COMMANDER RESOURCES LTD.

2013 Annual Report

CMD : TSX.V

WWW.COMMANDERRESOURCES.COM

Dear fellow shareholders:

As an investor in junior resource companies, you are no doubt aware that 2013 was a very difficult year for exploration companies. In my Letter to Shareholders last year, I summarized our leveraging strategies through the use of strategic partnerships. This strategy has served us well in this past year and we maintain that this business model is a sustainable method to explore and advance our projects. It has allowed the company to continue to advance multiple projects in one of the worst financial environments in decades.

In 2013 we managed to complete considerable work on four projects without requiring a financing, or significant cost of field work, and we have maintained all of our core properties in good standing. We remain well positioned to be able to meet the challenges that the exploration industry is facing in the coming years.

In summary, work was done on four of our holdings in 2013:

1. Commander attained 100% Ownership of South Voisey's Bay Nickel Project

Following the discovery of the Voisey's Bay nickel deposit in the late 1990's, Commander was a leader in obtaining land in the South Voisey's Bay area, but it was such a popular area that the ownership of the district became very fragmented with many JV's and underlying agreements complicating the story. In 2013, we were successful in gaining ownership of 100% of a large land package by buying out Donner Metals as a JV partner and purchasing property from Northern Abitibi. We also managed to negotiate the removal of an underlying back-in right held by Teck Resources Limited. This "cleaning up" process has enabled us to enter into discussions with potential partners in an area with attractive mineral potential and interest.

2. 36% owned Maritime Resources reported the Initial Resource Estimate for Newfoundland Project

As a result of vending out the Green Bay Property in 2010, Commander owns 36% of Maritime Resources and it is our key equity holding. Commander shareholders will continue to benefit as Maritime continues along the road toward renewed production on the property. In addition to holding 36% of Maritime, we also hold a royalty on production which is marketable, or could eventually become quite valuable should the mine commence production. Maritime is planning to complete a Preliminary Economic Assessment of the Green Bay project in 2014, which could have a material impact on its share price and the value of our equity position.

3. Aston Bay Ventures continued their exploration on the Storm Copper and Seal Zinc Properties

Aston Bay Ventures has optioned and is earning into this property on Somerset Island in the Canadian Arctic. They managed to complete a 2013 field program despite brutal conditions for raising capital in the junior resources sector. Commander shareholders remain exposed to their success due to our equity holding of 3 million shares of Aston Bay, in addition to a production royalty.

4. Stratabound drilled on Commander's Nepisiguit Property in New Brunswick

In 2013 Stratabound Minerals drilled on our property, and mined over 62,000 tonnes of ore from their adjacent property. The ore was processed at Xstrata's Brunswick mill before being closed. They received net revenue of more than $4 million after paying Xstata's fees. We expect work to continue on our property in 2014 at no cost to us.

I realize that you, as shareholders. want to see us minimize expenses that are not directly related to exploration or advancement of our projects. In 2013, we reduced our office overhead costs by 50% through reduction of benefits, salaries and hours of work, yet we remain well positioned with all core staff in place to enable reactivation of work in the field as market conditions improve. I would like to personally thank all of our staff for their contributions and continued efforts in support of Commander's success.

I would like to thank our Board of Directors, for their contributions and support; particularly Mr. Bill Coulter, who retired in 2013, for his invaluable service to the Company as one of our founding directors.

Eric Norton
President & CEO ***April 2013***

FINANCIAL STATEMENTS

For the Year Ended
December 31, 2013
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF COMMANDER RESOURCES LTD.

We have audited the accompanying financial statements of Commander Resources Ltd., which comprise the statement of financial position as at December 31, 2013, and the statements of operations, comprehensive income (loss), changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Commander Resources Ltd. as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Commander Resources Ltd.'s ability to continue as a going concern.

Other Matters

The financial statements of Commander Resources Ltd. for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on February 26, 2013.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada
March 25, 2014

Chartered Accountants

COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Statements of Financial Position

(Expressed in Canadian dollars)

As at December 31

	Note		2013		2012
Assets					
Current assets					
Cash and cash equivalents	5	$	102,602	$	523,110
Investment in securities	6		467,541		177,647
Receivables	8		10,443		24,324
Prepaid expenses			7,393		23,849
			587,979		748,930
Non-current assets					
Deposit and others			37,377		37,377
Exploration and evaluation assets	9		18,196,194		17,977,454
Investment in associated company	10		2,377,133		2,610,148
Property and equipment	11		4,910		9,245
			20,615,614		20,634,224
Total Assets		**$**	**21,203,593**	**$**	**21,383,154**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	12	$	43,497	$	46,723
Non-current liability					
Deferred tax liability	13		503,000		461,526
			546,497		508,249
Shareholders' Equity					
Share capital	14		38,963,931		38,929,431
Reserves			859,256		1,346,892
Accumulated other comprehensive income (loss)			405,661		(16,706)
Deficit			(19,571,752)		(19,384,712)
			20,657,096		20,874,905
Total Liabilities and Shareholders' Equity		**$**	**21,203,593**	**$**	**21,383,154**

Note 1 Nature of Operations and Going Concern
Note 16 Commitments
Note 18 Subsequent Events

Approved on behalf of the Board of Directors on March 25, 2014:

"Eric Norton"	*"Mark Lotz"*
Eric Norton	Mark Lotz

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.
(An Exploration Stage Company)
Statements of Operations
(Expressed in Canadian dollars)
For the Years Ended December 31

	Note		**2013**		**2012**
Expenses					
Accounting and audit		$	53,272	$	91,735
Administration and others			114,951		161,484
Depreciation			4,335		4,266
Consulting			70,632		68,900
Investor relations and promotion			86,906		152,287
Legal			5,205		21,559
Salaries and benefits			132,917		209,448
Share-based payments	14(c)		9,869		100,002
			(478,087)		**(809,681)**
Other items					
Exchange gain (loss)			4,974		(10,811)
Royalty income	9(f)(v)		25,000		15,476
Loss on investment in securities	6		(93,897)		-
Impairment loss on available-for-sale securities	6		-		(471,486)
Recovery (impairment) on exploration and evaluation assets	9(d) & 9(g)		8,782		(916,789)
Gain on disposal of investment in associated company	10		30,231		-
Share of loss and dilution loss in associated company	10		(140,074)		(264,852)
Gain on disposal of subsidiary	10		-		3,186,676
Income (loss) before income taxes			**(643,071)**		**728,533**
Deferred tax recovery (expense)			(41,474)		195,938
Net income (loss) for the year		**$**	**(684,545)**	**$**	**924,471**
Net income (loss) for the year attributable to:					
Non-controlling interest		$	-	$	(19,955)
Common shareholders			(684,545)		944,426
		$	**(684,545)**	**$**	**924,471**
Earnings/(loss) per share - basic and diluted		$	(0.007)	$	0.009
Weighted average number of common shares outstanding - basic and diluted			100,269,096		99,972,056

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.
(An Exploration Stage Company)
Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars)
For the Years Ended December 31

	Note		2013		2012
Net income (loss) for the year		**$**	**(684,545)**	**$**	**924,471**
Fair value adjustment on available-for-sale securities	6		339,701		(120,101)
Transfer of impairment loss on available-for-sale marketable securities	6		-		471,486
Transfer to income on sale of marketable securities	6		82,666		-
Other comprehensive income		$	422,367	$	351,385
Comprehensive income (loss) for the year		**$**	**(262,178)**	**$**	**1,275,856**
Comprehensive income (loss) for the year attributable to:					
Non-controlling interest		$	-	$	(19,955)
Common shareholders			(262,178)		1,295,811
Comprehensive income (loss) for the year		**$**	**(262,178)**	**$**	**1,275,856**

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.
(An Exploration Stage Company)
Statements of Cash Flows
(Expressed in Canadian dollars)
For the Years Ended December 31

	2013	2012
Cash used in:		
Operating activities		
Net income (loss) for the year	$ (684,545)	$ 924,471
Items not involving cash:		
Depreciation	4,335	4,266
Share-based payments	9,869	100,002
Impairment loss on available for sale securities	-	471,486
Impairment of exploration and evaluation assets	-	917,135
Loss on investment in securities	93,897	-
Deferred tax expense (recovery)	41,474	(195,938)
Gain on dispoal of investment in associated company	(30,231)	-
Share of loss and dilution loss in associated company	140,074	264,852
Gain on disposal of subsidiary	-	(3,186,676)
	(425,127)	**(700,402)**
Changes in non-cash working capital items:		
Receivables	13,881	41,112
Prepaid expenses	16,456	2,428
Accounts payable and accrued liabilities	(24,506)	33,174
Cash used in operating activities	**(419,296)**	**(623,688)**
Investing activities		
Deposit and others	-	7,792
Expenditures on exploration and evaluation assets	(199,760)	(1,666,977)
Recoveries from exploration and evaluation assets	35,800	797,693
Net proceeds from disposition of marketable securities	39,576	-
Net proceeds from disposition of shares of associated company	123,172	1,035,000
Cash surrendered on disposal of subsidiary	-	(202,486)
Cash used in investing activities	**(1,212)**	**(28,978)**
Decrease in cash and cash equivalents	**(420,508)**	**(652,666)**
Cash and cash equivalents, beginning of year	523,110	1,175,776
Cash and cash equivalents, end of year	**$ 102,602**	**$ 523,110**

Supplemental Cash Flow Information (note 17)

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.
(An Exploration Stage Company)
Statements of Changes in Equity
(Expressed in Canadian dollars)
(Unaudited - See Notice)

