COMMANDER RESOURCES LTD.

INTERIM REPORT
Management Discussion & Analysis
FORM 51-102F1

For the Six Months Ended
June 30, 2006

Description of Business

Commander Resources Ltd. ("the Company") is an exploration stage company engaged in the acquisition and exploration of prospective gold, uranium and base metal properties primarily in Canada. The Company is currently focusing its exploration activities on Baffin Island, Nunavut and in Newfoundland. The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol CMD. The following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the interim financial statements and the notes thereto for the six months ended June 30, 2006.

Forward-Looking Information and Report Date

This Management Discussion and Analysis ("MD&A") may contain forward-looking statements that involve risks and uncertainties. When used in this MD&A, the words "anticipate", "believe", "estimates", "expects" and similar expressions are intended to identify such forward-looking statements. Readers are cautioned that these statements which describe the Company's proposed plans, objectives, and budgets may differ materially from actual results. Such forward-looking statements in this MD&A are only made as of August 23, 2006 (the "Report Date").

Highlights for the Three Months Ended June 30, 2006

- On May 1st, the Company signed a Letter of Intent with Blackstone Ventures Inc. ("Blackstone") to acquire Blackstone's 50% interest in the Rob uranium property, Yukon Territory, to increase the Company's interest to 100%. In consideration, the Company issued 305,000 common shares to Blackstone and granted a 1% Net Smelter Returns Royalty ("NSR") on metal production from the Property which may be reduced to 0.5% at any time for $1,000,000.

- On May 3rd, shareholders at the Company's Annual General Meeting approved all items set forth in the proxy including an increase in the number of allowable stock options to a maximum of 7,944,396.

- On May 15th, the Company completed a brokered private placement for gross proceeds $3,885,000 and a non-brokered flow-through private placement for gross proceeds of $1,699,999, details of which are described under the Liquidity Section.

- An airborne radiometric, magnetic and electromagnetic survey flown on the Company's Hermitage uranium property in Newfoundland revealed numerous radiometric anomalies and a number of key target areas for follow-up. Many of the known uranium showings were clearly visible in the data. On June 8th, the Company reported that several new uranium showings were discovered from initial follow-up of the airborne survey data.

- The Baffin Island drilling program commenced on June 27th with an initial test of the "Durette" Prospect completed on July 21st with 1,234 metres drilled in six holes over a 465 metre strike length. Drill results were not available at the date of this report.

- On June 28th, the Company and Pathfinder Resources Ltd. ("Pathfinder") jointly staked approximately 151,000 acres (61,000 hectares) adjacent to properties owned separately by the Company and Pathfinder in the Hermitage Uranium Belt of Newfoundland. The newly acquired property named 'Cochrane Pond' covers ground with geological similarities to the adjacent properties.

Subsequent Events to June 30, 2006

- A program of diamond drilling commenced on the Ridge Lake prospect area, Baffin Island on August 5th. The planned 3,500 metre drill program on Ridge Lake will consist of 20 to 25 holes to follow-up the high-grade gold zone identified in 2005.

- On July 18th, the Company reported assay results of 2.79% and 1.64% U3O8 from boulders on the HE-2 prospect, White Bear River area, and the discovery of three new uranium showings (HE-9, HE-18A, HE-1A) within a 4 km x 7 km area that includes the HE-2, Doucette, HE-1 and #3 Showings. The Company discovered a new bedrock uranium showing, named Troy's Pond, on open ground which led to staking of the 147 claim, 9,100 acre (3,675 hectare) Strickland Property.

- A new discovery was reported from the Strickland Property on August 22nd, where scattered anomalous outcrops extend for a strike length of over 400 metres in a northeast-southwest direction. An altered outcrop area returned highly anomalous scintillation counts over a 65 metre (or 210 foot) wide interval across the strike of the local rock units with counts ranging from 850 to 4,500 CPS over a background of 100 to 150 CPS outside the altered zone.

- On August 2nd, the Company signed a Letter of Intent ("LOI") with Fjordland Exploration Inc. ("Fjordland") on its wholly-owned Olympic-Rob Property in the Yukon. Under the terms of the agreement, Fjordland may earn an initial 60% interest in the property by paying the Company $250,000 in cash, issuing 1.6 million treasury shares to the Company and incurring exploration expenditures on the property totaling $7 million over a five year period ending on December 31, 2011. Of this, $50,000 and 350,000 treasury shares are payable to the Company upon receipt of regulatory approval and Fjordland must incur $600,000 in exploration expenditures by December 31, 2007, including a minimum of 2,000 metres of drilling. At least $75,000 in exploration must be completed by December 31, 2006.

