



**COMMANDER  
RESOURCES LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

For the Nine Months Ended  
September 30, 2012  
(Expressed in Canadian Dollars)  
(Unaudited – See Notice)



**Notice of No Auditor Review of the Condensed Interim Financial Statements**

The accompanying unaudited condensed interim financial statements of Commander Resources Ltd. (“the Company”), for the nine months ended September 30, 2012, were prepared by management and have not been the subject of a review by the Company’s independent auditor.

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Condensed Interim Statements of Operations**

(Expressed in Canadian dollars)

(Unaudited - See Notice)

	Note	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2012	2011 (Consolidated)	2012	2011 (Consolidated)
<b>Expenses</b>					
Accounting and audit		\$ 21,829	\$ 33,000	\$ 75,700	\$ 114,920
Administration and others		32,719	43,514	127,846	163,573
Amortization		1,084	1,693	3,182	4,894
Consulting		18,600	33,000	51,800	94,313
Investor relations and promotion		21,795	45,185	122,807	155,562
Legal		1,436	6,931	21,119	24,883
Salaries and benefits		43,847	62,645	184,092	181,670
Share-based payments	14(c)	63,174	49,376	78,688	342,472
<b>Loss before other items</b>		<b>(204,484)</b>	<b>(275,344)</b>	<b>(665,234)</b>	<b>(1,082,287)</b>
<b>Other items</b>					
Exchange gain (loss)		(11,302)	34,635	(14,151)	(3,475)
Mineral property recovery		-	-	-	22,450
Write-down of exploration and evaluation assets	9(d)	(888,119)	-	(888,119)	-
Gain on disposal of a controlling interest	10	-	-	3,186,676	-
Realized gain (loss) on investment in securities		-	16,037	-	(73,885)
Loss on investment in associated company	10	(32,838)	-	(111,120)	-
<b>Income (loss) before income taxes</b>		<b>(1,136,743)</b>	<b>(224,672)</b>	<b>1,508,052</b>	<b>(1,137,197)</b>
<b>Deferred tax recovery</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>129,000</b>
<b>Net Income (loss) for the period</b>		<b>\$ (1,136,743)</b>	<b>\$ (224,672)</b>	<b>\$ 1,508,052</b>	<b>\$ (1,008,197)</b>
<b>Income (loss) for the period attributable to:</b>					
Non-controlling interest		\$ -	\$ (28,557)	\$ (19,955)	\$ (42,609)
Common shareholders		(1,136,743)	(196,115)	1,528,007	(965,588)
		<b>\$ (1,136,743)</b>	<b>\$ (224,672)</b>	<b>\$ 1,508,052</b>	<b>\$ (1,008,197)</b>
<b>Earnings/(loss) per share - basic and diluted</b>		<b>\$ (0.011)</b>	<b>\$ (0.002)</b>	<b>\$ 0.015</b>	<b>\$ (0.011)</b>
<b>Weighted average number of common shares outstanding</b>		<b>100,042,548</b>	<b>99,853,418</b>	<b>99,948,387</b>	<b>95,599,583</b>

See Accompanying Notes to the Condensed Interim Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Condensed Interim Statements of Comprehensive Income**

(Expressed in Canadian dollars)

(Unaudited - See Notice)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2012	2011 (Consolidated)	2012	2011 (Consolidated)
<b>Net income (loss) for the period</b>	<b>\$ (1,136,743)</b>	<b>\$ (224,672)</b>	<b>\$ 1,508,052</b>	<b>\$ (1,008,197)</b>
Fair value adjustment on available-for-sale securities	(19,942)	(87,208)	(578,268)	(181,253)
Transfer of comprehensive income related to Maritime to P&L	-	-	480,000	-
Transfer to income on sale of marketable securities	-	(29,261)	-	(33,729)
Other comprehensive loss	\$ (19,942)	\$ (116,469)	\$ (98,268)	\$ (214,982)
<b>Comprehensive income (loss) for the period</b>	<b>\$ (1,156,685)</b>	<b>\$ (341,141)</b>	<b>\$ 1,409,784</b>	<b>\$ (1,223,179)</b>
Comprehensive income (loss) for the period attributable to:				
Non-controlling interest	\$ -	\$ (28,557)	\$ (19,955)	\$ (42,610)
Common shareholders	(1,156,685)	(312,584)	1,429,739	(1,180,569)
<b>Comprehensive income (loss) for the period</b>	<b>\$ (1,156,685)</b>	<b>\$ (341,141)</b>	<b>\$ 1,409,784</b>	<b>\$ (1,223,179)</b>

See Accompanying Notes to the Condensed Interim Financial Statements

**COMMANDER RESOURCES LTD.**  
(An Exploration Stage Company)  
**Condensed Interim Statements of Financial Position**  
(Expressed in Canadian dollars)  
(Unaudited - See Notice)

	Note	(Consolidated)	
		September 30, 2012	December 31, 2011
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 733,360	\$ 1,175,776
Investment in securities	5	195,814	268,207
Receivables	7	28,070	173,715
Prepaid expenses		24,139	27,285
		981,383	1,644,983
<b>Non-current assets</b>			
Deposit and others	8	37,377	45,169
Exploration and evaluation assets	9	17,914,624	19,464,443
Investment in associated company	10	2,763,880	-
Property and equipment	11	10,329	13,857
		20,726,210	19,523,469
<b>Total Assets</b>		<b>\$ 21,707,593</b>	<b>\$ 21,168,452</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	12	\$ 62,610	\$ 352,953
<b>Non-current liability</b>			
Deferred tax liability	13	657,464	677,972
		720,074	1,030,925
<b>Shareholders' Equity</b>			
Share capital	14	38,929,431	38,916,681
Reserves		1,427,922	2,017,125
Accumulated other comprehensive loss		(466,359)	(368,091)
Deficit		(18,903,475)	(20,937,101)
		20,987,519	19,628,614
Non-controlling interest	10	-	508,913
		20,987,519	20,137,527
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 21,707,593</b>	<b>\$ 21,168,452</b>

Approved on behalf of the Board of Directors:

"Eric Norton"

Eric Norton

"Mark Lotz"

Mark Lotz

See Accompanying Notes to the Condensed Interim Financial Statements

**COMMANDER RESOURCES LTD.**  
(An Exploration Stage Company)  
**Condensed Interim Statements of Cash Flows**  
(Expressed in Canadian dollars)  
(Unaudited - See Notice)

	Note	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2012	2011 (Consolidated)	2012	2011 (Consolidated)
<b>Cash provided from (used in):</b>					
<b>Operating activities</b>					
Net income (loss) for the period		\$ (1,136,743)	\$ (224,672)	\$ 1,508,052	\$ (1,008,197)
Items not involving cash:					
Amortization		1,084	1,693	3,182	4,894
Share-based payments		63,174	49,376	78,688	342,472
Loss (gain) on investment in securities		-	(16,037)	-	73,885
Write-off of assets		888,119	-	888,465	-
Deferred tax recovery		-	-	-	(129,000)
Share of loss in associated company	10	32,838	-	111,120	-
Gain on disposal of interest in former subsidiary	10	-	-	(3,186,676)	-
		<b>(151,528)</b>	<b>(189,640)</b>	<b>(597,169)</b>	<b>(715,946)</b>
Changes in non-cash working capital items:					
Accounts receivable		12,439	26,261	38,666	(4,776)
Prepaid expenses		(11,462)	(15,407)	2,138	(1,550)
Accounts payable and accrued liabilities		19,620	(6,880)	33,653	(14,543)
<b>Cash used in operating activities</b>		<b>(130,931)</b>	<b>(185,666)</b>	<b>(522,712)</b>	<b>(736,815)</b>
<b>Investing activities</b>					
Proceeds from sale of securities		-	89,149	-	112,677
Deposit and others		-	96,079	7,792	(2,900)
Advance from optionee		-	(736,262)	-	330,553
Expenditures on exploration and evaluation assets		(238,740)	(1,759,690)	(1,284,406)	(3,849,274)
Recoveries from exploration and evaluation assets		1,300	1,066,818	738,669	2,658,579
Change in working capital related to exploration and evaluation assets		12,649	(35,753)	(214,273)	(240,940)
Purchase of equipment		-	-	-	(1,866)
Sale of shares of former subsidiary	10	-	-	1,035,000	-
Cash surrendered on derecognition of former subsidiary	10	-	-	(202,486)	-
<b>Cash provided by (used in) investing activities</b>		<b>(224,791)</b>	<b>(1,279,659)</b>	<b>80,296</b>	<b>(993,171)</b>
<b>Financing activity</b>					
Shares and warrants issued for cash, net of issuance costs		-	-	-	1,954,717
<b>Cash provided by financing activity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,954,717</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(355,722)</b>	<b>(1,465,325)</b>	<b>(442,416)</b>	<b>224,731</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>1,089,082</b>	<b>3,434,570</b>	<b>1,175,776</b>	<b>1,744,514</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 733,360</b>	<b>\$ 1,969,245</b>	<b>\$ 733,360</b>	<b>\$ 1,969,245</b>