	Share Capital		Reserves		Accumulated Other Comprehensive Income (Loss)	Deficit	Non-Controlling Interest	Total Shareholders' Equity
	Shares	Amount	Warrants	Share-Based Payments				
Balance at December 31, 2011	**99,892,548**	**$ 38,916,681**	**$ 211,843**	**$ 1,805,282**	**$ (368,091)**	**$ (20,937,101)**	**$ 508,913**	**$ 20,137,527**
Net loss for the year	-	-	-	-	-	924,471	-	924,471
Unrealized loss on available-for-sale marketable securities (Note 6)	-	-	-	-	(120,101)	-	-	(120,101)
Share-based payments (Note 14)	-	-	-	100,002	-	-	-	100,002
Transfer of share-based payments expired (Note 14(c))	-	-	-	(627,918)	-	627,918	-	-
Shares issued on acquisition of exploration and evaluation assets (Note 9)	150,000	12,750	-	-	-	-	-	12,750
Elimination of NCI on derecognition (Note 10)	-	-	-	(142,317)	-	-	(508,913)	(651,230)
Transfer of impairment loss on available-for-sale securities (Note 6)	-	-	-	-	471,486	-	-	471,486
Round down of shares re Major General - return to treasury	(27)	-	-	-	-	-	-	-
Balance at December 31, 2012	**100,042,521**	**38,929,431**	**211,843**	**1,135,049**	**(16,706)**	**(19,384,712)**	**-**	**20,874,905**
Net loss for the year	-	-	-	-	-	(684,545)	-	(684,545)
Unrealized gain on available-for-sale securities (Note 6)	-	-	-	-	339,701	-	-	339,701
Transfer to income on sale of marketable securities (Note 6)	-	-	-	-	82,666	-	-	82,666
Share-based payments (Note 14)	-	-	-	9,869	-	-	-	9,869
Transfer of share-based payments expired (Note 14(c))	-	-	-	(285,662)	-	285,662	-	-
Shares issued on acquisition of exploration and evaluation assets (Note 9)	450,000	34,500	-	-	-	-	-	34,500
Transfer of warrants expired (Note 14(d))	-	-	(211,843)	-	-	211,843	-	-
Balance at December 31, 2013	**100,492,521**	**$ 38,963,931**	**$ -**	**$ 859,256**	**$ 405,661**	**$ (19,571,752)**	**$ -**	**$ 20,657,096**

See Accompanying Notes to the Financial Statements

1. Nature of Operations and Going Concern

Commander Resources Ltd. (the "Company" or "Commander") is actively exploring and developing its exploration and evaluation assets and has not yet determined whether these properties contain mineral resources that are economically recoverable. The Company has not earned significant revenues from its exploration and evaluation asset 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, V6E 3V6.

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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. Inability to secure future financing would have a material adverse effect on the Company's business, results of operations and financial condition. The effects of these may cast doubt about the Company's ability to continue as a going concern.

For the year ended December 31, 2013, the Company reported a net loss of $684,545 (2012 - net income of $924,471) and as at December 31, 2013 had a deficit of $19,571,752 (December 31, 2012 - $19,384,712), and working capital of $544,482 (December 31, 2012 - $702,207).

2. Statement of Compliance

These annual financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements unless otherwise indicated. These financial statements were authorized for issue by the Board of Directors on March 25, 2014.

3. Summary of Significant Accounting Policies

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies set out below have been applied consistently to all years presented in these financial statements. The financial statements are presented in Canadian dollars, unless otherwise noted.

(a) Principles of consolidation and deconsolidation

Control exists when the Company has the power, directly or in directly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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 is recognized at its fair value and any gain or loss resulting from the deconsolidation is recorded in the statement of operations.

3. Summary of Significant Accounting Policies (Continued)

(a) Principles of consolidation and deconsolidation (Continued)

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. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Company.

The comparative figures for as at and for the year ended December 31, 2012, in these financial statements include the accounts of the Company and its former subsidiary, Maritime Resources Corp. ("Maritime") up to February 15, 2012. Refer to Note 10, "Investment in Associated Company", for details.

(b) Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:

i. Monetary assets and liabilities, at the rate of exchange in effect as at the statement of financial position date;
ii. Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
iii. Income and expenses (excluding depreciation, which is translated at the same rate as the related asset), at the rate of exchange on the transaction date.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss for the year.

(c) Critical accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and further years if the review affects both current and future years. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future years. The information about significant areas of estimation uncertainty considered by management in preparing these financial statements is as follows:

3. Summary of Significant Accounting Policies (Continued)

(c) Critical accounting judgments, estimates and assumptions (Continued)

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets properties.

To the extent that any of management's assumptions change, there could be a significant impact on the Company's future financial position, operating results and cash flows.

Share-based payments

The Company uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based payments expense. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

The information about significant areas of judgment considered by management in preparing the financial statements are as follows:

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern, as discussed in Note 1, and these financial statements continue to be prepared on a going concern basis. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. Summary of Significant Accounting Policies (Continued)

(d) Segment information

The Company conducts its business as a single segment being the business of exploring and developing mining assets in Canada. All exploration and evaluation assets and equipment are situated in Canada.

(e) Cash and cash equivalents

Cash and cash equivalents include bank deposits and cashable highly-liquid investments that are readily convertible to known amounts of cash and have maturities of three months or less from the date acquired.

(f) Exploration and evaluation assets ("E&E")

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the year in which they occur.

From time to time the Company may acquire or dispose of an exploration and evaluation asset pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result, those E&E costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses E&E assets for impairment at each statement of financial position date or whenever facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use, and is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from disposition thereof.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

3. Summary of Significant Accounting Policies (Continued)

(g) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment. Depreciation is recorded using the straight-line method over five years. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

The estimated maximum useful lives of property and equipment are as follows:

Furniture and fixtures	5 years
Computer equipment	5 years
Leasehold improvements	Duration of the lease

i. Subsequent costs

The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

ii. Impairment

The Company's tangible assets are reviewed for indications of impairment at each financial statement date. If indication of impairment exists, the asset's recoverable amount is estimated. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

iii. Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

(h) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. Summary of Significant Accounting Policies (Continued)

(h) Provisions (Continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

For the years presented, the Company has determined that it has no material provisions to record in these financial statements.

(i) Decommissioning liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property and equipment, or site closure or reclamation activities when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of operations.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of operations in the year incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged to the statement of operations as incurred.

For the years presented, the Company has determined that it has no material decommissioning liabilities to record in these financial statements.

3. Summary of Significant Accounting Policies (Continued)

(j) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. To the extent that eligible deferred income tax assets are available, the Company will reduce the deferred income tax liability and record a deferred income tax recovery. Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years. Failure to expend such funds as required under the Canadian income tax legislation will result in a Part XII.6 tax to the Company on flow-through proceeds renounced under the "Look-back" Rule. When applicable, this tax is accrued as a financial expense until paid.

(k) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and non-employees.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and each tranche is recognized using the graded vesting method over the period during which the options vest. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. For directors, officers and employees, the fair value of the options is measured at the date of grant, and the options are recognized over the vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The fair value is recorded at the earlier of the vesting date, or the date the goods or services are received.

The offset to the recorded cost is to reserves. Consideration received on the exercise of stock options is recorded as share capital and the related reserves are transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(l) Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. Summary of Significant Accounting Policies (Continued)

(m) Earnings (loss) per share

Earnings (loss) per share is calculated by dividing the earnings (loss) for the year by the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings (loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the years presented.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(n) Financial instruments

i. Financial assets

Financial assets are classified into one of four categories:

- fair value through profit or loss ("FVTPL");
- held-to-maturity ("HTM");
- available-for-sale ("AFS"); and
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(a) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. A financial asset is classified as FVTPL if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resulting gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

(b) HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

3. Summary of Significant Accounting Policies (Continued)

(n) Financial instruments (Continued)

i. Financial assets (Continued)

(c) AFS financial assets

Non-derivative short-term investments and other assets held are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income (loss). Impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets are recognized directly in profit or loss. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income (loss) is included in profit or loss for the year.

(d) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the fair value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(e) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the bad debt account. Subsequent recoveries of amounts previously written off are credited against the bad debt account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

3. Summary of Significant Accounting Policies (Continued)

(n) Financial instruments (Continued)

i. Financial assets (Continued)

(e) Impairment of financial assets (Continued)

With the exception of AFS equity instruments, if, in a subsequent year, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(f) Derecognition of financial assets

A financial asset is derecognized when

- the contractual right to the asset's cash flows expire; or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than FVTPL, which are expensed as incurred, are included in the initial carrying value of such instruments.

ii. Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(a) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.
The Company has classified accounts payable and accrued liabilities as other financial liabilities.

(b) FVTPL financial liabilities

FVTPL financial liabilities are initially measured, and subsequently carried at fair value with changes in fair value recognized through profit or loss.

(c) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

3. Summary of Significant Accounting Policies (Continued)

(o) Share capital

Common shares are classified as equity. Common shares issued by the Company are recorded at the proceeds received, net of direct issue costs. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the quoted market price of the common shares at the time the units are priced, then to warrants based on the Black-Scholes option pricing model. In the case of the issuance of flow-through units, any remaining excess is allocated to the flow-through share premium as a liability.

(p) Accounting standards issued but not yet effective

Effective January 1, 2013, the following standards were adopted but have had no material impact on the financial statements.

- IFRS 10: New standard to establish principles for the presentation and preparation of consolidated financial statements, effective for annual periods beginning on or after January 1, 2013
- IFRS 11: New standard to account for the rights and obligations in accordance with a joint agreement, effective for annual periods beginning on or after January 1, 2013
- IFRS 12: New standard for the disclosure of interest in other entities not within the scope of IFRS 9 / IAS 39, effective for annual periods on or after January 1, 2013
- IFRS 13: New standard on the measurement and disclosure of fair value, effective for annual periods beginning on or after January 1, 2013
- IAS 27 (Amendment): As a result of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 27 deals solely with separate financial statements, effective for annual periods beginning on or after January 1, 2013
- IAS 28 (Amendment): New standard issued that supersedes IAS 28 (2003) to prescribe the application of the equity method to investments in associates and joint ventures, effective for annual periods beginning on or after January 1, 2013

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2014. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014
- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015
- IFRS 9: New standard that replaced IAS 39 for classification and measurement

(q) Comparative figures

Certain amounts in prior years have been reclassified to conform to the current year presentation.

