based on the above factors and using the fair market value to value the Director Replacement Performance Rights.

## **17.7 Listing Rule 10.19**

Listing Rule 10.19 provides that, without Shareholder approval, a company must ensure that no officer of the Company or any of its child entities (**Officer**) will, or may be, entitled to "termination benefits" if the value of those benefits and the terminations benefits that are or may be payable to all Officers together exceed 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the Listing Rules (**5% Threshold**).

"Termination benefits" are payments, property and advantages that are receivable on termination of employment, engagement or office, except those from any superannuation or provident funds and those required by law to be made. As noted above, benefits that may be given in accordance with the Director Replacement Performance Rights, upon ceasing to hold office or employment, include benefits arising from the waiver or acceleration, either automatically or in the Board's discretion, of vesting conditions or disposal restrictions applying

to Awards issued under the Plan. These may constitute termination benefits for the purposes of Listing Rule 10.19.

In accordance with Listing Rule 10.19, the Company will ensure that no officer of the Company or any of its child entities will, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may be payable to all officers together exceed 5% Threshold, without seeking Shareholder approval.

## **17.8 Additional information**

Resolution 12(a) to (c) (inclusive) are each, separate ordinary resolutions.

The Board recommends that Shareholders vote in favour of each of the resolutions under Resolution 12(a) to (c) (inclusive).

## **18. Resolution 13 – Approval of issue of Conversion Shares**

### **18.1 General**

The background to the Transaction, including the Conversion Shares, is set out in Section 4 above.

In accordance with the terms of the Commerce Convertible Notes and as contemplated under the Transaction, the Company will issue the Noteholders the Conversion Shares. A background of the Commerce Convertible Notes is contained in Section 4.3 above and a summary of the material terms is set out in Section 18.2 below.

The Company is proposing, subject to obtaining Shareholder approval of this Resolution 13 and the other Transaction Resolutions, to issue the Conversion Shares (on a post-Consolidation basis) to the unrelated Noteholders (or their respective nominees) on conversion of the Commerce Convertible Notes currently on issue.

### **18.2 Summary of material terms of Commerce Convertible Notes**

The Commerce Convertible Notes will convert into Shares in the Company, just prior to the Company's Reinstatement, assuming completion of the Acquisition. The key terms of the Commerce Convertible Notes are summarised as follows:

- (a) **Conversion Conditions:** The Commerce Convertible Notes will be deemed to have automatically converted into the Conversion Shares on completion of the Transaction.
- (b) **Conversion Price:** The Commerce Convertible Notes will convert into the Conversion Shares at a conversion price equal to the issue price of Shares offered under the Public Offer, being A\$0.20 per Conversion Share, provided that, the automatic conversion price is equal to or greater than C\$0.06, being Commerce's closing share price on 8 April 2025.
- (c) **Interest:** The Commerce Convertible Notes bear interest at a rate of 20% per annum and upon automatic conversion, 12 months accrued interest will be converted into Shares at completion of the Transaction, which for the avoidance of doubt, is included in the total number of example Conversion Shares to be issued as set out in Section 4.3 and the subject of this Resolution 13.
- (d) **Shareholder Approval:** No Conversion Shares will be issued under the Commerce

Convertible Notes until Shareholder approval is obtained under Listing Rules 7.1, the subject of this Resolution 13.

- (e) **Security:** The Commerce Convertible Notes are secured under a general security agreement, whilst ranking pari-passu as between themselves and holders have entered into an interlender agreement subject to release at completion of the Transaction.
- (f) **Unquoted:** The Commerce Convertible Notes are unquoted. The Company will apply for quotation of the Conversion Shares issued on conversion.
- (g) **Maturity:** In the event the Transaction does not complete, the Commerce Convertible Notes have a 24-month term, C\$0.12 optional conversion price and an interest rate of 20% per annum paid at maturity.

### **18.3 Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 11.2 above.

The issue of the Conversion Shares does not fit within any of the exceptions to Listing Rule 7.1 and exceeds the 15% Placement Capacity and therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

The effect of Shareholders passing this Resolution 13 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% Placement Capacity, without the requirement to obtain prior Shareholder approval.

If Resolution 13 and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the issue of the Conversion Shares to the Noteholders (or their respective nominees).

If Resolution 13 is not passed, the Company will not be able to proceed with the issue of the Conversion Shares to the Noteholders (or their respective nominees) and the Transaction will not proceed.

### **18.4 Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Conversion Shares:

- (a) The Conversion Shares will be issued to the unrelated Noteholders (or their respective nominees), none of whom are a Related Party or Material Investor, other than:
  - (i) Thomas Bahen, who is an adviser to the Company, will have a relevant interest, through his holding in Yelverton Capital Pty Ltd, in approximately 659,341 Conversion Shares upon the conversion of the Commerce Convertible Notes (assuming a foreign exchange rate of A\$1.00:C\$0.91), noting that the exact number of Conversion Shares is subject to the prevailing foreign exchange ratio at the time of conversion.
  - (ii) Daniel Bahen, who is an adviser to the Company, will have a relevant interest, through his holding in Yelverton Capital Pty Ltd, in approximately 659,341 Conversion Shares upon the conversion of the Commerce Convertible Notes (assuming a foreign exchange rate of A\$1.00:C\$0.91), noting that the exact

number of Conversion Shares is subject to the prevailing foreign exchange ratio at the time of conversion.

- (iii) Michael O'Keeffe, who is a substantial shareholder of the Company, will receive approximately 2,967,033 Conversion Shares upon the conversion of the Convertible Notes (assuming a foreign exchange rate of A\$1.00:C\$0.91), noting that the exact number of Conversion Shares is subject to the prevailing foreign exchange ratio at the time of conversion.
- (b) The maximum number of Conversion Shares to be issued (on a post-Consolidation basis) will be calculated at the Conversion Price set out in Section 4.3.
- (c) The Conversion Shares have an issue price equal to the implied issue price of the Public Offer Shares, (being A\$0.20) and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Conversion Shares will be issued no later than 3 months after the date of the Meeting.
- (e) The Conversion Shares will be issued for nil cash consideration, and no funds will be raised by their issue.
- (f) The purpose of Resolution 13 is to allow the Company to issue Equity Securities above the 15% Placement Capacity.
- (g) A summary of the material terms of the Commerce Convertible Notes are in Section 18.2 above.
- (h) A voting exclusion statement is included in the Notice.

## **18.5 Additional information**

Resolution 13 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 13.

## **19. Resolution 14 – Approval of issue of Director Conversion Shares**

### **19.1 General**

The background to the Transaction, including the Director Conversion Shares, is set out in Section 4 above. ALR Investments Pty Ltd, a Related Party of the Company, currently holds 50 Commerce Convertible Notes (**RP Noteholder**).

In accordance with the terms of the Commerce Convertible Notes and as contemplated under the Transaction, the Company will issue the RP Noteholder the Director Conversion Shares. A background of the Commerce Convertible Notes is contained in Section 4.3 above and a summary of the material terms is set out in Section 18.2 above.

The Company is proposing, subject to obtaining Shareholder approval of this Resolution 14 and the other Transaction Resolutions, to issue the Director Conversion Shares (on a post-Consolidation basis) to the RP Noteholder (or its nominee) on conversion of their Commerce Convertible Notes currently on issue.

## **19.2 Listing Rule 10.11**

A summary of Listing rule 10.11 is set out in Section 12.2.

Under the Listing Rules, related parties extend to various relationships to a Director. As such, the RP Noteholder is a Related party of the Company by virtue of Peter Ruse's relationship to the RP Noteholder, including his alternate directorship of ALR Investments Pty Ltd.

As the issue of Director Conversion Shares to the RP Noteholder involves the issue of Director Conversion Shares to related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies.

Approval pursuant to Listing Rule 7.1 is not required for the issue of Director Conversion Shares as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Director Conversion Shares to the RP Noteholder (or its nominee) will not be included in the Company's 15% Placement Capacity.

If Resolution 14 and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the issue of the Director Conversion Shares to the RP Noteholder (or its nominee).

If Resolution 14 is not passed, the Company will not be able to proceed with the issue of the relevant Director Conversion Shares to the RP Noteholder (or its nominee), and the Transaction will not proceed.

## **19.3 Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Director Consideration Options:

- (a) The RP Noteholder, ALR Investments Pty Ltd, fall into the category stipulated by Listing Rule 10.11.1 by virtue of being an entity controlled by the parent of a Director of the Company, Peter Ruse, who is also an alternate director of the RP Noteholder.
- (b) The maximum number of Director Conversion Shares to be issued (on a post-Consolidation basis) will be calculated at the Conversion Price set out in Section 4.3
- (c) The Director Conversion Shares have an issue price equal to the implied issue price of the Public Offer Shares, (being A\$0.20) and rank equally in all respects with the Company's existing Shares on issue.
- (d) The issue of the Director Conversion Shares will be issued as an automatic conversion pursuant to the terms of the Commerce Convertible Notes and is not intended to remunerate or incentivise Peter Ruse.
- (e) The Director Conversion Shares will be issued to the RP Noteholder (or its nominee) on Reinstatement and in any event not later than 1 month after the Meeting, or such date to the extent permitted by any ASX waiver or modifications of the Listing Rules.
- (f) The Director Conversion Shares will be issued for nil cash consideration, and no funds will be raised by their issue.
- (g) A summary of the material terms of the Commerce Convertible Notes are in Section 18.2 above.

- (h) A voting exclusion statement is included in the Notice.

## **19.4 Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a Related Party, the Company must:

- (a) obtain Shareholder approval in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of the Director Conversion Shares constitutes giving a financial benefit as the RP Noteholder is a Related Party of the Company by virtue of the entity being controlled by a parent of Peter Ruse.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Conversion Shares, because the Director Conversion Shares to be issued to the RP Noteholder will be issued on the same terms as Conversion Shares issued to other unrelated Noteholders, and as such the giving of the financial benefit is on arm's length terms.

## **19.5 Additional information**

Resolution 14 is an ordinary resolution.

The Board (other than Peter Ruse) recommends that Shareholders vote in favour of Resolution 14.

## **20. Resolution 15 – Approval of New Plan**

### **20.1 General**

The Company proposes to replace its Employee Securities Incentive Plan approved by Shareholders at the annual general meeting held on 24 November 2022 (the **Predecessor Plan**) with the employee incentive scheme titled "Mont Royal Limited Omnibus Equity Incentive Plan" (**New Plan**) for consistency and compliance with the rules of the TSX-V and Canadian securities law. The New Plan has been conditionally approved by the TSX-V.

Shareholders previously approved the issue of up to 6,703,595 Equity Securities under the Predecessor Plan pursuant to Listing Rule 7.2, exception 13(b) over a period of three years. Since 24 November 2022, the Company has not issued any Equity Securities under the Predecessor Plan.

The Company's current Listing Rule 7.2, exception 13(b) approval is set to expire on 24 November 2025. In addition, on completion of the Transaction, the Company anticipates there will be approximately 283,534,637 additional Equity Securities on issue (on a post-Consolidation basis on a Minimum Subscription basis).



For the purposes of Listing Rule 7.2, exception 13(b), the Company is now proposing to issue up to a maximum of 36,228,416 Equity Securities under the proposed New Plan within three years from the date of approval of Resolution 15.

For the purpose of the policies of the TSX-V, the Company will also be subject to the following capacity limitation in respect to the issue of Equity Securities under the New Plan: the maximum number of Shares issuable under the New Plan pursuant to the settlement or exercise, as applicable, of all Equity Securities under the New Plan shall not exceed 36,228,416 Shares, being approximately 20% of the total Shares issued and outstanding on completion of the Transaction (on a post-Consolidation and Minimum Subscription basis) **(TSX-V Capacity Limitation)**.

Subject to the TSX-V Capacity Limitation, the Company may still issue Equity Securities under the New Plan out of the Company's available placement capacity under Listing Rule 7.1 from time to time or subject to Shareholder approval under Listing Rules 7.1 or 10.14 (as applicable).

Resolution 15 seeks Shareholder approval of the Company's New Plan to take effect and replace the Company's Predecessor Plan and approval to issue:

- (a) for the purposes of the policies of the TSX-V, Shares up to the TSX-V Capacity Limitation under the New Plan; and
- (b) for the purposes of Listing Rule 7.2, exception 13(b), up to a maximum of 36,228,416 Equity Securities within a period of three years from the date this Resolution is approved by Shareholders.

A summary of the key terms and conditions of the Company's New Plan is in Schedule 9.

Resolution 15 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions.

## **20.2 Listing Rules 7.1, 7.1A and 7.2, exception 13(b)**

A summary of Listing Rule 7.1 is contained in Section 11.2 above.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase its Listing Rule 7.1 15% Placement Capacity by an extra 10% to 25%. The Company obtained this approval at its annual general meeting held on 13 November 2024.

Listing Rule 7.2, exception 13(b) provides an exception to Listing Rules 7.1 and 7.1A such that issues of Equity Securities under an employee incentive scheme are exempt for a period of three years from the date on which Shareholders approve the issue of Equity Securities under the scheme.

Listing Rule 7.2, exception 13(b) ceases to be available to the Company if there is a material change to the terms of the New Plan from those set out in this Notice in Schedule 9.

If Resolution 15 and each of the other Transaction Resolutions are passed, the Company will be able to issue up to a maximum of 36,228,416 Equity Securities under the New Plan pursuant to Listing Rule 7.2, exception 13(b) to eligible participants over a period of three years without using the Company's 15% Placement Capacity, or additional 10% placement capacity under Listing Rule 7.1A.

However, any future issues of Equity Securities under the New Plan to a Related Party or a person whose relationship with the Company or the Related Party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

If Resolution 15 is not passed, the New Plan will not be adopted and the Company will not be able to issue up to 36,228,416 Equity Securities under the New Plan to eligible participants over a period of three years up to a nominated maximum amount pursuant to Listing Rule 7.2, exception 13(b), without using the Company's 15% Placement Capacity, or additional 10% placement capacity under Listing Rule 7.1A, and the Transaction will not proceed. The Company's ability to offer incentive securities to employees and consultants may be limited.

## **20.3 Specific information required by Listing Rule 7.2, exception 13(b)**

Pursuant to and in accordance with Listing Rule 7.2, exception 13(b), the following information is provided in relation to the New Plan:

- (a) A summary of the material terms of the New Plan is in Schedule 9.
- (b) As at the date of this Notice, no Equity Securities have been issued under the New Plan.
- (c) Since the Predecessor Plan was last approved by Shareholders on 24 November 2022, the Company has not issued any Equity Securities under the Predecessor Plan.
- (d) The maximum number of Equity Securities proposed to be issued under the New Plan pursuant to Listing Rule 7.2, exception 13(b), following approval of Resolution 15 (and the other Transaction Resolutions) is 36,228,416 (which reflects the proposed Consolidation and completion of the Public Offer on a Minimum Subscription basis, and is subject to any further adjustment in the event of a reorganisation of capital and further subject to applicable laws and the Listing Rules).

The maximum number of Equity Securities is not intended to be a prediction of the actual number to be issued under the New Plan but is specified for the purpose of setting a ceiling in accordance with Listing Rule 7.2 exception 13(b). It is not envisaged that the maximum number of Equity Securities for which approval is obtained will be issued immediately.

- (e) A voting exclusion statement is included in the Notice.

## **20.4 Additional information**

Resolution 15 is an ordinary resolution.

The Board declines to make a recommendation in relation to Resolution 15 due to their personal interest in this Resolution.

## **21. Resolution 16 – Approval of potential termination benefits under the New Plan**

### **21.1 General**

The Corporations Act contains certain limitations concerning the payment of 'termination benefits' to persons who hold a 'managerial or executive office'. The Listing Rules and rules of

the TSX-V also provides certain limitations on the payment of 'termination benefits' to officers of listed entities.

As is common with employee incentive schemes, the New Plan provides the Board, subject to the policies of the TSX-V, with the discretion to, amongst other things, determine that some or all of the Equity Securities granted to a participant under the New Plan (**Plan Securities**) will not lapse in the event of that participant ceasing their engagement with the Company before such Plan Securities have vested. This 'accelerated vesting' of Plan Securities may constitute a 'termination benefit' prohibited under the Corporations Act, regardless of the value of such benefit, unless Shareholder approval is obtained.

Resolution 16 is a Transaction Resolution and is conditional on Shareholders passing each of the Transaction Resolutions. If Resolution 16 is not passed, the Company will not be able to offer 'termination benefits' to persons who hold a 'managerial or executive office' pursuant to the terms of the New Plan unless Shareholder approval is obtained each and every time such termination benefit is proposed, in accordance with section 200E of the Corporations Act.

