

**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 nine months ended September 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 November 22, 2006 (the “Report Date”).

**Highlights for the Three Months Ended September 30, 2006**

During the quarter the Company was actively exploring both the Baffin Island gold project in Nunavut and the Hermitage uranium project in Newfoundland.

On the Baffin gold project, two new gold mineralized zones were discovered, the Brent Shear Zone and the Gabbro Shear Zone. The Brent Shear zone, located five kilometres southwest of Ridge Lake consists of a 1,400 metres long shear zone with well developed quartz veining that contains arsenopyrite and pyrrhotite. Surface grab samples contained up to 113.95 g/t gold with 21 of 66 samples assaying greater than 5 g/t gold. Two test holes, drilled 100 metres apart, confirmed the gold potential of the shear zone. The best result, reported subsequent to the quarter end was 6.41 g/t gold over 1.0 metre.

At Ridge Lake, a second, similar shear zone occurs 1.8 kilometres west of 2005 drill hole RLD-05-35. The zone contains 3-5%, disseminated, medium to coarse grained arsenopyrite over a strike length of 250 metres. Six grab samples from this zone contained 1.34 to 9.23 g/t gold. This target was not drill tested.

Diamond drilling commenced on the Durette prospect in late June with 1,234 metres in six holes completed by mid July. Following a break, drilling commenced on the Ridge Lake zone where 18 holes were completed for a total of about 2,731 metres by mid September. Two holes totalling 247 metres were also drilled to test the newly discovered Brent Shear Zone and two holes were drilled as stratigraphic tests prior to the program being shut down in late September. The best drill results from the Ridge Lake drilling, reported subsequent to the quarter end, were 10.17 g /t gold over 4.45 metres including 15.96 g/t gold over 2.80 metres in hole 06-50 and 8.79 g/t gold over 1.80 metres in hole 06-55.

On the Hermitage uranium project in Newfoundland, a prospecting program was run for much of the quarter to follow-up areas of interest and results of the airborne survey flown late in the second quarter. Assay results of 2.79% and 1.64% U<sub>3</sub>O<sub>8</sub> were reported from boulders on the HE-2 prospect, White Bear River area and three new uranium showings (HE-9, HE-18A, HE-1A) were found within a 4 kilometre x 7 kilometre area that includes the HE-2, Doucette, HE-1 and #3 Showings. A high uranium assay of 3.1% U<sub>3</sub>O<sub>8</sub> was recorded from a buried boulder at the HE-2 prospect. At anomaly HE-1A, three samples assayed 0.20%, 0.24%, and 0.28% U<sub>3</sub>O<sub>8</sub>. At the He-18A Prospect, a boulder assayed 0.35% U<sub>3</sub>O<sub>8</sub>. Close to White Bear River and 3.5 kilometres west from Doucette, a new prospect DT-1 was discovered along the same magnetic feature that is host to the Doucette prospect. A radiometric boulder

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from DT-1 assayed 0.15% U3O8. In the Blue Hills area a new showing called Chan North returned an assay of 0.48 % U3O8 from a 2-3 metre wide fractured zone in Baggs Hill granite. The composite rock chip sample also contained a high molybdenum value of 0.23% Mo. This result was received subsequent to the quarter end.

A new bedrock uranium showing, named Troy's Pond, was discovered which led to staking of the 147 claim, 9,100 acre (3,675 hectare) Strickland Property. Significant uranium values from bedrock included 0.19% U3O8 and 0.22% U3O8.

On the Strickland Property, a new discovery was reported from follow-up of airborne radiometric anomaly ST-129. The showing consists of scattered anomalous outcrops extending for a strike length of over 400 metres in a northeast-southwest direction. A poorly exposed altered outcrop area returned highly anomalous scintillation counts over a 65 metre 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. Five samples from preliminary sampling of bedrock exposures exceeded 0.20% U3O8, the highest assays being 0.80% and 0.31% U3O8.

On August 16<sup>th</sup>, the Company announced that it 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 (\$3,000 paid) and by issuing 160,000 common shares of the Company (25,000 issued) 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.

On August 2<sup>nd</sup>, the Company signed a Letter of Intent 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 (received) and 350,000 treasury shares (received) were 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's 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.