(Expressed in Canadian dollars)

4. Financial Instruments and Risk Management

(a) Fair value

The Company has classified its financial instruments as follows:

Cash and cash equivalents – as FVTPL
Investment in securities – as AFS
Receivables – as loans and receivables
Accounts payable and accrued liabilities – as other financial liabilities

The carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair values due to 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).

The following table summarizes fair value measurement by level at December 31, 2013 and 2012 for financial assets and liabilities measured at fair value on a recurring basis:

	Total	Level 1	Level 2	Level 3
December 31, 2013				
Investment in securities	$ 467,541	$ 467,541	$ -	$ -
December 31, 2012				
Investment in securities	$ 177,647	$ 117,647	$ -	$ 60,000

(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 to ensure it will have sufficient liquidity to meet liabilities when due. At December 31, 2013, the Company had cash and cash equivalents of $102,602 (2012 -$523,110) and accounts payable and accrued liabilities of $43,497 (2012 - $46,723). The Company's accounts payable are due within 30 days.

(c) Credit risk

Credit risk is the risk that a counterparty 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, and receivables other than Goods and Services Tax ("GST"). This risk is minimized as cash and cash equivalents have been placed with a major Canadian financial institution. The Company performs on-going credit evaluations of its receivables. The maximum exposure to loss arising from receivables is equal to their carrying amounts. Credit risk with respect to amounts due from related parties, included in receivables, has been assessed as low by management as the Company has strong working relationships with the parties involved.

(Expressed in Canadian dollars)

4. Financial Instruments and Risk Management (Continued)

(c) Credit risk (Continued)

The Company's concentration of credit risk and maximum exposure at December 31, 2013 and 2012 are as follows:

		December 31, 2013		December 31, 2012
Cash	$	102,642	$	523,110
Receivables		5,711		5,930
	$	**108,353**	**$**	**529,040**

(d) Market risk

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

i. Foreign currency risk

		December 31, 2013		December 31, 2012
Cash balance in USD $	**$**	13,001	**$**	272,822

Foreign currency risk arises primarily as a result of the Company having US dollar denominated cash balances. The financial position of the Company may vary at the time that a change in foreign currency rate occurs. For the year ended December 31, 2013, a change in the foreign currency rate by 10% would increase or decrease exchange loss by $1,383.

ii. 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 income by $46,754.

There were no changes in the Company's approach to risk management during the year ended December 31, 2013.

5. Cash and Cash Equivalents

		December 31, 2013		December 31, 2012
Cash	$	92,602	$	391,110
Term deposit with interest 1.05 - 1.20%		10,000		132,000
	$	**102,602**	**$**	**523,110**

6. Investment in Securities

The Company holds less than 10% of the outstanding common shares of each investment, except for its investment in Aston Bay Venture Ltd ("Aston Bay") (Note 9(c)), of which the Company owns more than 10% of the common shares but less than 20% of the total common shares outstanding.

(Expressed in Canadian dollars)

6. Investment in Securities (Continued)

The fair value of investments in securities as at December 31, is follows:

	2013	2012
Cost	$ 97,920	$ 230,392
Unrealized gain	369,621	(52,745)
	$ 467,541	**$ 177,647**

During the year ended December 31, 2013, the Company had transactions in investment in securities as follows:

i. Received 25,000 common shares of Stratabound Minerals Corp. ("Stratabound") under the terms of the option agreements for the Nepisiguit and Stewart properties (Note 9f)(ii)).

ii. Sold common shares of the following securities:

	#s of Shares	Net Proceeds
Alto Ventures Ltd.	187,500	$ 3,632
Adamera Minerals Corp.	34,457	1,476
Fjordland Exploration Inc.	867,647	12,009
Woodjam Copper Corp.	328,397	22,458
	1,418,001	$ 39,575

The Company recorded a realized loss of $93,897 on the dispositions of investment in securities on the statement of operations which included a transfer of $82,666 from the statement of comprehensive income (loss) for the year ended December 31, 2013.

The Company also recognized a gain of $339,701 (2012 – loss of $120,101) in other comprehensive income (loss) to reflect the changes in the fair value of its investment in securities.

There was no impairment recognized in the statement of operations on available-for-sale investments in securities during the year ended December 31, 2013 (2012 - $471,486).

7. Capital Management

The Company defines its capital as all components of equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no changes in the Company's approach to capital management during the year ended December 31, 2013. The Company is not subject to externally imposed capital requirements.

8. Receivables

The following is an aging summary of outstanding balances as at December 31, 2013 and 2012:

	Current	31 - 60 days	61 - 90 days	> 90 days	TOTAL
December 31, 2013	$ 10,443	$ -	$ -	$ -	$ 10,443
December 31, 2012	$ 24,077	$ -	$ -	$ 247	$ 24,324

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets

Exploration and evaluation assets are comprised of properties located in Canada. Cumulative expenditures incurred on exploration and evaluation assets as at December 31, 2013 were as follows:

		Baffin, Nunavut		Yukon	Nunavut	B.C.	Ontario	Other	
		Qimmiq	Bravo Lake	Glenmorangie	Storm	Omineca	Sabin	Properties	Total
	Note	9(a)		9(b)	9(c)	9(d)	9(e)	9(f)	
Balance at December 31, 2012		**$ 9,303,159**	**$ 2,583,797**	**$ 522,026**	**$ 818,666**	**$ 249,386**	**$ 262,874**	**$ 4,237,546**	**$ 17,977,454**
Acquisition costs	14(b)	-	-	10,500	-	-	-	24,000	34,500
Exploration costs:									
Geochemistry		7,548	4,078	-	-	-	-	-	11,626
Geology		46,101	9,022	11,714	4,544	18,701	16,126	44,806	151,014
Property		35,434	200	4,393	-	-	3,870	12,589	56,486
Other		590	-	-	700	-	380	244	1,914
		89,673	13,300	16,107	5,244	18,701	20,376	57,639	221,040
Less:									
Recoveries		-	-	-	-	(35,800)	-	(1,000)	(36,800)
Net additions		89,673	13,300	26,607	5,244	(17,099)	20,376	80,639	218,740
Balance at December 31, 2013		**$ 9,392,832**	**$ 2,597,097**	**$ 548,633**	**$ 823,910**	**$ 232,287**	**$ 283,250**	**$ 4,318,185**	**$ 18,196,194**

Expenditures incurred on exploration and evaluation assets as at December 31, 2012 were as follows:

	Baffin, Nunavut		Yukon	Nunavut	British Columbia		Ontario	Other	Newfoundland	
	Qimmiq	Bravo Lake	Glenmorangie	Storm	Omineca	Stump Lake	Sabin	Properties	Green Bay	Total
Balance at December 31, 2011	**$ 9,243,700**	**$ 2,554,797**	**$ 405,687**	**$ 930,260**	**$ 121,987**	**$ 562,806**	**$ 141,900**	**$ 4,222,979**	**$ 1,280,327**	**$ 19,464,443**
Acquisition costs	-	-	27,750	-	-	-	-	65,000	-	92,750
Exploration costs:										
Drilling	-	-	1,154	-	29,561	206,396	-	800	2,016	239,927
Environmental	-	140,000	-	-	-	1,700	9,000	-	-	150,700
Geochemistry	9,635	4,129	16,957	-	14,956	41,228	23,225	-	-	110,130
Geology	330,060	23,829	62,694	11,752	82,882	53,705	83,908	38,722	11,587	699,139
Geophysics	-	(489)	-	-	-	16,000	-	-	-	15,511
Property	116,565	1,147	7,727	(3,360)	-	6,270	4,470	8,313	-	141,132
Other	568	384	57	14	-	14	371	266	382	2,056
	456,828	169,000	88,589	8,406	127,399	325,313	120,974	48,101	13,985	1,358,595
Less:										
Recoveries	(397,369)	(140,000)	-	(120,000)	-	-	-	(69,864)	-	(727,233)
Impairment	-	-	-	-	-	(888,119)	-	(28,670)	-	(916,789)
Net additions	59,459	29,000	116,339	(111,594)	127,399	(562,806)	120,974	14,567	13,985	(192,677)
Derecognition of Green Bay	-	-	-	-	-	-	-	-	(1,294,312)	(1,294,312)
Balance at December 31, 2012	**$ 9,303,159**	**$ 2,583,797**	**$ 522,026**	**$ 818,666**	**$ 249,386**	**$ -**	**$ 262,874**	**$ 4,237,546**	**$ -**	**$ 17,977,454**

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets (Continued)

(a) Baffin Island Properties, Nunavut

The Baffin Island Properties consist of two separate properties named Qimmiq and Bravo Lake (collectively, the "Baffin Properties"). The Company owns 100% of the Qimmiq property, subject to an underlying agreement with Nunavut Tunngavik Inc. and certain future considerations to BHP Billiton. The Company owns 100% of the Bravo Lake property subject to certain future considerations to Xstrata Nickel, a business unit of Xstrata Canada Corporation.

During the year ended December 31, 2009, the Company entered into a Farm-in and Joint Venture Agreement (the "Agreement") with AngloGold Ashanti Limited's subsidiary, AngloGold Ashanti Holdings Plc ("AngloGold"), related to the Baffin Properties. Pursuant to the Agreement, AngloGold may earn a 51% participating interest in the Baffin Properties by funding $20 million by December 31, 2014, with an additional requirement to fund $5.5 million of the $20 million in exploration expenditures before December 31, 2010.

