



FINANCIAL STATEMENTS

For the Six Months Ended
June 30, 2005

(See Notice)

COMMANDER RESOURCES LTD.

Notice

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited interim financial statements of Commander Resources Ltd. (“the Company”), for the six months ended June 30, 2005, have been prepared by management and have not been the subject of a review by the Company’s independent auditor.

COMMANDER RESOURCES LTD.**Balance Sheets**

	June 30, 2005	December 31, 2004 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 294,786	\$ 749,464
Cash, exploration funds (Note 12)	908,443	488,500
Marketable securities (Note 3)	819,103	893,353
Accounts receivable	82,048	41,001
Due from related parties (Note 8)	2,821	18,980
Prepaid expenses	70,124	39,889
Field supplies (Note 4)	147,152	173,152
Deposits	111,561	-
	<u>2,436,038</u>	<u>2,404,339</u>
Mineral properties (Note 5)	9,695,641	8,708,501
Property, plant and equipment (Note 6)	66,500	70,323
	<u>\$ 12,198,179</u>	<u>\$ 11,183,163</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 312,317	\$ 96,151
Future income taxes	1,009,077	859,577
	<u>1,321,394</u>	<u>955,728</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	24,747,119	23,502,262
Contributed surplus	17,043	9,449
Stock-based compensation (Note 7 (e))	838,806	746,157
Deficit	(14,726,183)	(14,030,433)
	<u>10,876,785</u>	<u>10,227,435</u>
	<u>\$ 12,198,179</u>	<u>\$ 11,183,163</u>

Nature of operations and going concern (Note 1)
Commitment (Note 9) Subsequent event (Note 13)

Approved by the Directors:

“Kenneth E. Leigh”
Kenneth E. Leigh

“William J. Coulter”
William J. Coulter

COMMANDER RESOURCES LTD.
Statements of Operations and Deficit
(Unaudited – See Notice)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Revenue				
Production interest	\$ -	\$ -	\$ -	\$ 19,250
Mineral property transactions	-	62,788	-	63,016
	-	62,788	-	82,266
General & administrative expenses				
Administration	4,500	-	9,000	-
Amortization	4,963	4,489	9,881	7,912
Annual report and meeting	13,508	815	14,624	7,542
Audit and accounting	17,927	13,568	32,035	28,687
Consultants	12,192	20,435	29,784	31,885
Insurance	7,125	-	14,250	-
Investor relations and promotion	46,399	66,110	108,735	125,861
Legal	6,475	(680)	9,498	3,218
Office and miscellaneous	14,193	25,833	29,097	48,952
Regulatory and transfer agent fees	3,170	6,186	16,186	19,496
Rent and storage	17,785	1,902	41,616	8,548
Salaries and benefits	26,566	88,955	99,298	192,157
Stock-based compensation	7,855	393,358	109,968	560,243
	182,658	620,971	523,972	1,034,501
Loss before the undernoted	(182,658)	(558,183)	(523,972)	(952,235)
Investment income	2,384	9,467	6,182	17,740
Property investigation	(37,153)	415	(38,349)	(172)
Gain/loss on sale of marketable securities	38,896	-	38,896	(14,000)
Write down of marketable securities	(8,000)	-	(8,000)	-
Write down of mineral properties	-	-	(21,007)	-
Loss before taxes	(186,531)	(548,301)	(546,250)	(948,667)
Future income taxes	(222,958)	380,046	(149,500)	413,054
Loss for the period	(409,489)	(168,255)	(695,750)	(535,613)
Deficit, beginning of period	(14,316,694)	(12,352,994)	(14,030,433)	(11,985,636)
Deficit, end of period	\$ (14,726,183)	\$ (12,521,249)	\$ (14,726,183)	\$ (12,521,249)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding	31,452,614	24,485,287	31,110,558	23,687,675