**Subsequent Events to September 30, 2006**

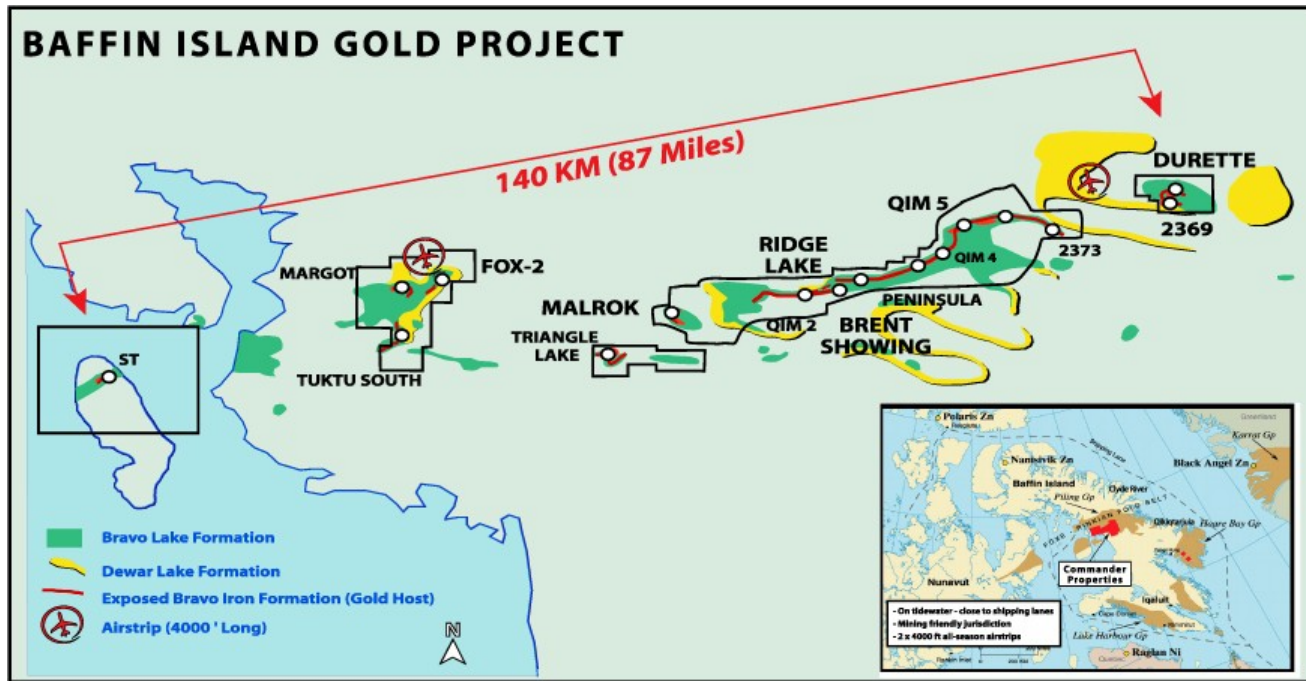
- The Company's Board of Directors approved an initial 3,000 metre diamond drill program on the Hermitage uranium project in southern Newfoundland. This represents the first-ever drilling on the property. The primary purpose of the initial program is to define the key stratigraphic and structural setting of the main uranium occurrence areas.
- In October, Larry Pilgrim, P. Geo was hired by the Company as a Senior Project Geologist to supervise the Newfoundland Hermitage drilling and exploration program. Mr. Pilgrim was previously Senior Exploration Geologist for Richmont Mines in Newfoundland and was formerly Chief Mine Geologist at the past-producing Hammerdown Mine which was owned and operated by Richmont. Mr. Pilgrim has an extensive background in managing large exploration and development projects, including two years of uranium exploration experience. On October 23, 2006, the Company granted incentive stock options under the Company's stock option plan to Mr. Pilgrim to purchase an aggregate of 100,000 treasury shares. The options are exercisable for a period of five years at a price of \$0.56 per share and are subject to the policies of the TSX Venture Exchange
- Subsequent to September 30, 2006, the Company issued 60,000 common shares for proceeds of \$30,000 pursuant to the exercise of stock options and 755,580 common shares for proceeds of \$307,654 pursuant to the exercise of warrants.

**Baffin Island Gold Project, Nunavut**

From 2003 to 2006, the Company's exploration work on central Baffin Island has resulted in the discovery of 16 gold occurrences over a strike length of 140 kilometres. The primary 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 three separate iron formation units and within at least two large shear zones in younger granodiorite and gabbro units. In each of different settings, 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 Brent Shear Zone, discovered this quarter, represents a new and potentially significant target on the property.

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	\$ 2,023,944	\$ (23,944)
Geochemistry	20,000	261	19,739
Geology	220,000	79,869	140,131
Geophysics	100,000	18,956	81,044
Property	60,000	57,925	2,075
Mobilization/demob.	300,000	68,603	231,397
Prospecting and trenching	200,000	244,032	(44,032)
	<u>\$ 2,900,000</u>	<u>\$ 2,493,590</u>	<u>\$ 406,410</u>

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. Malrok, which was drill-tested in 2004, Ridge Lake, the focus of the 2005 and 2006 program, and the Brent Zone are located on the Qimmiq property along with several of the other gold prospects. The Company made sufficient expenditures through 2005 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 Exploration Program - 2006***

Drilling on the Ridge Lake zone included 18 holes for a total of 2,731 metres. Two holes totalling 247 metres were also drilled to test the newly discovered Brent Shear Zone and two holes were drilled as stratigraphic tests.