## **21.2 Part 2D.2 of the Corporations Act**

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a 'managerial or executive office' (as defined in the Corporations Act) if an exemption applies or if the benefit is approved by Shareholders in accordance with section 200E of the Corporations Act.

Shareholder approval is sought for the purposes of Part 2D.2 of the Corporations Act to approve the giving of benefits under the New Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or a subsidiary of the Company) on the terms and conditions in this Explanatory Memorandum.

Under the terms of the New Plan and subject to the Listing Rules, Corporations Act and rules of the TSX-V, the Board possesses the discretion to vary the terms and conditions of the Plan Securities. Notwithstanding the foregoing, without the consent of the participant in the New Plan, no amendment may be made to the terms of any granted Plan Security which reduces the rights of the participant in respect of that Plan Security, other than an amendment introduced primarily to comply with legislation, to correct any manifest error or mistake or to take into consideration possible adverse tax implications.

As a result of the above discretion, the Board has the power to determine that some or all of a participant's Plan Securities will not lapse in the event of the participant ceasing employment or office before the vesting of their Plan Securities.

The exercise of this discretion by the Board may constitute a 'benefit' for the purposes of section 200B of the Corporations Act. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the New Plan who holds:

- (a) a managerial or executive office in, or is an officer of, the Company (or a subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Plan Securities at the time of their leaving.

### **21.3 Valuation of the termination benefits**

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

The value of the termination benefits that the Board may give under the New Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Plan Securities that will vest or otherwise be affected. The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the status of the vesting conditions attaching to the relevant Plan Securities at the time the participant's employment or office ceases;
- (b) the number of unvested Plan Securities that the participant holds at the time they cease employment or office;
- (c) the circumstances of, or reasons for, ceasing employment with the Company;
- (d) the length of service with the Company and performance over that period of time;
- (e) the market price of the Company's Shares on ASX at the relevant time when the amount or value of the Plan Securities is determined;
- (f) any changes in law; and
- (g) the risk-free rate of return in Australia and the estimated volatility of the Company's Shares on ASX at the relevant time.

In accordance with Listing Rule 10.19, the Company will ensure that no officer of the Company or any of its child entities will, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may be payable to all officers together exceed the 5% Threshold, without seeking Shareholder approval.

### **21.4 Additional information**

Resolution 16 is an ordinary Resolution.

The Board declines to make a recommendation in relation to Resolution 16 due to their potential personal interests in the outcome of the Resolution.

## **22. Resolution 17 – Approval of issue of PSUs and Options under the New Plan**

### **22.1 General**

The Company is proposing, subject to obtaining Shareholder approval, to issue the following PSUs and Options to the Directors (or their respective nominees):

- a) up to 1,532,422 PSUs and 510,807 Plan Options to Cameron Henry; and
- b) up to 1,532,423 PSUs and 510,808 Plan Options to Ronald Beevor,

(the **Resolution 17 Directors**).

As well as the issue of PSUs and grant of Options to the Resolution 17 Directors, the Company also intends to issue PSUs and grant of Options, for the same purpose as those given to the Resolution 17 Directors, in the following sum to the following person:

- c) up to 1,532,423 PSUs and 510,808 Plan Options to Peter Ruse,

who will act as a corporate development officer to the Merged Company upon Completion of the Transaction (the **Retiring Director**).

The PSUs and Plan Options are to be issued under the New Plan on the terms and conditions in Schedule 10. A summary of the material terms of the New Plan is in Schedule 9. The PSUs will vest subject to satisfaction of the same vesting conditions as detailed for the Director Replacement Performance Rights in Section 17.1.

## **22.2 Background and rationale**

The PSUs and Plan Options are proposed to be issued as a one-off incentive related to the acquisition of Commerce and the resetting of the strategic direction of the Company. These rights seek to reward and incentivise all Directors by linking their remuneration to the achievement of the strategic goals associated with the growth of the Ashram Project and the accompanying growth in Company Share price. In this way, the issue of the PSUs and Options seeks to align the efforts of the recipients in seeking to achieve growth of the Share price and creation of Shareholder value.

In addition, the Board also believes that incentivising with PSUs and Plan Options is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these PSUs and Options to continue to attract and maintain highly experienced and qualified Board members and corporate development services in a competitive market.

The Board acknowledges that the grant of the PSUs and Plan Options to Non-Executive Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations.

However, the Board considers the issue of the Plan Options to the Resolution 18 Directors and Retiring Director to be reasonable in order to further align past and present directors' interests with Shareholders and provide cost-effective consideration for certain persons ongoing commitment and contribution to the Company and to serve as an incentive for those persons in their ongoing commitment to the Company.

## **22.3 Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of the holders of its ordinary securities, if that entity is:

- a) a director of the entity (Listing Rule 10.14.1);
- b) an associate of a director of the entity (Listing Rule 10.14.2); or
- c) a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved

by security holders (Listing Rule 10.14.3).

The grant of PSUs and issue of Plan Options to the Resolution 17 Directors and Retiring Director falls between Listing Rule 10.14.1 and 10.14.3 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Accordingly, Resolution 17(a) to (c) (inclusive) seek the required Shareholder approval pursuant to Listing Rule 10.14 and sections 195(4) and 208 of the Corporations Act for the issue of up to 4,597,268 PSUs and 1,532,423 Plan Options (on a post-Consolidation basis) under the New Plan to the Resolution 17 Directors and Retiring Director (or their respective nominees).

The effect of Shareholders passing Resolution 17(a) to (c) (inclusive) will be to allow the Company to issue the PSUs and Plan Options to the Resolution 17 Directors and Retiring Director (or their respective nominees) as part of their remuneration package, in the proportions otherwise listed above.

If Resolution 17(a) to (c) (inclusive) are not passed, the Company will not be able to proceed with the issue of the relevant PSUs and Plan Options to the Resolution 17 Directors and Retiring Director (or their respective nominees) and the Transaction will not proceed.

If Resolution 17(a) to (c) (inclusive) and each of the other Transaction Resolutions are passed, the Company will be able to proceed with the issue of the PSUs and Plan Options to the Resolution 17 Directors and Retiring Director (or their respective nominees).

## **22.4 Information required by Listing Rule 10.15**

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to the proposed issue of the PSUs and Plan Options to be issued to the Resolution 17 Directors and Retiring Director, as detailed in Resolution 17(a) to (c) (inclusive):

### **1. Name of the person**

PSUs and Plan Options will be issued to the following persons:

- a) Cameron Henry (or his nominee) pursuant to Resolution 17(a);
- b) Ronald Beevor (or his nominee) pursuant to Resolution 17(b); and
- c) Peter Ruse (or his nominee) pursuant to Resolution 17(b).

### **2. Category the person falls within**

Each of those persons identified as a Resolution 18 Director, as well as the Retiring Director, fall within the category set out between Listing Rule 10.14.1 and 10.14.3 by virtue of being either a Director or due to their relationship and association with the Company.

### **3. Number and class of securities proposed to be issued**

- a) up to 1,532,422 PSUs and 510,807 Options to Cameron Henry;
- b) up to 1,532,423 PSUs and 510,808 Options to Ronald Beevor; and
- c) up to 1,532,423 PSUs and 510,808 Options to Peter Ruse.

A split of the PSUs into their separate classes is detailed in Section 15.1.

#### **4. Current total remuneration packages**

##### Mr Cameron Henry

Mr Cameron Henry will be appointed as Chairman on completion of the Transaction. Mr Henry's appointment letter provides that his current remuneration is \$89,600 per annum. He is also entitled to participate in the New Plan, subject to Shareholder approval.

##### Mr Ronald Beevor

Mr Ronald Beevor was appointed as a Non-Executive Director on 25 March 2025. Mr Beevor's appointment letter provides that his current remuneration is \$55,000 per annum plus superannuation. He is also entitled to participate in the New Plan, subject to Shareholder approval. Mr Beevor received fees of \$61,325 for director services during the 2024 reporting period.

##### Mr Peter Ruse

Mr Peter Ruse is a current director of the Company and will retire as a director of the Company on completion of the Transaction. Mr Ruse will continue to serve the Company in the capacity as a consultant in the role of corporate development officer (**Consultancy Agreement**). Mr Ruse's current services agreement for his role as director of the Company, provides that his remuneration is \$150,000 per annum.

Mr Ruse's Consultancy Agreement provides that he is to be remunerated \$180,000 per annum, while serving in the role as corporate development officer to the Merged Company. Mr Ruse is also entitled to participate in the New Plan, subject to Shareholder approval as applicable. Mr Ruse received fees of \$150,000 for director services during the 2024 reporting period.

#### **6. Material terms of the securities, an explanation of why that type of security is being used and the value attributed to that security**

##### Summary of material terms

A summary of the material terms of the New Plan is set out at Schedule 9 to this Notice. The specific milestones and vesting criteria attaching to the different classes of Performance Rights are also set out in set out in Schedule 10 to this Notice.

##### No securities have been issued under the New Plan

As at the date of this Notice of Meeting, the Company has not issued any securities under the New Plan.

#### Why PSUs and Plan Options are being used

The Board considers that PSUs and Plan Options, rather than Shares, are an appropriate form of incentive on the basis that:

- (i) following the Transaction, there will be a reset of the Company's business plan;
- (ii) PSUs and Options are designed to attract, retain and reward the participants for the achievement of share price growth and key project milestones, and creation of Shareholder value for the Company. The issue of the PSUs and Plan Options will therefore further align the interests of the Directors and consultant with Shareholders
- (iii) the PSUs and Plan Options has no immediate dilutionary impact on the Shareholders;
- (iv) the issue of the PSUs and Plan Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given;
- (v) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the PSUs and Plan Options on the terms proposed;
- (vi) Shareholders can readily ascertain and understand the vesting conditions which are required to be satisfied for the PSUs to vest and the number of Shares to which they relate; and
- (vii) the participants will only obtain the value of the PSUs and be able to exercise the PSUs into Shares upon satisfaction of the vesting conditions.

#### Value of the PSUs and Plan Options

The number of PSUs and Plan Options to be issued to each of the Resolution 17 Directors and the Retiring Director have been determined based upon a consideration of the total remuneration of the Resolution 17 Directors and Retiring Director as well as the:

- a) current market standards and practices of peer companies of a similar size and stage of development; and
- b) incentives required to attract and retain the Directors and key personnel, while maintaining the Company's cash reserves. The value of the PSUs and Plan Options is as follows.

The PSUs have been valued at \$884,208 in total, with:

- a) Class A valued at \$0.177 per PSU using a hybrid trinomial option pricing model which factors in the VWAP barrier required to be met in order for the Class A PSUs to vest; and
- b) Classes B and C of the PSUs valued at \$0.20 per PSU using the Black and Scholes option pricing model.



The Plan Options have been valued at \$170,099 in total, with a value of \$0.111 per Plan Option using the Black and Scholes option pricing model.

The valuation assumptions for the PSUs and Plan Options of the PSU and the inputs underpinning the valuation are set out at Schedule 11. The valuations were prepared by the Company as part of the pro-forma financial information prepared for the Transaction to be consistent with valuations which will be required to be adopted in the Company's financial reports.

## **7. Date of Issue**

The PSUs and Plan Options will only be issued to the Resolution 17 Directors and the Retiring Director (or their respective nominees) upon the Completion of the Transaction and no later than 3 years after the date of the Meeting. It is anticipated that all of the PSUs and Plan Options detailed between Resolution 17(a) to (c) (inclusive) will be issued on one date.

## **8. Issue price**

The issue price of the PSUs and Plan Options will be nil, although the Plan Options will have an exercise price of \$0.30 per Plan Option. As such, no funds will be raised from the issue of the PSUs and Plan Options. However, funds may be raised on the exercise of the Plan Options which will be used as general working capital for the Merged Company.

## **9. Material terms of the New Plan**

A summary of the material terms of the New Plan is set out in Schedule 9 to this Notice of Meeting.

## **10. Loans**

No loans are being made to the Resolution 17 Directors or the Retiring Director in connection with the issue of the PSUs and Plan Options.

## **11. Required statements**

Details of any securities issued under the New Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the New Plan after the Transaction Resolutions are approved and who were not named in this Notice of Meeting and Explanatory Statement will not participate until approval is obtained under Listing Rule 10.14.

## **12. Voting exclusion statement**

A voting exclusion statement for Resolution 17(a) to (c) (inclusive) is included in the Notice of Meeting preceding the Explanatory Statement.

## **22.5 Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a Related Party, the Company must:

- (a) obtain Shareholder approval in the manner set out in sections 217 to 227 of the

Corporations Act; and

- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of the PSUs and Plan Options constitutes giving a financial benefit to related parties of the Company, as the Resolution 17 Directors and the Retiring Director are related parties of the Company by virtue of their position.

## **22.6 Section 195 of the Corporations Act**

Section 195(1) of the Corporations Act prohibits a director of a public company who has a material personal interest in a matter that is being considered at a meeting of directors from being present while the matter is being considered at the meeting or voting on the matter. If there is not a quorum of directors who are eligible to vote on a matter because of the operation of section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

Messrs Beevor and Ruse have a personal interest in the outcome of each of their respective Resolutions under Resolution 17 and the Board have exercised their right under section 195(4) of the Corporations Act to put the issue of the PSUs and Options to Shareholders to resolve.

## **22.7 Information required under Chapter 2E of the Corporations Act**

Pursuant to, and in accordance with, Section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the PSUs and Options.

- (a) **Identity of the related parties to whom Resolution 17(a) to (c) (inclusive) permit financial benefits to be given**

Refer to Section 22.1 above.

- (b) **Nature of the financial benefit**

Refer to Section 22.1 above.

Resolution 17(a) to (c) (inclusive) seek Shareholder approval to allow the Company to issue the PSUs and Plan Options in the amounts specified in Section 22.1 to the Resolution 17 Directors and Retiring Director (or their respective nominees). The PSUs and Plan Options are to be issued in accordance with the New Plan and otherwise on the terms and conditions as detailed in Schedule 10 of this Notice of Meeting.

The Shares to be issued upon conversion of the PSUs and Plan Options will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

- (c) **Board recommendation**

Given the personal interests of the Directors (other than Mr Lawler) in the outcome of

this Resolution, the Board declines to make a recommendation to Shareholders in relation to this Resolution.

(d) **Valuation of financial benefit**

Refer to Section 22.4 above.

(e) **Remuneration of the Directors**

Refer to Section 22.4 above.

(f) **Existing relevant interest of Directors**

Refer to Section 4.25 above.

(g) **Dilution**

The issue of the PSUs and Plan Options will have a diluting effect on the percentage interest of existing Shareholders' holdings in they are converted and/or exercised into Shares. The potential dilution if all of the PSUs and Plan Options are exercised into Shares is 3.4% (assuming Minimum Subscription) and 3.21% (assuming Maximum Subscription). This figure assumes the current Share capital structure at the date of Reinstatement including the Conversion Shares and Director Conversion Shares (given this Resolution is inter-conditional with the other Transaction Resolutions) and that no Shares are issued other than the Consideration Shares, the Conversion Shares and the Director Conversion Shares.

The exercise of all of the PSUs and Options will result in a total dilution of all other Shareholders' holdings of 35.32% on a fully diluted basis at Reinstatement (including the Conversion Shares and the Director Conversion Shares). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice (noting the Company has been in suspension since 17 February 2025) were:

- Highest: \$0.066 per Share on 15 July 2024; and
- Lowest: \$0.025 per Share on 7 February 2025

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.04 per Share on 16 February 2025.

(i) **Corporate governance**

Please refer to Section 22.3. The Board considers the grant of the PSUs and Plan Options as reasonable in the circumstances. For more detail concerning the Boards rationale, see Section 22.3 and 22.4 for further detail.

As stated in Section 22.2, The Board acknowledges that the grant of the PSUs and Plan Options to Non-Executive Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations.

However, the Board considers the grant of the Plan Options to the Proposed Directors and Retiring Director to be reasonable in order to further align past and present directors' interests with Shareholders and provide cost-effective consideration for certain persons ongoing commitment and contribution to the Company and to serve as an incentive for those persons in their ongoing commitment to the Company.

(j) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 17(a) to (c) (inclusive).

**22.8 Additional information**

Resolution 17(a) to (c) (inclusive) are separate ordinary resolutions.