Supplemental Cash Flow Information (Note 17)

See Accompanying Notes to the Condensed Interim Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Condensed Consolidated Interim Statements of Changes in Equity**

(Expressed in Canadian dollars)

(Unaudited - See Notice)

	Share Capital		Reserves			Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total Shareholders' Equity
	Shares	Amount	Warrants	Share-Based Payments	Deficit			
<b>Balance at January 1, 2011</b>	<b>90,942,516</b>	<b>\$ 37,450,106</b>	<b>\$ -</b>	<b>\$ 1,653,818</b>	<b>\$ (17,226,160)</b>	<b>\$ (167,969)</b>	<b>\$ 499,128</b>	<b>\$ 22,208,923</b>
Net loss for the year					(3,944,877)		(29,936)	(3,974,813)
Unrealized loss on available-for-sale marketable securities						(186,410)		(186,410)
Transfer to income on sale of marketable securities						(13,712)		(13,712)
Transfer of share-based payments expired				(233,936)	233,936			-
Share-based payments				385,400			39,721	425,121
Shares issued for cash								
Private placement	8,500,032	1,818,922	221,086					2,040,008
Share issuance cost		(76,048)	(9,243)					(85,291)
Other liability on flow-through share premium		(345,299)						(345,299)
Shares issued on acquisition of exploration and evaluation assets	450,000	69,000						69,000
<b>Balance at December 31, 2011 (Consolidated)</b>	<b>99,892,548</b>	<b>\$ 38,916,681</b>	<b>\$ 211,843</b>	<b>\$ 1,805,282</b>	<b>\$ (20,937,101)</b>	<b>\$ (368,091)</b>	<b>\$ 508,913</b>	<b>\$ 20,137,527</b>
Net income for the period					1,508,052			1,508,052
Unrealized loss on available-for-sale marketable securities						(578,268)		(578,268)
Transfer of comprehensive income related to Maritime						480,000		480,000
Share-based payments				78,688				78,688
Transfer of share-based payments expired				(525,574)	525,574			-
Elimination of NCI on derecognition (Note 10)				(142,317)			(508,913)	(651,230)
Shares issued on acquisition of exploration and evaluation assets (Note 14(b))	150,000	12,750						12,750
<b>Balance at September 30, 2012</b>	<b>100,042,548</b>	<b>\$ 38,929,431</b>	<b>\$ 211,843</b>	<b>\$ 1,216,079</b>	<b>\$ (18,903,475)</b>	<b>\$ (466,359)</b>	<b>\$ -</b>	<b>\$ 20,987,519</b>

See Accompanying Notes to the Condensed Interim Financial Statements

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2012 and 2011

(Expressed in Canadian dollars)

(Unaudited – See Notice)

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### **1. Nature of Operations and Going Concern**

Commander Resources Ltd. (the “Company” or “Commander”) is actively exploring and developing its mineral properties and has not yet determined whether these properties contain mineral resources that are economically recoverable. The Company has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage.

The address of the Company’s corporate office and principal place of business is #1100 - 1111 Melville Street, Vancouver, British Columbia, Canada.

These condensed interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has relied on the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company’s ability to execute its business plan. The Company intends to continue relying upon the issuance of shares to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

For the nine months ended September 30, 2012, the Company reported a net income of \$1,508,052; excluding one-time gain of \$3,186,676, loss for the nine months ended September 30, 2012 was \$1,678,624 (2011 – net loss of \$1,008,197) and as of September 30, 2012 has a deficit of \$18,903,475 (December 31, 2011 - \$20,937,101). The Company also has working capital of \$918,773 (December 31, 2011 - \$1,292,030).

### **2. Summary of Significant Accounting Policies**

#### **(a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s financial statements as at and for the year ended December 31, 2011. Accordingly accounting policies applied are the same as those applied in the Company’s annual financial statements which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **(b) Principles of consolidation and deconsolidation**

For the nine months ended September 30, 2012, the condensed interim financial statements include the accounts of the Company and its former subsidiary, Maritime Resources Corp. (“Maritime”) up to February 15, 2012 (Note 10). The comparative figures of 2011 on these condensed interim financial statements included consolidation of Maritime’s accounts.

The interest of non-controlling shareholders was initially measured at the non-controlling interest’s proportionate share of the subsidiary’s identifiable net assets. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest’s share of changes in equity since the date of the combination. All material intercompany transactions, balances, income and expenses are eliminated on consolidation. Changes in the Company’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Company ceases to control a subsidiary, assets, liabilities and non-controlling interests of the subsidiary are derecognized at their carrying amounts at the date when control is lost. Investment retained in the former subsidiary at its fair value is recognized and any gain or loss resulted from the deconsolidation is recorded to statement of operations.



## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2012 and 2011

(Expressed in Canadian dollars)

(Unaudited – See Notice)

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### **2. Summary of Significant Accounting Policies (Continued)**

#### **(c) Significant accounting estimates and judgments**

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(d) Sources of estimation uncertainty**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) the inputs used in measuring share-based compensation included in the loss for the period;
- ii) the provision for the income tax expense included in the loss for the period (nil for current period) and the composition of deferred income tax liabilities included in the condensed interim statements of financial position.

#### **(e) Segmented information**

The Company conducts its business as a single operating segment, being the mining business in Canada. All mineral properties and equipment are situated in Canada.

### **3. Financial Instruments and Risk Management**

#### **(a) Fair value**

The Company has classified its financial instruments as follows:

Cash and cash equivalents – as fair value through profit or loss

Investment in securities – as available-for-sale

Receivables – as loans and receivables

Accounts payable – as other financial liabilities

The carrying values of cash and cash equivalents, receivables and accounts payable approximate their fair values because of the short term to maturity of these financial instruments.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2012 and 2011

(Expressed in Canadian dollars)

(Unaudited – See Notice)

### 3. Financial Instruments and Risk Management (Continued)

#### (a) Fair value (Continued)

The following table summarizes fair value measurement by level at September 30, 2012 and December 31, 2011 for financial assets and liabilities measured at fair value on a recurring basis:

	Total	Level 1	Level 2	Level 3
<b>September 30, 2012</b>				
Investment in securities	\$ 195,814	\$ 195,814	\$ -	\$ -
<b>December 31, 2011</b>				
Investment in securities	\$ 268,207	\$ 268,207	\$ -	\$ -

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At September 30, 2012, the Company had cash and cash equivalents of \$733,360 and accounts payable and accrued liabilities of \$62,610. Most of the Company's accounts payable are due within 30 days.

#### (c) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents, receivables other than Harmonized Sales Tax ("HST") and government funding receivable.