Results for the 2006 drilling are tabulated below. The drilling to date at Ridge Lake has defined a semi-continuous sheet of gold mineralization containing higher grade plunging shoots, typical of the iron formation class of gold deposits.

Higher grade intercepts in holes 06-50 and 06-55 along a southwest-plunging structural trend from hole 05-35 (21.24 g/t gold over 4.24 metres at a depth of 89 metres), define a high-grade shoot of unknown width that extends over a plunge length of at least 100 metres. The shoot is open both up-plunge to the northeast and down-plunge to the southwest within the eastern portion of the mineralized zone outlined by the 2005 drilling. This high-grade shoot is within a south-dipping sheet of lower grade mineralization that extends to surface where previously reported channel sampling identified local high grade gold values including 15.4 g/t gold over 1.9 metres.

A similar southwest-plunging structure is seen in the drill data for the western portion of the Ridge Lake central zone where holes 06-53 and 06-54 contribute to existing drill intercepts to define part of a lower grade sheet in an area where several previously reported holes trace a higher-grade shoot with approximately the same southwest orientation.

While only about a one kilometre extent of the entire Ridge Lake prospect has been drilled, the results and the identification of a predominant plunge direction to high grade shoots will help to focus follow-up drilling in the central zone and guide future targeting on similar trends along the Ridge Lake prospect and other prospects on the large property.

Several proposed holes to the east and west of the central mineralized zone on Ridge Lake and the eastern end of the prospect trend were not completed because of early season drilling delays and the decision to move the drill onto the newly discovered Brent Showing prior to the suspension of this years drilling program.





<b>2006 Ridge Lake Drill Results Table</b>							
<b>Hole</b>	<b>Depth metres</b>	<b>Azimuth</b>	<b>Inclination</b>	<b>FROM metres</b>	<b>TO metres</b>	<b>WIDTH metres</b>	<b>Gold g/t</b>
RLD-06-45	176	0	-75	NSA			
RLD-06-46	128	0	-50	48.05	48.57	0.52	0.82
RLD-06-47	152	0	-70	52.38	53.83	1.45	1.54
RLD-06-48	107	0	-50	38.38	40.53	2.15	3.97
including				38.38	40.00	1.62	5.09
RLD-06-49	68	0	-75				
RLD-06-50	125	0	-75	105.2	109.65	4.45	10.17
including				105.2	108	2.80	15.96
RLD-06-51	203	0	-75	NSA			
RLD-06-52	132	0	-55	85.28	88.59	3.31	3.15
including				86.05	87.59	1.54	6.53
RLD-06-53	173	0	-75	28.7	29.55	0.85	4.29
and				92.5	93.34	0.84	4.46
RLD-06-54	161	0	-70	115.79	117.34	1.55	2.6
including				116.56	117.34	0.78	4.22
and				119.34	120.24	0.90	2.37
RLD-06-55	146	0	-70	106.53	108.33	1.80	8.79
including				106.53	107.43	0.90	17.11
RLD-06-56	94	0	-88	LOST			
RLD-06-57	152	0	-82	109.53	113.81	4.28	1.82
including				111.67	113.81	2.14	2.74
RLD-06-58	200	0	-70	NSA			
RLD-06-59	152	0	-71	NSA			
RLD-06-60	150	0	-45	40.94	41.96	1.02	2.19
RLD-06-61	200	0	-70	41.56	42.14	0.58	5.34
RLD-06-62	212	0	-76	202.69	206.67	3.98	1.21
including				203.74	205.83	2.09	2.02
<b>Brent Showing</b>							
Q2-06-01	113	0	-55	44.5	48.5	4.00	0.93
including				46.5	48.5	2.00	1.25
and				47.5	48.5	1.00	1.92
Q2-06-02	134	0	-55	40.8	42.6	1.80	3.47
including				41.6	42.6	1.00	6.14

-NSA = No Significant Assays

The Brent Showing, located five kilometres southwest of Ridge Lake consists of a 1400 metre long shear zone with well developed quartz veining that contains arsenopyrite (5-50%) and pyrrhotite (3-5%). A total of the 66 grab samples were collected along the length of the shear zone, with results ranging up to 113.95 g/t gold. A total of 21 samples (32%) assayed greater than 5 g/t gold and nine samples (14%) assayed greater than 10 g/t gold. The shear zone is up to 50 metres wide and represents a new and potentially significant target type on the property.