COMMANDER RESOURCES LTD.**Statements of Cash Flows**

(Unaudited – See Notice)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Cash provided from (used for):				
Operating activities				
Loss for the period	\$ (409,489)	\$ (168,255)	\$ (695,750)	\$ (535,613)
Items not involving cash:				
Amortization	4,963	4,489	9,881	7,912
Gain/loss on sale of marketable securities	(38,896)	-	(38,896)	14,000
Stock-based compensation	7,855	393,358	109,968	560,243
Future income taxes	222,958	(380,046)	149,500	(413,054)
Write down of marketable securities	8,000	-	8,000	-
Write down of mineral properties	-	-	21,007	-
	(204,609)	(150,454)	(436,290)	(366,512)
Net change in non-cash working capital items				
Accounts receivable	(41,244)	(97,256)	(41,047)	34,622
Due from related parties	467	16,705	16,159	29,068
Prepaid expenses	(35,525)	(22,038)	(30,235)	(113,365)
Field supplies	26,000	-	26,000	-
Deposits	1,650	-	(111,561)	330,642
Accounts payable and accrued liabilities	17,217	92	(35,386)	26,783
	(236,044)	(252,951)	(612,360)	(58,762)
Investing activities				
Proceeds from sale of marketable securities	124,145	-	124,145	21,000
Mineral property acquisition and exploration costs	(829,253)	(1,553,593)	(1,012,877)	(1,681,521)
Accounts payable and accrued liabilities related to mineral properties	256,341	560,422	251,553	567,563
Cash, exploration funds	(606,786)	1,067,545	(419,943)	1,160,263
Purchase of equipment	(1,604)	(17,105)	(6,058)	(45,853)
	(1,057,157)	57,269	(1,063,180)	21,452
Financing activities				
Shares issued for cash, net of issue costs	1,215,662	71,573	1,220,862	1,364,471
Increase (decrease) in cash and cash equivalents				
	(77,539)	(124,109)	(454,678)	1,327,161
Cash and cash equivalents, beginning of period	372,325	1,383,520	749,464	(67,750)
Cash and cash equivalents, end of period	\$ 294,786	\$ 1,259,411	\$ 294,786	\$ 1,259,411

Supplemental cash flow information (Note 11)

COMMANDER RESOURCES LTD.

Notes to Financial Statements

June 30, 2005

(Unaudited – See Notice)

1. Nature of Operations and Going Concern

The Company is in the process of actively exploring and developing its mineral properties and has not yet determined whether these properties contain mineral resources or ore reserves. The Company is considered to be in the exploration stage.

The recoverability of amounts shown for mineral property interests is dependent upon one or more of the following:

- the discovery of ore reserves;
- the ability of the Company to obtain financing to complete development; and
- future profitable production from the properties or proceeds from disposition.

At June 30, 2005, the Company had incurred a deficit of \$14,726,183 and had working capital of \$2,123,721 which may not be sufficient to achieve the Company's planned business objectives for fiscal 2005. The Company may require additional financing to meet its currently budgeted 2005 exploration programs.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders and other related parties, the ability of the Company to raise equity financing, and the attainment of profitable operations, external financings and further share issuances to meet the Company's liabilities as they become payable. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(b) Basis of presentation

The accompanying interim financial statements have not been reviewed by an Auditor and are prepared in accordance with GAAP in Canada with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosure required by Canadian GAAP in the preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements are the same as those described in the annual financial statements and the notes thereto for the year ended December 31, 2004. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim financial statements should be read in conjunction with the Company's financial statements including the notes thereto for the year ended December 31, 2004.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

June 30, 2005

(Unaudited – See Notice)

2. Significant Accounting Policies (continued)

(c) Consolidation of Variable Interest Entities

The CICA issued Accounting Guideline 15, “Consolidation of Variable Interest Entities,” which became effective for fiscal years beginning on or after November 1, 2004. This guideline addresses the application of consolidation principles to entities that are subject to control on a basis other than ownership based on voting equity. The Company adopted the accounting guideline on January 1, 2005. The adoption of this guideline did not have any impact on these financial statements.

(d) Certain comparative figures

Certain comparative figures have been reclassified to conform to the current period’s presentation.

3. Marketable Securities

Marketable securities are carried at the lower of cost or quoted market value. When market value is below cost, any unrealized loss is charged to income. The quoted market value of marketable securities at June 30, 2005 was \$1,064,753.