In March 2012, AngloGold decided not to put forward a 2012 exploration program on Baffin Island and has withdrawn from the Agreement. For the year ended December 31, 2012, total recoveries on the Baffin Properties from AngloGold amounted to $537,369. The recoveries included AngloGold's final settlement for the joint venture program as it withdrew from its Agreement with the Company and discontinued the exploration program on Baffin Island in March 2012. The Company now retains a 100% interest of the property.

(b) Glenmorangie, Yukon

The option agreement negotiated in September 2011 for the Glenmorangie property in Yukon 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 according to the following schedule:

	Cash	Shares	Exploration Expenditures	Due Date
i)	$ 12,000	150,000	$ -	6/08/2011 (incurred)
ii)	15,000	150,000	125,000	6/30/2012 (incurred)
iii)	-	150,000	-	6/30/2013 (incurred, cash payment and work commitment waived)
iv)	30,000	180,000	125,000	6/30/2014
v)	60,000	210,000	125,000	6/30/2015
	$ 117,000	**840,000**	**$ 375,000**	

*iii) On May 27, 2013, the Company renegotiated with the optioners to have cash and expenditure requirement due in 2013 waived. 150,000 common shares were issued on June 18, 2013 according to the above schedule (Note 14(b)).

(c) Storm Property, Nunavut

In November 2011, the Company entered into an option agreement with Aston Bay, which allowed Aston Bay to earn an initial 50.1% 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 initial public offering.

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets (Continued)

(c) Storm Property, Nunavut (Continued)

Under the amended agreement, Aston Bay is 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 May 31, 2013 (see below). Aston Bay will issue 1 million shares to Commander by August 31, 2012 (received) and an additional 0.5 million shares by December 31, 2015. These issuances are in addition to the 2 million shares that were received by Commander upon signing the Option Agreement. Commander currently holds 3 million shares of Aston Bay (Note 6).

(d) Omineca Properties, British Columbia

The Company owns a 100% interest in the properties of Abe, Pal, Aten, Mate and Tut (together called the "Omineca Properties") located within the Quesnel Trough of British Columbia. The vendor of the property retains a 1% net smelter return royalty ("NSR") in the Abe and Pal properties and will participate in certain cash or share considerations received from the future sale or option of the properties to a third party.

The Company applied for the British Columbia Mining Exploration Tax Credit (BCMETC) for its 2012 exploration expenditures on its properties in British Columbia. A recovery refund of $44,582 was received in August 2013, of which $35,800 was exploration costs on the Omineca property and $8,782 was recorded as a recovery on exploration and evaluation assets in the statement of operations for the Stump Lake property previously impaired (Note 9(g)).

(e) Sabin, Ontario

The Sabin copper-zinc property consists of certain claims located in northwest Ontario. Ownership interests of Commander on the property vary from 58.5% to 100%.

(f) 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 December 31, 2013 and 2012 is as follows:

	Ownership %	Metal		2013		2012
Labrador Properties						
Sally	*100.00*	*Nickel*	$	393,241	$	393,241
Sandy	*100.00*	*Nickel*		61,963		39,736
Sarah Lake	*100.00*	*Nickel*		1,820,235		1,778,627
New Brunswick						
Nepisiguit/Stewart	*100.00*	*Copper-Zinc*		1,133,975		1,128,853
Ontario						
Houghton Lake				20,206		15,000
Olympic, Rob	*100.00*	*Copper-Gold-Uranium*		888,565		882,089
Total Other Properties			**$**	**4,318,185**	**$**	**4,237,546**

9. Exploration and Evaluation Assets (Continued)

(f) Other Properties (Continued)

i. Sarah Lake, Labrador

The Company previously owned a 48.32% interest in the Sarah Lake property. Donner Metals Ltd. ("Donner Metals") owns 51.68% and is the operator of the property.

In May 2013, the Company reached an agreement with Donner Metals to acquire Donner's 51.68% interest in the Sarah Lake nickel property in Labrador. Donner Metals and the Company have been Joint Venture partners in this property under the terms of an Option/Joint Venture Agreement dated November 18, 1995. The Company agreed to purchase Donner Metals' interest in exchange for 100,000 common shares of the Company. 100,000 common shares were issued to Donner Metals on May 28, 2013 and the Company now holds a 100% interest in the property (Note 14(b)).

On July 9, 2013 the Company reached another agreement with Donner Metals and Northern Abitibi to acquire their 100% interest in Mineral License #17714M in Labrador adjacent to the Company's Sarah Lake property. The Company agreed to purchase their claim in exchange for 100,000 shares of the Company to each of Donner Metals and Abitibi, and the shares were issued pursuant to the purchase agreement on July 26, 2013 (Note 14(b)).

Upon completion of the transaction, the Company consolidated its original Sarah Lake nickel property with the newly acquired adjacent claims and renamed the entire parcel Sarah Lake property.

ii. Nepisiguit/Stewart, New Brunswick

The Company owns 100% of the properties located in the Bathurst Mining Camp of New Brunswick, subject to a 2.75% NSR retained by the Optionor. The NSR is subject to a buy-down to 1% NSR for $1.5 million at any time. During the year ended December 31, 2010, the Company entered into an option agreement with Stratabound providing Stratabound the right to earn an initial 60% interest in the Company's Nepisiguit and Stewart properties.

Under the terms of the option, Stratabound has the right to earn an initial 60% participating interest in the properties over a five-year period by issuing to the Company 400,000 Stratabound shares and completing $1,500,000 in eligible exploration expenditures. Upon vesting its 60% interest, Stratabound may then, within 60 days, elect to increase its interest to 65% by incurring an additional $1,000,000 in eligible expenditures over a two-year period and issuing an additional 100,000 Stratabound shares to the Company.

Stratabound is the operator during the term of the option, and will be the initial operator pursuant to any joint venture agreement entered into by the parties thereafter.

Stratabound and Commander agreed to extend Stratabound's third-year expenditure obligation deadline on the Commander claims to December 31, 2013. In consideration for doing so, Stratabound issued 25,000 shares to Commander (Note 6(i)).

As at December 31, 2013 the Company had received 235,000 Stratabound shares (2012 – 210,000), including the additional 25,000 shares in consideration of extending Stratabound's third-year expenditure obligation.

(Expressed in Canadian dollars)

9. Exploration and Evaluation Assets (Continued)

(f) Other Properties (Continued)

iii. Houghton Lake, Ontario

In November 2012, the Company acquired several claims, collectively named the "Houghton Lake Property" ("Houghton Lake") adjacent to the Company's Sabin Property.

iv. Olympic and Rob, Yukon

The Company owns 100% of the Olympic and Rob properties subject to a 1% NSR registered to Blackstone Ventures Inc. on the Rob property. The NSR may be reduced to 0.5% at any time for $1 million. The Yukon properties are located within the boundary of the Peel Watershed Regional Land Use Plan and are subject to restrictions on certain mining activities. The final recommendations have not been completed by the regulatory authorities. Any adverse recommendations could lead to an impairment write-down of approximately $890,000.

v. Tam, British Columbia

Under an agreement dated February 13, 2006 between the underlying owners and Teck Resources Limited ("Teck"), the Company is entitled to a 1.5% NSR. Teck and its partner Lorraine Copper Corp. now own 100% of the Tam property subject to a 3% NSR, which is subject to a buy-down to 1% for $2,000,000. A $50,000 annual royalty payment is payable beginning December 31, 2012, capped at $500,000, half of which is payable to the Company.

During the year ended December 31, 2013, a $25,000 advance royalty (2012 - $15,476 net of cost recovery) was received and included in the statement of operations.

(g) Property impairment

During the years ended December 31, 2013 and 2012, in an effort to focus its resources on key properties the Company conducted an assessment of all its exploration and evaluation assets by reviewing facts and circumstances that would impair carrying values on the statements of financial position. The impairment criteria used in the assessment included: 1) exploration and evaluation assets claims had expired and 2) little or no spending had been incurred on the claims recently and no substantive expenditures were budgeted or planned for the exploration of these claims.

Management determined there was no impairment required for the year ended December 31, 2013.

During the year ended December 31, 2012, the Company recorded $916,789 of impairment on exploration and evaluation assets as follows:

Properties		Amount Impaired
British Columbia		
Stump Lake	$	888,119
Ontario		
Matheson		15,685
McVean		12,985
Total	**$**	**916,789**

9. Exploration and Evaluation Assets (Continued)

(h) Title to resource properties

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(i) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

(j) Realization of assets

Exploration and evaluation assets comprise a substantial portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

10. Investment in Associated Company

As at December 31, 2013, the Company holds 36% of the outstanding shares of Maritime, giving it significant influence over Maritime's operations. Maritime was incorporated under the laws of British Columbia, Canada and is primarily engaged in the exploration of resource properties in Green Bay, Newfoundland, Canada. The investment is being accounted for using the equity method and includes a pro-rate share of Maritime's transactions as at and for the year ended December 31, 2013.

Pursuant to the agreement between the parties dated June 14, 2010, on October 5, 2010, 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.

(Expressed in Canadian dollars)

10. Investment in Associated Company (Continued)

The Company commenced consolidating the results of Maritime from October 5, 2010, the date control was obtained.

On January 31, 2012, the Company sold its remaining 50% interest in the Green Bay Property to Maritime in exchange for a further 5 million common shares of Maritime, as provided in the agreement dated June 14, 2010.

On February 15, 2012, the Company sold 4.5 million 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. After the sale, the Company held 12.5 million shares of Maritime, representing 47% of Maritime's issued and outstanding common shares. The Company retains a 2% NSR on future production from portions of the Green Bay Property, which is now wholly owned by Maritime.

Accordingly, the Company discontinued consolidating 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 at the date of deconsolidation.

As a result, the Company recorded a gain on deconsolidation of Maritime of $3,186,676 in its statement of operations and a decrease of $202,486 in "investing activities" in its statement of cash flows for the year ended December 31, 2012.