  Once Fjordland has earned a 60% interest, a joint venture will be formed or, within 60 days of vesting, Fjordland may elect to earn an additional 20% interest, for a total of 80%, by issuing to the Company either 1 million shares or paying $3 million cash, and by carrying all further costs through to completion of a bankable feasibility study. Upon completion of a bankable feasibility study, a final lump sum payment of $7 million cash is payable to the Company to vest Fjordland 80% interest. If Fjordland vests at 80%, then the Company may make an election at any time up to commencement of commercial production, to convert its 20% interest into a 2% NSR subject to a buy-down provision to 1% for $10 million cash.

  Alternatively, if Fjordland elects not to increase its interest to 80%, the Company may then elect to earn back 20% to an aggregate 60% interest by funding 100% of the next $3.0 million in exploration expenditures on the property. Once a 60:40 JV is formed, each party shall fund its share of on-going costs pro-rata. Should either party's interest be reduced below 10%, its interest shall convert to a 10% NPI.

- On August 8th, the Company reported further results from the Hermitage Uranium Project in Newfoundland including a high uranium assay of 3.1% U3O8 from a buried boulder at the HE-2 prospect.. Significant uranium values from bedrock at the new Troy's Pond showing including 0.19% U3O8 and 0.22% U3O8.At anomaly HE-1A, three samples assayed 0.20%, 0.24%, and 0.28% U_3O_8.

- On August 16th, the Company announced that is had entered into an option agreement with prospectors E and R Quinlan to purchase claims containing an historical uranium showing grading 0.19% U3O8. The new property is surrounded by the Company's wholly owned Strickland Property. The Company may earn a 100% interest in the claims through cash payments totaling $43,000 and by issuing 160,000 shares of the Company over a four year period. The vendors will retain a 2% NSR, half of which may be bought by the Company at any time for $1 million. The first year's payment obligation is $3,000 cash and 25,000 shares.

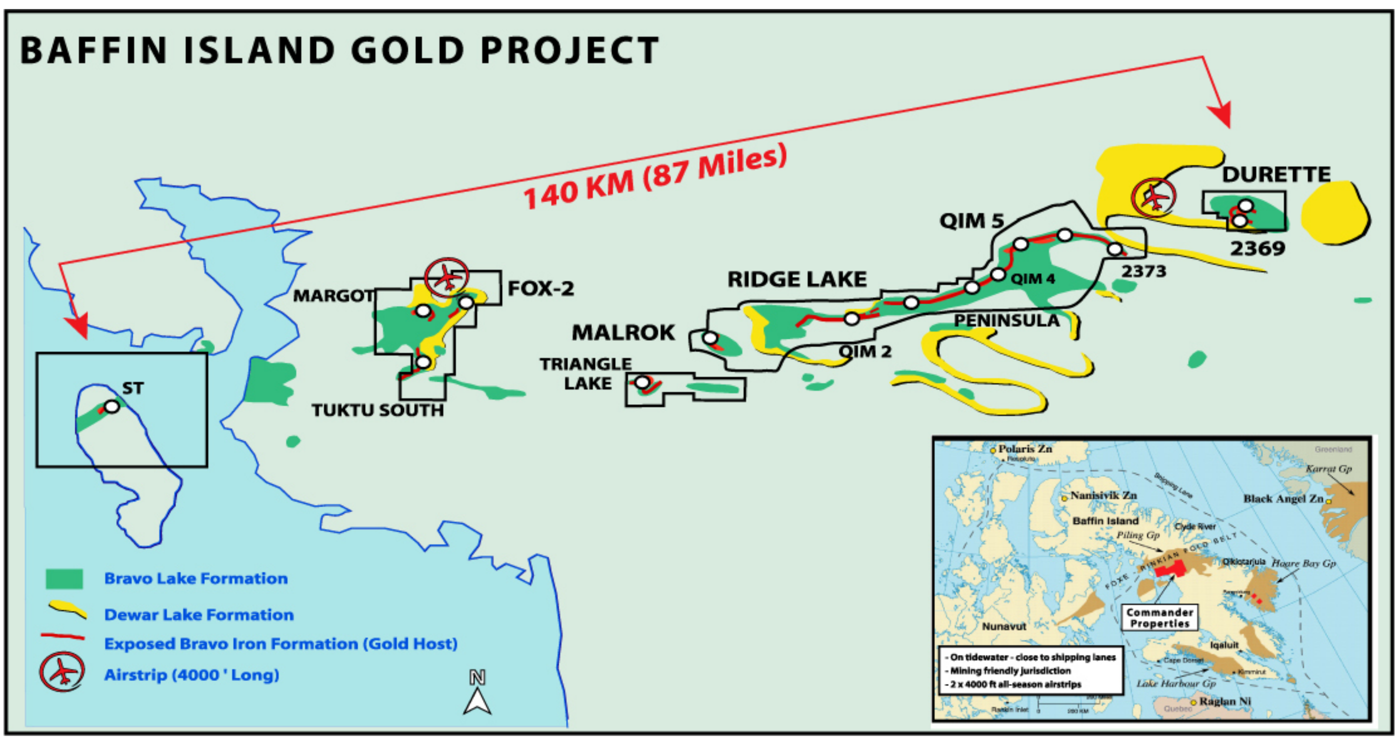
- Subsequent to June 30, 2006, the Company issued 115,000 common shares for proceeds of $28,750 pursuant to the exercise of stock options and 150,000 common shares for proceeds of $75,000 pursuant to the exercise of warrants.