Given the personal interests of all the Directors in the outcome of this Resolution other than Mr Lawler, the Board declines to make a recommendation to Shareholders in relation to Resolution 17(a) to (c) (inclusive).

**23. Resolution 18 – Approval of issue of Broker Options**

**23.1 General**

This Resolution seeks Shareholder approval to issue and allot between 6,000,000 and up to 8,000,000 Options (**Broker Options**) to the Lead Manager and Co-Lead Managers (or their respective nominee(s)) for their services under the Lead Manager Mandate to the Public Offer. The passing of this Resolution is dependent on the approval of the Transaction Resolutions, including for the Public Offer.

The effect of this Resolution 18 is for Shareholders to approve the issue of the Broker Options to fall within an exception to ASX Listing Rule 7.1, which will allow the Company to issue those Broker Options without using the Company's 15% capacity under Listing Rule 7.1.

**23.2 ASX Listing Rule 7.1**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

An issue of equity securities that is approved by the Company's Shareholders under Listing Rule 7.1 will not use up the Company's 15% limit and therefore does not reduce the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 18 seeks Shareholder approval to approve the issue of the Broker Options under and for the purposes of Listing Rule 7.1.

If Resolution 18 is passed and all the other Transaction Resolutions are passed, the issue of the Broker Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 to issue equity securities without Shareholder approval over the 12-month period following the date on which the Broker Options are issued.

If Resolution 18 is not passed, the Company will not be able to proceed with the issue of the Broker Options and the Transaction will not proceed.

### **23.1 Information Required by Listing Rule 7.3**

The following information is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) The Broker Options will be issued to the Broker Parties (or their respective nominees), who at the date of this Notice of Meeting, include:
  - (i) Canaccord Genuity (Australia) Limited;
  - (ii) Peloton Capital;
  - (iii) Yelverton Capital; and
  - (iv) Euroz Hartleys,as the Lead Manager, Co-Lead Manager and Co-Managers to the Public Offer. The Lead Manager may invite other Broker Parties in the syndication process for the Public Offer, which Broker Parties will receive their pro rata split of the Broker Options pursuant to arrangement entered into between the Lead Manager and such party.
- (b) The maximum number of Broker Options to be issued is 8,000,000 Broker Options.
- (c) The full terms of the Broker Options are set out in Schedule 12 of this Notice of Meeting.
- (d) These Broker Options will be issued in accordance with the terms of the Lead Manager Mandate and no later than 3 months after Shareholder approval is obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).
- (e) The Broker Options will be offered for nominal cash consideration, being \$0.00001 per Broker Option.
- (f) No fees will be raised from the issue of the Broker Options as the issue price will be issued for nil consideration. Further, funds will be raised upon conversion of the Broker Options, with a maximum of \$2,400,000 being raised. Funds raised from the exercise of the Broker Options will be used for the company programs (current or future) generally and working capital.
- (g) The Broker Options will be issued under an agreement between the Lead Manager, Co-Lead Manager and the Company (**Lead Manager Mandate**). The material terms of the Lead Manager Mandate are summarised at Section 4.12(g) of the Explanatory Memorandum to this Notice of Meeting.

### **23.2 Additional information**

Resolution 18 is an ordinary Resolution.

The Board recommends that Shareholders vote in favour of Resolution 18.

## Schedule 1      Definitions

In the Notice, words importing the singular include the plural and vice versa.

<b>15% Placement Capacity</b>	has the meaning given in Section 11.2.
<b>A\$ or \$</b>	means Australian dollars.
<b>Acquisition</b>	has the meaning given in Section 4.1.
<b>AWST</b>	means Australian Western Standard Time.
<b>Amending Agreement</b>	has the meaning given in Section 4.2.
<b>ANC</b>	means Alpha Node Capital Pty Ltd (ACN 603 150 634).
<b>ANC Mandate</b>	means the mandate between the Company and ANC for the provision of lead manager and corporate advisory services in relation to the Convertible Note Financing, a summary of which is in Section 4.12(f).
<b>ANC Warrants</b>	has the meaning given in Section 4.10(d)(ii).
<b>Annexure A</b>	means Annexure A of ASX Guidance Note 12.
<b>Arrangement Agreement</b>	has the meaning given in Section 4.1.
<b>ASIC</b>	means Australian Securities Investment Commission.
<b>Ashram Deposit</b>	means Ashram Rare Earth and Fluorspar Deposit located within its Eldor Property in northern Quebec, Canada.
<b>Ashram Project</b>	has the meaning given in Section 4.6(a).
<b>ASX</b>	means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>ASX Market Announcement Platform</b>	means the ASX Market Announcements Platform published by the ASX from time to time.
<b>BCBCA</b>	has the meaning given in Section 4.1.
<b>Board</b>	means the board of Directors.
<b>Broker Options</b>	Means the Options to be issued to the Broker Parties pursuant to Resolution 18.
<b>Broker Parties</b>	means the Lead Manager, Co-Lead Manager, Co-Managers and other parties that provide allocations for the Public Offer.
<b>Business Day</b>	a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Sydney, New South Wales.
<b>C\$</b>	means Canadian dollars.

<b>Chair</b>	means the person appointed to chair the Meeting of the Company convened by the Notice.
<b>Closely Related Party</b>	means: <ul style="list-style-type: none"> <li>(a) a spouse or child of a member of a Key Management Personnel; or</li> <li>(b) has the meaning given in section 9 of the Corporations Act.</li> </ul>
<b>Co-Lead Manager</b>	Means Peloton Capital Pty Ltd (ACN 149 540 018).
<b>Co-Managers</b>	Means Yelverton Capital Pty Ltd (ACN 667 868 199) and Euroz Hartley Limited (ACN 104 195 057).
<b>Commerce or CCE</b>	means Commerce Resources Corp., a corporation incorporated under the laws of the Province of British Columbia and having its registered and records office at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.
<b>Commerce Convertible Notes</b>	has the meaning given in Section 4.3.
<b>Commerce Meeting</b>	has the meaning given in Section 5.1(c).
<b>Commerce Option</b>	means an option in the capital of Commerce which will convert into Shares on a post-Consolidation basis on the basis of the Exchange Ratio on Completion of the Arrangement Agreement.
<b>Commerce Option Holders</b>	means the holders of a Commerce Option.
<b>Commerce PSUs</b>	means a performance share unit in the capital of Commerce which will be cancelled and exchanged for performance rights in the capital of the Company on a post-Consolidation basis on the basis of the Exchange Ratio on Completion of the Arrangement Agreement.
<b>Commerce Record Date</b>	has the meaning given in Section 4.2.
<b>Commerce Share</b>	means a fully paid ordinary share in the capital of Commerce.
<b>Commerce Shareholders</b>	means the holder of Commerce Shares.
<b>Commerce Warrant</b>	means a warrant in the capital of Commerce which will convert into Shares on a post-Consolidation basis on the basis of the Exchange Ratio on Completion of the Arrangement Agreement.
<b>Commerce Warrant Holders</b>	means the holder of Commerce Warrants.
<b>Company or MRZ</b>	means Mont Royal Resources Limited (ACN 625 237 658).
<b>Completion</b>	has the meaning given in Section 4.1.
<b>Conditions Precedent</b>	has the meaning given in 4.2.
<b>Consideration Options</b>	has the meaning given in Section 4.1.

<b>Consideration Shares</b>	has the meaning given in Section 4.1.
<b>Consolidation</b>	has the meaning given in Section 6.1.
<b>Consolidation Date</b>	means 16 October 2025.
<b>Constitution</b>	means the constitution of the Company.
<b>Conversion Price</b>	has the meaning given in Section 4.3.
<b>Conversion Shares</b>	has the meaning given in Section 4.1.
<b>Convertible Note Financing</b>	has the meaning given in Section 4.3
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth), as amended.
<b>Director</b>	means a director of the Company.
<b>Director Consideration Options</b>	has the meaning given in Section 4.1.
<b>Director Consideration Shares</b>	has the meaning given in Section 4.1.
<b>Director Participation</b>	has the meaning given in Section 12.1.
<b>Director Replacement Performance Rights</b>	has the meaning given in Section 4.1.
<b>Eldor Property</b>	has the meaning given in Section 4.6(b)(i).
<b>Equity Security</b>	has the same meaning as in the Listing Rules.
<b>Exchange Ratio</b>	has the meaning given in Section 4.2.
<b>Existing Projects</b>	means the Company's current projects outlined in Section 4.8.
<b>Explanatory Memorandum</b>	means the explanatory memorandum which forms part of the Notice.
<b>Foreign Estimate</b>	has the meaning given in Section 4.6(b)(i).
<b>Group</b>	means the Company and each of its subsidiaries.
<b>Incentive Options</b>	has the meaning given in Section 4.10(d)(ii).
<b>In-Principle Condition</b>	has the meaning given in Section 4.11.
<b>IP</b>	means intellectual property.
<b>Managers Fees</b>	has the meaning given in Section 4.12(g).
<b>Lead Manager Mandate</b>	has the meaning given in Section 4.12(g).
<b>Lead Managers</b>	means Canaccord Genuity (Australia) Limited (ACN 075 071 466).



<b>JORC Code 2012</b>	means the 2012 Joint Ore Reserves Committee's Australasian Code for Reporting of Mineral Resources and Ore Reserves, as may be updated from time to time.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>MAICD</b>	means Member of the Australian Institute of Company Directors.
<b>Mallard and Miranna</b>	means the two niobium prospects in northern Quebec, Canada, that form part of the Eldor Property.
<b>Material Investor</b>	means in relation to the Company: <ul style="list-style-type: none"> <li>(a) a related party;</li> <li>(b) Key Management Personnel;</li> <li>(c) a substantial Shareholder;</li> <li>(d) an advisor; or</li> <li>(e) an associate of the above,</li> </ul> who received Shares which constituted more than 1% of the Company's issued capital at the time of issue.
<b>Maximum Subscription</b>	has the meaning given in Section 4.14.
<b>Meeting</b>	has the meaning given in the introductory paragraph of the Notice.
<b>Merged Company</b>	means the Group on and from Completion, including Commerce as a 100% subsidiary of the Company.
<b>Minimum Subscription</b>	has the meaning given in Section 4.14.
<b>MRE</b>	means mineral resource estimate.
<b>New Plan</b>	has the meaning given in Section 20.1.
<b>Note Placement Fees</b>	has the meaning given in Section 4.12(f).
<b>Noteholders</b>	has the meaning given in Section 4.1.
<b>Notice</b>	means this notice of general meeting.
<b>Offer</b>	means the Public Offer.
<b>Official List</b>	means the official list of the ASX.

<b>Option</b>	means an option, giving the holder the right, but not an obligation, to acquire a Share at a predetermined price and within a specified time in the future.
<b>Participating Director</b>	means Nicholas Holthouse.
<b>PEA</b>	means Preliminary Economic Assessment.
<b>Performance Right</b>	means a right, subject to certain terms and conditions, to acquire a Share on the satisfaction (or waiver) of certain performance conditions.
<b>Plan Securities</b>	has the meaning given in Section 21.1.
<b>Predecessor Plan</b>	means the 'Mont Royal Resources Limited Employee Securities Incentive Plan' approved by Shareholders at the Company's annual general meeting held on 24 November 2022.
<b>Proposed Directors</b>	means Cameron Henry, Jeremy Robinson, Adam Ritchie and Ronald Beevor (who is a current Director of the Company and who, upon Completion of the Transaction, will continue as a director of the Merged Company and thus is included as a member of the Proposed Directors).
<b>Prospectus</b>	means the prospectus to be lodged by the Company in connection with the Company's proposed re-admission to the Official List through re-compliance with Chapters 1 and 2 of the Listing Rules and the Public Offer.
<b>Proxy Cut Off Time</b>	has the meaning given in Section 2.3.
<b>Proxy Form</b>	means the proxy form made available with the Notice.
<b>Public Offer</b>	means the public offering of up to 50,000,000 Shares at an issue price of A\$0.20 per Share (on a post-Consolidation basis) to raise up to A\$10,000,000 (before costs).
<b>Public Offer Shares</b>	means a minimum of 40,000,000 and up to 50,000,000 Shares to be issued under the Public Offer (on a post-consolidation basis).
<b>REE</b>	means rare earth elements.
<b>Related Party</b>	has the same meaning as given to that term under Chapter 19 of the Listing Rules.
<b>Reinstatement</b>	means the reinstatement of the Company's Shares to official quotation on the ASX.
<b>REO</b>	means rare earth oxide.
<b>Resigning Directors</b>	means Gary Lawler and Peter Ruse.
<b>Retiring Director</b>	means Peter Ruse.
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Schedule</b>	means a schedule to the Notice.

<b>Section</b>	means a section of the Explanatory Memorandum.
<b>Securities</b>	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Share Registry</b>	means Automic Pty Ltd (ACN 152 260 814).
<b>Shareholder</b>	means the holder of a Share.
<b>TSX-V</b>	means the TSX Venture Exchange.
<b>TSX-V Capacity Limitation</b>	has the meaning given in Section 20.1.
<b>Transaction</b>	means the Acquisition and the Public Offer.
<b>Transaction Resolutions</b>	has the meaning given in Section 3.
<b>VWAP</b>	means volume weighted average price.
<b>Wallabi Group</b>	means Wallabi Group Pty Ltd (ACN 673 684 403).
<b>Wallabi Group Mandate</b>	has the meaning given in Section 4.12(i).
<b>Yelverton Capital</b>	means Yelverton Capital Pty Ltd (ACN 667 868 199).
<b>Yelverton Capital Mandate</b>	has the meaning given in Section 4.12(h).

## Schedule 2 Foreign Mineral Resource for the Ashram Project

**CAUTIONARY STATEMENT:** The estimates are foreign estimates and are not reported in accordance with the JORC Code 2012. A competent person has not done sufficient work to classify the Foreign Estimate in accordance with the JORC Code 2012. It is uncertain that following evaluation and or further exploration work that the Foreign Estimate will be able to be reported in accordance with the JORC Code 2012.

Cut-off NMR		\$287/t	
Category		Indicated	Inferred
Tonnes	Mt	73.2	131.1
Total REO	%	1.89	1.91
Nd+Pr Oxide/TREO		21.2	21.4
Tb+Dy Oxide/TREO		0.7	0.5
La <sub>2</sub> O <sub>3</sub>		4,829	4,969
Ce <sub>2</sub> O <sub>3</sub>		8,753	8,933
Pr <sub>2</sub> O <sub>3</sub>		907	927
Nd <sub>2</sub> O <sub>3</sub>		3,112	3,162
Sm <sub>2</sub> O <sub>3</sub>		412	385
Eu <sub>2</sub> O <sub>3</sub>		98	87
Gd <sub>2</sub> O <sub>3</sub>		223	195
Tb <sub>2</sub> O <sub>3</sub>		24	19
Dy <sub>2</sub> O <sub>3</sub>		102	73
Ho <sub>2</sub> O <sub>3</sub>		14	10
Er <sub>2</sub> O <sub>3</sub>		31	21
Tm <sub>2</sub> O <sub>3</sub>		3	2
Yb <sub>2</sub> O <sub>3</sub>		18	13
Lu <sub>2</sub> O <sub>3</sub>		2	2
Y <sub>2</sub> O <sub>3</sub>		419	280
Fluorspar (CaF <sub>2</sub> )	%	6.6	4.0