On April 3, 2013, the Company sold 500,000 common shares of Maritime at $0.25 per share for gross cash proceeds of $125,000. Net of commission of $1,828 and cost of $92,941, a gain of $30,231 was included in its statement of loss during the year ended December 31, 2013. The Company's interest of Maritime decreased to 36% as at December 31, 2013.

The value of the Company's investment in Maritime as at December 31, 2013 and 2012 was as follows:

	Number of Shares		Amount
Fair value upon deconsolidation	12,500,000	$	2,875,000
Share of loss of Maritime for the year	-		(161,438)
Dilution effect	-		(103,414)
Balance at December 31, 2012	12,500,000	$	2,610,148
Share of loss of Maritime for the year	-		(185,867)
Disposition of Maritime shares	(500,000)		(92,941)
Dilution effect	-		45,793
Balance at December 31, 2013	**12,000,000**	**$**	**2,377,133**

The fair value of the Maritime shares has been determined in whole by reference to the closing price of the shares on the TSX-V at each year end date.

A summary of Maritime's financial information unadjusted for the percentage ownership held by the Company as at December 31, 2013 and December 31, 2012, is as follows:

		2013		2012
Total assets	$	4,778,875	$	4,814,208
Total liabilities	$	260,693	$	513,186
Loss for the year	$	596,942	$	411,752

(Expressed in Canadian dollars)

11. Property and Equipment

The Company had property and equipment with the following cost and accumulated depreciation as at December 31, 2013 and 2012:

	Furniture & Fixtures	Computer Equipment	Leasehold Improvements	Total
Cost				
At December 31, 2011	$ 59,850	$ 185,082	$ 3,528	$ 248,460
Additions	(346)	-	-	(346)
At December 31, 2012 and 2013	$ 59,504	$ 185,082	$ 3,528	$ 248,114
Accumulated Depreciation				
At December 31, 2011	$ 58,214	$ 175,330	$ 1,059	$ 234,603
Additions	384	3,176	706	4,266
At December 31, 2012	$ 58,598	$ 178,506	$ 1,765	$ 238,869
Additions	453	3,177	705	4,335
At December 31, 2013	$ 59,051	$ 181,683	$ 2,470	$ 243,204
Net Book Value				
At December 31, 2013	$ 453	$ 3,399	$ 1,058	$ 4,910
At December 31, 2012	$ 906	$ 6,576	$ 1,763	$ 9,245

12. Accounts Payable and Accrued Liabilities

The average credit period of purchases is one month. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed-upon credit terms. The following is an aging analysis of accounts payable and accrued liabilities:

	Current	31 - 60 days	61 - 90 days	> 90 days	Total
December 31, 2013	$ 43,497	$ -	$ -	$ -	$ 43,497
December 31, 2012	$ 46,277	$ 46	$ 400	$ -	$ 46,723

13. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, is as follows:

	2013	2012
Net income (loss) for the year	$ (643,071)	$ 728,533
Expected income tax (recovery)	(166,000)	182,133
Change in statutory rates and other	130,474	-
Permanent Difference	48,000	25,941
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	70,000	-
Change in unrecognized deductible temporary differences	(41,000)	(404,012)
Income tax expense (recovery)	$ 41,474	$ (195,938)

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada.

(Expressed in Canadian dollars)

13. Income Taxes (Continued)

The significant components of the Company's deferred tax assets and liabilities as at December 31, are as follows:

	2013	2012
Deferred income tax liabilities		
Exploration and evaluation assets	$ (2,156,000)	$ (2,128,652)
Investment in associated company	(38,000)	(35,827)
Investment in marketable securities	(48,000)	57,994
	(2,242,000)	(2,106,485)
Deferred income tax assets		
Non-capital losses	1,659,000	1,290,825
Share issues costs	9,000	13,137
Property and equipment	63,000	59,834
Allowable capital losses	8,000	-
Net refundable investment tax credits	-	281,163
	1,739,000	1,644,959
Deferred tax liability	**$ (503,000)**	**$ (461,526)**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2013	Expiry Date Range	2012	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ (9,197,000)	No expiry date	$ (8,514,608)	No expiry date
Investment tax credit	318,000	2016 to 2033	379,950	2016 to 2032
Property and equipment	244,000	No expiry date	239,336	No expiry date
Canadian eligible capital (CEC)	-	No expiry date	-	No expiry date
Share issue costs	34,000	2014 to 2015	52,548	2013 to 2015
Marketable securities	(370,000)	No expiry date	464,000	No expiry date
Investment in associated company	(147,000)	No expiry date	(143,308)	No expiry date
Allowable capital losses	32,000	No expiry date	-	No expiry date
Non-capital losses available for future period	6,382,000	2014 to 2033	5,163,300	2014 to 2032

14. Share Capital

(a) Authorized

Unlimited common shares without par value

(b) Shares issued

<u>During the year ended December 31, 2013</u>

On May 28, 2013, 100,000 common shares at a deemed value of $0.10 per share were issued to Donner Metals for additional interest in the Sarah Lake property (Note 9(f)(i)).

On June 18, 2013, 150,000 common shares at a value of $0.07 per share were issued for the acquisition of the Glenmorangie property (Note 9(b)).

On July 26, 2013, 200,000 common shares at a value of $0.07 per share were issued for the acquisition of the Sarah Lake property (Note 9(f)(i)).

(Expressed in Canadian dollars)

14. Share Capital

(b) Shares issued (Continued)

<u>During the year ended December 31, 2012</u>

On June 20, 2012, 150,000 common shares at a value of $0.085 per share 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 of the Company's common shares on the date of the grant, and for a period of up to ten years. 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 conditions are determined at the discretion of the Board of Directors at the time the options are granted.

A summary of the Company's outstanding stock options as at December 31, 2013 and 2012 are as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding at December 31, 2011	**10,071,000**	**$**	**0.25**
Granted	2,235,000	$	0.10
Forfeited	(52,500)	$	0.10
Expired	(2,514,000)	$	0.39
Outstanding at December 31, 2012	**9,739,500**	**$**	**0.18**
Expired	(2,856,500)	$	0.17
Outstanding as of December 31, 2013	**6,883,000**	**$**	**0.19**

During the year ended December 31, 2013, no options were granted and 2,856,500 options expired with a weighted average exercise price of $0.17. As a result, $285,662 relating to expired stock options during the year were transferred to deficit. All 6,883,000 outstanding stock options as at December 31, 2013 were exercisable with a weighted average remaining contractual life of 1.94 years.

During the year ended December 31, 2012, 52,500 stock options were forfeited and 2,514,000 stock options expired unexercised. As at December 31, 2012, among the 9,739,500 outstanding options, 9,277,000 options were exercisable with a weighted average exercise price of $0.19 and a weighted average remaining contractual life of 2.41 years.

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 year ended December 31, 2013 and 2012 as follows:

	2013		2012
Risk-free interest rate	N/A		1.27%
Expected dividend yield	N/A		0.00%
Expected stock price volatility	N/A		95%
Expected option life in years	N/A		4.43
Grant date fair value	N/A	$	0.049

The Company has estimated the forfeiture rate to be 0.00%.

(Expressed in Canadian dollars)

14. Share Capital

(c) Stock options (Continued)

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

The following table summarizes information about stock options outstanding as at December 31, 2013:

Number of Options				
Outstanding	**Exercisable**		**Exercise Price**	**Expiry Date**
987,000	987,000	$	0.100	May 12, 2014
200,000	200,000	$	0.390	January 19, 2015
1,111,000	1,111,000	$	0.350	January 27, 2015
500,000	500,000	$	0.270	May 25, 2015
100,000	100,000	$	0.180	October 6, 2015
1,755,000	1,755,000	$	0.185	February 11, 2016
400,000	400,000	$	0.170	April 6, 2016
1,430,000	1,430,000	$	0.100	June 12, 2017
400,000	400,000	$	0.100	November 14, 2017
6,883,000	**6,883,000**	**$**	**0.19**	

The following is a breakdown of the share-based payments charged to operations on options vested:

		2013		**2012**
Accounting and audit	$	-	$	2,659
Consultants		9,182		46,508
Investor relations		687		8,564
Salaries and benefits		-		42,271
	$	**9,869**	**$**	**100,002**

(d) Warrants and agent's warrants

In May 2013, 4,250,015 warrants at an exercise price of $0.30 expired. These warrants were issued during the year ended December 31, 2011 in relation to a private placement and were valued at $211,843, using the Black-Scholes pricing model. As a result, the fair value allocated to these warrants of $211,843 was transferred to deficit. There were no outstanding warrants as at December 31, 2013.

(Expressed in Canadian dollars)

15. Related Party Transactions

(a) Services

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 years ended December 31, 2013 and 2012 as follows:

		2013		2012
Legal	$	3,998	$	9,628
Administration and others		86,331		84,410
	$	**90,329**	**$**	**94,038**

During the year ended December 31, 2013, the Company charged Maritime $97,502 (2012 - $78,707) in respect of office administration, accounting, rent, insurance and investor relations expense shared by the companies.

At December 31, 2013, included in receivables were $5,428 (2012 - $3,060) for administrative and office expenses due from companies related by common directors.

At December 31, 2013, included in accounts payable were amounts due to related parties of $3,827 (2012 - $765 for legal fees) for administrative and office expense from companies related by common directors.

At December 31, 2013, the Company no longer has investment in securities of a company related by a director in common (2012 - 258,000 common shares).

All related party balances are unsecured and non-interest bearing.

(b) Compensation of key management personnel

The remuneration, including share-based payments, of directors and other members of key management personnel during the years ended December 31, 2013 and 2012 were as follows:

		2013		2012
Accounting	$	-	$	30,500
Consulting		68,000		68,900
Geological consulting		86,855		6,300
Salaries and benefits [1]		174,623		405,363
Share-based payments		9,182		83,038
	$	**338,660**	**$**	**594,101**

[1] Balance includes amounts paid or accrued to key management personnel that are both expensed to the statement of operations, and capitalized to exploration and evaluation assets under geology.