The first two holes were drilled 100 metres apart on the eastern portion of the near vertical shear zone. Hole Q2-06-01 intersected the shear zone between 19.0 metres and 59.0 metres. Within the wide shear zone, a 33 metre interval contained five percent quartz veining with arsenopyrite and a 13.7 metre wide zone of more intense alteration, sulphides and quartz veining was cut between 45.5 and 59.2 and is interpreted to be the same zone sampled on surface. This drill hole interval contained 5-10% quartz veins with up to 25% arsenopyrite. Sulphides consisting of 1-10% arsenopyrite and 1-3% pyrrhotite were also identified as disseminations in the host rock surrounding these veins. In hole Q2-06-02, drilled 100 metres west from hole Q2-06-01, the same shear zone and mineralized zone was intersected between 16.50 metres and 45.00 metres. The strongest alteration zone was intersected between 25.0 metres and 31.0 metres with a similar alteration and mineral association to that intersected in hole Q2-06-01. Results for the two holes are presented in the table above.

### **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 Exploration Program - 2006***

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 21<sup>st</sup> with 1,234 metres drilled in six holes over a 465 metre strike length and to a maximum depth of 278 metres. Ground conditions, including slumped mega-blocks of the silicified iron formation and deep snow cover prevented a direct test of surface mineralization over the central part of the main showing area.

#### ***Bravo Lake Exploration Results - 2006***

Drill holes 06-01 and 06-02 were drilled from the same set-up as a direct test of the exposed silicified iron formation. Hole 06-01 intersected 0.41 g/t over 6.07 metres, from 5.83 to 11.90 metres depth, which included 1.26 g/t over 0.67 metres. Hole 06-02 intersected 1.57 g/t over 2.80 metres, from 6.80 to 9.60 metres depth.

Drill hole 06-03, the most westerly of the six-hole program, intersected 9.61 g/t over 1.56 metres at a depth of 14.30 metres within a 19 metre thick highly silicified iron formation which appears to be thickening to the northwest. This trend is open and continues to the west under cover for 300 metres and into the area where a surface sample collected in 2005 assayed 17 g/t gold.

Drill holes 06-04 and 06-05 were drilled from north to south to intersect the east-west structure at depth beneath the exposed surface mineralization. The holes could not be spotted to intersect the silicified iron formation directly due to local ground conditions, so the main target could not be tested with either hole in the central area. No significant assays were reported.

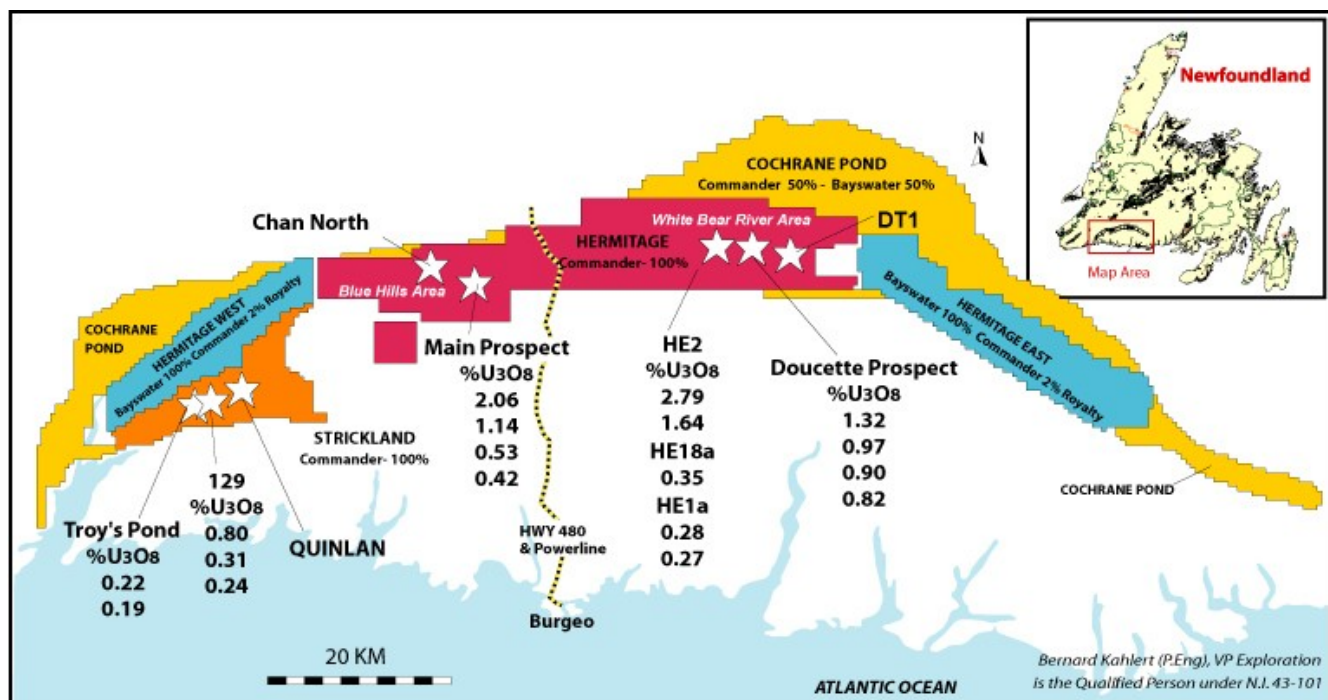
Drill hole 06-06, collared about 200 metres southeast of holes 4 and 5, was drilled at the eastern end of the known alteration zone to test for buried silicified iron formation and to intersect possible vein-style mineralization at depth. Approximately 2 metres of silicified iron formation was intersected from 2.0 to 4.0 metres. No significant assays were reported.