Baffin Island Gold Project, Nunavut

From 2003 to 2005, the Company's exploration on central Baffin Island resulted in the discovery of 14 gold occurrences over a strike length of 140 kilometres. The target is an iron formation-hosted gold deposit similar to the Proterozoic iron formation-hosted Homestake gold deposit in South Dakota, USA and other iron formation hosted gold deposits such as Lupin, Nunavut, and Morro Velho, Brazil.

The Bravo Lake Formation contains high grade gold values in two separate iron formation units (upper and lower) and a quartzite unit. In each of three different units, gold occurs primarily as free gold, disseminated, within quartz veins and associated with arsenopyrite. The most advanced prospects are Malrok (see Qimmiq), Ridge Lake (see Qimmiq), and Durette (see Bravo Lake).

The Baffin Island Property is subject to three separate option agreements named Qimmiq, Dewar Lake and Bravo Lake. The Company has vested 100% of the Dewar Lakes property and 50% of the Qimmiq property. The project area is typified by flat rolling hills of exposed rock and tundra located on tidewater and dotted with deep lakes providing access to water throughout the year. In addition, the Company has temporary access to two "Distant Early Warning" (DEW line) radar stations each with an operational 4,000 foot airstrip. Access to the camp and field is via fixed wing and/or helicopter.



The proposed budget breakdown for the 2006 Baffin Island exploration program follows:

Baffin Island 2006 Budget

	Budget	Actual	Variance
Drilling	$ 2,000,000	$ 511,818	$ 1,488,182
Geochemistry	20,000	261	19,739
Geology	220,000	62,172	157,828
Geophysics	100,000	5,225	94,775
Property	60,000	57,925	2,075
Mobilization/demob.	300,000	7,863	292,137
Prospecting and trenching	200,000	23,276	176,724
	$ 2,900,000	$ 668,540	$ 2,231,460

The Company engaged GeoVector Management Inc. of Ottawa to operate the 2006 field program.

Qimmiq Property, Nunavut

On June 18, 2003, the Company entered into an option agreement with BHP Billiton Diamonds Inc. ("BHP Billiton") to explore for gold and base metals on Nunavut Tunngavik Incorporated ("NTI") leases on Baffin Island, Nunavut. The two main prospects: Malrok, which was drill-tested in 2004, and Ridge Lake, the focus of the 2005 program, are located on the Qimmiq property. The Company has made sufficient expenditures to vest a 50% interest in the property. Since the initial date of the agreement, the property has been reduced to five (5) leases totaling 58,000 acres (23,600 hectares).

Qimmiq 2006 Exploration Program

A program of diamond drilling commenced on the Ridge Lake prospect area on August 5th. The planned 3,500 metre drill program on Ridge Lake will consist of 20 to 25 holes to follow-up the high-grade gold zone identified in 2005.

Detailed ground follow-up on the Qim 5 prospect area is being included in the 2006 program. Qim 5 is located about 20 kilometres east of Ridge Lake and is host to a fold-thickened iron formation unit where surface sampling in 2004 returned values up to 103.1 grams per tonne gold and where more detailed mapping was completed in 2005.

Bravo Lake Property, Nunavut

On August 21, 2003, the Company entered into an option agreement with Falconbridge Limited ("Falconbridge") on twelve Nunavut Exploration Permits on Baffin Island, Nunavut. The Durette Prospect is located at the eastern end of the 140 kilometre long Bravo Lake gold belt, approximately 50 kilometres east of Ridge Lake. In the fall of 2005, the Company staked nineteen (19) mineral claims to cover the favourable portions of the prospecting permits. The revised area of the Bravo Lake property is 14,668 acres (5,900 hectares).

Bravo Lake 2006 Exploration Program

The Bravo Lake 2006 program focused primarily on the "Durette" Prospect identified in 2005 and located at the eastern end of the property. Initial drilling was completed on July 21st with 1,234 metres drilled in six holes over a 465 metre strike length and to a maximum depth of 278 metres. Assays were not available as at the date of this report Follow-up drilling at Durette later in the season or next year will be dependant on the drill results.

Bravo Lake 2006 Exploration Results

The Company is awaiting lab results.