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the years ended December 31, 2013 and 2012.

(Expressed in Canadian dollars)

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
2014	$	52,973
2015		35,315
Total	**$**	**88,288**

17. Supplemental Cash Flow Information

Significant non-cash, investing and financing activities		2013		2012
Investing activities:				
Marketable securities received for exploration and evaluation assets	$	1,000	$	29,541
Shares issued for exploration and evaluation assets		34,500		12,750
Exploration and evaluation assets in accounts payable and accrued liabilities		22,244		964
	$	**57,744**	**$**	**43,255**
Other cash flow information:				
Interest received	$	1,223	$	4,045

18. Subsequent Events

i) On February 7, 2014, the Company granted 2,395,000 incentive stock options to directors, officers, employees and consultants under its stock option plan, exercisable for five years at a price of $0.05 per share.

ii) On March 18, 2014, the Company sold 100,000 shares of Maritime with a settlement price of $0.32 per share.

Management Discussion and Analysis

For the Year Ended
December 31, 2013

Description of Business

Commander Resources Ltd. ("Commander" or "the Company") 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 March 25, 2014 (the "Report Date") and should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2013 prepared in accordance with International Financial Reporting Standards ("IFRS").

Summary of Activities and Results

The focus for 2013 was to market and leverage our property portfolio while minimizing corporate overhead expenses.

Highlights

1. On April 3, 2013, the Company sold 500,000 common shares of an associated company, Maritime Resources Corp. ("Maritime"), at $0.25 per share for gross cash proceeds of $125,000. Subsequent to the transaction, the Company's interest of Maritime decreased to 39%. As of the Report Date, the Company owns a 36% interest in Maritime.

2. On May 28, 2013, 100,000 common shares valued at $10,000 were issued to Donner Metals Ltd. ("Donner") to acquire Donner's interest in the Sarah Lake nickel property in Labrador. The Company now holds a 100% interest in the property.

3. On June 18, 2013, 150,000 common shares valued at $10,500 were issued In lieu of cash payment of $30,000 that was part of the option agreement for the acquisition of the Glenmorangie property. The Company negotiated with the optionors to have the 2013 cash and work commitment waived.

4. In July 2013, Commander reached another agreement with Donner and Northern Abitibi ("Abitibi") to purchase their claim adjacent to the Company's Sarah Lake property in exchange for 100,000 shares of Commander to each of Donner and Abitibi. On July 26, 2013, 200,000 common shares valued at $14,000 were issued and Commander now holds 100% title to 5,050 ha of contiguous property in the South Voisey's area.

5. In August 2013, the Company received a British Columbia Mining Exploration Tax Credit (BCMETC) of $44,582 for its 2012 exploration expenditures.

6. On October 10, 2013, Commander was issued 25,000 common shares of Joint Venture partner ("JV"), Stratabound Minerals Corp. ("Stratabound"), for extending Stratabound's third-year expenditure obligation deadline on the Nepisiguit property to December 31, 2013.

Active Projects

Glenmorangie Gold Property, Yukon

The property was acquired by Commander in May 2011, and is located in southeast 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.

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.
- 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.

Omineca Copper-Gold Property, BC

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

2012's field program on the Omineca project included reconnaissance prospecting, mapping and geochemical sampling, which 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 was 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. With the known mafic intrusions on the property, a new dimension to the opportunities may occur on Abe.

Sabin Copper-Gold Property, Ontario

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. The property is known to host a VMS base-precious metal deposit called the Marchington Zone.

The soil sampling program in 2012 was to correlate soil geochemistry with the known Marchington VMS deposit, and to determine if this method could be useful for detecting anomalous levels of metals on other zones. Approximately 650 samples were collected on a north-south grid at 50m spacing with lines 100m apart.

Conclusions from the 2012 geochemical program were as follows:

- The method was successful in outlining the existing zones as well as identifying additional zones to the west and north that have not been drill tested.
- Numerous anomalous gold samples are irregularly distributed, likely due to overburden variation, however there is a co-incidence of gold values with the Marchington zone.
- The program indicates that the area has potential for further discoveries. Previous work did not close off the existing known mineralized zones, with potential to depth and along strike, and additional new zones have been identified.
- The detailed plot showing the combined results of base metals in soils across the area, as well as anomalous values (>10ppb) for gold is posted on the Company's website at www.commanderresources.com.

Storm Copper Property, Nunavut

Commander and Aston Bay signed an Option Agreement in November, 2011 (amended in July, 2012), under which Aston Bay has the option to earn an initial 50.1% interest in the Storm Property by spending $6 million over four years and by completing a public listing on a recognized stock exchange by May 31, 2013. Aston Bay Holdings may earn a 70% interest in Commander's Storm Property by funding total exploration expenditures of $15 million. As part of the Option Agreement and subsequent amendment, during the years ended December 31, 2012 and 2011, Commander received cash payments totaling $150,000 and 3 million shares of BAY, and is to be issued an additional 500,000 shares by December 31, 2015.

In 2012, Aston Bay completed an exploration program which included staking of an additional 75,000 acres (30,000 Ha), rock sampling of the main copper showings, geological mapping and regional prospecting. Historical drill core was examined and selectively re-sampled over extensive, previously un-sampled intersections. In 2013, Aston Bay continued their investigation of the property and purchased the historical data set from Teck. A field exploration program was carried out to re-sample the drill core remaining on site and to tie in the drill collars and grid lines with the historical information. Modelling of the property has defined several areas of interest. In 2014 Commander shareholders will continue to see the benefit of work being done on our property at no cost to Commander during these difficult market conditions.

Aston Bay Holdings", trades its common shares under the symbol “BAY”. Commander currently holds 3 million shares of BAY, which represents approximately 11.9% of the issued and outstanding shares of BAY.

Sarah Lake, Labrador

The Company previously owned a 48.32% interest in the Sarah Lake property. Donner Metals Ltd. (“Donner”) owns 51.68% and is the operator of the property.

In May 2013, the Company reached an agreement with Donner to acquire Donner’s 51.68% interest in the Sarah Lake nickel property in Labrador, in exchange for 100,000 common shares of the Company. Donner and the Company have been Joint Venture partners in this property under the terms of an Option/Joint Venture Agreement dated November 18, 1995. Following completion of the sale the Joint Venture Agreement was terminated and the Company holds a 100% interest in the property.

In July 2013 the Company reached another agreement with Donner and Northern Abitibi Mining Corp. (“Abitibi”) to acquire their 100% interest in Mineral License #17714M in Labrador adjacent to the Sarah Lake property. The Company agreed to purchase their claim in exchange for an additional 100,000 common shares of the Company to Donner and 100,000 common shares to Abitibi. 200,000 common shares were issued respectively on July 26, 2013. The transaction was completed and Commander now holds a 100% title to 5,050 hectares of continuous property in the South Voisey area. Upon completion of the above transactions, the company consolidated its original Sarah Lake nickel property with the newly acquired adjacent claims and renamed the entire parcel Sarah Lake property.

Houghton Lake Gold Property, Ontario

In 2012, a range package of claims, collectively named the Houghton Lake Property, was acquired by a syndicate led by Commander. A syndicate of private individuals was assembled by Commander to fund the staking program in order to minimize cost to shareholders while maintaining significant exposure to the upside potential of this opportunity. Under this structure, Commander owns 40% of Houghton Lake and will manage all future work programs. The syndicate has no ownership rights to Commander’s adjacent Sabin Property.

The acquisition allows Commander to add a strategic land package in an area of increasing exploration activity and adjacent to its existing Sabin holdings - becomes the dominant land holder in the greenstone belt. Recent research of private and public exploration records by Commander has shown that a number of drill hole intersections and grab samples located on the Savant Lake Greenstone belt assayed from 2 to 6 g/t gold.

Gold mineralization located to date is hosted in both the local volcanic sequences as well as smaller granitic bodies situated within the Greenstone belt. Structurally, gold appears to be associated with northeasterly trending shear zones which occur throughout the newly acquired property. One of the strongest N-E structures forms the axis on the Sabin property where the volcanic stratigraphy flexes from trending north-south to east-west. The property has year-round access and is in close proximity to paved roads and power in an area of historic mined operations.

Other Properties

Baffin Island Gold Project, Nunavut

This property has 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 recent focus was on the Kanosak prospect, a 3 km^2 area that was the subject of a detailed 3D Induced Polarization ("IP") survey in 2011. The IP survey revealed strong anomalies with a source commencing at approximately 150 metres depth directly below high grade surface showings. The anomaly is interpreted to be the primary feeder source of the gold showings. The anomaly increases in intensity with depth, with maximum penetration to 300 metres. These extremely strong IP anomalies are likely arsenopyrite sulphides, which are the primary associate of gold at Baffin. 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 Kanosak target is over 3,000 metres long and remains open. The area is fully permitted and a camp is in place. Commander is continuing discussions with potential JV partners to carry out a drill program along the IP 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 Watershed Plan. The Yukon Government has recently finalised its plan for the Peel Watershed and which now absorbs the Olympic Rob Property into a Protected Area designation. Request for relief from assessment work was applied for due to the uncertainties surrounding the Peel Watershed plan. Relief was given and the claims are in good standing until the end of 2015.

Nepisiguit-Stewart Copper Property, New Brunswick

Commander's JV partner encountered significant intervals of high grade copper mineralization at the Stewart copper prospect on Commander's Nepisiguit 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.

Over the past two years, Stratabound completed various detailed geophysical surveys and several drill holes on the Stewart copper zone of Commander's property. Previous drilling encountered significant copper-gold intersections including 27 metres grading 1.4% Cu and 11 metres grading 2.04% Cu, 0.49 g/t Au and 7.48 g/t Ag.