Included in marketable securities are 167,647 common shares of Fjordland Exploration Inc., a company related by virtue of a common director and 1,549,500 common shares of Diamonds North Resources Ltd., a company related by virtue of another common director.

4. Field Supplies

In fiscal 2004, the Company pre-purchased field supplies for the upcoming 2005 Baffin Island exploration program. The supplies consist of fuel, propane, and other supplies which are stored in a facility in the Hamlet of Clyde River, Nunavut. As at June 30, 2005, the remaining amount of field supplies totalled \$147,152.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

June 30, 2005

(Unaudited – See Notice)

5. Mineral Properties

At June 30, 2005, the Company held mineral properties exclusively in Canada. Expenditures incurred on the mineral properties are as follows:

	Sarah Lake	Green Bay	Adlatok 1	Big Hill (1)	Blue Hill, Couteau, White Bear	Stewart (1)	Sally	Qimmiq	Dewar Lake	Bravo Lake	Other Properties	Total
Balance at												
December 31, 2004	\$ 1,141,926	\$ 435,516	\$ 117,915	\$ 103,797	\$ -	\$ 417,502	\$ 57,519	\$ 3,368,627	\$ 243,772	\$ 504,977	\$ 2,316,950	\$ 8,708,501
Additions during the year:												
Acquisition costs:	-	-	-	-	30,420	-	-	-	-	-	1,008	31,428
Exploration costs:												
Administration	-	82	-	347	31	440	-	23,927	2,269	5,757	962	33,815
Drilling	-	1,013	-	134,849	-	75,524	-	21,000	-	-	-	232,386
Geochemistry	-	-	-	132	3,090	-	-	1,020	-	-	-	4,242
Geology	3,765	234	4,870	14,635	22,436	6,899	1,508	38,136	8,344	10,812	24,188	135,827
Geophysics -Ground	-	-	200	400	661	2,690	200	157,199	108	2,152	538	164,148
Licences and fees	3,431	-	3,800	-	-	-	-	44,846	-	2,957	30,409	85,443
Mobilization/demob.	-	-	-	-	-	-	-	298,474	8,538	18,325	-	325,337
Permitting	-	-	-	-	330	-	-	3,203	161	1,520	2,831	8,045
Prospecting	-	-	-	-	20,492	-	-	365	-	157	-	21,014
Trenching/line cutting	-	-	-	537	3,090	-	-	2,467	-	-	-	6,094
	7,196	1,329	8,870	150,900	50,130	85,553	1,708	590,637	19,420	41,680	58,928	1,016,351
Less:												
Recoveries	-	(395)	-	-	-	(19,500)	-	-	(341)	-	(19,396)	(39,632)
Write down	-	(21,007)	-	-	-	-	-	-	-	-	-	(21,007)
	-	(21,402)	-	-	-	(19,500)	-	-	(341)	-	(19,396)	(60,639)
Net additions	7,196	(20,073)	8,870	150,900	80,550	66,053	1,708	590,637	19,079	41,680	40,540	987,140
Balance at												
June 30, 2005	\$ 1,149,122	\$ 415,443	\$ 126,785	\$ 254,697	\$ 80,550	\$ 483,555	\$ 59,227	\$ 3,959,264	\$ 262,851	\$ 546,657	\$ 2,357,490	\$ 9,695,641

(1) Included in "Other Properties" in 2004.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

June 30, 2005

(Unaudited – See Notice)

5. Mineral Properties (continued)

(a) Sarah Lake Joint Venture, Labrador

The Company owns a 48% interest in the Sarah Lake Joint Venture with partner, Donner Minerals, operator of the joint venture, owning 52%.

(b) Green Bay, Newfoundland

The Company holds a 100% interest in the Green Bay property.

(c) Adlatok 1, Labrador

The Company owns a 59.5% interest in the Adlatok 1 property.