The Company's concentration of credit risk and maximum exposure at September 30, 2012 and December 31, 2011 is as follows:

	September 30, 2012	December 31, 2011
Cash and cash equivalents	\$ 733,360	\$ 1,175,776
Receivables	9,124	4,698
	<b>\$ 742,484</b>	<b>\$ 1,180,474</b>

#### (d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

##### (i) Interest rate risk

The Company's cash and cash equivalents consist of cash and term deposits held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2012.

##### (ii) Foreign currency risk

The foreign currency risk arises primarily as a result of the Company having US dollar denominated bank accounts. The financial position of the Company may vary at the time that a change in foreign currency rate occurs. For the period ended September 30, 2012, a change in the foreign currency rate by 10% would increase or decrease exchange loss by \$31,742.

## COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2012 and 2011

(Expressed in Canadian dollars)

(Unaudited – See Notice)

### 3. Financial Instruments and Risk Management (Continued)

#### (d) Market risk (Continued)

##### (iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investment in securities. A change in the fair value by 10% would increase or decrease comprehensive loss by \$13,581.

There were no changes in the Company's approach to risk management during the period ended September 30, 2012.

### 4. Cash and Cash Equivalents

	September 30, 2012		December 31, 2011	
Cash	\$	733,360	\$	865,836
Cash (flow-through funds for exploration)		-		309,940
	\$	733,360	\$	1,175,776

As at September 30, 2012, the cash balance includes only Commander's accounts while the balance at December 31, 2011 included Maritime's cash of \$134,402. The balance of the Company's flow-through funds are required to be spent on mineral exploration related activities in Canada only.

### 5. Investment in Securities

There were no transactions in investment in securities during the nine months ended September 30, 2012. The Company had fair market valued investment in securities as follows:

	September 30, 2012		December 31, 2011	
Cost	\$	698,213	\$	672,338
Unrealized loss		(502,399)		(404,131)
	\$	195,814		268,207

### 6. Capital Management

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2012. The Company is not subject to externally imposed capital requirements.

### 7. Receivables

Included in receivables were mainly HST input tax credits and government funding refundable to the Company. The following is an aging summary for the outstanding balance as of September 30, 2012 and December 31, 2011:

	Current		31 - 60 days		61 - 90 days		> 90 days		TOTAL	
September 30, 2012	\$	27,823	\$	-	\$	-	\$	247	\$	28,070
December 31, 2011	\$	173,715	\$	-	\$	-	\$	-	\$	173,715

## COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

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For the Nine Months Ended September 30, 2012 and 2011

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### 8. Deposit and Others

As at September 30, 2012, deposits and others included a rent deposit of \$32,377 and a reclamation deposit of \$5,000. The reclamation deposit represents collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company.

### 9. Exploration and Evaluation Assets

Exploration and evaluation assets are comprised of properties located in Canada. Expenditures incurred on mineral properties as at December 31, 2011 and September 30, 2012 were as follows:

	Qimmiq Baffin, Nunavut	Bravo Lake	Glenmorangie Yukon	Storm Nunavut	Omineca British Columbia	Stump Lake	Sabin Ontario	Other Properties	Green Bay Newfoundland	Total
Note	9(a)		9(b)	9(c)		9(d)		9(e)	10	
<b>Balance at December 31, 2011</b>	<b>\$ 9,243,700</b>	<b>\$ 2,554,797</b>	<b>\$ 405,687</b>	<b>\$ 930,260</b>	<b>\$ 121,987</b>	<b>\$ 562,806</b>	<b>\$ 141,900</b>	<b>\$ 4,222,979</b>	<b>\$ 1,280,327</b>	<b>\$ 19,464,443</b>
Acquisition costs	-	-	27,750	-	-	-	-	-	-	27,750
Exploration costs:										
Drilling	(21,049)	-	1,154	-	31,835	206,396	-	800	2,016	221,152
Environmental	-	140,000	-	-	-	1,700	-	-	-	141,700
Geochemistry	7,226	3,097	7,222	-	14,568	41,228	15,177	-	-	88,518
Geology	346,485	22,172	60,043	10,330	62,970	53,705	66,835	28,091	11,587	662,218
Geophysics	-	(489)	-	-	-	16,000	-	-	-	15,511
Property	116,565	623	7,727	(4,896)	-	6,270	3,870	8,092	-	138,251
Other	568	384	57	14	-	14	371	266	382	2,056
	449,795	165,787	76,203	5,448	109,373	325,313	86,253	37,249	13,985	1,269,406
Less:										
Recoveries	(397,369)	(140,000)	-	(120,000)	-	-	-	(7,175)	-	(664,544)
Write down	-	-	-	-	-	(888,119)	-	-	-	(888,119)
Net additions during the period	52,426	25,787	103,953	(114,552)	109,373	(562,806)	86,253	30,074	13,985	(255,507)
Derecognition of Green Bay Property									(1,294,312)	(1,294,312)
<b>Balance at September 30, 2012</b>	<b>\$ 9,296,126</b>	<b>\$ 2,580,584</b>	<b>\$ 509,640</b>	<b>\$ 815,708</b>	<b>\$ 231,360</b>	<b>\$ -</b>	<b>\$ 228,153</b>	<b>\$ 4,253,053</b>	<b>\$ -</b>	<b>\$ 17,914,624</b>

#### (a) Baffin Island Properties, Nunavut

For the nine months ended September 30, 2012, total recoveries on the Baffin Properties from AngloGold Ashanti ("AngloGold") amounted to \$537,369 (2011 - \$1,585,655). The recoveries included AngloGold's final settlement for the joint venture program as it withdrew from its Farm-in and Joint Venture agreement with the Company and discontinued exploration program on Baffin Island in March 2012. The Company now retains 100% interest of the property.

#### (b) Glenmorangie, Yukon

For the nine months ended September 30, 2012, the Company issued 150,000 common shares and paid \$15,000 cash payment for the Glenmorangie property to meet the second year commitment under the option agreement negotiated in June 2011. The option agreement allows the Company to earn a 100% interest in the Property through the staged issue of 840,000 shares, staged cash payments of \$147,000 and a total exploration expenditure of \$500,000 over four years.

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(An Exploration Stage Company)

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**9. Exploration and Evaluation Assets (Continued)****(c) Storm Property, Nunavut**

In November 2011, the Company entered into an option agreement with Aston Bay Ventures Ltd. (“Aston Bay”) which allowed Aston Bay to earn an initial 50.1 percent interest in the Storm Property. In July 2012, the option agreement was amended to provide Aston Bay more flexibility with respect to the timing and size of their IPO.

Under the amended agreement, Aston Bay will be required to spend \$6 million over 4 years, with a minimum of \$1 million in each of the first 2 years, and complete a public listing by March 31, 2013. Aston Bay will issue 1 million shares to Commander by August 31, 2012 and an additional 0.5 million shares by December 31, 2015. In the original agreement Aston Bay was required to deliver 1 million shares by December 31, 2014. These issuances are in addition to the 2 million shares that were received by Commander upon signing the Option Agreement.

Under the terms of the original agreement Aston Bay was required to spend \$6 million dollars, consisting of a minimum of \$2 million per year over three years, and to complete a public listing by December 31, 2012 in order to earn an initial interest of 50.1% in the Storm Copper Property.

The Company received the second cash payment of \$100,000 and 1 million common shares under the terms of the amended option agreement during the nine months ended September 30, 2012.

**(d) Stump Lake, British Columbia**

The property was written off during the period ended September 30, 2012. The Company decided not to incur further expenditures on the Stump Lake gold property and terminated the agreement with Marlow Prospecting Syndicate of Kamloops under which the Company may earn a 100% interest in the property over a five year period.