Dewar Lake Property, Nunavut

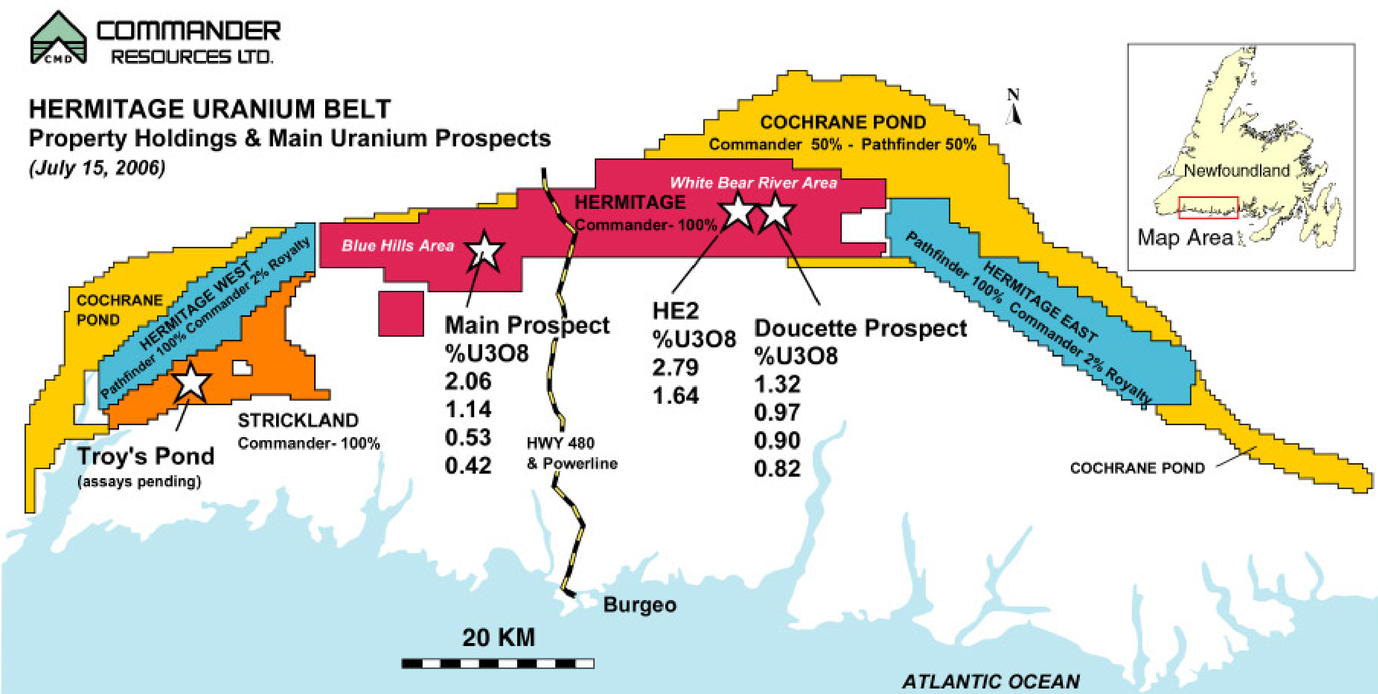
On June 18, 2003, the Company entered into an option agreement with BHP Billiton to explore for gold and base metals on three Nunavut Prospecting Permits located on Baffin Island, totaling 162,947 acres (65,000 hectares). The Company earned a 100% interest in the property with completion of the 2004 program. Currently, the property has been reduced to one (1) permit with an area of 20,400 acres (8,255 hectares).

Dewar Lake 2006 Exploration Program

At this time, there are no significant exploration plans for Dewar Lake.

The Hermitage Uranium Project, Newfoundland

The Hermitage Uranium project is located just north of the port town of Burgeo in southern Newfoundland and is intersected by Highway 480 and a major power-line. In 2005, the Company assembled approximately 99,200 acres (40,000 hectares) of land in southern Newfoundland covering a strike length of more than 100 kilometres through two separate option agreements and 1,600 claims staked on-line. By 2006, the property has grown to approximately 447,300 acres (180,400 hectares) coving a strike length of 144 kilometres. The following chronology of events on how the property was assembled should be read in conjunction with the map below:



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 River' uranium properties over a four year term by making cash payments of $82,200, issuing 201,000 common shares, a warrant and completing $1,000,000 in exploration work. The agreement is subject to a 2% of Net Smelter Returns Royalty for the vendors with a buy-back of one half of the royalty for $1.0 million.

On April 22, 2005, the Company completed a second 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. The agreement is subject to a 2% Net Smelter Returns Royalty for the vendor with a buy-back of one half of the royalty for $1.0 million.

In the fall of 2005, the Company acquired an additional 1,600 claims (99,200 acres, 40,000 hectares) covering a major geological belt known as the 'Hermitage Flexure'. The Hermitage Flexure ties together the Blue Hills and White Bear River uranium properties and becomes part of the Blue Hills and White Bear option agreement.