In the first quarter of 2013, Stratabound commenced mining on their property, adjacent to Commander's property, and shipped 62,720 dry metric tonnes of ore grading 8.13% zinc, 3.22% lead, and 111 g/t silver to Xstrata's mill before it was permanently closed. Some of the proceeds from the sale of the concentrates produced will be used to continue exploration activities on Commander's property.

In October 2013, Stratabound announced that they will complete their third year option work on Commander's Nepisiguit copper-lead-zinc-silver-gold property in the prolific Bathurst camp of New Brunswick. Earlier this year, Stratabound and Commander agreed to extend Stratabound's third-year expenditure obligation deadline on the Commander claims to December 31, 2013. In consideration for doing so, Stratabound issued 25,000 shares to Commander.

Field work in late 2013 consisted of geophysical surveys and drilling claims optioned from Commander, 100%-owned CNE Mining Lease and CNE/Captain claim groups. Stratabound will be drilling geophysical features that may reflect volcanogenic massive sulphides with zinc-lead-silver or copper-gold mineralization.

Investment in Associated Company

During the first quarter of 2012, Commander sold its remaining 50% interest in the Green Bay Property in Newfoundland to Maritime Resources Corp. ("Maritime") (MAE-TSX), in exchange for 5 million shares of Maritime. After completing the transaction and transfer of the property to Maritime, Commander held 17 million shares of MAE and retained a 2% NSR royalty on any future production from most of the property. Subsequently, Commander sold another 4.5 million shares of MAE through a private transaction with the cash proceeds netting over $1million. With this sale, Commander realized immediate and significant value, providing cash to the treasury without any shareholder dilution.

Maritime spent over $500,000 working on the Newfoundland gold deposits in 2012 and recently received its first National Instrument 43-101 ("NI-43-101") Compliant Resources Estimate.

The highlight of the resource is summarized below, at a 3 g/t cut-off grade:

- 428,600 ounces of gold in the Measured and Indicated category
- 661,100 ounces in the Inferred category.

On April 3, 2013, Commander sold 500,000 common shares of Maritime at $0.25 per share for gross cash proceeds of $125,000. As of the report date, Commander holds 12 million shares which represented a 36% interest in Maritime.

Commander continues to be exposed to the future upside of Maritime through its remaining equity stake and a royalty on future production from the Green Bay Property. Management has determined that Commander is not in a position of power over Maritime, and that significant influence over the investee, rather than control is most evident.

Selected Annual Information

		2013	2012		2011
Total revenues	$	Nil	Nil	$	Nil
Loss before other items		(478,087)	(809,681)		(1,391,059)
Deferred income recovery (expense)		(41,474)	195,938		1,462,492
Income (loss) for the year		(684,545)	924,471		(3,974,813)
Income (loss) for the year attributable to owners of the parent		(684,545)	944,426		(3,944,877)
Basic and diluted earnings (loss) per share		(0.007)	0.009		(0.041)
Total assets	$	21,203,593	21,383,154	$	21,168,452
Total long-term liabilities		503,000	461,526		677,972
Cash dividends per share	$	Nil	Nil	$	Nil

Results of Operations

Fourth Quarter Results

During the quarter ended December 31, 2013, Commander incurred acquisition and exploration costs of $47,182 on various properties, net of recoveries. Total general and administrative expenses incurred during the quarter were $74,714 without share-based payments. During the same period of 2012, the total general and administrative expenses were $144,447 and share-based payments were $21,315.

Year Ended December 31, 2013 Compared with the Year Ended December 31, 2012

During the year ended December 31, 2013, Commander incurred exploration costs of $221,040 on various properties and issued 150,000 shares pursuant to purchase agreements for the Glenmorangie property and 300,000 shares pursuant to purchase agreements for the Sarah Lake property. The largest portion of exploration expenditures was $89,673 on the Baffin properties for geology cost, land fee and environmental cleanup. Spending on other properties for the year ended December 31, 2013 totalled to $131,367, mainly in geological and property costs. The Company recovered $44,582 through the British Columbia Mining Exploration Tax Credit (BCMETC) on its 2012 exploration expenditures. $35,800 was related to the Omineca property and $8,782 to the previously impaired Stump Lake property. Additional information is available on the Exploration and Evaluation Asset Expenditure Table on page 13.

Compared to the year ended December 31, 2012, Commander's total general and administrative expenses decreased by $331,594 (41%) to $478,087 (2012 - $809,681), which included share-based payments of $9,869 (2012 - $100,002). In light of current economic conditions, Commander tried to reduce overhead costs in many areas. Some notable variances are analyzed below:

- Accounting and audit decreased by $38,463 (42%) to $53,272 (2012 - $91,735).
- Administration and others decreased by $46,533 (29%) in relation to the following:

		2013		2012		Change	%
Annual report and meeting	$	2,751	$	5,141	$	(2,390)	-46%
Generative property investigation		7,808		10,092		(2,284)	-23%
Insurance		12,917		20,582		(7,665)	-37%
Office and miscellaneous		19,542		37,193		(17,651)	-47%
Regulatory and transfer agent fees		19,182		25,880		(6,698)	-26%
Rent and storage		52,751		62,596		(9,845)	-16%
	$	**114,951**	**$**	**161,484**	**$**	**(46,533)**	**-29%**

- Investor relations and promotion expenses decreased by $65,381 (43%) in relation to the following:

		2013		2012		Change	%
Conferences and trade shows	$	19,772	$	30,119		(10,347)	-34%
Consulting, wages and benefits		46,583		94,078		(47,495)	-50%
Media and printing		10,473		14,804		(4,331)	-29%
Promotion and advertising		10,078		13,286		(3,208)	-24%
	$	**86,906**	**$**	**152,287**	**$**	**(65,381)**	**-43%**

- Legal fees decreased by $16,354 (76%) to $5,205 (2012 - $21,559).
- Salaries and benefits expense decreased by $76,531 (37%) to $132,917 (2012 - $209,448).
- No stock options were granted during the year ended December 31, 2013 (2012 – 2,235,000). Share-based payments for the year were $9,869 compared to $100,002 in 2012 in respect of the vesting of stock options, in relation to the following:

		2013		2012
Accounting and audit	$	-	$	2,659
Consultants		9,182		46,508
Investor relations		687		8,564
Salaries and benefits		-		42,271
	$	**9,869**	**$**	**100,002**

- Commander recognized a loss of $93,897 on dispositions of various securities throughout the year. In 2012, there was no gain or loss on disposition but an impairment loss on investment in securities of $471,486.
- Commander recorded a recovery of $8,782 on the previously impaired Stump Lake property for the portion of BCMETC received. There was no impairment loss during the year (2012 - $916,789).
- Commander's gain on disposition of 500,000 shares of Maritime was $30,231 (2012 - $Nil).
- Commander's share of loss and dilution loss in an associated company (Maritime) was $140,074 (2012 - $264,852).

For the year ended December 31, 2013, Commander's net loss was $684,545 (2012 – net income of $924,471). The main difference was due to the gain of $3,186,676 on the disposal of subsidiary and the reduction in expenses post deconsolidation in 2012.

Summary of Quarterly Results

	Mar. 31 2012 Q1	Jun. 30 2012 Q2	Sep. 30 2012 Q3	Dec. 31 2012 Q4	Mar. 31 2013 Q1	Jun. 30 2013 Q2	Sep. 30 2013 Q3	Dec. 31 2013 Q4
Mineral property costs deferred, net of recoveries	$ (980,182)	$ 106,917	$ (676,554)	$ 62,830	$ 55,860	$ 38,306	$ 77,392	$ 47,182
G&A (incl. share-based payments)	$ 257,214	$ 203,536	$ 204,484	$ 144,447	$ 179,670	$ 125,214	$ 98,489	$ 74,714
Share-based payments expense	$ 2,118	$ 13,395	$ 63,174	$ 21,315	$ 7,868	$ 2,001	$ -	$ -
Adjusted G&A (less share-based payments)	$ 255,096	$ 190,141	$ 141,310	$ 123,132	$ 171,802	$ 123,213	$ 98,489	$ 74,714
Income (loss)	$ 2,880,488	$ (235,693)	$ (1,136,743)	$ (583,581)	$ (209,476)	$ (238,257)	$ (165,100)	$ (71,712)
Income (loss) attributable to owners of the parent	$ 2,900,443	$ (235,693)	$ (1,136,743)	$ (583,581)	$ (209,476)	$ (238,257)	$ (165,100)	$ (71,712)
Income (loss) per share - basic and diluted	$ 0.029	$ (0.002)	$ (0.011)	$ (0.006)	$ (0.002)	$ (0.002)	$ (0.002)	$ (0.001)
Weighted avg. common shares	99,892,548	99,909,032	100,042,548	100,042,521	100,042,521	100,098,565	100,435,999	100,492,521

Liquidity and Capital Resources

At December 31, 2013, Commander had $102,602 in cash and cash equivalents.

Commander has relied on equity financings to meet its cash requirements however there were no equity financings during the year ended December 31, 2013.

On April 3, 2013, Commander sold 500,000 common shares of Maritime at $0.25 per share for gross cash proceeds of $125,000.

Although Commander has been successful obtaining financing in the past in 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.

Subsequent Event

1) On February 7, 2014, the Company granted 2,395,000 incentive stock options to directors, officers, employees and consultants under its stock option plan. The options are exercisable for five years at a price of $0.05 per share.

2) On March 18, 2014, the Company sold 100,000 shares of Maritime with a settlement price of $0.32 per share.

Related Party Transactions

The Company's related parties consist of executive officers, directors, and 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 years ended December 31, 2013 and 2012 as follows:

	2013	2012
Legal	$ 3,998	$ 9,628
Administration and others	86,331	84,410
	$ 90,329	**$ 94,038**

During the year ended December 31, 2013, the Company charged Maritime $97,502 (2012 - $78,707) in respect of office administration, accounting, rent, insurance and investor relation expense shared by the companies.