(d) Big Hill, Newfoundland

In February 2004, the Company finalized an option agreement with Black Bart Prospecting Inc. under which the Company may acquire a 100% interest in the Big Hill property, consisting of four claims in the Baie Verte Electoral District, Newfoundland. Under the terms of the agreement, the Company paid \$7,000 in cash and agreed to issue an aggregate of 200,000 common shares and expend a total of \$480,000 in exploration expenses on the property over four years. The option is subject to a 2.5% net smelter return royalty with a 1.5% buy back provision. Subsequent to the quarter end, the Company issued 60,000 shares to the vendor extending the option into the third term.

(e) Blue Hills and White Bear, Newfoundland

On March 16, 2005, the Company entered into an option agreement with a private consortium based in Newfoundland to earn a 100% interest in the Blue Hills and White Bear Uranium properties over a four year term by making cash payments of \$82,200, issuing 201,000 common shares and completing \$1,000,000 in exploration work. Of this, \$7,500 (paid) and 21,000 common shares (issued) are due on signing of the final agreement. On April 13, 2005, the Company issued a warrant to the optionors to purchase 250,000 common shares exercisable at a price of \$1.00 per share. The warrant is exercisable only if a Mineral Reserve (as defined in National Instrument 43-101) of at least \$500 million is defined. The warrant will expire on the earlier of the date the Company exercises the option or March 4, 2009. The agreement is subject to a 2% of Net Smelter Returns Royalty for the vendors with a buy-back of 1% of the royalty for \$1 million.

On March 29, 2005, the Company entered into a separate option agreement to earn a 100% interest in the Couteau Lake Property from prospector Lai Lai Chan over a four year term by making total cash payments of \$60,000, issuing 150,000 common shares and completing \$300,000 in exploration work. Of this, \$7,000 in cash and 20,000 common shares are due on signing of the final option agreement. The first year expenditure commitment is \$40,000. The agreement is subject to a 2% of Net Smelter Returns Royalty for the vendor with a buy-back of 1% of the royalty for \$1 million. The terms of this agreement is subject to acceptance by the TSX Venture Exchange.

(f) Stewart, New Brunswick

The Company owns a 100% interest in the Stewart property.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

June 30, 2005

(Unaudited – See Notice)

5. Mineral Properties (continued)

(g) Sally, Labrador

The Company owns a 100% interest in the Sally property.

(h) Qimmiq, Nunavut

The Company has an option agreement with BHP Billiton Diamonds Inc. (“BHP Billiton”) to explore for gold on 50,000 hectares of Nunavut Tunngavik Incorporated leases on Baffin Island, Nunavut. Under the option agreement, the Company may earn 50% of BHP Billiton’s exploration rights by expending \$4 million by 2007, 80% by expending an aggregate \$10 million by 2012 and a 100% interest by delivering a feasibility study to BHP Billiton by December 31, 2014. The option agreement is subject to a floating net smelter return royalty from 1% to 3% based on gold prices, payable to BHP Billiton and a 12% royalty on net profits payable on production from the Nunavut Tunngavik Incorporated leases. If a mineral discovery is made, excluding gold, BHP Billiton may exercise a back-in option on the mineral discovery allowing BHP Billiton to re-acquire up to an aggregate of a 75% interest for a period of up to ten years after the Company has earned a 100% interest in the property.

(i) Dewar Lake, Nunavut

The Company has earned a 100% interest in sixteen Nunavut Exploration Permits from BHP Billiton Diamonds Inc. (“BHP Billiton”) covering just under 400,000 hectares on Baffin Island, Nunavut by incurring \$200,000 in expenditures on the property. BHP Billiton retains a floating net smelter return royalty from 1% to 3% based on gold prices. If a mineral discovery is made, excluding gold, BHP Billiton may exercise a back-in option on the mineral discovery allowing BHP Billiton to re-acquire up to an aggregate of a 75% interest for a period of up to ten years after the Company has earned a 100% interest in the property.

(j) Bravo Lake, Nunavut

The Company has an option agreement with Falconbridge Limited (“Falconbridge”) to explore for gold, diamonds and other metals on twelve Nunavut Exploration Permits covering over 720,000 acres all on Baffin Island, Nunavut. These Falconbridge permits adjoin the BHP Billiton properties optioned in June. The Company may earn a 100% interest in Falconbridge’s exploration rights and interest on Baffin Island by incurring \$8 million of exploration expenditures on the property by 2011.