### **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). No significant exploration work was completed in 2006.

### 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) covering a strike length of 144 kilometres. The geology consists of a Paleozoic sedimentary-volcanic basin intruded and underlain by radiogenic granite bodies and cut by the regional Hermitage flexure structural zone. The property is largely overburden covered, between 85-90%, and as a result outcrop available for sampling is very limited. Clusters and areas of angular boulders are typical of most areas. The overburden is considered to be on the order of a few metres to ten metres. There are examples of sandstone-hosted, volcanic-hosted and breccia-hosted uranium occurrences on the property. 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.



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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 within the Blue Hills and White Bear option agreement.

In the fall of 2005, the Company entered into a letter agreement with Bayswater Uranium Corporation ("Bayswater") (Bayswater and Pathfinder Resources Ltd amalgamated in August 2006), allowing Bayswater access to data which resulted in Bayswater acquiring 1,429 claims totalling 88,500 acres (35,725 hectares) to the west and east of the Company's property. Bayswater has named these properties, 'Hermitage West' and 'Hermitage East'. In consideration, the Company received 150,000 common shares of pre-merger Pathfinder Resources Ltd. and is entitled to receive a 2% Royalty on all commodities produced from the claims staked by Bayswater.

On June 26<sup>th</sup>, the Company staked 147 claims totaling 9,100 acres (3,675 hectares) to the south of Bayswater's Hermitage West property. The new property was named 'Strickland'.

On June 28<sup>th</sup>, the Company and Bayswater jointly staked 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.

On August 16<sup>th</sup>, the Company announced that it had entered into an option agreement with prospectors E and R Quinlan to purchase claims containing an historical uranium showing grading 0.19% U<sub>3</sub>O<sub>8</sub>. 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 (\$3,000 paid) and by issuing 160,000 common shares of the Company (25,000 issued) over a four year period. The first tranche of 25,000 common shares and \$3,000 cash were issued on October 5, 2006. The vendors will retain a 2% NSR, half of which may be bought by the Company at any time for \$1 million.

***Hermitage Exploration Program - 2006***

A 5,000 line kilometre airborne radiometric, magnetic and radiometric geophysical survey was flown in June by Aeroquest International Limited at a cost of \$359,922. A second survey was added to cover the newly acquired Strickland property for a cost of \$77,592. To help minimize costs, the Company and Bayswater shared mobilization and camp costs for the airborne survey.

A detailed ground prospecting program commenced in June following receipt of the preliminary airborne survey data. The program included follow-up work on known uranium prospects as well as on new showings discovered from the airborne data. Typically, all samples collected during the first pass prospecting program consisted of 1.5 kg composite rock chip samples from bedrock or angular boulders considered to be close to bedrock sources. Detailed grid work including mapping, magnetic surveying, alpha track surveying, soil sampling and channel sampling were completed on specific uranium showing areas.

***Hermitage Exploration Results - 2006*****-Strickland Property**

Significant uranium values from bedrock at the Troy's Pond prospect included 0.19% U<sub>3</sub>O<sub>8</sub> and 0.22% U<sub>3</sub>O<sub>8</sub>. Two channel samples graded 0.08% to 0.11% U<sub>3</sub>O<sub>8</sub> over 0.6 to 0.8 metres, both ended at the overburden cover which was radioactive beyond the outcrop contact.