**(e) Other properties**

The Company owns several other properties in Canada in which it holds interests ranging from 10% to 100%. The Company has granted options on some of these properties. The carrying values of those properties included under Other Properties at September 30, 2012 and December 31, 2011:

	<b>Ownership %</b>	<b>Metal</b>	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>Labrador Properties</b>				
Sally	100.00	Nickel	\$ 393,241	\$ 393,241
Sandy	100.00	Nickel	38,300	27,482
Sarah Lake	48.20	Nickel	1,775,445	1,766,060
<b>Yukon</b>				
Olympic, Rob	100.00	Copper-Gold-Uranium	879,273	874,258
<b>British Columbia</b>				
Tam	10.00	Copper	9,524	9,524
<b>New Brunswick</b>				
Nepisiguit/Stewart	100.00	Copper-Zinc	1,129,448	1,126,894
<b>Ontario</b>				
Matheson	41.20	Gold	15,685	15,685
McVean	100.00	Gold	12,137	9,835
<b>Total Other Properties</b>			<b>\$ 4,253,053</b>	<b>\$ 4,222,979</b>

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### 10. Deconsolidation of Maritime

The Company commenced consolidating the results of Maritime from October 5, 2010, which the Company received 12 million common shares of Maritime in exchange for a 50% interest in the Green Bay Property, located in the King's Point area, Newfoundland (Note 2(b)). Under the agreement, Maritime is responsible for funding all exploration expenditures and is committed to conducting \$750,000 of mineral exploration activities on the property by April 5, 2012. Maritime fulfilled the required expenditure commitment as of December 31, 2011.

On January 31, 2012, the Company sold its remaining 50% interest in the Green Bay Property to Maritime in exchange of 5 million of Maritime's common shares, as provided in the 2010 agreement.

On February 15th, 2012, the Company sold 4,500,000 common shares of Maritime to Rambler Metals and Mining Canada Ltd through a private transaction at a price of \$0.23 per share for gross cash proceeds of \$1,035,000. As a result, the Company held 12,500,000 shares of Maritime, representing 47% of Maritime's issued and outstanding common shares. The Company also retains a 2% NSR on future production from portions of the Green Bay Property, which is now wholly owned by Maritime.

The Company reviewed the elements of control over Maritime in accordance with IAS 27 – *Consolidated and Separate Financial Statements*. The Company determined that it ceased control of Maritime as it held less than 50% interest and therefore no longer needed to consolidate Maritime into its financial statements as at February 15, 2012. The following facts were taken into consideration:

- a) On February 15, 2012, the ownership of common shares in Maritime decreased to approximately 47% from 55% at December 31, 2011.
- b) The Company holds minority representation and has no veto power on the Board of Directors of Maritime.
- c) There are no contracts signed between these two companies that would result in one company being dependent over the other.
- d) The Company's ownership will likely continue to decline as Maritime continues to raise capital on the TSX Venture Exchange.

Accordingly, the Company discontinued to consolidate the financial results of Maritime and applied the equity accounting method to account for the investment in Maritime after February 15, 2012 in accordance with IAS 27. The Company derecognized the carrying amounts of assets, liabilities and non-controlling interest and recognized its remaining investment in Maritime at its fair value as of the date of deconsolidation.

As a result, the Company recorded a gain on deconsolidation of Maritime of \$3,186,676 in "other items" of its condensed interim statement of operations and a cash decrease of \$202,486 in "investment activities" of its condensed interim statement of cash flows for the nine months ended September 30, 2012.

As at June 21, 2012, the Company's interest of Maritime dropped further to 42% after Maritime's completion of a private placement financing. The value of investment in Maritime as at September 30, 2012 was \$2,763,880, which was determined by the fair value of Maritime's 12.5 million common shares on the date of deconsolidation, net of the Company's share of loss of Maritime for the nine months ended September 30, 2012 after the deconsolidation.

Fair value upon deconsolidation	\$ 2,875,000
Share of loss of Maritime for the period	<u>(111,120)</u>
<b>Balance at September 30, 2012</b>	<u><u>\$ 2,763,880</u></u>

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### 11. Property and Equipment

The Company had the following breakdown of property and equipment at September 30, 2012 and December 31, 2011:

<b>Net Book Value</b>	<b>Furniture &amp; Fixtures</b>	<b>Computer Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
At September 30, 2012	\$ 1,019	\$ 7,370	\$ 1,940	\$ 10,329
At December 31, 2011	\$ 1,636	\$ 9,752	\$ 2,469	\$ 13,857

### 12. Accounts Payable and Accrued Liabilities

The average credit period of purchases is one month. The following is an aging analysis of accounts payable:

	<b>Current</b>	<b>31 - 60 days</b>	<b>61 - 90 days</b>	<b>&gt; 90 days</b>	<b>TOTAL</b>
September 30, 2012	\$ 61,214	\$ 1,396	\$ -	\$ -	\$ 62,610
December 31, 2011	\$ 337,785	\$ -	\$ 15,168	\$ -	\$ 352,953

### 13. Income Taxes

The Company's deferred income tax liability arises primarily from the renunciation of mineral exploration costs on flow-through shares issued to investors. 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.

### 14. Share Capital

#### (a) Authorized

Unlimited common shares without par value

#### (b) Shares issued

On June 20, 2012, 150,000 common shares were issued for the acquisition of the Glenmorangie property (Note 9(b)).

#### (c) 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 stock options for the purchase of up to 18,000,000 common shares. Vesting of stock options is made at the discretion of the board of directors at the time the options are granted.

During the period ended September 30, 2012, the Company granted 1,835,000 incentive stock options, exercisable with a weighted exercise price of \$0.10 and 1,711,500 options expired with a weighted exercise price of \$0.49 (2011 – 2,420,000 options granted, exercisable at a price \$0.18 and 928,500 options expired with a weighted exercise price of \$0.33).

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**14. Share Capital (Continued)****(c) Stock options (Continued)**

A summary of the Company's outstanding stock options as at January 1 and September 30, 2011 and 2012 are as follows:

	Number of Options	Weighted Average Exercise Price
<b>Outstanding at January 1, 2011</b>	<b>8,802,500</b>	<b>\$ 0.28</b>
Granted	2,420,000	0.18
Forfeited	(928,500)	0.33
<b>Outstanding at September 30, 2011</b>	<b>10,294,000</b>	<b>\$ 0.25</b>
Forfeited	(223,000)	0.28
<b>Outstanding at December 31, 2011</b>	<b>10,071,000</b>	<b>\$ 0.25</b>
Granted	1,835,000	0.10
Forfeited	(1,711,500)	0.49
<b>Outstanding at September 30, 2012</b>	<b>10,194,500</b>	<b>\$ 0.19</b>

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for the grants for the periods ended September 30, 2012 and 2011 as follows:

	2012	2011
Exercise price	\$ 0.102	\$ 0.183
Grant date share price	\$ 0.082	\$ 0.187
Forfeiture rate	0.00%	0.00%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	94.00%	99%
Expected option life in years	4.38	5
Risk-free interest rate	1.26%	2.77%
Grant date fair value	\$0.051	\$ 0.137

Expected volatility was determined based on the historical movements in the closing price of the Company's stocks for a length of time to the expected life of each option.

The following tables summarize information about stock options outstanding as at September 30, 2012:

Number of Options	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
50,000	\$ 0.19	December 21, 2012	
100,000	\$ 0.13	January 19, 2013	
740,000	\$ 0.18	February 7, 2013	
200,000	\$ 0.21	June 24, 2013	
280,000	\$ 0.10	October 17, 2013	
700,000	\$ 0.10	February 20, 2014	
1,351,000	\$ 0.10	May 12, 2014	
200,000	\$ 0.39	January 19, 2015	
1,818,500	\$ 0.35	January 27, 2015	
500,000	\$ 0.27	May 25, 2015	
100,000	\$ 0.18	October 6, 2015	
2,020,000	\$ 0.19	February 11, 2016	
400,000	\$ 0.17	April 6, 2016	
1,735,000	\$ 0.10	June 12, 2017	
<b>10,194,500</b>	<b>\$0.19</b>		<b>2.61</b>



**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

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**14. Share Capital (Continued)****(c) Stock options (Continued)**

Among the 10,194,500 outstanding options as at September 30, 2012, 9,258,250 options were exercisable with a weighted average exercise price of \$0.20 and a weighted average remaining contractual life in years of 2.61.