#### Notes on the Ashram Resource table:

- 1 Mineral Resources are not Mineral Reserves as they have not demonstrated economic viability. The quantity and grade of reported Inferred Resources in this MRE are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as Indicated or Measured. However, it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
- 2 Resources are presented as undiluted and in-situ for an open-pit scenario and are considered to have reasonable prospects for eventual economic extraction. The constraining pit shell was developed using an overall pit slope of 52°, and the resulting strip ratio is 2.7:1.
- 3 Three-dimensional modelling was prepared using Leapfrog Geo v.2023.2.1 with a database of 213 surface drill holes, 6 surface channels and 32,962 samples, of which 117 drill holes and a total of 18,495 assays were used to interpolate the block model mineralised zones.
- 4 Resources encompass three REE-bearing zones (A-zone, B-Zone, and Breccia (Classic)), each defined by wireframes. A value of zero grade was applied in cases of core not assayed.
- 5 High-grade capping was done on the composited assay data and established on a per-zone basis for each element.
- 6 Density values were interpolated using ordinary kriging for four rock types in the geological model, including the three mineralised rock types (A-Zone, B-Zones and Breccia (Classic)), with density averages of 3.08 g/cm<sup>3</sup> for A-Zone, 3.00 g/cm<sup>3</sup> for B-Zone, 3.05 g/cm<sup>3</sup> for Breccia (Classic), and 2.92 g/cm<sup>3</sup> for BD-Zone. Surrounding country rock lithologies were given a fixed density value from their range median values: Carbonatites ranging from 2.85 g/cm<sup>3</sup> to 2.97 g/cm<sup>3</sup>, Metavolcanic = 2.84 g/cm<sup>3</sup>, and Lamprophyre = 2.97 g/cm<sup>3</sup>. Grade model resource estimation was interpolated from drill hole data using an ordinary kriging interpolation method in a sub-blocked block model using blocks measuring 5 m x 5 m x 5 m in size and sub-blocks down to 1.25 m x 1.25 m x 1.25 m.
- 7 The Mineral Resource estimate cut-off, expressed as a net metal return value, was calculated to be C\$154/t, which is based on a three-year annualised average (2021, 2022 and 2023) for the five payable oxides; (US\$1.25/kg for La<sub>2</sub>O<sub>3</sub>, US\$95/kg for Pr<sub>2</sub>O<sub>3</sub>, US\$95/kg for Nd<sub>2</sub>O<sub>3</sub>, US\$1,500/kg for Tb<sub>2</sub>O<sub>3</sub>, and US\$375/kg for Dy<sub>2</sub>O<sub>3</sub>), estimated metal recoveries, and operating costs for mining, processing, transportation and G&A. A cut-off of C\$287/t is considered as the base case for the Mineral Resource estimate and is guided by reasonable prospects of eventual economic extraction over a reasonable timeframe. The cut-off grade considers a C\$:US\$ exchange rate of 1.30. Metal prices sourced from Adamas Intelligence's Rare Earth Pricing Quarterly Outlook (Q1 2024).
- 8 Inferred Mineral Resources are constrained to areas where drill spacing is less than 200 m, and where reasonable geological and grade continuity is shown. Indicated Mineral Resources are constrained to areas where drill spacing is less than 70 m, and where reasonable geological and grade continuity is displayed
- 9 An open pit mining method was considered for the Mineral Resource estimate and a conceptual pit shell to constrain the resources was developed using Hexagon's MinePlan 3D software, Version 16.05.
- 10 TREO is the sum of lanthanides (as oxides) + yttrium oxide. NdPr distribution is calculated as (Nd<sub>2</sub>O<sub>3</sub> + Pr<sub>2</sub>O<sub>3</sub>) / TREO x 100. TbDy distribution calculated as (Tb<sub>2</sub>O<sub>3</sub> + Dy<sub>2</sub>O<sub>3</sub>) / TREO x 100. CaF<sub>2</sub> is calculated from fluorine assay using factor of 2.055 (F to CaF<sub>2</sub>) and assumes all fluorine is contained within the mineral fluorite ('fluorspar').
- 11 Calculations used metric units (metres, tonnes). Metric tonnages have been rounded, and any discrepancies in total amounts are due to rounding errors.
- 12 CIM definitions and guidelines (2019) for Mineral Resource Estimates have been followed.
- 13 The Qualified Persons are unaware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues or any other relevant issues that could materially affect this Mineral Resource estimate.

### Schedule 3 Transaction Based Comparison Table

Particulars	Prior to Transaction – 31 March 2025 (MRZ)	Effect of Transaction (Maximum Subscription) <sup>4</sup>	Post-Transaction analysis – Pro Forma <sup>4</sup>	Percentage change due to Transaction	Scale of change
Total consolidated assets	\$7,980,606	\$67,380,929	\$75,361,535	844%	944%
Total equity	\$7,725,263	\$64,461,992	\$72,187,255	834%	934%
9 month revenue <sup>2</sup>	\$29,423	\$12,495	\$41,918	42%	142%
9 month profit (before tax and extraordinary items) <sup>2</sup>	\$-963,558	-\$1,325,018	-\$2,288,576	138%	238%
Total shares <sup>1</sup>	18,664,040	172,478,040	191,142,080	924%	1024%
Total convertible shares <sup>1</sup>	3,127,875	101,264,682	104,392,557	3237%	3337%
Consolidated 9 month period expenditure <sup>2</sup>	\$663,583	\$1,839,352	\$2,502,935	277%	377%
Market capitalisation <sup>3</sup>	\$3,732,808	\$34,495,608	\$38,228,416	924%	1024%

**Notes:**

1. Total Shares and convertible Securities have been calculated on a post-Consolidation basis.
2. Based on 9 months ended 31 March 2025.
3. Based on a post-Consolidation Share price of A\$0.20.
4. Conversion of CAD to AUD on a deemed 0.88:1.00 basis.

## **Schedule 4      Commerce Financial Statements**

*[Attached separately]*

## Schedule 5 Pro forma Balance Sheet

The tables below set out the indicative Pro Forma Historical Consolidated Statement of Financial Position of the Company as at 31 March 2025 and Commerce as at 30 April 2025. The Pro Forma Historical Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

The cash and cash equivalents balance below of the Company and Commerce do not account for working capital movements for the Company and Commerce from the end of the period until completion of the Transaction, other than the subsequent events and pro-forma adjustments detailed below the table. The cash balance of Mont Royal at 31 August 2025 was \$528,800 and the cash balance of Commerce at 31 August 2025 was \$336,846 using the RBA exchange rate of 29 August 2025.

### Proforma Merged Company Financial Position

Statement of Financial Position	Notes	Reviewed as at 31-Mar-25 \$ Mont Royal	Reviewed as at 30-Apr-25 CAD Commerce	Translated as at 30-Apr-25 \$* Commerce	Subsequent events \$	Pro-forma adjustments \$ Minimum	Pro-forma adjustments \$ Maximum	Pro-forma after Offers \$ Minimum	Pro-forma after Offers \$ Maximum
<b>CURRENT ASSETS</b>									
Cash and cash equivalents		1,254,462	458,352	518,850	2,330,830	6,004,979	7,882,412	10,109,121	11,986,554
Trade and other receivables		383,532	-	-	-	-	-	383,532	383,532
Prepayments		52,227	514,443	582,344	-	-	-	634,571	634,571
Marketable securities		-	1,965	2,224	-	-	-	2,224	2,224
Short-term investment		-	23,000	26,036	-	-	-	26,036	26,036
Taxes and other receivables		-	98,830	111,875	-	-	-	111,875	111,875
Investment in associate		-	181,150	205,060	-	-	-	205,060	205,060
<b>TOTAL CURRENT ASSETS</b>		<b>1,690,221</b>	<b>1,277,740</b>	<b>1,446,389</b>	<b>2,330,830</b>	<b>6,004,979</b>	<b>7,882,412</b>	<b>11,472,419</b>	<b>13,349,852</b>



Statement of Financial Position	Notes	Reviewed as at 31-Mar-25 \$ Mont Royal	Reviewed as at 30-Apr-25 CAD Commerce	Translated as at 30-Apr-25 \$* Commerce	Subsequent events \$	Pro-forma adjustments \$ Minimum	Pro-forma adjustments \$ Maximum	Pro-forma after Offers \$ Minimum	Pro-forma after Offers \$ Maximum
<b>NON-CURRENT ASSETS</b>									
Exploration expenditure		6,290,385	52,218,664	59,111,007	-	(3,701,897)	(3,701,897)	61,699,495	61,699,495
Reclamation bonds		-	80,000	90,559	-	-	-	90,559	90,559
Right-of-use asset		-	62,658	70,928	-	-	-	70,928	70,928
<b>TOTAL NON-CURRENT ASSETS</b>		6,290,385	52,361,322	59,272,495	-	(3,701,897)	(3,701,897)	61,860,983	61,860,983
<b>TOTAL ASSETS</b>		7,980,606	53,639,062	60,718,884	2,330,830	2,303,082	4,180,515	73,333,402	75,210,835
<b>CURRENT LIABILITIES</b>									
Trade and other payables		255,343	2,203,862	2,494,750	-	-	-	2,750,093	2,750,093
Due to related parties		-	297,244	336,477	-	-	-	336,477	336,477
Taxes payable		-	3,106	3,516	-	-	-	3,516	3,516
Lease liabilities		-	36,681	41,523	-	-	-	41,523	41,523
Borrowings		-	-	-	2,404,653	(2,404,653)	(2,404,653)	-	-
<b>TOTAL CURRENT LIABILITIES</b>		255,343	2,540,893	2,876,266	2,404,653	(2,404,653)	(2,404,653)	3,131,609	3,131,609
<b>NON-CURRENT LIABILITIES</b>									
Lease liabilities		-	37,696	42,671	-	-	-	42,671	42,671
<b>TOTAL NON-CURRENT LIABILITIES</b>		-	37,696	42,671	-	-	-	42,671	42,671
<b>TOTAL LIABILITIES</b>		255,343	2,578,589	2,918,937	2,404,653	(2,404,653)	(2,404,653)	3,174,280	3,174,280
<b>NET ASSETS/(LIABILITIES)</b>		<b>7,725,263</b>	<b>51,060,473</b>	<b>57,799,947</b>	<b>(73,823)</b>	<b>4,707,735</b>	<b>6,585,168</b>	<b>70,159,122</b>	<b>72,036,555</b>
<b>EQUITY</b>									
Issued capital		13,562,268	108,424,842	122,735,841	-	(237,295)	1,402,705	136,060,814	137,700,814
Reserves		2,490,550	11,367,010	12,867,342	47,981	(1,246,123)	(1,024,123)	14,159,750	14,381,750
Accumulated losses		(8,864,721)	(68,731,379)	(77,803,236)	(121,804)	6,191,152	6,206,585	(80,598,609)	(80,583,176)
Total parent entity interest		7,188,097	51,060,473	57,799,947	(73,823)	4,707,735	6,585,168	69,621,956	71,499,389

Statement of Financial Position	Notes	Reviewed as at 31-Mar-25 \$ Mont Royal	Reviewed as at 30-Apr-25 CAD Commerce	Translated as at 30-Apr-25 \$* Commerce	Subsequent events \$	Pro-forma adjustments \$ Minimum	Pro-forma adjustments \$ Maximum	Pro-forma after Offers \$ Minimum	Pro-forma after Offers \$ Maximum
Non-controlling interest		537,166	-	-	-	-	-	537,166	537,166
<b>TOTAL EQUITY</b>		<b>7,725,263</b>	<b>51,060,473</b>	<b>57,799,947</b>	<b>(73,823)</b>	<b>4,707,735</b>	<b>6,585,168</b>	<b>70,159,122</b>	<b>72,036,555</b>

\* The balances of Commerce's financial position have been translated from CAD to AUD at an exchange rate of 1 CAD / AUD \$1.13.

#### Adjustments:

##### **Subsequent events**

1. On 13 May 2025, Commerce announced the raise of C\$2,150,000 via the issue of Commerce Convertible Notes.
2. As consideration to the C\$1,100,000 of the Convertible Note Financing, a cash fee of 6% was charged being A\$73,823, plus the issue of 1,100,000 Commerce Warrants with an expiry of three years and exercise price of \$0.075 were issued, at a deemed cost of A\$47,981.
3. On 28 July 2025, Commerce announced the issue of 9,000,000 Options to Mr Holthouse, Mr Robinson and Mr Ritchie equally, as well as a further 15,000,000 PSUs, in the following allotments to the following people, 9,000,000 PSUs were issued to Mr Holthouse and 3,000,000 each to Mr Robinson and Mr Ritchie. The terms and conditions of PSUs and Options are on substantially the same terms as the Director Consideration Options and Director Replacement Performance Rights for which approval is being sought in this Notice and therefore no financial adjustment has been made for these issues.

##### **Proforma adjustments**

1. As Proceeds from the Public Offers of A\$8,000,000 (Minimum Subscription) and A\$10,000,000 (Maximum Subscription)
2. Less cash costs of the Public Offer A\$1,067,815 (Minimum Subscription) and A\$1,190,382 (Maximum Subscription)
3. Payment of Corporate Advisory Fees of A\$493,997 to Yelverton Capital and A\$433,209 to Wallabi Group
4. Proforma adjustment of Mont Royal's carrying value of exploration and evaluation expenditure down by A\$3,701,897
5. Issue of 6,000,000 lead manager options at a cost of \$666,000 (Minimum Subscription) and issue of 8,000,000 for a deemed cost of A\$888,000 (Maximum Subscription)
6. The elimination of Mont Royals issued capital due to RTO accounting A\$13,562,268
7. The value of the issued consideration shares to CCE shareholders of \$3,732,808
8. The issue of plan options for a deemed expense of A\$170,099
9. The issue of PSUs for a total value of \$884,208
10. Adjustment to share capital of A\$2,835,165 for the Conversion Shares

## Schedule 6 Terms and conditions of Options

The following terms and conditions apply to each of the Consideration Options and Director Consideration Options (in this Schedule, referred to as **Options**) are as follows:

- (a) **(Entitlement)**: Each Option entitles the Option holder to subscribe for one Share in the Company upon exercise of the Option.
- (b) **(Exercise Price)**: The Options have the following exercise prices:

Security	Exercise Price (A\$)	Expiry date
To replace Commerce Warrants	\$0.172	30 October 2025
	\$0.624	18 December 2025
	\$0.538	19 December 2025
	\$0.947	20 May 2026
	\$0.538	21 June 2026
	\$0.430	12 August 2026
	\$0.538	12 August 2026
	\$0.258	30 October 2026
	\$0.161	12 May 2028
To replace Commerce Options	\$0.258	18 March 2028
	\$0.300	28 July 2028

- (c) **(Expiry Date)**: The Options expire at 5.00pm (Sydney time) on the date that is set out in paragraph (b) **(Expiry Date)**. If such date falls on a day that is not a Business Day, the final date will be the next Business Day. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **(Exercise Period)**: The Options are exercisable at any time from the date of issue, on or prior to the Expiry Date.
- (e) **(Notice of Exercise)**: The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner acceptable to the Company **(Notice of Exercise)**, and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **(Exercise Date)**: Any Notice of Exercise of an Option received by the Company is only effective on and from later of the date of receipt of the Notice of Exercise and the date of

receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (g) **(Timing of issue of Shares on exercise)**: Within 5 Business Days after the Exercise Date the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company.
- (h) **(Shares issued on exercise)**: Shares issued on exercise of the Options will rank equally with the then issued Shares of the Company.
- (i) **(Quotation of Shares on exercise)**: If admitted to the official list of ASX at the time, the Company will apply to ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of an Option within 5 Business Days of issue.
- (j) **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (k) **(Change in exercise price)**: The Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised other than under adjustments for a bonus issue or rights issue or reconstruction.
- (l) **(Adjustment for bonus issues of Shares)**: If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
  - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- (m) **(Adjustment for rights issue)**: If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment), the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New Exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

Where:

- (i) O = the old Exercise Price of the Option;
- (ii) E = the number of underlying Shares into which one Option is exercisable;
- (iii) P = the average market price per of Share (weighted by reference to volume) of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date;
- (iv) S = the subscription price of a Share under the pro rata issue;
- (v) D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue); and

- (vi) N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
- (n) **(Reconstruction of capital):** In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company prior to the Expiry Date, all rights of the Option holder shall be changed to the extent necessary to comply with the Listing Rules applying at the time.
- (o) **(Transferability):** The Option is non-transferable, unless the transfer is made to a related body corporate of the relevant Option holder with the Company's consent.
- (p) **(Quotation):** The Company does not intend to apply to ASX for official quotation of the Options.

## Schedule 7 Terms and conditions of Director Replacement Performance Rights

The terms and conditions of the Director Replacement Performance Rights, in this Schedule referred to as '**Performance Rights**' are as follows:

- (a) **(Entitlement)**: Subject to the terms and conditions set out below, each Performance Right, once vested, entitles the holder to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
- (b) **(Issue Price)**: The Performance Rights will be issued for nil cash consideration.
- (c) **(Vesting Conditions)**: Subject to the terms and conditions set out below, the Performance Rights will have the vesting conditions (**Vesting Conditions**) specified below:

Performance Rights		Vesting Condition	Expiry Date
Classes	Number		
A	2,554,038	The VWAP of the Company's shares over a period of 20 consecutive days on which the Company's shares have actually traded, commencing on or after completion of the MRZ Transaction, being greater than A\$0.30.	3 years from date of issue
B	2,554,038	The Company completing and announcing on ASX, TSX-V or a recognised securities exchange, a positive Pre-Feasibility Study for the Company's Ashram Project.	3 years from date of issue
C	2,554,038	The Company announcing it has secured a significant funding package with an aggregate value of at least AUD\$200 million from a Governmental Agency for a portion of the Company's Ashram Project at either equity or asset level.	3 years from date of issue

- (d) **(Vesting)**: Subject to the satisfaction of each Vesting Condition on or before the end of the Expiry Date and the holder remaining employed or engaged by the Company or a wholly-owned subsidiary of the Company as a director, employee or a consultant (under a consultant contract or similar instrument) at the date the Vesting Condition is satisfied (**Vesting Date**), the Company will notify the holder in writing (**Vesting Notice**) within 5 Business Days of becoming aware that the relevant Vesting Condition has been satisfied.