If a nickel and/or base metal mineral discovery is made, Falconbridge can exercise a back-in option on the mineral discovery allowing Falconbridge to re-acquire up to an aggregate of a 75% interest. If a diamond resource discovery is made, Falconbridge may exercise a back-in option on the mineral discovery allowing Falconbridge to re-acquire up to an aggregate of a 50% interest.

The option agreement is subject to the following royalties payable to Falconbridge:

- on gold, a sliding scale net smelter return royalty from 1% to 3% based on gold prices;
- on nickel production, a 2% net smelter return royalty;
- on diamonds, a 2% gross overriding royalty; and
- on base metal production, a 1.5% net smelter return royalty.

COMMANDER RESOURCES LTD.**Notes to Financial Statements**

June 30, 2005

(Unaudited – See Notice)

5. Mineral Properties (continued)**(k) Other Properties**

The Company owns several other properties in Canada in which it holds interests ranging from 30% to 100%. The Company has granted options on some of these properties. The carrying values of those properties included under Other Properties at June 30, 2005 are as follows:

	2005
British Columbia	
Abe & Pal	\$ 71,221
Tam	61,435
Aten, Link, Mate & Tut	2,255
New Brunswick	
Rio	863,636
Nunavut	
Talik	71,384
Newfoundland and Labrador	
Sadie	10,474
Ontario	
Dorothy	55,619
Matheson	14,213
McVean	8,558
Sabin	88,465
Quebec	
Despinassy (1)	88,325
Yukon	
Olympic, Rob	1,021,548
Rein	357
	\$ 2,357,490

(1) On April 26, 2004, the Company reported that Cameco Corporation (“Cameco”), the Company’s Joint Venture Partner on the Despinassy, Quebec Project, entered into an Agreement with Alto Ventures Ltd. (Alto ventures”) for Cameco’s 70% interest in the Project. The Company waived it’s right of first refusal under the Joint Venture in consideration for the following:

- 100,000 common shares of Alto Ventures (received);
- Alto Ventures shall carry the Company’s 30% Joint Venture obligations to a maximum of \$150,000 (incurred); and
- the Company retains the right of first refusal under the Joint Venture should Alto Ventures withdraw from the Agreement with Cameco.

COMMANDER RESOURCES LTD.**Notes to Financial Statements**

June 30, 2005

(Unaudited – See Notice)

6. Property, Plant and Equipment

	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 57,240	\$ 48,934	\$ 8,306
Computer equipment	137,253	102,636	34,617
Leasehold improvements	28,293	4,716	23,577
	\$ 222,786	\$ 156,286	\$ 66,500

7. Share Capital**(a) Authorized:**

Unlimited common shares without par value.

(b) Issued and outstanding common shares

	Number of Shares	Amount
Balance, December 31, 2004	30,757,590	\$ 23,502,262
Issued for cash and other consideration:		
Private placement, net of issue costs (Note 7(c))	5,297,833	1,207,163
Exercise of options, for cash	70,000	13,700
Exercise of options, stock-based compensation		9,724
For mineral property	41,000	14,270
Balance, June 30, 2005	36,166,423	\$ 24,747,119

(c) Private Placement

On June 22, 2005, the Company completed a private placement of 5,093,667 flow-through common shares at a price of \$0.24 per share. The securities are subject to a four month hold period and may not be traded until October 21, 2005. Finders' fees paid consisted of \$7,980 in cash and 204,166 common shares.

(d) Stock Options

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. Under the Company's Stock Option Plan, the Company may grant options for the purchase of up to 6,155,518 common shares. Vesting of options is made at the discretion of the board of directors at the time the options are granted. As at June 30, 2005, the Company had stock options outstanding for the purchase of 2,802,335 common shares with an average remaining contractual life of 3.45 years, of which 2,527,002 stock options had vested and were exercisable.