The following is a breakdown of the share-based payments charged to operations on options vested for the periods ended September 30, 2012 and 2011:

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2012	2011	2012	2011
Accounting and audit	\$ 1,738	\$ 326	\$ 2,129	\$ 2,792
Consultants	28,321	15,851	34,699	137,945
Investor relations	5,489	3,608	8,012	19,041
Salaries and benefits	27,626	29,591	33,848	182,694
	<b>\$ 63,174</b>	<b>\$ 49,376</b>	<b>\$ 78,688</b>	<b>\$ 342,472</b>

**15. Related Party Transactions****(a) Transactions**

The Company's related parties consist of companies controlled by executive officers and directors. The Company incurred the following fees and expenses in the normal course of operations in connection with those companies for the periods ended September 30, 2012 and 2011 as follows:

	For the Three Months Ended		For the Nine Months Ended	
	2012	2011	2012	2011
Accounting	\$ -	\$ 18,000	30,500	\$ 54,000
Consulting	18,600	33,000	51,800	82,500
Geological consulting	-	25,200	6,300	80,760
Legal	233	2,957	7,826	6,501
Office rent and administrative	21,837	20,697	64,145	58,667
	<b>\$ 40,670</b>	<b>\$ 99,854</b>	<b>\$ 160,571</b>	<b>\$ 282,428</b>

These transactions were recorded at fair value, being the amount agreed upon by the related parties.

At September 30, 2012, receivables included \$4,755 (December 31, 2011 – \$Nil) from Maritime for administrative and office expenses.

At September 30, 2012, accounts payable included \$4,254 due to Diamonds North Ltd. ("Diamonds North"), a company related by a common director, for administrative and office expenses (December 31, 2011 - \$2,158).

At September 30, 2012, investment in securities included 258,000 common shares of Diamonds North (December 31, 2011 - 258,000).

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**15. Related Party Transactions (Continued)****(b) Compensation of key management personnel**

The remuneration, including stock-based compensations, of directors and other key management personnel during the periods ended September 30, 2012 and 2011 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2012	2011	2012	2011
Accounting	\$ -	\$ 18,000	\$ 30,500	\$ 54,000
Consulting	18,600	33,000	51,800	82,500
Geological consulting	-	25,200	6,300	80,760
Salaries and benefits	97,102	114,206	323,052	289,891
Share-based payments	50,387	41,044	61,735	282,950
	<u>\$ 166,089</u>	<u>\$ 231,450</u>	<u>\$ 473,387</u>	<u>\$ 790,101</u>

**16. Commitments**

The Company shares the cost of the office premises with several companies based on the proportion of the area occupied. The lease of the office premises was signed by one of the companies and that company invoices other companies. Certain of the companies are related by virtue of directors in common.

The approximate annual minimum lease commitments are as follows:

Lease	Total
2012	\$ 12,463
2013	50,889
2014	52,343
2015	34,895
<b>Total</b>	<b>\$ 150,590</b>

**17. Supplemental Cash Flow Information**

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2012	2011	2012	2011
<b>Significant non-cash, investing and financing activities</b>				
<b>Investing activities:</b>				
Marketable securities received for exploration and evaluation assets	\$ 25,875	\$ 12,000	\$ 25,875	\$ 12,000
Shares issued for exploration and evaluation assets	-	48,000	12,750	69,000
Exploration and evaluation assets in accounts receivable	1,300	-	1,300	-
Exploration and evaluation assets in accounts payable and accrued liabilities	16,372	143,419	16,372	143,419
	<u>\$ 43,547</u>	<u>\$ 203,419</u>	<u>\$ 56,297</u>	<u>\$ 224,419</u>
<b>Financing activities:</b>				
Other liability on FT share premiums	\$ -	\$ -	\$ -	\$ 345,299
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,299</u>
<b>Other cash flow information:</b>				
Interest received	\$ 1,341	\$ 859	\$ 3,619	\$ 928

## **COMMANDER RESOURCES LTD.**

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For the Nine Months Ended September 30, 2012 and 2011

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### **18. Subsequent Events**

- a) On October 11, 2012, the Company reported that Aston Bay reached an agreement to be acquired by Escudo Capital Corporation (EDO.P - TSX.V), a Capital Pool Company. Aston Bay currently holds an option to acquire the Company's Storm copper and Seal zinc properties located on Somerset Island in Nunavut (Note 9(c)). Completion of the acquisition of Aston Bay by Escudo will represent a "qualifying transaction" in accordance with the policies of the TSX Venture Exchange. Escudo will be listed as a Tier 2 Mining Issuer pursuant to the initial listing requirements of the Exchange. Upon completion of the acquisition, all issued and outstanding shares of Aston Bay will be exchanged for common shares in the capital of Escudo on the basis of 1.92 Payment Shares for every Aston common share held. The Company currently holds 3 million shares of Aston Bay.
  
- b) On November 14, 2012, 400,000 stock options were granted to a newly appointed director of the Company at a price of \$0.10 per share, exercisable for five years.



**COMMANDER  
RESOURCES LTD.**

## **Management Discussion and Analysis**

For the Period Ended  
September 30, 2012

**Commander Resources Ltd.**  
**Management Discussion and Analysis**  
For the Period Ended September 30, 2012

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**Description of Business**

Commander Resources Ltd. (“Commander”) is a company engaged in the acquisition and exploration of prospective gold, base metal, and uranium properties primarily in Canada. Commander is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol “CMD”.

**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”, “estimate”, “expect” and similar expressions are intended to identify such forward-looking statements. Readers are cautioned that these statements, which describe Commander’s proposed plans, objectives, and budgets, may differ materially from actual results.

The following discussion and analysis of the financial position and results of operations for Commander is dated November 22, 2012 (the “Report Date”) and should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2011 prepared in accordance with International Financial Reporting Standards (“IFRS”).

**Summary of Activities and Results**

Commander completed its 2012 field programs at several of its 100% owned gold and base metal properties. This year’s work programs focused on the Omineca copper-gold project in central British Columbia, Sabin copper-gold project in Ontario, and the Glenmorangie gold project in southeast Yukon.

The focus for 2012 was to advance projects in the Company’s portfolio through ground work and geophysics to prepare drill targets for next year. A total of 1,418 soils, 47 rock samples, 29 silt samples and 12 heavy metal concentrate samples were collected from the three project areas. In Nunavut, Commander’s Joint Venture (“JV”) partnership with Aston Bay Ventures Ltd. (“Aston Bay”) on the Storm Cu-Zn property became active this summer. In New Brunswick, Commander’s JV partner, Stratabound Minerals Corp. (“Stratabound”) completed gravity survey on the Nepisiguit property and started drilling the Stewart copper zone.

Efforts are continuing to obtain a JV partner for the Baffin Island gold project in order to test drill targets that were defined during the 2011 field season. Commander will not incur further expenditures on the Stump Lake gold property in central BC, having reviewed this year’s drill results and decided that it does not meet the Company’s objectives.

**Highlights of Activities**

**Glenmorangie Gold Property, Yukon:**

Results from this year’s geochemical and geological surveys and prospecting succeeded in defining several drill targets on the Glenmorangie property. Anomalous targets were delineated within the metamorphic aureole of strained Cretaceous intrusives and sheeted quartz veins known to be associated with gold mineralization in the district. The 2012 mapping and prospecting program focused on the Camp Zone and Hidden Valley Zone discovered during last year’s exploration program. 401 soil samples were collected as in-fill samples across the two anomalous zones. Results of the 2012 HMC sampling upstream from this location, as well as sampling of adjacent water sheds are still pending.