In the fall of 2005, the Company entered into a letter agreement with Pathfinder, allowing Pathfinder access to data which resulted in Pathfinder acquiring 1,429 claims totalling 88,500 acres (35,725 hectares) to the west and east of the Company's property. Pathfinder has named these properties, 'Hermitage West' and 'Hermitage East'. In consideration, the Company received 150,000 common shares of Pathfinder and a 2% Royalty on all commodities produced from the claims staked by Pathfinder.

On June 26th, the Company staked on-line 147 claims totaling 9,100 acres (3,675 hectares) to the south of Pathfinder's Hermitage West property. The new property has been named 'Strickland'.

On June 28th, the Company and Pathfinder jointly staked of approximately 151,000 acres (61,000 hectares) to the north of the Hermitage West, Blue Hills, White Bear River and Hermitage East properties. The newly acquired property, named 'Cochrane Pond', covers ground with geological similarities to these adjacent properties.

The Hermitage 2006 Exploration Program

A 5,000 line kilometre airborne radiometric, magnetic and radiometric geophysical survey was flown in June by Aeroquest International Limited at a cost of $358,812. A second survey was added to cover the newly acquired Strickland property for an estimated cost of $40,000. To help minimize costs, the Company and Pathfinder shared mobilization and camp costs for the airborne survey. The Pathfinder airborne survey will be approximately 4,000 line kilometres flown over their Hermitage West and East properties.

Since June, the detailed ground prospecting program has been following-up on known uranium prospects as well as new showings identified from preliminary airborne data. All samples collected during prospecting will consist of 1.5 kg composite rock chip samples collected either from bedrock or from numerous coarse, angular boulders considered to be close to bedrock. Samples will be sent to ACME Analytical Laboratory, where they were analyzed using 1DX Multiple Element ICP methods.

The Hermitage 2006 Exploration Results

The Company is awaiting a final interpretation of the 2006 summer airborne survey. A preliminary review of data revealed numerous radiometric anomalies and a number of key target areas for follow-up. More importantly, many of the known uranium showings are clearly visible in the airborne data, including Main, Hawksnest, Muise and Chan at the Blue Hills prospect and all four White Bear River prospects, including Doucette.

Results from ground prospecting in the White Bear River area and the Doucette Prospect have shown highly encouraging uranium assays in a favourable geological setting. These areas will be further advanced to the drill stage with geological mapping, soil sampling and geophysical surveying on a grid. At the present time, subsurface radon gas emission test surveys are underway on these and several other targets on the property.

At anomaly HE-2, after receiving high scintillometer counts in an overburden area, a hole was dug to about 0.5 metres where the high count boulder was located. A sample from a buried boulder ran 3.1% U_3O_8. Six other significant rock chip samples from boulders collected on the HE-2, assayed from 0.15% to 0.28% U_3O_8, while five samples had anomalous values from 429 ppm to 762 ppm U_3O_8. At anomaly HE-1A three of the eleven sample results from widely scattered boulders received to date assayed 0.20%, 0.24%, and 0.28% U_3O_8 and four others returned values from 0.06% to 0.14% U_3O_8.

On the Strickland property at Troy's Pond prospect, high scintillometer counts were recorded over a 6 metre length. Two 1.5 kg chip samples were taken from bedrock after digging through 30 centimetres of overburden. These samples assayed 0.19% U_3O_8 and 0.22% U_3O_8. This area of high counts will be exposed as much as possible to determine the extent and controls on uranium mineralization. Fifty metres to the south of Troy's Pond, in a separate stratigraphic unit, two samples from a small bedrock exposure assayed 0.02% and 0.045% U_3O_8.

Approximately one (1) kilometre to the east along-strike from the Troy's Pond prospect on the Strickland Property, a new uranium showing area is centered on airborne radiometric anomaly ST-129 where scattered anomalous outcrops extend for a strike length of over 400 metres in a northeast-southwest direction between airborne anomalies ST-128, ST-129 and ST-131. An altered outcrop area situated just to the north of the centre of ST-129 returned highly anomalous scintillation counts over a 65 metre (or 210 foot) wide interval across the strike of the local rock units with counts ranging from 850 to 4,500 CPS over a background of 100 to 150 CPS outside the altered zone. Assay results were unavailable as at the date of this report.

Despinassy Gold Project, Quebec

On April 26, 2004, 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 100,000 common shares of Alto Ventures at a deemed price of $0.10 per share and retained the right of first refusal under the Joint Venture should Alto Ventures withdraw from the Agreement with Cameco.

Despinassy 2006 Exploration Program

Alto Ventures completed a 5,000 metre diamond drill program during the winter and proposed a second Phase Two drill program for early 2006. The Company elected not to contribute to the Phase Two drill program and anticipates that its interest in the Despinassy project will dilute from 30% to approximately 26% upon completion of this drill program.