No Performance Right shall vest before the date that is one year following the date it is granted or issued unless explicitly permitted under the Plan and the policies of the TSX Venture Exchange.

- (e) **(Expiry Date)**: The Performance Rights will expire and lapse on the first to occur of the following:
  - (i) the relevant Vesting Condition becoming incapable of satisfaction due to the cessation of employment or engagement of the holder with the Company (or any of its subsidiary entities) (subject to the exercise of the Board's discretion under the Plan); and
  - (ii) 5.00pm (AWST) on the third anniversary of the issue date,

**(Expiry Date).**

- (f) **(Exercise):** At any time between receipt of a Vesting Notice and the Expiry Date (as defined in paragraph (e) above), the holder may apply to exercise Performance Rights by delivering a signed notice of exercise to the Company Secretary. The holder is not required to pay a fee to exercise the Performance Rights.
- (g) **(Canadian Eligible Employees):** If the eligible participant is or becomes a Canadian Eligible Employee (being an eligible employee that is subject to Canadian personal taxation under the laws of Canada) on or after the date they apply for the Performance Rights by way of returning a signed application form to the Company:
  - (i) the exercise of any vested Performance Rights shall only be satisfied through an issuance of new Shares in the Company and, for the avoidance of doubt, it is not intended that any Canadian Eligible Employee will, following the vesting of a Performance Right, be given Shares in the Company that have previously been held by the Company in treasury; and
  - (ii) any income tax, social security, or other statutorily required withholding obligations that arise pursuant to the Canadian Income Tax Act in respect of such delivery of Shares may be satisfied by the Company reducing the number of Shares otherwise deliverable to the Canadian Eligible Employee or causing the Canadian Eligible Employee to immediately sell the number of Shares required to settle the obligations.
- (h) **(Issue of Shares):** As soon as practicable after the valid exercise of a vested Performance Right, the Company will:
  - (i) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
  - (ii) issue a substitute Certificate for any remaining unexercised Performance Rights held by the holder;
  - (iii) if required, and subject to paragraph (i) below, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.
- (i) **(Restrictions on transfer of Shares):** If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (j) **(Ranking):** All Shares issued upon the conversion of Performance Rights will upon issue rank equally in all respects with other Shares.
- (k) **(Transferability of the Performance Rights):** The Performance Rights are not transferable, except in exceptional circumstances and with the prior written approval of the Board at its sole discretion and subject to compliance with the Corporations Act, Listing Rules and the policies of the TSX-V.

- (l) **(Dividend rights):** A Performance Right does not entitle the holder to any dividends.
- (m) **(Voting rights):** A Performance Right does not entitle the holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act, the ASX Listing Rules or the policies of the TSX-V where such rights cannot be excluded by these terms.
- (n) **(Quotation of the Performance Rights)** The Company will not apply for quotation of the Performance Rights on any securities exchange.
- (o) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Performance Rights holder will be varied in accordance with the Listing Rules and the policies of the TSX-V.
- (p) **(Entitlements and bonus issues):** Subject to the rights under paragraph (q), holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.
- (q) **(Bonus issues):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the exercise of a vested Performance Right will be varied in accordance with the Listing Rules and the policies of the TSX-V.
- (r) **(Return of capital rights):** The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (s) **(Rights on winding up):** The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
- (t) **(Takeovers prohibition):**
  - (i) the issue of Shares on exercise of the Performance Rights is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
  - (ii) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Performance Rights.
- (u) **(Change in Control):** Unvested Performance Rights automatically vest and are automatically exercised upon the occurrence of a "Change in Control" occurring before the Expiry Date. A "Change in Control" will occur if:
  - (i) a person who does not control the Company at the time the Performance Rights are issued achieves control of more than 50% of the ordinary voting shares in the Company;
  - (ii) the sale, assignment or other transfer of all or substantially all of the consolidated assets of the Company to a person other than one or more wholly-owned subsidiaries of the Company;
  - (iii) a takeover bid under the Corporations Act 2001 (Cth) or Business Corporations Act (British Columbia), having been made in respect of the Company and:
    - (A) having received acceptances for not less than 50% of the Company's shares on



issue; and

(B) having been declared unconditional by the bidder; or

- (iv) a recognised Canadian or Australian court of law granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement or equivalent for the reconstruction of the Company or its amalgamation with any other company or companies which will, upon becoming effective, result in any person (either alone or together with its associates) owning more 50% of the ordinary voting shares in the Company.
- (v) **(Leaver)**: Where the holder's employment, consulting agreement or arrangement is terminated or the holder ceases to hold office or his or her position, all unvested Performance Rights will be treated as if they were issued under the New Plan and dealt with in accordance with section 11 of the New Plan.
- (w) **(No other rights)**: A Performance Right does not give a holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (x) **(Constitution)**: Upon the issue of the Shares on exercise of the Performance Rights, the holder will be bound by the Company's Constitution.
- (y) **(ASX Listing Rules and TSX-V rules)**: The Company reserves the right to unilaterally amend the terms of the Performance Rights to the extent necessary to comply with the ASX Listing Rules and the policies of the TSX-V.

## **Schedule 8      Terms and conditions of ASX waivers and confirmations**

### **(i)      Waiver Decision - Listing Rule 1.1 Condition 12**

*1. Based solely on the information provided, for the purpose of the re-admission of Mont Royal Resources (the 'Company') to the Official List of ASX Limited ('ASX'), ASX grants the Company a waiver of Listing Rule 1.1 condition 12 to the extent necessary to permit the Company to issue:*

*1.1. Performance Share Units and Consideration Performance Rights (together the 'Performance Securities') (on a post-Consolidation basis) to Directors of the Company (or their respective nominees) with a Nil exercise price, expiring 3 years from the date of issue, as follows:*

*1.1.1. 1,532,423 Performance Share Units to Cameron Henry;*

*1.1.2. 1,532,423 Performance Share Units to Ronald Beevor;*

*1.1.3. 1,532,423 Performance Share Units to Peter Ruse;*

*1.1.4. 1,532,423 Consideration Performance Rights to Adam Ritchie;*

*1.1.5. 1,532,423 Consideration Performance Rights to Jeremy Robinson; and*

*1.1.6. 4,597,268 Consideration Performance Rights to Nicholas Holthouse;*

*subject to the following conditions:*

*1.2 the terms of this waiver and the terms and conditions of the Performance Share Units and Consideration Performance Rights are clearly disclosed in both the notice of meeting and the prospectus to be issued in connection with the Company's re-admission; and*

*1.3. the Company's shareholders approve the issue of the Performance Share Units and Consideration Performance Rights and the other resolutions proposed in connection with its re-admission.*

*2. ASX has considered Listing Rule 1.1 condition 12 only and makes no statement as to the Company's compliance with other listing rules.*

### **Basis for Waiver Decision**

#### **Listing Rule 1.1 condition 12**

*3. If an entity seeking admission to the official list has options or performance rights on issue, the exercise price for each underlying security must be at least 20 cents in cash. This rule supports listing rule 2.1 condition 2 which requires the issue price or sale price of all securities for which an entity is seeking quotation (except options) upon admission to the official list to be at least 20 cents in cash. These requirements together support the integrity of the ASX market, as they demonstrate that the entity's ordinary securities have a minimum value suitable for a listed entity.*

***Fact/Reasons for granting the waiver***

*4. ASX confirms that the full terms of the proposed Performance Share Units and Consideration Performance Rights are appropriate and equitable for the purposes of Listing Rule 6.1. This waiver is a companion to that confirmation.*

**(ii) Confirmation Decision - Listing Rules 6.1**

*1. Based solely on the information provided, ASX Limited ('ASX') confirms to Mont Royal Resources Limited (the 'Company') that the terms of the Performance Share Units and Consideration Performance Rights (together the 'Performance Securities') (on a post-Consolidation basis) to be issued to the Directors of the Company (or their respective nominees) with a Nil exercise price, expiring 3 years from the date of issue, as follows:*

*1.1 1,532,423 Performance Share Units to Cameron Henry;*

*1.2 1,532,423 Performance Share Units to Ronald Beavor;*

*1.3 1,532,423 Performance Share Units to Peter Ruse;*

*1.4 1,532,423 Consideration Performance Rights to Adam Ritchie;*

*1.5 1,532,423 Consideration Performance Rights to Jeremy Robinson; and*

*1.6 4,597,268 Consideration Performance Rights to Nicholas Holthouse;*

are appropriate and equitable for the purposes of Listing Rule 6.1, subject to the following conditions:

*1.7 The prospectus issued in connection with the Company's re-admission to the ASX official list and the Company's notice of meeting seeking shareholder approval pursuant to listing rule 11.1.2 contains the following details in respect of the Performance Securities:*

*1.7.1 the party or parties to whom the Performance Securities are to be issued and the number of Performance Securities to be issued to them or each of them;*

*1.7.2 any relationship the recipient of the Performance Securities or an associate of the recipient has with the entity;*

*1.7.3 in respect of those Performance Securities proposed to be issued to the directors of the Company:*

*(a) a statement that the Performance Securities are being issued to remunerate or incentivise the directors;*

*(b) details of the role (if any) the directors will play in meeting the respective performance milestone;*

*(c) details of the existing total remuneration package of the directors;*

*(d) if the directors or any of their associates hold securities in the entity, details of those securities and the consideration they paid or provided for those securities;*

*(e) an explanation why it is considered necessary or appropriate to further remunerate or incentivise the directors to achieve the applicable performance milestone; and*

*(f) details of how the Company determined the number of Performance Securities to be issued to the directors and why it considers that number to be appropriate and equitable;*

*1.7.4 the number of ordinary shares that the Performance Securities will convert into if the applicable performance milestone is met and the impact that will have on the entity's capital structure;*

*1.7.5 the full terms of the Performance Securities, including:*

*(a) the Performance Securities are not quoted;*

*(b) the Performance Securities are not transferrable;*

*(c) the Performance Securities do not confer any right to vote, except as otherwise required by law;*

*(d) the Performance Securities do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues;*

*(e) the Performance Securities do not carry an entitlement to a dividend;*

*(f) the Performance Securities do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise;*

*(g) the Performance Securities do not carry an entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company;*

*(h) each of the Performance Securities are converted into one fully paid ordinary share on achievement of the relevant milestone; and*

*(i) if the relevant class of Performance Securities is not converted into a share by the relevant expiry date then all the Performance Securities of that class lapse.*

*1.8 The Company makes an announcement immediately upon the satisfaction of the milestone, on the conversion of any of the Performance Securities and the expiry of any of the Performance Securities.*

*1.9 The terms and conditions of the Performance Securities, including without limitation the relevant milestone that has to be satisfied before each Performance Security converts into an ordinary share, are not to be changed without the prior approval of ASX and the Company's shareholders.*

*1.10 Upon conversion of the Performance Securities into ordinary shares, the Company will apply to the ASX for quotation of the shares within the requisite time period.*

*1.11 The Company discloses the following in each annual report issued by the Company in respect of any period during which any of the Performance Securities remain on issue or were converted or cancelled:*

*1.11.1 the number of Performance Securities on issue during the relevant period;*

*1.11.2 a summary of the terms and conditions of the Performance Securities, including without limitation the number of ordinary shares into which they are convertible and the relevant milestones;*

*1.11.3 whether any of the Performance Securities were converted or cancelled during that period; and*

*1.11.4 whether the milestone was met during the period.*

*2. ASX has considered Listing Rule 6.1 only and makes no statement as to the Company's compliance with other Listing Rules.*

**(iii) Listing Rule 9.1(b) – Confirmation**

*1. Subject to resolution 2, and based solely on the information provided, on receipt of an application for re-admission to the official list of ASX Limited ('ASX') by Mont Royal Resources Limited (the 'Company'), ASX would likely form the view that:*

*1.1 No escrow is applied to the shareholders in Commerce Resources Corp ("CCE") who receive MRZ shares in consideration for the acquisition of their shares in CCE.*

*1.2 MRZ shares issued in exchange for CCE shares issued on conversion of the principal on convertible notes are treated as being issued to related or unrelated seed capitalists who are categorised under Item 1 or 2 of Appendix 9B (as applicable), with cash formula relief calculated for the principal component only based on the cash contribution at that time with the date of issue for unrelated parties being deemed to be the date that cash was contributed to CCE.*

*1.3 MRZ shares issued in exchange for CCE shares issued on conversion of the interest payable on the convertible notes are treated as being issued to related or unrelated seed capitalists who are categorised under Item 1 or 2 of Appendix 9B (as applicable), with no cash formula relief so escrow will be applied for 12 months or 24 months (as applicable).*

*1.4 Securities issued to brokers and promoters for no cash consideration are categorised under Item 6 of Appendix 9B and the escrow period will be 24 months from the date of re-admission of the Company to the Official List of ASX.*

*1.5 Securities issued to related parties under an employee incentive plan are categorised under Item 7 of Appendix 9B and the escrow period will be 24 months from the date of re-admission of the Company to the Official List of ASX.*

*1.6 Options issued to related parties in replacement of their warrants in CCE are categorised under Item 1 of Appendix 9B and the escrow period will be 24 months from the date of re-admission of the Company to the Official List of ASX.*

*1.7 Options issued to unrelated parties in replacement of their warrants in CCE will not be subject to escrow.*

*2. ASX has considered Listing Rule 9.1 only and makes no statement as to the Company's compliance with other listing rules.*

## Schedule 9      Summary of material terms of the New Plan

The following is a summary of the material terms and conditions of the New Plan, in this Schedule referred to as ‘Plan’:

- (a)    **(Eligible Participant):** All directors, officers, employees, ‘management company employees’ and consultants are eligible to participate in the Plan (**Eligible Participants**).
- (b)    **(Purpose):** The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Directors, Officers, Employees, Management Company Employees and Consultants, to reward such of those Directors, Officers, Employees, Management Company Employees and Consultants as may be granted Awards under this Plan by the Board from time to time for their contributions toward the long term goals and success of the Company and to enable and encourage such Directors, Officers, Employees, Management Company Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Company.
- (c)    **(Awards):** The Plan Administrator (as defined below) may, provided that they are in accordance with the rules of the ASX/TSXV, grant any Eligible Participant:
  - (i)    **Options:** provided that the exercise price at the time each Option is granted is not less than fair market value on the date of grant and otherwise on the terms and conditions set out in the applicable Award Agreement (defined below);
  - (ii)    **Stock Appreciation Rights (SARs):** which shall, upon exercise, entitle the Eligible Participant to receive an amount of cash or Shares or a combination of both determined by reference to appreciation, from and after the date of grant, in the fair market value of a Share over the measurement price established pursuant to the Plan and otherwise on the terms and conditions set out in the applicable Award Agreement;
  - (iii)    **Restricted Share Units (RSUs):** in respect of services rendered in the year of grant which shall, upon exercise, entitle the Eligible Participant to receive an amount of cash or Shares or a combination of both. The number of RSUs will be calculated by dividing (i) the amount of any compensation that is to be paid in RSUs, as determined by the Plan Administrator, by (ii) the market price of a Share on the date of grant and otherwise on the terms and conditions set out in the applicable Award Agreement;
  - (iv)    **Performance Share Units (PSUs):** in respect of services rendered in the year of grant. Each PSU will consist of a right to receive a Share, cash payment, or a combination of both upon the achievement of certain performance goals during a performance period set out in the applicable Award Agreement; and
  - (v)    subject to prior acceptance of ASX/TSXV, other share-based awards on the terms and conditions set out in the applicable Award Agreement.

The Plan Administrator may also fix, from time to time, a portion of director fees that is to be payable in the form of Deferred Share Units (**DSUs**). Alternatively, a director can elect to receive a portion of their fees (between 0% and 100%) in the form of DSUs which will otherwise be on the terms and conditions set out in the applicable Award Agreement.

An “Award” is an Option, SAR, RSU, PSU, DSU or other share-based award granted under the Plan.