The following points highlight the results from the last two years:

- A target, area called the Camp Zone, has been defined by anomalous gold in soil values of up to 1050 ppb (1.05 g/t in 2012 sampling), and grab rock samples assaying up to 4.5 g/t Au (in last year’s sampling). This zone now measures 2 km by 1.5 km.
- A second anomalous zone to the south, called the Hidden Valley Zone, has returned values of up to 131 ppb Au in soils (last year’s sampling). This year’s infill sampling confirmed the zone.
- There are highly elevated levels of bismuth and arsenic with gold, suggesting a strong possibility of the veins being associated with a buried intrusive system.
- Mapping of the area has discovered localized higher grades of metamorphism and strong deformation, mineralized quartz veins, as well as the presence of intrusive bodies, which again suggests the possibility of gold mineralization associated with buried intrusions.

The property was acquired by Commander in May 2011, and is located in SE Yukon. The property is situated 35 km north of the 3Ace property, a recently discovered shear hosted gold system and 7 km west of the North American Tungsten Cantung mine.

**Commander Resources Ltd.**  
**Management Discussion and Analysis**  
For the Period Ended September 30, 2012

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**Omineca Copper-Gold Property, BC:**

The Omineca project identified additional high copper and gold soil geochemistry within the Abe property. An overlapping anomalous zone of >1,000 ppm Cu (0.1%) in soils and 250 ppb Au in soils (0.25 g/t Au) covers over 1.8 km in extent. Anomalous gold values (>50 ppb) extend a further 1.5 km beyond this zone. This extensive gold-copper zone was not drill tested in the 2007 program and is a highly prospective target for a 2013 drilling program. Values of up to 1,650 ppm Cu and 654 ppb Au were discovered in this year's soils program. In addition, testing for Au and PGE's in rock samples discovered one sample with 1.16% Cu, 0.29 g/t Au, 0.57 g/t Pd as well as 0.54% Ni. Another sample recorded 2.24 g/t Au with 55.5 g/t Ag. This is the first time the property has been tested for PGE's and Ni, with the known mafic intrusions on the property, a new dimension to the opportunities may occur on Abe.

The property is located in North Central B.C. within the prolific copper-gold producing Quesnel trough. Commander holds six properties in the area.

**Sabin Copper-Gold Property, Ontario:**

A total of 689 soils samples have been submitted to SGS Mineral Services for gold fire assay and ICP analysis. Results are pending. This is the first time that the property has been tested for gold in soils. A figure of 100,000 tonnes of 2.2% Copper was calculated by the then Owner, UMEX, for the Marchington zone back in the 1970's. This is a historical figure and not to be relied upon as it does not comply with the CIM classification.

The property is located in the Sturgeon Lake Greenstone belt of Archean metavolcanic and metasedimentary rocks in the Wabigoon Sub-Province of the Superior Province, 400 km northwest of Thunder Bay, Ontario.

**Storm Copper Property, Nunavut**

In July 2012, Commander's JV partner Aston Bay, which has the right to earn up to 70% interest in the property by funding \$15 million in exploration expenditures, mobilized to site on Somerset Island, Nunavut and commenced the 2012 work program.

Aston Bay's plans for 2012 include staking of approximately 75,000 acres, surface sampling, geological mapping and prospecting in and around the identified VTEM EM anomalies that were identified in 2011. Drill core from historic work on both the Storm copper and Seal zinc prospects will be examined and resampled to provide complete assay data for missing or incomplete results in the historic data base. As metal prices for both copper and zinc were near historic lows when these prospects were drilled, extra core sampling will be undertaken outside previous assayed zones if sulphide mineralization is visible. Additionally, the geological team will conduct confirmation sampling, geological mapping in and along the general trend of the Storm mineralization and collect bulk samples from both Storm and Seal mineralization that are large enough for preliminary metallurgical test work.

In October 2012, Aston Bay reached an agreement to be acquired by Escudo Capital Corporation, a Capital Pool Company. Completion of the acquisition of Aston Bay by Escudo will represent a "qualifying transaction" in accordance with the policies of the TSX Venture Exchange and, upon completion, all issued and outstanding shares of Aston Bay will be exchanged for common shares in the capital of Escudo on the basis of 1.92 Payment Shares for every Aston common share held. Commander currently holds 3 million shares of Aston Bay Ventures.

**Nepisiquit-Stewart Copper Property, New Brunswick**

Commander's JV partner, Stratabound, encountered significant intervals of high grade copper mineralization at the Stewart copper prospect on Commander's Nepisiquit property, Bathurst district, New Brunswick. Hole STW-10-1 intersected 3.5 metres grading 2.07% copper. Hole STW-10-2 cut 89.5 meters grading 0.75% copper with high grade intervals up to 3.1% copper over 4 meters, and significant gold, silver and cobalt credits. Stratabound expended approximately \$175,000 on this first year program in late 2010. Four holes, totaling 1,064 metres, were drilled by Stratabound.

The Year 2 Program has commenced and is estimated to cost close to \$200,000 by Stratabound for the partnership to remain in good standing on the property. Commander has no cost obligation in the program. The Stewart Copper Prospect is again the main focus of work this year. The Program is aimed to follow this copper zone southward and to depth. Detailed geophysical surveys will be followed by a drilling program.

**Commander Resources Ltd.**  
**Management Discussion and Analysis**  
For the Period Ended September 30, 2012

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**Other Properties**

**Baffin Island Gold Project, Nunavut**

The property yielded discovery of numerous orogenic gold occurrences over 10 years in several geological environments permissive to hosting major gold deposits. The Company's property covers a 140 km long belt of Proterozoic aged metavolcanic and metasedimentary rock within the Fox Fold Belt. Approximately 18,000 m of drilling has been carried out over three prospective areas, known as Malrok, Ridge Lake and Kanosak, with appreciable gold intersections. The present focus is on the Kanosak prospect, a 3 km<sup>2</sup> area that was the subject of a detailed 3D I.P. survey during 2011. This survey defined a 3 km linear zone of interest, co-incident with surface channel samples with values as high as 1,440 g/t gold (46 oz/t Au). The area is fully permitted and a camp is in place. Commander is continuing discussions with potential joint venture partners to carry out a drill program along the I.P. identified zone.

**Olympic Copper-Gold Property, Yukon**

The property covers a very large (+10 km) hematite breccia complex with numerous copper and copper-gold showings, which are similar in style and age to the Olympic Dam deposit in Australia. Two deep seated magnetic blocks have recently been identified which underlie the western portion of the breccia complex based on airborne EM-Mag surveys. Although some drilling has been completed at Olympic, these new targets have not been evaluated or tested.

The Olympic property is located just within the boundary of the Peel River Land Use Planning area. The final recommendations regarding use of the land within this area has not yet been completed by the Planning Commission.

**Deconsolidation of Maritime Resources Corp. ("Maritime")**

The Company currently holds 12,500,000 shares of Maritime, representing 42% of Maritime's current issued and outstanding common shares, and retains a 2% NSR royalty on any future production from the Green Bay property, with the exception of production from the Orion deposit.

In January 2012, the Company sold its remaining 50% interest in the Green Bay Property to its option partner, Maritime, in exchange for 5 million common shares of Maritime. Subsequently, the Company sold 4.5 million common shares of Maritime to Rambler Metals Canada on February 15, 2012. The Company reviewed the elements of control over Maritime and determined that it ceased control of Maritime as it held less than 50% interest as at February 15, 2012. As a result, the Company derecognized the carrying amounts of assets, liabilities and non-controlling interest and recognized its retained investment in Maritime at its fair value as at the date of deconsolidation of Maritime. Please refer to the Company's quarterly financial statements for the period ended March 31, 2012 for further details.