Despinassy 2006 Exploration Results

The Phase Two drill program, comprising 5,106 metres (m) in nineteen holes, has significantly extended the area of gold mineralization within the DAC Zone and confirms continuity and grade of the individual veins. Assays from the final drill holes include gold intercepts of 14.3 g/t over 2.1 m, 19.5 g/t over 0.7 m and 13.2 g/t over 1.0 m within wide, lower grade alteration envelopes containing grades up to 2.3 g/t over 8.0 m and 0.9 g/t over 27.9 m.

Results of Operations

-Current Quarter Results

At June 30, 2006, the Company had $3,265,176 in cash and $1,506,090 in cash, exploration funds (a source of cash for mineral exploration) both of which increased as a result of two financings completed in May. The net cash proceeds of these financings provided $5,252,957 in cash. In addition, stock option exercises provided $36,000 in cash.

The Company's exploration activities focused on the Baffin drill program and airborne and geochemical surveys on the Hermitage property both reflected in the mineral property exploration cash requirements of $1,304,625. This use of cash was largely funded by a $1,143,379 reduction in cash, exploration funds and a $547,276 increase in accounts payables and accrued liabilities related to mineral properties.

In the previous quarter, the Company sold marketable securities to help supplement cash requirements. During the quarter, no marketable securities were sold, however, subsequent to the June 30, 2006, the Company sold 50,000 shares of Pathfinder Resources Ltd. providing $66,747 in cash.

-Six Months Ended June 30, 2006 compared with the Six Months Ended June 30, 2005

General and administrative expense, for the period, of $539,223 (2005 - $523,972) represented a $15,251 increase over the comparative fiscal period. Notable changes included:

- Consulting expense of $20,403 (2005 - $38,784) decreased as the comparative period included cost for a part-time corporate consultant who assisted the President with corporate communications;

- Investor relations and promotion expense of $90,261 has decreased from the comparative fiscal period as the Company elected to attend less trade shows. A breakdown is as follows:

	2006	2005
Administration	$ 20	$ 28
Conferences and trade shows	33,736	45,527
Consulting, wages and benefits	33,781	33,705
Media	5,511	5,982
Promotion and advertising	17,213	23,493
	$ 90,261	$ 108,735

- Salaries and benefits expense of $180,248 (2005 - $99,298) increased due to a $48,000 severance accrual upon expiration of the President's contract on March 31, 2006. The President agreed to extend the current contract and defer the payment until December 31, 2006. The Compensation Committee and the President have agreed to negotiate a new contract in the fall;

- Stock-based compensation expense of $48,274 (2005 - $109,968) represents the vesting of 253,000 stock options during the period. Stock-based compensation expense is a non-cash item;

- Future income tax recovery of $1,243,864 (2005 - $(149,500)) resulted from the renunciation of $3,721,756 of exploration expenditures under the Company's flow-through share program. The income is a result of accounting pronouncement EIC-146 and is a non-cash item.

For the six months ended June 30, 2006, the Company's earnings after tax were $786,098 (2005 - $(695,750)) resulting largely from the future income tax recovery noted above and not from operating revenue. The Company did not pay cash dividends during the period.

Summary of Quarterly Results, For the Three Months Ended:

	Sept. 30 2004 Q3	Dec. 31 2004 Q4	Mar. 31 2005 Q1	Jun. 30 2005 Q2	Sept. 30 2005 Q3	Dec. 31 2005 Q4	Mar. 31 2006 Q1	Jun. 30 2006 Q2
Mineral expenditures, net	$ 1,923,323	$ 149,112	$ 183,624	$ 829,253	$ 1,535,399	$ 514,555	$ 89,876	$ 1,304,625
G&A (incl. stock comp.)	$ 333,858	$ 284,807	$ 341,314	$ 182,658	$ 426,664	$ 271,613	$ 268,332	$ 270,891
Stock comp. expense	$ 110,007	$ 7,855	$ 102,113	$ 7,855	$ 258,342	$ -	$ -	$ 48,274
G&A (less stock comp.)	$ 223,851	$ 276,952	$ 239,201	$ 174,803	$ 168,322	$ 271,613	$ 268,332	$ 222,617
Income (loss)	$ (364,026)	$ (459,486)	$ (286,261)	$ (409,489)	$ (7,666)	$ 327,849	$ 475,537	$ 310,561
Income (loss) per share								
-basic	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ -	$ -	$ 0.01	$ 0.01
-diluted	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ -	$ -	$ 0.01	$ 0.01
Weighted avg. common shares								
-basic	25,967,914	25,314,313	30,764,701	31,452,614	36,208,162	34,359,557	39,668,585	47,699,912
-diluted	25,967,914	25,314,313	30,764,701	31,452,614	36,208,162	34,359,557	46,235,375	61,802,491

The Company's predominant exploration project is currently on Baffin Island, Nunavut in Canada's far north and is subject to seasonal working conditions. The Company's exploration on this project typically runs during the spring and summer to early fall periods, therefore most of the expenditures are incurred during the second and third quarters.