- (d) **(Plan administration):** The Plan will be administered by the Board or, to the extent that the administration of this Plan has been delegated by the Board to the Committee pursuant to Section 3.2 of the Plan, the Committee (**Plan Administrator**) who has sole and complete authority, in its discretion, to:
- (i) determine the individuals to whom grants of Awards under the Plan may be made;
  - (ii) make grants of Awards under the Plan, whether relating to the issuance of Shares or otherwise (including any combination of Options, SARs, Deferred Share Units, Restricted Share Units, Performance Share Units or Other Share-Based Awards), in such amounts, to such Persons and, subject to the provisions of this Plan, on such terms and conditions as it determines including without limitation:
  - (iii) the time or times at which Awards may be granted;
  - (iv) the conditions under which: (A) Awards may be granted to Participants; or (B) Awards may be forfeited to the Company, including vesting and any conditions relating to the attainment of specified Performance Goals;
  - (v) the number of Shares to be covered by any Award;
  - (vi) the price, if any, to be paid by a Participant in connection with the purchase of Shares covered by any Awards;
  - (vii) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any Award, and the nature of such restrictions or limitations, if any;
  - (viii) any acceleration of exercisability or vesting, or waiver of termination regarding any Award, based on such factors as the Plan Administrator may determine;
  - (ix) establish the form or forms of Award Agreements;
  - (x) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of this Plan;
  - (xi) construe and interpret this Plan and all Award Agreements;
  - (xii) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to this Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws;
  - (xiii) if an Award is to be granted to Employees, Consultants, or Management Company Employees, the Company and the Participant to whom that Award is to be granted are responsible for ensuring and confirming that the Participant is a bona fide Employee, Consultant, or Management Company Employee; and
  - (xiv) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

Notwithstanding the foregoing, the grant of any Other Share-Based Awards that are not Options, Deferred Share Units, Restricted Share Units or Performance Share Units will be subject to Exchange and shareholder approval (as applicable).



- (e) **(Maximum number of Shares):** Subject to adjustments of Awards under the Plan rules, for so long as the Company is listed on the TSXV and the ASX or on another exchange that requires the Company to fix the number of Shares to be issued in settlement or exercise, as applicable, of equity-based incentive awards in the form of stock options (**Options**), restricted share units (**RSUs**), performance share units (**PSUs**) and deferred share units (“DSUs” and, collectively with the RSUs and PSUs, the “Performance-Based Awards”) Awards, the maximum number of Shares available for issuance pursuant to the settlement or exercise, as applicable, of Awards shall be 36,228,416 Shares. For greater certainty, the aggregate number of Shares available for issuance pursuant to settlement or exercise, as applicable, of Awards shall not exceed 36,228,416 Shares reserved for the Awards less the number of outstanding Awards and number of Awards redeemed or exercised, as applicable, for Shares. To the extent any Awards (or portion(s) thereof) under the Plan are settled in cash, cancelled, terminated, surrendered, forfeited or expired without being redeemed or exercised, as applicable, and pursuant to which no Shares have been issued, any Shares subject to such Awards (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under the Plan and will again become available for issuance pursuant to the settlement or exercise, as applicable, of Awards granted under the Plan.

Notwithstanding anything in the Plan:

- (a) For so long as the Company is subject to the policies of the TSX-V, the number of grants which may be issuable under the Company's Security Based Compensation Arrangements in existence from time to time on and after the effective date of the Plan:
- (i) to Insiders (as a group) shall be no more than 10% of the issued and outstanding share capital of the Company at any point in time, unless the Company has obtained Disinterested Shareholder Approval;
  - (ii) to Insiders (as a group) shall be no more than 10% of the issued and outstanding share capital of the Company within any 12 month period, calculated as at the date any Award is granted to any Insider, unless the Company has obtained Disinterested Shareholder Approval;
  - (iii) to any one Person, shall be no more than 5% of the issued and outstanding share capital of the Company within any 12 month period, calculated as at the date any Award is granted (unless the Company has obtained the requisite Disinterested Shareholder Approval), with the exception of a Consultant who may not receive grants of more than 2% of the issued and outstanding share capital of the Company within any 12 month period, calculated as at the date any Award is granted;
  - (iv) to all Investor Relations Service Providers, shall be no more than an aggregate of 2% of the number of issued and outstanding Shares in the capital of the Company within any 12 month period, calculated as at the date any Award is granted, and shall only include Awards of Options; and
  - (v) if the recipient of an Award is a Company, excluding Participants that are Consultant Companies, then such recipient must provide the TSX-V with a completed *Certification and Undertaking Required from a Company Granted Security Based Compensation* in the form of Schedule “A” to Form 4G - *Summary Form – Security Based Compensation*.
- (b) If the Company proposes to grant Awards to an Australian Participant where monetary consideration is payable by the Australian Participant, the Company must reasonably believe when entering into an Award Agreement:
- (i) the total number of Shares that are, or are covered by the Awards that may be issued under an Award Agreement; and

- (ii) the total number of Shares that are, or are covered by the Awards that have been issued, or could have been issued in connection with the Plan in reliance on the Corporations Act Exemption at any time during the previous 3 year period prior to the date the Award Agreement is made,

does not exceed 10% of the issued capital of the Company at the date of the Invitation.

- (f) **(Grant of Awards):** Each Award granted under the Plan will be evidenced by an “Award Agreement”. Each Award Agreement will be subject to the applicable provisions of the Plan and will contain such provisions as are required by this Plan and any other provisions that the Plan Administrator may direct. Any one officer of the Company is authorised and empowered to execute and deliver, for and on behalf of the Company, any Award Agreement to an Eligible Participant granted an Award pursuant to the Plan.
- (g) **(Vesting and Exercisability):** As set out in the Plan, the Plan Administrator shall have the authority to determine the vesting terms applicable to grants of Awards subject to TSX-V Policy 4.4. The vesting schedule of any Awards granted pursuant to the Plan shall be stated in the Award Agreement for such Awards.
- (h) **(Specific rights relating to Options):**
  - (i) **Payment of Exercise Price:** Unless otherwise specified by the Plan Administrator at the time of granting an Option and set out in the particular Award Agreement, an exercise notice for an Option must be accompanied by payment of the exercise price. The exercise price must be fully paid by certified wire transfer, certified cheque, bank draft or money order payable to the Company or by such other means as might be specified by the Plan Administrator. This may include (i) through an arrangement with a Broker approved by the Company (or through an arrangement directly with the Company) whereby payment of the exercise price is accomplished pursuant to a cashless or net exercise of Options as described in paragraph 9(b) and (c) below, respectively, or (ii) such other consideration and method of payment for the issuance of Shares to the extent permitted by securities laws and policies of the ASX/TSXV, or any combination of the foregoing methods of payment.
  - (ii) **Cashless exercise:** Subject to prior approval by the Board, where the Company has an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to a Participant to purchase the Shares underlying Options, the Participant may borrow money from such brokerage firm to exercise Options. If the Participant makes such borrowing, then the Participant shall direct the brokerage firm to sell, on behalf of the Participant, a sufficient number of the Shares that are acquired upon exercise of the Options to obtain proceeds of sale from such Shares in an amount to repay the amount of the loan made by the Broker to the Participant.
  - (iii) **Net exercise:** Subject to prior approval by the Board, a Participant (other than any investor relations service provider) may elect to surrender for cancellation to the Company any vested Option. The Company will issue to the Participant, as consideration for the surrender of the Option, that number of Shares (rounded down to the nearest whole number) determined on a net issuance basis in accordance with the following formula below.

$$\frac{Y(A - B)}{A}$$

A

where:

Y = the number of Shares issuable with respect to the vested portion of the Option exercised by the Participant;

A = the VWAP of the Shares; and

B = the exercise price of the Options

(iv) **General:** The following provisions apply to all Options:

- (A) any changes in the exercise price or the period for exercise must be in accordance with the rules of ASX/TSXV; and
- (B) there are no participation rights or entitlements inherent in the Options; and
- (C) Participants will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising the Options.

Subject to the rules of the ASX (including via waiver), the terms of the Options may not be changed to:

- (A) reduce the exercise price;
- (B) increase the number of securities received on exercise of the Options; or
- (C) increase any period for exercise of the Options.

A change to the terms for Options which is not otherwise prohibited under the relevant Exchange may only be changed with the approval of Shareholders unless it has the effect of cancelling an option for no consideration or is made to comply with the relevant exchange, in which case such change can be made without obtaining the approval of shareholders.

- (i) **(Rights attaching to Awards):** No Participant (being an Eligible Participant who has been granted an Award under the Plan) has any rights as a shareholder of the Company in respect of Shares issuable pursuant to any until the allotment and issuance of such Shares to such Participant, or as such Participant may direct, of certificates representing such Shares.
- (j) **(Restrictions of transfers):** Except as permitted by ASX/TSXV and subject to compliance with applicable laws or as required by law, no assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards or under the Plan whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect.
- (k) **(Effect of Termination on Awards):** Subject to the Plan Administrator, in its discretion, permitting the acceleration of vesting of any or all Awards or the waiver of termination of any or all Awards, in compliance with the policies of ASX/TSXV, unless otherwise determined by the Plan Administrator or as set forth in an employment agreement, Award Agreement or other written agreement:
  - (a) where a Participant voluntarily resigns or their employment is terminated by the Company for cause, then any Award held by the Participant that has not been exercised as of the termination date shall be immediately forfeited and cancelled as of the termination date;

- (b) where a Participant's employment is terminated by the Company without cause, then any unvested Awards held by the Participant as of the termination date shall be immediately forfeited and cancelled as of the termination date. Any vested Awards held by the Participant as of the termination date may be exercised or surrendered to the Company by the Participant at any time during the period that terminates on the earlier of: (i) the expiry date of such Award; and (ii) the date that is thirty (30) days after the termination date. Any Award that remains unexercised or has not been surrendered to the Company by the Participant shall be immediately forfeited upon the termination of such period; or
- (c) where a Participant retires or becomes disabled or deceased, then any Award held by the Participant that has not vested as of the date of the disability of such Participant shall continue to vest in accordance with its terms and may be exercised or surrendered to the Company by the Participant at any time during the period that terminates on the earlier of:
  - (i) the expiry date of such Award; and
  - (ii) the first anniversary of the Participant's date of retirement, disability or death. Company by the Participant shall be immediately forfeited upon the termination of such period. Notwithstanding the foregoing, if, following retirement, the Participant engages in any activity with a company in competition with the Company, any Award held by the Participant that has not been exercised as of the shall be immediately forfeited and cancelled.

A Participant's eligibility to receive further grants of Awards under the Plan shall cease at such time that a Participant ceases to be an Eligible Participant. Unless the Plan Administrator, in its discretion, otherwise determines, Awards shall not be affected by a change of employment or consulting agreement or arrangement or directorship within or among the Company or a subsidiary of the Company provided that the participant continues to be an Eligible Participant.

- (l) **(Change in control):** Except as may be set forth in an employment agreement, Award Agreement or other written agreement between the Company or a subsidiary of the Company and the Participant:
  - (a) The Plan Administrator may, without the consent of any Participant, determine the treatment of Awards in the event of a change in control as it deems necessary or desirable, including:
    - (i) subject to prior acceptance by ASX/TSXV, the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent value, as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a change in control;
    - (ii) outstanding Awards to vest and become exercisable, realizable, or payable, or restrictions applicable to an Award to lapse, in whole or in part prior to or upon consummation of such change in control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such change in control;
    - (iii) subject to prior acceptance by ASX/TSXV, the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction net of any exercise price payable by the Participant (and, for the

avoidance of doubt, if as of the date of the occurrence of the transaction the Plan Administrator determines in good faith that no amount would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights net of any exercise price payable by the Participant, then such Award may be terminated by the Company without payment);

- (iv) subject to prior acceptance by ASX/TSXV, the replacement of such Award with other rights or property selected by the Board in its sole discretion; or
- (v) subject to prior acceptance by the Exchange, any combination of the foregoing.

In taking any of these actions the Plan Administrator will not be required to treat all Awards similarly in the transaction.

- (b) Notwithstanding (a), and unless otherwise determined by the Plan Administrator, if, as a result of a change in control, the Shares will cease trading on an exchange, then the Company may terminate or allow the Participant to surrender all of the Awards granted under the Plan at the time of and subject to the completion of the change in control transaction by paying to each holder an amount for each Award equal to the fair market value of the Award held by such Participant as determined by the Plan Administrator, acting reasonably.
- (c) Any actions taken on a change in control will comply with the policies of ASX/TSXV including, without limitation, the requirement that the acceleration of vesting of Options granted to investor relations service providers shall only occur with the prior written approval of ASX/TSXV. Notwithstanding the foregoing, in the case of Options held by a Canadian Participant, the Plan Administrator shall to the extent possible cause a Canadian Participant to receive (pursuant to the terms of a change of control) property in connection with a change of control other than rights to acquire shares of a corporation or units of a "mutual fund trust" (as defined in the Income Tax Act (Canada) (Tax Act) of the Company or a "qualifying person" (as defined in the Tax Act) that does not deal at arm's length (for the purposes of the Tax Act) with the Company, as applicable, at the time such rights are issued or granted.
- (m) **(Reorganisation):** Subject to the prior approval of ASX/TSXV, if applicable, should the Company effect a subdivision or consolidation of Shares or any similar capital reorganisation or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalisation of the Company that does not constitute a change in control and that would warrant the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award, the Plan Administrator will:
  - (a) subject to the prior approval of ASX/TSXV, authorize such steps to be taken as it may consider to be equitable and appropriate in order to preserve proportionately the rights and obligations of the Participants holding such Awards; and
  - (b) change the rights of Participant to the extent necessary to comply with the rules of ASX/TSXV and any other stock exchange applying to a reorganization of capital at the time of the reorganisation.

In the event of an amalgamation, combination, arrangement, merger or other transaction or

reorganisation involving the Company and occurring by exchange of Shares, by sale or lease of assets or otherwise, that does not constitute a change in control and that warrants the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of ASX/TSXV (if required), authorise such steps to be taken as it may consider to be equitable and appropriate to that end.

In taking any of the steps provided in the paragraph above, the Plan Administrator will not be required to treat all Awards similarly and where the Plan Administrator determines that the steps provided in the paragraph above, would not preserve proportionately the rights, value and obligations of the Participants holding such Awards in the circumstances or otherwise determines that it is appropriate, the Plan Administrator may, but is not required, subject to the limitations contained in the policies of ASX/TSXV, to permit the immediate vesting of any unvested Awards, other than any Options granted to an investor relations service provider.

- (n) **(Effect of new Share issues):** Except as expressly provided for in the Plan, neither the issue by the Company of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to the number of Shares that may be acquired as a result of a grant of Awards or other entitlements of the Participants under such Awards.
- (o) **(Dividends):** Unless otherwise determined by the Plan Administrator and set forth in the particular Award Agreement, and subject to the restrictions of ASX/TSXV, DSUs, PSUs and RSUs (as applicable) shall be credited with dividend equivalents in the form of additional DSUs, PSUs or RSUs, as applicable, as of each dividend payment date in respect of which normal cash dividends are paid on Shares provided any Performance Goals pertaining to the DSUs, PSUs or RSUs have been achieved (as determined by the Plan Administrator) at the dividend payment date. Such dividend equivalents shall be in the amount a Participant would have received if the DSUs, PSUs or RSUs had been settled for Shares on the record date of such dividend. Notwithstanding the above, a Canadian Participant shall not receive, nor be entitled to, a dividend equivalent in the form of cash with respect to a DSU or RSU.
- (p) **(Blackout Period):** In the event that an Award expires, at a time when an undisclosed material change or material fact in the affairs of the Company exists, subject to the requirements of TSXV, the expiry of such Award will be extended to a date that is no later than 10 business days after the expiry of the blackout period formally imposed by the Company pursuant to its internal trading policies as a result of the undisclosed material change or material fact, provided that in no event will the expiry date extend beyond ten years from the date of grant,
- (q) **(Amendment of the Plan):** Subject to the following paragraph, the Plan Administrator may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if:

- (a) the amendment materially impair any rights of a Participant without their consent unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable Securities Laws or Exchange requirements;
- (b) the amendment requires ASX/TSV approval; or

- (c) require Shareholder approval under the rules of the Plan.