The value of investment in Maritime as of September 30, 2012 was \$2,763,880, which was determined by the fair value of Maritime's 12.5 million common shares on the date of deconsolidation, net of the Company's share of loss of Maritime for the nine months ended September 30, 2012 after the deconsolidation.

**Results of Operations**

**Third Quarter Results**

During the quarter ended September 30, 2012, Commander's cash position decreased \$355,722 to \$733,360 with major use of cash to fund operating and project activities. Exploration costs incurred were \$238,740 before property recoveries and write-off. The largest mineral property exploration expenditures were \$95,978 on the Omineca property followed by \$48,436 on the Baffin properties and \$48,197 on the Glenmorangie property.

Total general and administrative expenses incurred during the quarter were \$204,484 of which share-based payments were \$63,174. During the same period of 2011, the total general and administrative expenses were \$275,344 of which share-based payments were \$49,376.

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**Nine Months Ended September 30, 2012 compared with the Nine Months Ended September 30, 2011**

During the nine months ended September 30, 2012, Commander focused on the drilling program on Stump Lake Gold, BC, geochemical survey on Sabin Copper-Gold, Ontario and Glenmorangie Gold, Yukon surveys and reached settlement with AngloGold Ashanti (“AngloGold”) for discontinuing the JV program on Baffin Island, Nunavut.

The largest portion of exploration expenditures was \$615,582 on the Baffin properties for camp purchase, geology cost and environmental cleanup, of which \$537,369 were recovered from AngloGold as a final settlement for discontinuing the Farm-in and JV agreement with Commander. Spending on other properties for the nine months ended September 30, 2012 totalled to \$639,839 including \$325,313 on the Stump Lake property, \$109,373 on the Omineca property, \$86,253 on the Sabin property, \$76,203 on the Glenmorangie property, and \$42,697 on the rest of the Company’s properties. The Company recovered \$120,000 on the Storm property through Aston Bay’s cash payment and share distribution. More information is available on the Mineral Property Expenditure Table and in Note 9 of Notes to the Condensed Interim Financial Statement for the period ended September 30, 2012.

Commander had no revenue and general and administrative expenses decreased by \$417,053 to \$665,234 compared to \$1,082,287 mainly attributable to a decrease of \$263,784 in non-cash share-based payments and deconsolidation of Maritime. Please note that Commander ceased to consolidate Maritime’s financials as of February 15th, 2012.

The deconsolidation of Maritime resulted in decreases in most general expenses compared to the same period of previous year as below:

- Accounting and audit decreased by 34% to \$75,700 (2011 - \$114,920).
- Administrative and others decreased by 22% to \$127,846 (2011 - \$163,573).
- Consulting decreased by 45% to \$51,800 (2011 - \$94,313).
- Investor relations and promotion expenses decreased by 21% to \$122,807 (2011-\$155,562).
- Share-based payments were \$78,688 comparing to \$342,472 in 2011 with less options granted and vested at lower price during the period.
- Exchange loss of \$14,151 was mainly due to the cash holding in USD bank account (2011 - \$3,475).
- Total gain of \$3,186,676 was realized on the deconsolidation of Maritime, including a cash gain of \$198,529 and non-cash gain of \$2,988,147.
- Write-down of exploration and evaluation assets was \$888,119 (2011 - \$Nil).
- Commander’s share of loss of investment in Maritime after deconsolidation from February 16 through September 30, 2012 was \$111,120.
- For the nine months ended September 30, 2012, Commander’s net income was \$1,508,052 (2011 – net loss of \$1,008,197) and income attributable to common shareholders was \$1,528,007 (2011 – loss of \$965,588). The increase in income was due to the gain of \$3,186,676 from the disposal of a controlling interest in Maritime in the current year.

**Summary of Quarterly Results**

	Dec. 31 2010 Q4	Mar. 31 2011 Q1	Jun. 30 2011 Q2	Sep. 30 2011 Q3	Dec. 31 2011 Q4	Mar. 31 2012 Q1	Jun. 30 2012 Q2	Sep. 30 2012 Q3
Mineral property costs deferred, net	\$ (141,138)	\$ (377,968)	\$ 896,791	\$ 728,872	\$ (3,667,394)	\$ (980,182)	\$ 106,917	\$ (676,554)
G&A (incl. share-based payments)	\$ 415,996	\$ 381,846	\$ 425,098	\$ 275,342	\$ 308,773	\$ 257,214	\$ 203,536	\$ 204,484
Share-based payments expense	\$ 211,206	\$ 119,385	\$ 173,711	\$ 49,377	\$ 82,648	\$ 2,119	\$ 13,395	\$ 63,174
Adjusted G&A (less share-based payments)	\$ 204,790	\$ 262,461	\$ 251,387	\$ 225,965	\$ 226,125	\$ 255,095	\$ 190,141	\$ 141,310
Income (loss)	\$ (1,120,662)	\$ (324,725)	\$ (458,800)	\$ (224,672)	\$ (2,966,616)	\$ 2,880,488	\$ (235,693)	\$ (1,136,743)
Income (loss) attributable to owners of the parent	\$ (1,018,258)	\$ (346,364)	\$ (423,109)	\$ (196,114)	\$ (2,979,290)	\$ 2,900,443	\$ (235,693)	\$ (1,136,743)
Income (loss) per share - basic and diluted	\$ (0.012)	\$ (0.004)	\$ (0.005)	\$ (0.002)	\$ (0.030)	\$ 0.029	\$ (0.002)	\$ (0.011)
Weighted avg. common shares	90,942,516	90,942,516	95,904,894	99,853,418	99,892,548	99,892,548	99,909,032	100,042,548



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**Non-GAAP Financial Measures**

Since the adoption of the accounting standard for share-based payments, Commander'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 Commander. Commander has included "adjusted general and administrative expense" without the share-based payments expense to be more reflective of normal operations. This financial measure does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other corporations or entities.

**Liquidity and Capital Resources**

At September 30, 2012, Commander had \$733,360 in cash and cash equivalents and accounts payable and accrued liabilities of \$62,610.

In February 2012, the Company sold 4,500,000 common shares of Maritime to Rambler through a private transaction at a price of \$0.23 per share for gross cash proceeds of \$1,035,000.

Commander has relies on equity financings to meet its cash requirements. Although Commander has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that Commander will be able to obtain adequate financing in the future or that the terms of such financings will be favourable.

There is no significant commitment for capital expenditure.

**Off-Balance Sheet Arrangements**

Commander has not entered into any Off-Balance Sheet Arrangements.

**Related Party Transactions**

**(a) Transactions**

Commander's related parties consist of companies controlled by officers and directors. Commander incurred the following fees and expenses in the normal course of operations in connection with companies controlled by key management and directors for the periods ended September 30, 2012 and 2011:

	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Accounting	\$ -	\$ 18,000	30,500	\$ 54,000
Consulting	18,600	33,000	51,800	82,500
Geological consulting	-	25,200	6,300	80,760
Legal	233	2,957	7,826	6,501
Office rent and administrative	21,837	20,697	64,145	58,667
	<b>\$ 40,670</b>	<b>\$ 99,854</b>	<b>\$ 160,571</b>	<b>\$ 282,428</b>

These transactions were recorded at fair value, being the amount agreed upon by the related parties.

At September 30, 2012, the Company's receivables included \$4,755 (December 31, 2011 - \$Nil) from Maritime for administrative and office expenses.

At September 30, 2012, the Company's accounts payable included \$4,254 due to Diamonds North Ltd. ("Diamonds North"), a company related by a common director, for administrative and office expenses (December 31, 2011 - \$2,158).

At September, 2012, investment in securities included 258,000 common shares of Diamonds North (December 31, 2011 - 258,000).