At December 31, 2013, included in receivables were $5,428 (2012 - $3,060) for administrative and office expenses reimbursements from companies related by common directors.

At December 31, 2013, included in accounts payable were amounts due to related parties of $3,827 (2012 - $765 for legal fees) for administrative and office expense from companies related by common directors.

At December 31, 2013, the company no longer has investment in securities of a company related by a director in common (2012 - 258,000 common shares).

Compensation of Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration, including share-based payments, of directors and other members of key management personnel during the years ended December 31, 2013 and 2012 were as follows:

		2013		2012
Accounting	$	-	$	30,500
Consulting		68,000		68,900
Geological consulting		86,855		6,300
Salaries and benefits [1]		174,623		405,363
Share-based payments		9,182		83,038
	$	**338,660**	**$**	**594,101**

[1] Balance includes amounts paid or accrued to key management personnel that are both expensed to the statement of operations, and capitalized to exploration and evaluation assets under geology.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2013 and 2012.

Proposed Transactions

No transactions are 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. Management is responsible for the preparation and integrity of the financial statements as well as ensuring that information disclosed externally, including the financial statements and the MD&A is complete and reliable.

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.

Risks and Uncertainties Related to the Company's Business

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

Going Concern. These audited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 audited 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. Inability to secure future financing would have a material adverse effect on the Company's business, results of operations and financial condition.

Exploration. The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market. The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Metal Prices. Metal prices may be unstable. The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resource are discovered, a profitable market will exist for the sale of it. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of various metals has experienced significant movements over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any metal will be such that the Company's exploration and evaluation assets can be mined at a profit

Title. Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's exploration and evaluation asset interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

Financing. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Key Personnel. The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition. Significant and increasing competition exists for the limited number of exploration and evaluation asset acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive exploration and evaluation assets on terms it considers acceptable.

Environmental and Other Regulatory Requirements. The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations. The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties, nor has the Company yet determined that commercial development is warranted on any of its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Legal Proceedings. As at the date of the Report, there were no legal proceedings against or by the Company.

Uninsurable. The Company may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

New Accounting Policies

These audited financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended December 31, 2012, with the exception of the following new accounting standards and amendments which the Company adopted and were effective for the Company's interim and annual financial statements commencing January 1, 2013.

- IAS 1 Presentation of Financial Statements (“IAS 1”)
- IAS 27 Separate Financial Statements (“IAS 27”)
- IAS 28 Investments in Associates and Joint Ventures (“IAS 28”)
- IFRS 7 Financial Instruments: Disclosures (“IFRS 7”)
- IFRS 10 Consolidated financial statements (“IFRS 10”)
- IFRS 11 Joint Arrangements (“IFRS 11”)
- IFRS 12 Disclosure of Interests in Other Entities (“IFRS 12”)
- IFRS 13 Fair Value Measurement (“IFRS 13”)

The accounting standards and amendments to standards adopted by the Company that had an impact on financial results or require further explanation are explained in Note 3 of the accompanying audited financial statements.

Accounting standards issued but not yet effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2014. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014
- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015
- IFRS 9: New standard that replaced IAS 39 for classification and measurement

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 December 31, 2013, Commander had cash and cash equivalents in the amount of $102,602. Accounts payable and accrued liabilities as at December 31, 2013 amounted to $43,497.

Commander is exposed to credit risk with respect to its cash and cash equivalents, and receivables other than Goods and Services Tax (“GST”). 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 receivables. The maximum exposure to loss arising from receivables is equal to their carrying amounts. Credit risk with respect to amounts due from related parties included in receivables 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 December 31, 2013, a change in the fair value investments in securities by 10% would increase or decrease comprehensive loss by $46,754.

Foreign currency risk arises primarily as a result of the Company having US dollar denominated cash balances. The financial position of the Company may vary at the time that a change in foreign currency rate occurs. For the year ended December 31, 2013, a change in the foreign currency rate by 10% would have increased or decreased net loss by $1,383 as a result of foreign exchange losses/gains on translation of USD dollar 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 December 31, 2013. Please refer to the financial statements (note 4(a)).

	Total	Level 1	Level 2	Level 3
December 31, 2013				
Investment in securities	$ 467,541	$ 467,541	$ -	$ -

Other MD&A Requirements

Additional information relating to Commander, including Commander's most recent Annual Information Form, is available on SEDAR at www.sedar.com and Commander's website, www.commanderresources.com.

Additional information on Maritime is available on the SEDAR website, www.sedar.com and Maritime's website, www.maritimeresourcescorp.com.

Outstanding Share Data

As at the Report Date, the Company had:

- 100,492,521 issued common shares outstanding.
- Incentive stock options allowing for the purchase of shares in the capital of the Company, outstanding and exercisable as at March 25, 2014, is as follows:

Number of Options	Exercise Price	Expiry Date
987,000	$0.100	May 12, 2014
200,000	$0.390	January 19, 2015
1,111,000	$0.350	January 27, 2015
500,000	$0.270	May 25, 2015
100,000	$0.180	October 6, 2015
1,755,000	$0.185	February 11, 2016
400,000	$0.170	April 6, 2016
1,430,000	$0.100	June 12, 2017
400,000	$0.100	November 14, 2017
2,395,000	$0.050	*February 7, 2019
9,278,000	Outstanding	
6,883,000	Exercisable	

*On February 7, 2014, the Company granted 2,395,000 incentive stock options to directors, officers, employees and consultants under its stock option plan, exercisable for five years at a price of $0.05 per share.

Exploration and Evaluation Asset Expenditure Table

At December 31, 2013, the Company's exploration and evaluation assets comprise properties located in Canada. Expenditures incurred on exploration and evaluation assets during the year are as follows:

	Baffin, Nunavut		Yukon	Nunavut	B.C.	Ontario	Other	
	Qimmiq	Bravo Lake	Glenmorangie	Storm	Omineca	Sabin	Properties	Total
Balance at December 31, 2012	**$ 9,303,159**	**$ 2,583,797**	**$ 522,026**	**$ 818,666**	**$ 249,386**	**$ 262,874**	**$ 4,237,546**	**$ 17,977,454**
Acquisition costs	-	-	10,500	-	-	-	24,000	34,500
Exploration costs:								
Geochemistry	7,548	4,078	-	-	-	-	-	11,626
Geology	46,101	9,022	11,714	4,544	18,701	16,126	44,806	151,014
Property	35,434	200	4,393	-	-	3,870	12,589	56,486
Other	590	-	-	700	-	380	244	1,914
	89,673	13,300	16,107	5,244	18,701	20,376	57,639	221,040
Less:								
Recoveries	-	-	-	-	(35,800)	-	(1,000)	(36,800)
Net additions	89,673	13,300	26,607	5,244	(17,099)	20,376	80,639	218,740
Balance at December 31, 2013	**$ 9,392,832**	**$ 2,597,097**	**$ 548,633**	**$ 823,910**	**$ 232,287**	**$ 283,250**	**$ 4,318,185**	**$ 18,196,194**

At December 31, 2012, the Company's exploration and evaluation assets comprise properties located in Canada. Expenditures incurred on exploration and evaluation assets during the year are as follows:

	Baffin, Nunavut		Yukon	Nunavut	British Columbia		Ontario	Other	Newfoundland	
	Qimmiq	Bravo Lake	Glenmorangie	Storm	Omineca	Stump Lake	Sabin	Properties	Green Bay	Total
Balance at December 31, 2011	**$ 9,243,700**	**$ 2,554,797**	**$ 405,687**	**$ 930,260**	**$ 121,987**	**$ 562,806**	**$ 141,900**	**$ 4,222,979**	**$ 1,280,327**	**$ 19,464,443**
Acquisition costs	-	-	27,750	-	-	-	-	65,000	-	92,750
Exploration costs:										
Drilling	-	-	1,154	-	29,561	206,396	-	800	2,016	239,927
Environmental	-	140,000	-	-	-	1,700	9,000	-	-	150,700
Geochemistry	9,635	4,129	16,957	-	14,956	41,228	23,225	-	-	110,130
Geology	330,060	23,829	62,694	11,752	82,882	53,705	83,908	38,722	11,587	699,139
Geophysics	-	(489)	-	-	-	16,000	-	-	-	15,511
Property	116,565	1,147	7,727	(3,360)	-	6,270	4,470	8,313	-	141,132
Other	568	384	57	14	-	14	371	266	382	2,056
	456,828	169,000	88,589	8,406	127,399	325,313	120,974	48,101	13,985	1,358,595
Less:										
Recoveries	(397,369)	(140,000)	-	(120,000)	-	-	-	(69,864)	-	(727,233)
Impairment	-	-	-	-	-	(888,119)	-	(28,670)	-	(916,789)
Net additions	59,459	29,000	116,339	(111,594)	127,399	(562,806)	120,974	14,567	13,985	(192,677)
Derecognition of Green Bay	-	-	-	-	-	-	-	-	(1,294,312)	(1,294,312)
Balance at December 31, 2012	**$ 9,303,159**	**$ 2,583,797**	**$ 522,026**	**$ 818,666**	**$ 249,386**	**$ -**	**$ 262,874**	**$ 4,237,546**	**$ -**	**$ 17,977,454**

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Vice President, Corporate Development and Director

Brian Abraham, LLB., P.Geo.
Director

Mark Lotz, C.A.
Director

Steve Potts, P.Geo.
Vice President, Exploration

Alnesh Mohan, C.A.
Chief Financial Officer

Janice Davies
Corporate Secretary

LISTINGS

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

CAPITALIZATION
(As at December 31, 2013)

Shares Authorized: Unlimited
Shares Issued: 100,492,521

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