Without limiting the generality of the foregoing, but subject to the below, the Plan Administrator may, without Shareholder approval but subject to the limitations set out in the policies of the ASX/TSXV, at any time or from time to time, amend the Plan for the purposes of making:

- (a) any amendments to the general vesting provisions of each Award;
- (b) any amendment regarding the effect of termination of a Participant's employment or engagement;
- (c) any amendments to add covenants of the Company for the protection of Participants, provided that the Plan Administrator shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants;
- (d) any amendments consistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Plan Administrator, having in mind the best interests of the participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a participant resides, provided that the Plan Administrator shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the participants; or
- (e) any such changes or corrections which, on the advice of counsel to the Company, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Plan Administrator shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the participants.

Notwithstanding the foregoing and subject to any rules of the exchange, Shareholder approval will be required for any amendment, modification or change that:

- (a) increases the number of Shares reserved for issuance under the Plan, except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
- (b) reduces the exercise price of an Option except pursuant to the provisions of the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
- (c) extends the term of an Award beyond the original expiry date (except where an expiry date would have fallen within a blackout period of the Company);
- (d) permits an Award (excluding Options) to be exercisable beyond ten (10) years from its date of grant (except where an expiry date would have fallen within a blackout period of the Company);
- (e) increases or removes the non-employee director participation limits;
- (f) changes the eligible participants of the Plan;
- (g) permits Awards to be transferable or assignable other than for normal estate settlement purposes; or
- (h) deletes or reduces the range of amendments which require approval of the Shareholders.

The disinterested approval of Shareholders is required for any amendments that: reduce the exercise price of an Option benefitting an insider of the Company; or extend the expiry date of an Award benefitting an insider of the Company, except in the case of an extension due to a blackout period.

- (r) **(Withholding taxes)**: Notwithstanding any other terms of the Plan, and subject to TSXV rules, the granting, vesting or settlement of each Award under the Plan is subject to the condition that if at any time the Plan Administrator determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such grant, vesting or settlement, such action is not effective unless such withholding has been effected to the satisfaction of the Plan Administrator.
- (s) **(Recoupment)**: Notwithstanding any other terms of the Plan, Awards may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any clawback, recoupment or similar policy adopted by the Company and in effect at the date of grant of the Award, or as set out in the Participant's employment agreement, Award Agreement or other written agreement, or as otherwise required by law or the rules of ASX/TSXV.



## Schedule 10 Summary of material terms of the PSUs and Plan Options

### Part 1 - PSUs

The terms and conditions of the PSUs are set out below:

- (a) **(Entitlement):** Subject to the terms and conditions set out below, each PSU represents a contractual right to an eligible participant credited by way of a bookkeeping entry in the books of the Company which, upon vesting, entitles the participant to be issued one fully paid ordinary share (Share). Shares issued on the vesting of PSUs rank equally with the Shares on issue and will be free of all encumbrances, liens and third party interests.
- (b) **(Issue Price):** The PSUs will be issued for nil cash consideration.
- (c) **(Vesting Conditions):** Subject to the terms and conditions set out below, the PSUs will have the vesting conditions (**Vesting Conditions**) specified below:

PSUs		Vesting Condition	Performance Period
Class	Number		
A	1,532,422	The VWAP of the Company's shares over a period of 20 consecutive days on which the Company's shares have actually traded, commencing on or after completion of the MRZ Transaction, being greater than A\$0.30.	3 years from date of issue
B	1,532,423	The Company completing and announcing on ASX, TSX-V or a recognised securities exchange, a positive Pre-Feasibility Study for the Company's Ashram Project.	3 years from date of issue
C	1,532,423	The Company announcing it has secured a significant funding package with an aggregate value of at least AUD\$200 million from a Governmental Agency for a portion of the Company's Ashram Project at either equity or asset level.	3 years from date of issue

- (d) **(Vesting):** Subject to the satisfaction of each Vesting Condition on or before the end of the Performance Period and the holder remaining employed or engaged by the Company or a wholly-owned subsidiary of the Company as a director, employee or a consultant (under a consultant contract or similar instrument) at the date the Vesting Condition is satisfied (**Vesting Date**), the Company will notify the holder in writing (**Vesting Notice**) within 5 Business Days of becoming aware that the relevant Vesting Condition has been satisfied.

No PSU shall vest before the date that is one year following the date it is granted or issued unless explicitly permitted under the Plan and the policies of the TSX Venture Exchange.

- (e) **(Expiry Date):** The PSUs will expire and lapse on the first to occur of the following:
  - (i) the relevant Vesting Condition becoming incapable of satisfaction due to the cessation of employment or engagement of the holder with the Company (or any of its subsidiary entities) (subject to the exercise of the Board's discretion under the Plan); and
  - (ii) 5.00pm (AWST) on the third anniversary of the issue date,

**(Expiry Date).**

- (f) **(Exercise):** At any time between receipt of a Vesting Notice and the Expiry Date (as defined in paragraph (e) above), the holder may apply to exercise PSUs by delivering a signed notice of exercise to the Company Secretary. The holder is not required to pay a fee to exercise the PSUs.
- (g) **(Canadian Eligible Employees):** If the eligible participant is or becomes a Canadian Eligible Employee (being an eligible employee that is subject to Canadian personal taxation under the laws of Canada) on or after the date they apply for the PSUs by way of returning a signed application form to the Company:
  - (i) the exercise of any vested PSUs shall only be satisfied through an issuance of new Shares in the Company and, for the avoidance of doubt, it is not intended that any Canadian Eligible Employee will, following the vesting of PSUs, be given Shares in the Company that have previously been held by the Company in treasury; and
  - (ii) any income tax, social security, or other statutorily required withholding obligations that arise pursuant to the Canadian Income Tax Act in respect of such delivery of Shares may be satisfied by the Company reducing the number of Shares otherwise deliverable to the Canadian Eligible Employee or causing the Canadian Eligible Employee to immediately sell the number of Shares required to settle the obligations.
- (h) **(Issue of Shares):** As soon as practicable after the valid exercise of a vested PSUs, the Company will:
  - (i) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
  - (ii) issue a substitute Certificate for any remaining unexercised PSUs held by the holder;
  - (iii) if required, and subject to paragraph (i) below, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.
- (i) **(Restrictions on transfer of Shares):** If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of the PSUs may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (j) **(Ranking):** All Shares issued upon the conversion of PSUs will upon issue rank equally in all respects with other Shares.
- (k) **(Transferability of the PSUs):** The PSUs are not transferable, except in exceptional circumstances and with the prior written approval of the Board at its sole discretion and subject to compliance with the Corporations Act, Listing Rules and the policies of the TSX-V.
- (l) **(Dividend rights):** A PSU does not entitle the holder to any dividends.
- (m) **(Voting rights):** A PSU does not entitle the holder to vote on any resolutions proposed at a

general meeting of the Company, subject to any voting rights provided under the Corporations Act, the ASX Listing Rules or the policies of the TSX-V where such rights cannot be excluded by these terms.

- (n) **(Quotation of the PSUs)** The Company will not apply for quotation of the PSUs on any securities exchange.
- (o) **(Adjustments for reorganisation)**: If there is any reorganisation of the issued share capital of the Company, the rights of the PSU holder will be varied in accordance with the Listing Rules, the policies of the TSX-V and the terms of the New Plan.
- (p) **(Entitlements and bonus issues)**: Subject to the rights under paragraph (q), holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.
- (q) **(Bonus issues)**: If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the exercise of a vested PSU will be varied in accordance with the Listing Rules, the policies of the TSX-V and the terms of the New Plan.
- (r) **(Return of capital rights)**: The PSUs do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (s) **(Rights on winding up)**: The PSUs have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
- (t) **(Takeovers prohibition)**:
  - (i) the issue of Shares on exercise of the PSUs is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
  - (ii) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the PSUs.
- (z) **(Change in Control)**: Unvested PSUs automatically vest and are automatically exercised upon the occurrence of a "Change in Control" (as defined in the New Plan) occurring before the Expiry Date. A "Change of Control" will occur if:
  - (i) a person who does not control the Company at the time the Performance Rights are issued achieves control of more than 50% of the ordinary voting shares in the Company;
  - (ii) the sale, assignment or other transfer of all or substantially all of the consolidated assets of the Company to a person other than one or more wholly-owned subsidiaries of the Company;
  - (iii) a takeover bid under the Corporations Act 2001 (Cth) or Business Corporations Act (British Columbia), having been made in respect of the Company and:
    - (A) having received acceptances for not less than 50% of the Company's shares on issue; and
    - (B) having been declared unconditional by the bidder; or

- (iv) a recognised Canadian or Australian court of law granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement or equivalent for the reconstruction of the Company or its amalgamation with any other company or companies which will, upon becoming effective, result in any person (either alone or together with its associates) owning more 50% of the ordinary voting shares in the Company.
- (u) **(Leaver)**: Where the holder's employment, consulting agreement or arrangement is terminated or the holder ceases to hold office or his or her position, all unvested Performance Rights will be dealt with in accordance with the terms of the New Plan.
- (v) **(No other rights)**: A PSU does not give a holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (w) **(Plan)**: The PSUs are issued pursuant to and are subject to the Company's New Plan. In the event of conflict between a provision of these terms and conditions and the New Plan, these terms and conditions prevail to the extent of that conflict.
- (x) **(Constitution)**: Upon the issue of the Shares on exercise of the PSU, the holder will be bound by the Company's Constitution.
- (y) **(ASX Listing Rules and TSX-V rules)**: The Company reserves the right to unilaterally amend the terms of the PSU to the extent necessary to comply with the ASX Listing Rules and the policies of the TSX-V.

## Part 2 – Plan Options

The terms and conditions of the Plan Options (referred to as "Options" in this section) are set out below:

1. **(Entitlement)**: Subject to the terms and conditions set out below, each Option entitles the holder to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
2. **(Issue Price)**: The Options will be issued for nil cash consideration.
3. **(Exercise Price)**: The Options are exercisable at AUD\$0.30 each.
4. **(Expiry Date)**: Each Option will expire the third anniversary of the issue date (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
5. **(Exercise Period)**: The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
6. **(Notice of Exercise)**: The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Canadian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

7. **(Issue of Shares):** Within five Business Days after the valid exercise of an Option, the Company will:
- (i) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
  - (ii) issue a substitute certificate for any remaining unexercised Options held by the holder (if applicable);
  - (iii) subject to paragraph 8 below, give the Australian Securities Exchange (**ASX**) a notice that complies with section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**); and
  - (iv) if admitted to the official list of ASX at the time, do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules of the ASX.
8. **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of the Options may not be traded (whether on ASX or any other securities exchange) until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act. The Company is authorised by the holder to apply a holding lock on the relevant Shares during the period of such restriction from trading.
9. **(Ranking):** All Shares issued upon the exercise of Options will upon issue rank equally in all respects with other Shares.
10. **(Transferability of the Options):** The Options are not transferable.
11. **(Dividend rights):** An Option does not entitle the holder to any dividends.
12. **(Voting rights):** The Options do not confer any right to vote at meetings of members of the Company, except as required by law, during the currency of the Options without first exercising the Options.
13. **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
14. **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules of the ASX, and, if applicable the *Corporate Finance Policies* of the TSX Venture Exchange (**TSXV**).
15. **(Entitlements and bonus issues):** Subject to the rights under paragraph 16, holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.
16. **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
- (v) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (vi) no change will be made to the Exercise Price.
17. **(Return of capital rights):** The Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

18. **(Rights on winding up):** The Options have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
19. **(Takeovers prohibition):**
- (vii) the issue of Shares on exercise of the Options is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
  - (viii) the Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Options.
20. **(No other rights):** An Option does not give a holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
21. **(Amendments required by ASX):** The terms of the Options may be amended as considered necessary by the Company's board of directors in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the holder are not diminished or terminated.
22. **(Constitution):** Upon the issue of the Shares on exercise of the Options, the holder will be bound by the Company's Constitution.
23. **(Plan):** The Options are issued pursuant to and are subject to the New Plan. In the event of conflict between a provision of these terms and conditions and the New Plan, these terms and conditions prevail to the extent of that conflict.

## Schedule 11 Valuation of PSUs and Plan Options

The PSUs and Plan Options to be issued in accordance with Resolution 17 have been valued as at 28 July 2025 (**Valuation Date**) on the following assumptions:

### PSUs

	CLASS A	CLASS B	CLASS C
Number Of PSUs	1,532,422	1,532,423	1,532,423
Underlying Share Price	\$0.20	\$0.20	\$0.20
Exercise Price	\$0.00	\$0.00	\$0.00
Barrier	\$0.42	n/a	n/a
Expected Volatility	100%	100%	100%
Life of the Rights (Years)	3.00	3.00	3.00
Expected Dividends	Nil	Nil	Nil
Risk Free Rate	3.485%	3.485%	3.485%
Value Per PSU	\$0.177	\$0.200	\$0.200
Fair Value	\$271,239	\$306,485	\$306,485
<b>Total Fair Value</b>	-	-	<b>\$884,209</b>

### Plan Options

Number of Options	1,532,423
Underlying share price	\$0.20
Exercise price	\$0.30
Expected volatility	100%
Life of the Options (years)	3.00
Expected dividends	Nil
Risk free rate	3.485%
Value per Option	\$0.111
<b>Total Fair Value</b>	<b>\$170,099</b>

## Schedule 12 Summary of material terms of the Broker Options

The following terms and conditions apply to Broker Options (in this Schedule, referred to as **Options**) are as follows:

- (a) **(Entitlement)**: Each Option entitles the Option holder to subscribe for one Share in the Company upon exercise of the Option.
- (b) **(Exercise Price)**: The Options have an exercise price of \$0.30 each.
- (c) **(Expiry Date)**: The Options expire at 5.00pm (Sydney time) on the date that is 3 years from the date of issue (**Expiry Date**). If such date falls on a day that is not a Business Day, the final date will be the next Business Day. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **(Exercise Period)**: The Options are exercisable at any time from the date of issue, on or prior to the Expiry Date.
- (e) **(Notice of Exercise)**: The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner acceptable to the Company (**Notice of Exercise**), and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **(Exercise Date)**: Any Notice of Exercise of an Option received by the Company is only effective on and from later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **(Timing of issue of Shares on exercise)**: Within 5 Business Days after the Exercise Date the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company.
- (h) **(Shares issued on exercise)**: Shares issued on exercise of the Options will rank equally with the then issued Shares of the Company.
- (i) **(Quotation of Shares on exercise)**: If admitted to the official list of ASX at the time, the Company will apply to ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of an Option within 5 Business Days of issue.
- (j) **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (k) **(Change in exercise price)**: The Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised other than under adjustments for a bonus issue or rights issue or reconstruction.
- (l) **(Adjustment for bonus issues of Shares)**: If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):



- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- (m) **(Adjustment for rights issue):** If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment), the Exercise Price of an Option will be reduced according to the following formula:
- $$\text{New Exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$
- Where:
- (i) O = the old Exercise Price of the Option;
  - (ii) E = the number of underlying Shares into which one Option is exercisable;
  - (iii) P = the average market price per of Share (weighted by reference to volume) of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date;
  - (iv) S = the subscription price of a Share under the pro rata issue;
  - (v) D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue); and
  - (vi) N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
- (n) **(Reconstruction of capital):** In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company prior to the Expiry Date, all rights of the Option holder shall be changed to the extent necessary to comply with the Listing Rules applying at the time.
- (o) **(Transferability):** The Option is non-transferable, unless the transfer is made to a related body corporate of the relevant Option holder with the Company's consent.
- (p) **(Quotation):** The Company does not intend to apply to ASX for official quotation of the Options.