Since the adoption of the CICA accounting standard for stock-based compensation, the Company's general and administrative quarterly expense has fluctuated significantly. The granting and vesting of stock options is at the discretion of the Board of Directors and the resulting expense does not reflect the normal operations of the Company. The Company has included "adjusted general and administrative expense" without the stock-based compensation expense to be more reflective of normal operations.

Earnings per share in Q1 and Q2 of 2006 resulted from the renunciation of $2,021,757 and $1,699,999 of exploration expenditures under its flow-through share program in accordance with accounting pronouncement EIC-146.

Liquidity

At June 30, 2006, the Company had $4,650,843 in working capital, which is sufficient to complete the Company's planned business objectives for 2006. The increase in working capital is due to a non-brokered flow-through private placement for gross proceeds of $1,699,999 closed on May 12, 2006, and a brokered private placement closed on May 15, 2006 for gross proceeds of $3,885,000.

- The non-brokered flow-through private placement for gross proceeds of $1,699,999 consisted of 3,695,652 common shares at a purchase price of $0.46 per share. Fees paid include $98,017 in cash and 213,089 Agent's warrants. Each Agent's warrant entitles the holder to purchase one common share at a price at $0.50 per share until May 11, 2007. The securities may not be traded until September 11, 2006.

- The brokered private placement for gross proceeds $3,885,000 consisted of 10,500,000 units at a purchase price of $0.37 per unit. Each unit consists of one common share and one-half nontransferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $0.50 per share until May 15, 2008. The Agents received $144,226 in cash, 390,500 units at a deemed price of $0.37 per unit in lieu of cash, 1,040,400 Agent's warrants and an administration fee of $5,000. The Agent's warrants have the same terms as the client's warrants. The securities may not be traded until September 16, 2006.

- All of the warrants and the Agent's warrants are subject to an early expiry provision once resale restrictions have ended. Upon the Company's shares trading at or above a weighted average trading price of $0.80 for 20 consecutive trading days, the Company may give notice to the warrant holders and issue a news release advising that the warrants will expire 30 days from the date of the news release.

The Company does not have operating cash flow and has relied on equity financings to meet its cash requirements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financings will be favourable.

Capital Resources

The Company has active option agreements under which the Company is required to meet certain obligations during fiscal 2006 to keep the options in good standing:

- On the Bravo Lake property in Nunavut, the Company's cumulative exploration expenditures are $775,795 and the Company is required to spend a minimum of $1,000,000 in exploration before December 31, 2006. It is anticipated that the Company's 2006 exploration program with satisfy the required expenditure commitments.

Off-Balance Sheet Arrangements

The Company has not entered into any Off-Balance Sheet Arrangements.

Related Party Transactions

At June 30, 2006 marketable securities included 470,000 common shares of Diamonds North Resources Ltd., a company related by a common director, Bernard Kahlert, and 167,647 common shares of Fjordland and 150,000 common shares of Pathfinder, a companies related by a common director, Victor Tanaka. Subsequent to June 30, 2006, the Company sold 100,000 common shares of Pathfinder.

The Company shares certain administrative costs with four other companies related by virtue of common directors. Included in accounts receivable is an aggregate of $14,026 owed by those companies for shared administrative expenses. Included in accounts payable is $29,190 owed to Pathfinder relating to acquisition costs on the Hermitage project.

The Company paid $7,542 in legal fees to a law firm in which a director of the Company, Brian Abraham is a partner.

Given that the Company's directors and officers are engaged in a wide range of activities in the junior resource industry, the Company operates under the Conflict of Interest provisions found within the Business Corporations Act of BC. In addition, management has adopted language from these provisions and incorporated them into the Company's Code of Business Conduct and Ethics.

The Company has entered into an agreement with Pathfinder and a LOI with Fjordland, companies related by a common director, Victor Tanaka. In both cases, Mr. Tanaka disclosed his potential conflict of interest and abstained from voting on the approval of these matters.

Proposed Transactions

None.

Changes in Accounting Polices

None.

Financial Instruments

The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash and cash equivalents have been placed with major financial institutions.

Marketable securities are carried at the lower of cost or quoted market value. The market value of marketable securities at June 30, 2006 was $519,500.

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Other MD&A Requirements

Additional information relating to the Company, including the Company's most recent Annual Information Form, is available on SEDAR at www.sedar.com.