The ST-129 prospect, discovered with the airborne radiometric survey consists of scattered anomalous outcrops extending for a strike length of over 400 metres in a northeast-southwest direction. A poorly exposed 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. Five samples from preliminary sampling of bedrock exposures exceeded 0.2% U<sub>3</sub>O<sub>8</sub>, the highest assays being 0.80% and 0.31% U<sub>3</sub>O<sub>8</sub>. A 6.7 metre long composite channel sample from within the core 35 metre wide portion of the alteration zone, graded 0.05% U<sub>3</sub>O<sub>8</sub> including three higher grade samples, 0.10% U<sub>3</sub>O<sub>8</sub> over 1.5 metres, 0.12% U<sub>3</sub>O<sub>8</sub> over 1.0 metre and 0.11% U<sub>3</sub>O<sub>8</sub> over 0.6 metre. The 6.7 metre channel terminated at the overburden contact, the overburden being strongly radioactive for a further five metres along the grid line to the south. Additional higher grade channel samples included 0.10% U<sub>3</sub>O<sub>8</sub> over 1.14 metres and 0.11% U<sub>3</sub>O<sub>8</sub> over 0.8 metres, the latter channel ended at strongly radioactive overburden extending for several metres.

Detailed geological mapping of the entire trend between Troy's Pond and ST-129 was underway at the quarter end an alpha track survey is being planned to map out the uranium zones beneath the overburden as an aid to targeting a first pass drill program.

**-Hermitage Property (Blue Hills and White Bear)**

Assay results of 2.79% and 1.64% U<sub>3</sub>O<sub>8</sub> were reported from boulders on the HE-2 prospect, White Bear River area. Three new uranium showings (HE-9, HE-18A, HE-1A) were found within a 4 kilometre x 7 kilometre area that includes the HE-2, Doucette, HE-1 and #3 Showings. A high uranium assay of 3.1% U<sub>3</sub>O<sub>8</sub> came from a buried boulder at the HE-2 prospect. At anomaly HE-1A, three samples assayed 0.20%, 0.24%, and 0.28% U<sub>3</sub>O<sub>8</sub>. At the He-18A Prospect, a boulder assayed 0.35% U<sub>3</sub>O<sub>8</sub>.

At the site of airborne radiometric anomaly He-18A, two small angular boulders assayed 0.35% U<sub>3</sub>O<sub>8</sub> and 0.07% U<sub>3</sub>O<sub>8</sub>. These boulders were considered to be close to source. The He-18A anomaly covered an expansive, grassy hillside with no outcrops located about two kilometres northwest of the high grade He-2 prospect in the White Bear River area where previously reported samples assayed up to 3.1% U<sub>3</sub>O<sub>8</sub>. The uranium bearing boulders at the He-18A are metamorphosed sandstones containing biotite, similar in nature to the He-2 prospect.

Close to White Bear River, new prospect DT-1 was discovered while carrying out detailed prospecting along the trend of the magnetic feature that is host to the Doucette prospect. A radiometric boulder located 3.5 kilometres west from Doucette was immediately adjacent to and downhill from the eastern extension of the linear magnetic high and gave 3,000 cps and assayed 0.15% U<sub>3</sub>O<sub>8</sub>. The host rock of this prospect is a biotite banded quartzite, similar to the host rock of the Doucette prospect where assays up to 1.3% U<sub>3</sub>O<sub>8</sub> were recorded.

At prospect He-1A several further widespread radiometric boulders were located around the He-1A prospect. Two of these assayed 0.27% and 0.13% U<sub>3</sub>O<sub>8</sub>. The host rock is also a biotite bearing quartzite, similar to other uranium prospects in the area. The He-1A prospect is located close to the centre of the White Bear River uranium prospect area.

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In the Blue Hills area, two new radiometric anomalies were discovered during detailed prospecting along the Couteau River. One was small and gave 2,000 CPS (counts per second) but the other was 2 to 3 metres wide and gave radiometric counts up to 8,000 CPS. Uranium oxides were recognized at the showing. Both anomalies, called Chan North, appear to be in highly strained and sheared granite and associated with strong silica and sericite alteration. An assay of 0.48 % U<sub>3</sub>O<sub>8</sub> and 0.23% Mo (molybdenum) was recovered from the 2-3 metre wide fractured zone. More detailed geological mapping and sampling will be completed on this prospect.

### **-Quinlan Option**

The Company's prospecting crew located a high count radiometric occurrence in the bed of the Cinq Cerf River in the approximate area where a 0.19% U<sub>3</sub>O<sub>8</sub> assay was reported by Shell Minerals in the 1980's. Anomalous radiometric counts ranging from 3,000 to 6,500 CPS were obtained from several exposures above the flowing water of the river and uranium oxides were noted in the exposure.