## 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
<b>Assets</b>		
<b>Current</b>		
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
<b>Total current assets</b>	<b>1,277,740</b>	<b>3,981,568</b>
<b>Non-current</b>		
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
<b>Total Assets</b>	<b>\$ 53,639,062</b>	<b>\$ 54,740,606</b>
<b>Liabilities</b>		
<b>Current</b>		
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
<b>Total current liabilities</b>	<b>2,540,893</b>	<b>1,582,249</b>
<b>Non-current</b>		
Lease liabilities (Note 14)	37,696	56,584
<b>Total Liabilities</b>	<b>2,578,589</b>	<b>1,638,833</b>
<b>Shareholders' Equity</b>		
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)
<b>Total Shareholders' Equity</b>	<b>51,060,473</b>	<b>53,101,773</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 53,639,062</b>	<b>\$ 54,740,606</b>

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
<b>Expenses</b>				
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
<b>Loss before other items</b>	<b>(1,123,092)</b>	<b>(377,208)</b>	<b>(2,102,451)</b>	<b>(677,913)</b>
<b>Other income (expenses)</b>				
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)	-
	<b>(42,924)</b>	<b>32,554</b>	<b>(48,349)</b>	<b>59,052</b>
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,166,016)</b>	<b>\$ (344,654)</b>	<b>\$ (2,150,800)</b>	<b>\$ (618,861)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>212,021,555</b>	<b>168,021,555</b>	<b>212,021,555</b>	<b>168,021,555</b>

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
<b>Balance, October 31, 2023</b>		<b>168,021,555</b>	<b>\$ 103,574,799</b>	<b>\$ -</b>	<b>\$ 11,022,110</b>	<b>\$ (37,880,206)</b>	<b>\$ 76,716,703</b>
Share issuance costs	7	-	(594)	-	-	-	(594)
Net loss for the period		-	-	-	-	(618,861)	(618,861)
<b>Balance, April 30, 2024</b>		<b>168,021,555</b>	<b>\$ 103,574,205</b>	<b>\$ -</b>	<b>\$ 11,022,110</b>	<b>\$ (38,499,067)</b>	<b>\$ 76,097,248</b>
	Note	Number of Shares	Share Capital	Share subscriptions received	Reserves	Deficit	Total
<b>Balance, October 31, 2024</b>		<b>212,021,555</b>	<b>\$ 108,424,842</b>	<b>\$ -</b>	<b>\$ 11,257,510</b>	<b>\$ (66,580,579)</b>	<b>\$ 53,101,773</b>
Share-based compensation	8	-	-	-	109,500	-	109,500
Net loss for the period		-	-	-	-	(2,150,800)	(2,150,800)
<b>Balance, April 30, 2025</b>		<b>212,021,555</b>	<b>\$ 108,424,842</b>	<b>\$ -</b>	<b>\$ 11,367,010</b>	<b>\$ (68,731,379)</b>	<b>\$ 51,060,473</b>

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
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>		
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
<b>Net cash flows (used in) operating activities</b>	<b>(763,797)</b>	<b>(770,506)</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>		
Share issuance costs	-	(594)
Principal payments of lease liabilities	(21,600)	(21,600)
<b>Net cash flows (used in) financing activities</b>	<b>(21,600)</b>	<b>(22,194)</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>		
Deferred exploration and development costs, net of tax credits received	(1,242,936)	(908,899)
<b>Net cash flows (used in) investing activities</b>	<b>(1,242,936)</b>	<b>(908,899)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(2,028,333)</b>	<b>(1,701,599)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>2,486,685</b>	<b>3,954,990</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 458,352</b>	<b>\$ 2,253,391</b>

**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)

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### 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Commerce Resources Corp. (“Commerce” or the “Company”) was incorporated on May 19, 1999, under the Company Act of British Columbia and is in the business of acquiring, exploring, developing and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is in the exploration stage and has interests in properties located in British Columbia (“BC”) and Quebec, Canada. Commerce is a public company listed on Tier 1 of the TSX Venture Exchange in Canada (“CCE”), the Frankfurt Stock Exchange in Germany (“D7H”), and the 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)

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#### **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)

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### 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)

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

## 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)

#### 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 \$	
<b>Key management compensation*</b>		
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 \$
<b>Amounts due to (from) related parties</b>		
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)

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#### 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)

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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 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:

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

b) Lease liability

The net change in the lease liability is as follows:

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

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:

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

### 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
<b>For the six months ended April 30, 2025</b>	
<b>Acquisition costs</b>	
Balance, beginning of period	\$ 1,403,382
Staking and renewals	-
Balance, end of the period	1,403,382
<b>Deferred exploration and development costs</b>	
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**

<b>For the year ended October 31, 2024</b>	<b>Blue River Claims</b>	<b>Eldor Claims</b>	<b>Totals</b>
<b>Acquisition costs</b>			
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
<b>Deferred exploration and development costs</b>			
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



## 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	<ul style="list-style-type: none"> <li>Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.</li> <li>Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.</li> </ul>

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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.

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## 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 21, 2025

**Commerce Resources Corp.**

## Consolidated Statements of Financial Position

As at October 31,

As expressed in Canadian dollars

	2024	2023
<b>Assets</b>		
<b>Current</b>		
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
<b>Total current assets</b>	<b>3,981,568</b>	<b>4,451,460</b>
<b>Non-current</b>		
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
<b>Total Assets</b>	<b>\$ 54,740,606</b>	<b>\$ 77,287,736</b>
<b>Liabilities</b>		
<b>Current</b>		
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
<b>Total current liabilities</b>	<b>1,582,249</b>	<b>476,442</b>
<b>Non-current</b>		
Lease liabilities (Note 14)	56,584	94,591
<b>Total Liabilities</b>	<b>1,638,833</b>	<b>571,033</b>
<b>Shareholders' Equity</b>		
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)
<b>Total Shareholders' Equity</b>	<b>53,101,773</b>	<b>76,716,703</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 54,740,606</b>	<b>\$ 77,287,736</b>

**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
<b>Expenses</b>		
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
<b>Loss before other items</b>	<b>(1,820,040)</b>	<b>(1,335,173)</b>
<b>Other items:</b>		
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)
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (28,700,373)</b>	<b>\$ (1,696,223)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.16)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>181,654,432</b>	<b>98,933,814</b>

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
<b>Balance, October 31, 2022</b>		<b>91,654,630</b>	<b>\$ 97,315,234</b>	<b>\$ 89,468</b>	<b>\$ 10,370,707</b>	<b>\$ (36,183,983)</b>	<b>\$ 71,591,426</b>
Shares issued for cash	8	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)
<b>Balance, October 31, 2023</b>		<b>168,021,555</b>	<b>\$ 103,574,799</b>	<b>\$ -</b>	<b>\$ 11,022,110</b>	<b>\$ (37,880,206)</b>	<b>\$ 76,716,703</b>
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)
<b>Balance, October 31, 2024</b>		<b>212,021,555</b>	<b>\$ 108,424,842</b>	<b>\$ -</b>	<b>\$ 11,257,510</b>	<b>\$ (66,580,579)</b>	<b>\$ 53,101,773</b>

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
<b>CASH FLOWS USED IN OPERATING ACTIVITIES:</b>		
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)
<b>Net cash used in operating activities</b>	<b>(2,321,652)</b>	<b>(509,690)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
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
<b>Net cash flows from financing activities</b>	<b>6,722,243</b>	<b>6,431,402</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITY:</b>		
Exploration and evaluation costs, net of tax credits received	(5,868,896)	(2,480,515)
<b>Net cash used in investing activity</b>	<b>(5,868,896)</b>	<b>(2,480,515)</b>
<b>(Decrease) increase in cash</b>	<b>(1,468,305)</b>	<b>3,441,197</b>
<b>Cash, beginning of year</b>	<b>3,954,990</b>	<b>513,793</b>
<b>Cash, end of year</b>	<b>\$ 2,486,685</b>	<b>\$ 3,954,990</b>

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

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### 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Commerce Resources Corp. ("Commerce" or the "Company") was incorporated on May 19, 1999, under the Company Act of British Columbia and is in the business of acquiring, exploring, developing and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is in the exploration stage and has interests in properties located in British Columbia ("BC") and Quebec, Canada. Commerce is a public company listed on Tier 1 of the TSX Venture Exchange in Canada ("CCE"), the Frankfurt Stock Exchange in Germany ("D7H"), and the 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

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### 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

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### 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

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#### 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

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#### 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

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#### 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

Expressed in Canadian Dollars

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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

Expressed in Canadian Dollars

#### 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

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#### 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  
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**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

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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	<b>\$ -</b>	<b>\$ 255,796</b>	<b>\$ -</b>	<b>\$ 255,796</b>
<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	<b>\$ -</b>	<b>\$ 255,796</b>	<b>\$ -</b>	<b>\$ 255,796</b>
<u>Net Book Value</u>				
October 31, 2023	\$ 146,679	\$ 1,780	\$ 120,282	\$ 268,741
October 31, 2024	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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**

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#### **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

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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, 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**

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#### **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

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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 2	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

For the year ended October 31, 2024

Expressed in Canadian Dollars

#### 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:

<b>Balance, October 31, 2022</b>	<b>\$</b>	<b>144,387</b>
Depreciation		(32,691)
<b>Balance, October 31, 2023</b>	<b>\$</b>	<b>111,696</b>
Depreciation		(32,692)
<b>Balance, October 31, 2024</b>	<b>\$</b>	<b>79,004</b>

b) Lease liability

The net change in the lease liability is as follows:

<b>Balance, October 31, 2022</b>	<b>\$</b>	<b>149,019</b>
Principal payments		(27,214)
<b>Balance, October 31, 2023</b>	<b>\$</b>	<b>121,805</b>
Principal payments		(30,666)
<b>Balance, October 31, 2024</b>	<b>\$</b>	<b>91,139</b>

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:

		<b>October 31, 2024</b>
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.

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

### 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
<b>Balance, October 31, 2023</b>	\$ -
Liability incurred on flow-through shares issued	1,680,000
Settlement of flow-through share liability on incurred expenses	(1,626,631)
<b>Balance, July 31, 2024</b>	\$ 53,369

### 16. INVESTMENT IN ASSOCIATE

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

\*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.

### Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

#### 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
<b>Deferred income tax provision</b>	-	-

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.

### Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

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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.**

Notes to the Consolidated Financial Statements

For the year ended October 31, 2024

Expressed in Canadian Dollars

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

<b>For the year ended October 31, 2024</b>	<b>Blue River Claims</b>	<b>Eldor Claims</b>	<b>Totals</b>
<b>Acquisition costs</b>			
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
<b>Deferred exploration and development costs</b>			
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**

<b>For the year ended October 31, 2023</b>	<b>Blue River Claims</b>	<b>Eldor Claims</b>	<b>Totals</b>
<b>Acquisition costs</b>			
Balance, beginning of year	\$ 201,602	\$ 1,366,294	\$ 1,567,896
Staking and renewals	-	37,088	37,088
Balance, end of the year	201,602	1,403,382	1,604,984
<b>Deferred exploration and development costs</b>			
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



## 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	<ul style="list-style-type: none"><li>Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment.</li><li>Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the audit.</li></ul>

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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.

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## 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
<b>Assets</b>		
<b>Current</b>		
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
<b>Total current assets</b>	<b>4,451,460</b>	<b>1,821,273</b>
<b>Non-current</b>		
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
<b>Total Assets</b>	<b>\$ 77,287,736</b>	<b>\$ 73,188,193</b>
<b>Liabilities</b>		
<b>Current</b>		
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
<b>Total current liabilities</b>	<b>476,442</b>	<b>1,474,962</b>
<b>Non-current</b>		
Lease liabilities (Note 15)	94,591	121,805
<b>Total Liabilities</b>	<b>571,033</b>	<b>1,596,767</b>
<b>Shareholders' Equity</b>		
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)
<b>Total Shareholders' Equity</b>	<b>76,716,703</b>	<b>71,591,426</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 77,287,736</b>	<b>\$ 73,188,193</b>

### 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
<b>Expenses</b>		
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
<b>Loss before other items</b>	<b>(1,335,173)</b>	<b>(1,290,252)</b>
<b>Other items:</b>		
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)
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (1,696,223)</b>	<b>\$ (723,560)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>98,933,814</b>	<b>90,447,197</b>

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
<b>Balance, October 31, 2021</b>		<b>83,013,201</b>	<b>\$ 95,606,080</b>	<b>\$ -</b>	<b>\$ 10,073,808</b>	<b>\$ (35,460,423)</b>	<b>\$ 70,219,465</b>
Flow-through shares issued for cash	8	8,641,429	1,857,908	-	-	-	1,857,908
Share issuance costs		-	(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)
<b>Balance, October 31, 2022</b>		<b>91,654,630</b>	<b>\$ 97,315,234</b>	<b>\$ 89,468</b>	<b>\$ 10,370,707</b>	<b>\$ (36,183,983)</b>	<b>\$ 71,591,426</b>
Shares issued for cash	8	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)
<b>Balance, October 31, 2023</b>		<b>168,021,555</b>	<b>\$ 103,574,799</b>	<b>\$ -</b>	<b>\$ 11,022,110</b>	<b>\$ (37,880,206)</b>	<b>\$ 76,716,703</b>

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
<b>CASH FLOWS USED IN OPERATING ACTIVITIES:</b>		
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
<b>Net cash used in operating activities</b>	<b>(509,690)</b>	<b>(774,137)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
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
<b>Net cash flows from financing activities</b>	<b>6,431,402</b>	<b>2,335,115</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Sale of marketable securities	-	157
Exploration and evaluation costs, net of tax credits received	(2,480,515)	(4,308,645)
<b>Net cash used in investing activities</b>	<b>(2,480,515)</b>	<b>(4,308,488)</b>
<b>Increase (decrease) in cash</b>	<b>3,441,197</b>	<b>(2,747,510)</b>
<b>Cash, beginning of year</b>	<b>513,793</b>	<b>3,261,303</b>
<b>Cash, end of year</b>	<b>\$ 3,954,990</b>	<b>\$ 513,793</b>

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

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### 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Commerce Resources Corp. ("Commerce" or the "Company") was incorporated on May 19, 1999, under the Company Act of British Columbia and is in the business of acquiring, exploring, developing and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is in the exploration stage and has interests in properties located in British Columbia ("BC") and Quebec, Canada. Commerce is a public company listed on Tier 1 of the TSX Venture Exchange in Canada ("CCE"), the Frankfurt Stock Exchange in Germany ("D7H"), and the OTCQX ("CMFZF"). The head office, principal address and registered and records office of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2.

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  
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**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

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#### 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  
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**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

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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.**  
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**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

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#### 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:

<b>Financial Assets / Liabilities</b>	<b>IFRS 9 Classification</b>
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.

**Commerce Resources Corp.**  
Notes to the Consolidated Financial Statements  
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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.

### Notes to the Consolidated Financial Statements

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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
<b>Costs</b>				
<b>October 31, 2023 and 2022</b>	<b>\$ 303,748</b>	<b>\$ 255,796</b>	<b>\$ 120,282</b>	<b>\$ 679,826</b>
<b>Accumulated Amortization</b>				
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
<b>October 31, 2023</b>	<b>\$ 157,069</b>	<b>\$ 254,016</b>	<b>\$ -</b>	<b>\$ 411,085</b>
<b>Net Book Value</b>				
October 31, 2022	154,399	23,096	120,282	297,777
<b>October 31, 2023</b>	<b>\$ 146,679</b>	<b>\$ 1,780</b>	<b>\$ 120,282</b>	<b>\$ 268,741</b>

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

For the year ended October 31, 2023

Expressed in Canadian Dollars

#### 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

For the year ended October 31, 2023

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, 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.

### Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

#### 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.

### Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

#### 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
	\$	\$
<b>Key management compensation*</b>		
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
<b>Year ended October 31,</b>	<b>2023</b>	<b>2022</b>
<b>Amounts due to (from) related parties</b>	<b>\$</b>	<b>\$</b>
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.

### Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

Expressed in Canadian Dollars

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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.

**Commerce Resources Corp.**  
Notes to the Consolidated Financial Statements  
For the year ended October 31, 2023  
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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

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

#### 15. LEASE LIABILITIES

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

- a) Right of use asset

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

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

## Commerce Resources Corp.

### Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

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#### 15. LEASE LIABILITIES – continued

##### b) Lease liability

The net change in the lease liability is as follows:

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

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:

	<b>October 31, 2023</b>
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:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
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)
<b>Deferred income tax provision</b>	<b>-</b>	<b>-</b>

## Commerce Resources Corp.

### Notes to the Consolidated Financial Statements

For the year ended October 31, 2023

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#### 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

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### **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**

<b>For the year ended October 31, 2023</b>	<b>Blue River Claims</b>	<b>Eldor Claims</b>	<b>Totals</b>
<b>Acquisition costs</b>			
Balance, beginning of year	\$ 201,602	\$ 1,366,294	\$ 1,567,896
Staking and renewals	-	37,088	37,088
Balance, end of the year	201,602	1,403,382	1,604,984
<b>Deferred exploration and development costs</b>			
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

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## Schedule of Resource Properties (2022)

## Schedule I

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

Your proxy voting instruction must be received by **11.00am (AWST) on Wednesday, 08 October 2025**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY

**Complete the form overleaf in accordance with the instructions set out below.**

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Proxy Voting Form:

#### Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

#### WEBSITE:

<https://automicgroup.com.au/>

#### PHONE:

1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