COMMANDER RESOURCES LTD.**Notes to Financial Statements**

June 30, 2005

(Unaudited – See Notice)

7. Share Capital (continued)**(d) Stock Options** (continued)

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	2,839,335	\$0.41
Granted	50,000	\$0.34
Exercised	(70,000)	\$0.20
Expired	(17,000)	\$0.56
Outstanding at June 30, 2005	2,802,335	\$0.43

The following summarizes information about stock options outstanding at June 30, 2005:

Number of Shares	Exercise Price	Expiry Date
179,332	\$0.23	September 11, 2006
430,337	\$0.20	January 23, 2008
221,666	\$0.26	August 20, 2008
5,000	\$0.45	September 10, 2008
75,000	\$0.50	December 18, 2008
700,000	\$0.53	January 21, 2009
50,000	\$0.64	February 19, 2009
791,000	\$0.56	May 18, 2009
100,000	\$0.40	September 6, 2009
200,000	\$0.40	September 21, 2009
50,000	\$0.34	January 24, 2010
2,802,335		

COMMANDER RESOURCES LTD.**Notes to Financial Statements**

June 30, 2005

(Unaudited – See Notice)

7. Share Capital (continued)**(e) Stock-Based Compensation**

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions at June 30, 2005:

Risk-free interest rate	2.63%
Expected dividend yield	-
Expected stock price volatility	115.08%
Expected option life in years	3.18

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the period.

(f) Warrants

The following summarizes information about warrants outstanding at June 30, 2005:

Exercise Price	Expiry Date	Outstanding at December 31, 2004	Issued	Exercised	Expired	Outstanding at June 30, 2005
\$0.70	October 27, 2005	35,000	-	-	-	35,000
\$0.45/ \$0.50	December 8, 2005 /2006	2,500,000	-	-	-	2,500,000
		2,535,000	-	-	-	2,535,000

8. Related Party Transactions

In addition to the marketable securities disclosed in Note 3 and the commitment disclosed in Note 9, the Company has the following related party transactions and balances:

- (a) The Company shares certain administrative costs with four other companies related by virtue of common directors. Included in accounts receivable is an aggregate of \$2,821 owed by those companies for shared administrative expenses.
- (b) Included in accounts payable is \$5,812 owed to Diamonds North Resources Ltd., a company related by virtue of a common director, relating to shared office premises and administrative staff.
- (c) The Company paid or accrued legal fees in the aggregate of \$1,761 to a law firm which a director of the Company is a partner. Included in accounts payable and accrued liabilities is \$844 owed to the firm.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

June 30, 2005

(Unaudited – See Notice)

9. Commitment

The Company entered into an agreement for the lease of new office premises for a six year period expiring on June 30, 2010. The cost of the entire premises is shared amongst several companies in proportion to the area occupied. Some of the companies are related by virtue of common directors. The Company's proportionate share of minimum annual basic rental payments under this arrangement is approximately \$68,600.

10. Segmented Information

The Company has one operating segment, mineral exploration, and all assets of the Company are located in Canada.

Revenues for the comparative fiscal period were derived from a production interest, which was earned in Canada.

11. Supplemental Cash Flow Information

Significant non-cash operating, investing and financing activities:

Investing activities:

Shares received for mineral property	\$	19,000
Shares issued for mineral property	\$	(14,270)

Financing activities:

Stock-based compensation	\$	9,724
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Other cash flow information:

Interest received	\$	6,034
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12. Income Taxes

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 income tax purposes by the investors who purchased the shares. A future income tax liability arises from the renunciation of mineral exploration costs to investors of 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 which have not been spent as at June 30, 2005 and which are held in trust for such expenditures. As at June 30, 2005, the amount of flow-through proceeds remaining to be expended is \$908,443.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

June 30, 2005

(Unaudited – See Notice)

13. Subsequent Event

On July 20, 2005, the Company granted of 783,000 stock options to directors, officers, employees and consultants under its stock option plan and in accordance with the Company's compensation policy. The options are exercisable for five years at \$0.25 per share and are subject to the policies of the TSX Venture Exchange.