Although the geological setting was difficult to determine due to flowing water, it was established that angular quartz fragments comprised 30-50% of a highly altered and sheared host rock. Strong hydrothermal alteration consisting of silicification and sericite mica alteration was associated with the high radiation count breccia. Prospecting on the south canyon rim discovered a new area of sub-crop of similarly altered breccia about 500 metres west of the Cinq Cerf River showing. At this new area, at least four separate uranium-bearing stratigraphic units were identified within a 12-15 metre wide zone that extends over an 800 metre long structure/contact zone. Twenty grab samples were collected from first pass prospecting, all anomalous in uranium, including three samples greater than 0.10% U<sub>3</sub>O<sub>8</sub> and eight greater than 0.02% U<sub>3</sub>O<sub>8</sub>. The prospect area was covered by a thin veneer of soil and grass; bedrock was exposed by hand trenching where radioactive overburden was encountered. Detailed geological mapping and surface sampling are planned.

## **Results of Operations**

### **-Current Quarter Results**

At September 30, 2006, the Company's cash decreased to \$2,777,240, as the majority of the Baffin Island exploration program was completed. In the previous quarter, the Company completed two financings for net proceeds of \$5,252,957 to fund exploration and on-going work capital requirements. Cash received during the quarter included \$85,779 from stock option exercises, \$330,063 from warrant exercises and \$66,746 from the sale of 58,800 shares of Bayswater.

Exploration activities focused on the Baffin drill program and the Hermitage airborne/prospecting surveys, both reflected in the mineral property exploration cash requirements of \$2,364,244. This use of cash was largely funded by a \$1,506,090 reduction in cash, exploration funds and a \$302,076 increase in accounts payables and accrued liabilities related to mineral properties.

### **-Nine Months Ended September 30, 2006 compared with the Nine Months Ended September 30, 2005**

General and administrative expense, for the period, of \$760,533 (2005 - \$950,636) represented a \$190,103 decrease from the comparative fiscal period. Notable changes included:

- Consulting expense of \$32,100 (2005 - \$53,301) decreased as the comparative period included cost for a part-time corporate consultant who assisted the President with corporate communications;



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- Investor relations and promotion expense of \$125,584 has decreased from the comparative fiscal period as the Company elected to attend less trade shows. A breakdown is as follows:

	<u>2006</u>	<u>2005</u>
Conferences and trade shows	\$ 48,915	\$ 53,299
Consulting, wages and benefits	43,522	50,172
Media	8,502	8,631
Promotion and advertising	24,645	28,659
	<u>\$ 125,584</u>	<u>\$ 140,761</u>

- Salaries and benefits expense of \$230,672 (2005 - \$145,623) 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 \$96,548 (2005 - \$368,310) represents the vesting of 506,000 stock options during the period. Stock-based compensation expense is a non-cash item;
- Future income tax recovery of \$1,269,864 (2005 - \$173,906) 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;
- Income tax expense of \$30,330 (2005 - \$Nil) resulted from a tax reassessment relating to fiscal 2002 of the Company's production interest received from the Hammerdown/Rumbullion mine in Newfoundland.

For the nine months ended September 30, 2006, the Company's earnings after tax were \$389,693 (2005 - \$(703,416)) 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:

	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	Sept. 30 2006 Q3
Mineral expenditures, net	\$ 149,112	\$ 183,624	\$ 829,253	\$ 1,535,399	\$ 514,555	\$ 89,876	\$ 1,304,625	\$ 2,364,244
G&A (incl. stock comp.)	\$ 284,807	\$ 341,314	\$ 182,658	\$ 426,664	\$ 271,613	\$ 268,332	\$ 270,891	\$ 221,310
Stock comp. expense	\$ 7,855	\$ 102,113	\$ 7,855	\$ 258,342	\$ -	\$ -	\$ 48,274	\$ 48,274
G&A (less stock comp.)	\$ 276,952	\$ 239,201	\$ 174,803	\$ 168,322	\$ 271,613	\$ 268,332	\$ 222,617	\$ 173,036
Income (loss)	\$ (459,486)	\$ (286,261)	\$ (409,489)	\$ (7,666)	\$ 327,849	\$ 475,537	\$ 310,561	\$ (396,405)
Income (loss) per share								
-basic	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ 0.01	\$ 0.01	\$ -
-diluted	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ 0.01	\$ 0.01	\$ -
Weighted avg. common shares								
-basic	25,314,313	30,764,701	31,452,614	36,208,162	34,359,557	39,668,585	47,699,912	55,106,372
-diluted	25,314,313	30,764,701	31,452,614	36,208,162	34,359,557	46,235,375	61,802,491	55,106,372

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 September 30, 2006, the Company had \$2,563,749 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 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 non-transferable 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.
- 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 \$1,497,349 which is sufficient to meet minimum of \$1,000,000 in exploration expenditures requirement before December 31, 2006.