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**(b) Compensation of key management personnel**

The remuneration of directors and other key management personnel during the periods ended September 30, 2012 and 2011 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2012	2011	2012	2011
Accounting	\$ -	\$ 18,000	\$ 30,500	\$ 54,000
Consulting	18,600	33,000	51,800	82,500
Geological consulting	-	25,200	6,300	80,760
Salaries and benefits	97,102	114,206	323,052	289,891
Share-based payments	50,387	41,044	61,735	282,950
	\$ 166,089	\$ 231,450	\$ 473,387	\$ 790,101

**Proposed Transactions**

No transaction proposed.

**Disclosure Controls and Internal Controls Over Financial Reporting**

Commander's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for Commander.

In accordance with the requirements of National Instrument 52-109, Certification and Disclosure in Commander's annual and interim filings, evaluations of the design and operating effectiveness of disclosure controls and procedures ("DC&P") and the design effectiveness of internal control over financial reporting ("ICFR") were carried out under the supervision of the CEO and CFO as of the end of the period covered by this report.

The CEO and CFO have concluded that the design and operation of disclosure controls and procedures were adequate and effective to provide reasonable assurance that material information relating to Commander would have been known to them and by others within those entities. The CEO and CFO have also concluded that Commander's internal controls over financial reporting are designed effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

While there were no changes that occurred for the most recent fiscal period that have materially affected Commander's internal control procedures, the CEO and CFO will continue to attempt to identify areas to improve controls and intend to incorporate such improvement over the next fiscal period.

Commander Resources Ltd. disclosed that

(1) the Company is not required to certify the design and evaluation of the Company's DC&P and ICFR and has not completed such an evaluation; and

(2) inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

**Critical Accounting Estimates**

The most significant accounting estimates for Commander relates to the carrying value of its exploration and evaluation assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or Commander's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

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Management's estimates of exploration, operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

Another significant accounting estimate relates to accounting for share-based payments and derivative instruments. Commander uses the Black-Scholes Option Pricing Mode to estimate the fair value of share-based payments and warrants. 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 Commander's stock options granted/vested during the period.

**Financial Instruments**

Commander is exposed to liquidity risk as it may have difficulty in obtaining funds to meet financial obligations as they become due. As at September 30, 2012, Commander had cash and cash equivalents of \$733,360, investment in securities of \$195,814, and accounts payable and accrued liabilities of \$62,610. Commander believes that it has sufficient funds to complete the planned business objectives for 2012.

Commander is exposed to credit risk with respect to its cash and cash equivalents, accounts receivable and due from related parties. This risk is minimized as the cash and cash equivalents have been placed with major Canadian financial institutions. Commander performs on-going credit evaluations of its accounts receivable. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts. Credit risk with respect to amounts due from related parties has been assessed as low by management as Commander has strong working relationships with the parties involved.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. As at September 30, 2012, if the market prices of the marketable securities had increased/ decreased 10 percent with all other variables held constant, the net loss for the period would have been \$13,581 lower/higher.

Foreign currency risk arises primarily as a result of the Company having a US dollar denominated bank account. The financial position of the Company may vary at the time that a change in foreign currency rate occurs. For the period ended September 30, 2012, if the Canadian dollar strengthened/weakened by 10% against the US dollar with all other variables held constant, the Company's loss would have been approximately \$31,742 higher / lower as a result of foreign exchange losses/gains on translation of USD\$ denominated bank account.

The following table illustrates the classification of the Commander's financial instruments carried at fair value within the fair value hierarchy at September 30, 2012. Please refer to the condensed consolidated interim financial statements (note 3(a)).

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>September 30, 2012</b>				
Investment in securities	\$ 195,814	\$ 195,814	\$ -	\$ -

**Other MD&A Requirements**

Additional information relating to Commander is available on SEDAR at [www.sedar.com](http://www.sedar.com) and Commander's website, [www.commanderresources.com](http://www.commanderresources.com).

The Company had 100,042,521 issued common shares outstanding as at the report date.

The Company also has the following unexercised warrants and stock options outstanding as at the report date:

**Warrants**

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,819,166	\$0.30	May 3, 2013
1,430,849	\$0.30	May 18, 2013
<b>4,250,015</b>		

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**Stock Options**

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
50,000	\$0.19	December 21, 2012
100,000	\$0.13	January 19, 2013
740,000	\$0.18	February 7, 2013
200,000	\$0.21	June 24, 2013
280,000	\$0.10	October 17, 2013
700,000	\$0.10	February 20, 2014
1,351,000	\$0.10	May 12, 2014
200,000	\$0.39	January 19, 2015
1,818,500	\$0.35	January 27, 2015
500,000	\$0.27	May 25, 2015
100,000	\$0.18	October 6, 2015
2,020,000	\$0.185	February 11, 2016
400,000	\$0.17	April 6, 2016
1,735,000	\$0.10	June 12, 2017
400,000	\$0.10	November 14, 2017
<b>10,594,500</b>	<b>Outstanding</b>	
<b>9,283,250</b>	<b>Exercisable</b>	

**Mineral Property Expenditure Table**

At September 30, 2012, the Company's exploration and evaluation assets comprise properties located in Canada. Expenditures incurred on mineral properties during the period are as follows:

	Qimmiq	Bravo Lake	Glenmorangie	Storm	Omineca	Stump Lake	Sabin	Other	Green Bay	Total
	Baffin, Nunavut		Yukon	Nunavut	British Columbia		Ontario	Properties	Newfoundland	
Note	9(a)		9(b)	9(c)		9(d)		9(e)	10	
<b>Balance at December 31, 2011</b>	<b>\$ 9,243,700</b>	<b>\$ 2,554,797</b>	<b>\$ 405,687</b>	<b>\$ 930,260</b>	<b>\$ 121,987</b>	<b>\$ 562,806</b>	<b>\$ 141,900</b>	<b>\$ 4,222,979</b>	<b>\$ 1,280,327</b>	<b>\$ 19,464,443</b>
Acquisition costs	-	-	27,750	-	-	-	-	-	-	27,750
Exploration costs:										
Drilling	(21,049)	-	1,154	-	31,835	206,396	-	800	2,016	221,152
Environmental	-	140,000	-	-	-	1,700	-	-	-	141,700
Geochemistry	7,226	3,097	7,222	-	14,568	41,228	15,177	-	-	88,518
Geology	346,485	22,172	60,043	10,330	62,970	53,705	66,835	28,091	11,587	662,218
Geophysics	-	(489)	-	-	-	16,000	-	-	-	15,511
Property	116,565	623	7,727	(4,896)	-	6,270	3,870	8,092	-	138,251
Other	568	384	57	14	-	14	371	266	382	2,056
	449,795	165,787	76,203	5,448	109,373	325,313	86,253	37,249	13,985	1,269,406
Less:										
Recoveries	(397,369)	(140,000)	-	(120,000)	-	-	-	(7,175)	-	(664,544)
Write down	-	-	-	-	-	(888,119)	-	-	-	(888,119)
Net additions during the period	52,426	25,787	103,953	(114,552)	109,373	(562,806)	86,253	30,074	13,985	(255,507)
Derecognition of Green Bay Property									(1,294,312)	(1,294,312)
<b>Balance at September 30, 2012</b>	<b>\$ 9,296,126</b>	<b>\$ 2,580,584</b>	<b>\$ 509,640</b>	<b>\$ 815,708</b>	<b>\$ 231,360</b>	<b>\$ -</b>	<b>\$ 228,153</b>	<b>\$ 4,253,053</b>	<b>\$ -</b>	<b>\$ 17,914,624</b>



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*Vice President, Exploration*

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*Chief Financial Officer*

Janice Davies  
*Corporate Secretary*

**LISTINGS**

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

**CAPITALIZATION**

(As at September 30, 2012)

Shares Authorized: Unlimited  
Shares Issued: 100,042,548

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