As at the Report Date, the Company had 55,073,133 issued common shares outstanding and the following unexercised stock options and warrants:

-Stock Options

Expiry Date	Exercise Price	Number of Shares
September 11, 2006	$0.23	115,999
January 23, 2008	$0.20	330,337
August 20, 2008	$0.26	221,666
September 10, 2008	$0.45	5,000
December 18, 2008	$0.50	75,000
January 21, 2009	$0.53	700,000
February 19, 2009	$0.64	50,000
May 18, 2009	$0.56	791,000
September 6, 2009	$0.40	100,000
September 21, 2009	$0.40	200,000
January 24, 2010	$0.34	25,000
July 19, 2010	$0.25	618,000
May 11, 2011	$0.39	282,000
June 18, 2011	$0.30	730,000
		4,244,002

-Warrants

Expiry Date	Exercise Price	Number of Shares
October 20, 2006	$0.45	544,788
December 8, 2006	$0.50	2,350,000
May 15, 2008*	$0.50	5,250,000
		8,144,788

Under an option agreement on the Blue Hills and White Bear, Hermitage Newfoundland project, 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 by CIM Classification under 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.

-Agent's Warrants

Expiry Date	Exercise Price	Number of Shares
May 11, 2007*	$0.50	213,089
May 15, 2008*	$0.37	1,040,400
May 15, 2008*	$0.37	195,250
		1,448,739

* All of the warrants and the Agent's warrants are subject to an early expiry provision once resale restrictions have ended. Upon the Company's shares trading at or above a weighted average trading price of $0.80 for 20 consecutive trading days, the Company may give notice to the warrant holders and issue a news release advising that the warrants will expire 30 days from the date of the news release.

At June 30, 2006, the Company held mineral properties exclusively in Canada. Exploration activity and expenditures incurred on the Company's properties are detailed in the Mineral Property Expenditure Table on the following page. The Company's principal project is located in Canada's far north which poses an inherent risk associated with exploring due to the remoteness from populated areas, lack of surface infrastructure, and availability of skilled labour, fuel and supplies. Exploration is dependent on air transportation, fixed wing and helicopter, which are susceptible to bad weather. The unpredictability of the weather can cause unavoidable delays in carrying out a planned exploration program resulting in cost overruns.

Mineral Property Expenditure Table

	Sarah Lake, Labrador	Green Bay , Nflnd.	Adlatok 1, Labrador	Big Hill, Nflnd.	Hermitage Project(1), Nflnd.	Nepisiguit/ Stewart, New Bruns.	Sally, Labrador	Qimmiq, Nunavut	Dewar Lake, Nunavut	Bravo Lake, Nunavut	Other Properties	Total
Balance at December 31, 2005	$ 1,155,423	$ 416,225	$ 130,778	$ 208,523	$ 517,995	$ 1,352,957	$ 61,173	$ 5,336,615	$ 249,761	$ 775,795	$ 1,498,015	$11,703,260
Additions during the												
Acquisition costs:	-	-	-	-	142,710	-	-	-	-	-	106,750	249,460
Exploration costs:												
Drilling	-	930	-	165	-	600	-	352,785	-	159,033	-	513,513
Geochemistry	-	628	-	225	3,045	-	-	221	-	40	-	4,159
Geology	1,717	6,140	339	189	83,035	1,308	-	42,066	5,095	15,011	23,400	178,300
Geophysics	-	1,218	-	-	358,812	-	-	3,500	-	1,725	-	365,255
Mobilization/demob.	-	-	-	-	-	-	-	5,504	-	2,359	-	7,863
Permitting	-	500	-	-	-	-	-	57,915	-	10	15,210	73,635
Prospecting	-	-	-	220	128,579	-	-	11,765	-	11,511	-	152,075
Trenching/line	-	-	-	-	225	-	-	-	-	-	-	225
	1,717	9,416	339	799	573,696	1,908	-	473,756	5,095	189,689	38,610	1,295,025
Less:												
Recoveries	-	-	-	(50)	(54,604)	-	-	-	-	-	(3,950)	(58,604)
Write down	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(50)	(54,604)	-	-	-	-	-	(3,950)	(58,604)
Net additions	1,717	9,416	339	749	661,802	1,908	-	473,756	5,095	189,689	141,410	1,485,881
Balance at June 30, 2006	$ 1,157,140	$ 425,641	$ 131,117	$ 209,272	$1,179,797	$ 1,354,865	$ 61,173	$ 5,810,371	$ 254,856	$ 965,484	$ 1,639,425	$13,189,141

(1) The Hermitage, Newfoundland project includes the Blue Hill/White Bear and Couteau option agreements along with the 1,600 claims staked on-line.

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Corporate Secretary

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LISTINGS

TSX Venture Exchange: CMD
U.S. 12g Exemption: #82-2996

CAPITALIZATION
(as at June 30, 2006)

Shares Authorized: Unlimited
Shares Issued: 54,808,133

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