**Off-Balance Sheet Arrangements**

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

**Related Party Transactions**

At September 30, 2006, marketable securities included 470,000 common shares of Diamonds North Resources Ltd. ("Diamonds North"), a company related by a common director, Bernard Kahlert, and 167,647 common shares of Fjordland (with another 350,000 common shares received on November 7, 2006) and 29,400 common shares of Bayswater, a companies related by a common director, Victor Tanaka.

The Company shares certain administrative costs with four other companies related by virtue of common directors. Included in accounts receivable is an aggregate of \$59,913 owed by those companies for shared administrative expenses. Included in accounts payable is \$5,790 owed to Diamonds North relating to office costs.

In addition, accounts receivable includes \$5,025 from the President and CEO, Kenneth Leigh. The amount was repaid subsequent to September 30, 2006.

The Company paid \$11,718 in legal fees and disbursements 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 Bayswater 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 Policies**

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 September 30, 2006 was \$524,361.

**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](http://www.sedar.com).

As at the Report Date, the Company had 56,559,044 issued common shares outstanding and the following unexercised stock options and warrants:

## -Stock Options

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Number of Shares</u>
January 23, 2008	\$0.20	330,337
August 20, 2008	\$0.26	221,666
December 18, 2008	\$0.50	30,000
January 21, 2009	\$0.53	700,000
February 19, 2009	\$0.64	50,000
May 18, 2009	\$0.56	781,000
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	528,000
May 11, 2011	\$0.39	282,000
June 18, 2011	\$0.30	730,000
October 22, 2011	\$0.56	100,000
		4,078,003

**Management Discussion and Analysis**

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## -Warrants

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Shares</b>
December 8, 2006	\$0.50	1,729,875
May 15, 2008*	\$0.50	5,235,000
		6,964,875

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) with a gross value 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

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Shares</b>
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 September 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.

**Management Discussion and Analysis**

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**Mineral Property Expenditure Table**

	Sarah Lake, Labrador	Green Bay , Nfld.	Adlatok 1, Labrador	Big Hill, Nfld.	Hermitage Project(1), Nfld.	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:	-	-	-	-	169,420	-	-	-	-	-	107,586	277,006
Exploration costs:												
Drilling	-	1,903	-	165	-	800	-	1,404,508	16,477	602,959	-	2,026,812
Geochemistry	-	628	-	225	38,277	-	-	221	-	40	-	39,391
Geology	1,717	6,286	339	189	164,268	2,615	21	47,469	5,410	26,990	30,136	285,440
Geophysics	-	1,218	-	-	437,514	-	-	13,952	-	5,004	-	457,688
Mobilization/demob.	-	-	-	-	-	-	-	48,022	-	20,581	-	68,603
Permitting	-	8,007	-	-	400	-	-	57,915	-	10	15,224	81,556
Prospecting	-	-	-	566	468,338	-	-	176,433	4,181	63,418	2,997	715,933
Trenching/line	-	-	-	-	450	-	-	-	-	-	-	450
	1,717	18,042	339	1,145	1,109,247	3,415	21	1,748,520	26,068	719,002	48,357	3,675,873
Less:												
Recoveries	-	-	-	(50)	(54,829)	-	-	(19,847)	-	(7,074)	(4,204)	(86,004)
Write down	-	-	-	(209,618)	-	-	-	-	-	-	-	(209,618)
	-	-	-	(209,668)	(54,829)	-	-	(19,847)	-	(7,074)	(4,204)	(295,622)
Net additions	1,717	18,042	339	(208,523)	1,223,838	3,415	21	1,728,673	26,068	711,928	151,739	3,657,257
Balance at												
September 30, 2006	\$ 1,157,140	\$ 434,267	\$ 131,117	\$ -	\$ 1,741,833	\$ 1,356,372	\$ 61,194	\$ 7,065,288	\$ 275,829	\$ 1,487,723	\$ 1,649,754	\$15,360,517

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



# COMMANDER RESOURCES LTD.

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## OFFICERS & DIRECTORS

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William J. Coulter, B.A.Sc.  
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Bernard H. Kahlert, P.Eng.  
*Vice President, Exploration and Director*

Albert F. Reeve, P.Eng.  
*Director*

Victor A. Tanaka, P.Geo.  
*Director*

Brian Abraham, LLB., P.Geo  
*Director*

Michael Lee  
*Chief Financial Officer*

Janice Davies  
*Corporate Secretary*

Maynard E. Brown, LLB.  
*Assistant Corporate Secretary*

## LISTINGS

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

## CAPITALIZATION

(as at September 30, 2006)

Shares Authorized: Unlimited  
Shares Issued: 55,839,257

## REGISTRAR & TRUST AGENT

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