COMMANDER
RESOURCES LTD.
TSX.V : CMD

2018 ANNUAL REPORT

December 31, 2018

www.commanderesources.com

COMMANDER RESOURCES LTD.
TSX.V : CMD

Consolidated Financial Statements

FOR THE YEAR ENDED

DECEMBER 31, 2018

(Audited)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Commander Resources Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Commander Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Commander Resources Ltd. as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $595,628 during the year ended December 31, 2018 and, as of that date, the Company had a deficit of $36,161,159. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant Block.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

February 26, 2019

COMMANDER RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at		December 31, 2018		December 31, 2017
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**1,687,263**	$	379,422
Receivables		**12,115**		9,103
Prepaid expenses		**58,158**		20,300
Marketable securities (Note 4)		**921,649**		1,678,400
		2,679,185		2,087,225
Non-current assets				
Marketable securities (Note 4)		**151,250**		880,000
Reclamation bond (Note 5)		**18,000**		-
Equipment (Note 6)		**58,613**		-
Exploration and evaluation assets (Note 5)		**532,515**		264,966
		760,378		1,144,966
TOTAL ASSETS	**$**	**3,439,563**	$	3,232,191
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**101,380**	$	25,976
EQUITY				
Share capital (Note 7)		**41,112,235**		39,700,632
Reserves (Note 7)		**865,673**		214,124
Accumulated other comprehensive loss		**(2,478,566)**		(1,143,010)
Deficit		**(36,161,159)**		(35,565,531)
		3,338,183		3,206,215
TOTAL LIABILITIES AND EQUITY	**$**	**3,439,563**	$	3,232,191

Nature of operations (Note 1)
Commitment (Note 9)

Approved on behalf of the Board of Directors on February 26, 2019:

"Eric Norton" — Director

"Brandon MacDonald" — Director

The accompanying notes are an integral part of the consolidated financial statements.

COMMANDER RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

	For the years ended December 31, 2018	2017
EXPENSES		
Accounting and audit (Note 8)	**$ 84,069**	$ 80,426
Administration	**75,173**	67,942
Amortization (Note 6)	**3,571**	-
Consulting (Note 8)	**83,500**	96,000
Legal	**10,615**	15,591
Filing fees and transfer agent	**24,485**	11,570
Investor and shareholder relations	**138,495**	83,422
Salary and benefits (Note 8)	**128,869**	103,583
Share-based compensation (Note 7, 8)	**126,575**	675
Project evaluation	**58,754**	-
	734,106	459,209
Other (income) expenses		
Interest and miscellaneous income (Note 5(c))	**(4,646)**	(9,901)
Foreign exchange loss (gain)	**6,106**	(171)
Royalty income (Note 5(e))	**(25,000)**	(25,000)
Cost recoveries on exploration and evaluation assets (Note 5(a), (c), (d))	**(146,865)**	-
Impairment on exploration and evaluation assets (Note 5(e))	**42,375**	2,732,673
Loss before taxes	**606,076**	3,156,810
Income tax (recovery) expenses (Note 14)	**(10,448)**	10,448
Loss for the year	**595,628**	3,167,258
Other comprehensive loss		
Item that will not be reclassified to profit or loss		
Change in fair value of marketable securities at FVOCI (Note 4)	**1,335,556**	1,693,010
Comprehensive loss for the year	**$ 1,931,184**	$ 4,860,268
Basic and diluted loss per common share	**$ 0.02**	$ 0.14
Weighted average number of shares outstanding - basic and diluted	**30,672,950**	23,060,514

The accompanying notes are an integral part of the consolidated financial statements.

COMMANDER RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

	Share Capital		Reserves			Accumulated Other Comprehensive income (loss)	Deficit	Total
	Number of Shares	Amount	Options	Warrants	Total Reserves			
Balance, December 31, 2016	**23,060,514**	**$ 39,700,632**	$ 281,933	$ 40,000	**$ 321,933**	**$ 550,000**	**$ (32,506,757)**	**$ 8,065,808**
Reclassification of grant date fair value on expired options and warrants	-	-	(68,484)	(40,000)	(108,484)	-	108,484	**-**
Share-based compensation	-	-	675	-	675	-	-	**675**
Loss for the year	-	-	-	-	-	-	(3,167,258)	**(3,167,258)**
Fair value adjustment on maketable securities	-	-	-	-	-	(1,693,010)	-	**(1,693,010)**
Balance, December 31, 2017	**23,060,514**	**$ 39,700,632**	$ 214,124	$ -	**$ 214,124**	**$ (1,143,010)**	**$ (35,565,531)**	**$ 3,206,215**
Balance, December 31, 2017	**23,060,514**	**$ 39,700,632**	$ 214,124	$ -	$ 214,124	**$ (1,143,010)**	**$ (35,565,531)**	**$ 3,206,215**
Share-based compensation	-	-	126,575	-	126,575	-	-	**126,575**
Private placement (Note 7)	12,240,258	1,591,234	-	489,610	489,610	-	-	**2,080,844**
Share issue costs - cash	-	(144,267)	-	-	-	-	-	**(144,267)**
Share issue costs - warrants	-	(35,364)	-	35,364	35,364	-	-	**-**
Loss for the year	-	-	-	-	-	-	(595,628)	**(595,628)**
Fair value adjustment on maketable securities	-	-	-	-	-	(1,335,556)	-	**(1,335,556)**
Balance, December 31, 2018	**35,300,772**	**$ 41,112,235**	$ 340,699	$ 524,974	**$ 865,673**	**$ (2,478,566)**	**$ (36,161,159)**	**$ 3,338,183**

The accompanying notes are an integral part of the consolidated financial statements.

COMMANDER RESOURCES LTD.
(AN EXPLORATION STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	For the years ended December 31, 2018	2017
Operating activities		
Loss for the year	**$ (595,628)**	$ (3,167,258)
Items not affecting cash:		
Amortization	**3,571**	-
Share-based compensation	**126,575**	675
Cost recoveries on exploration and evaluation assets	**(146,865)**	-
Impairment on exploration and evaluation assets	**42,375**	2,732,673
Changes in non-cash working capital:		
Receivables and prepaid expenses	**(40,870)**	(1,855)
Accounts payable and accrued liabilities	**15,132**	528
Advance from optionee	**-**	(18,630)
	(595,710)	(453,867)
Financing activities		
Common shares issued	**2,080,844**	-
Share issue costs	**(144,267)**	-
	1,936,577	-
Investing activities		
Expenditures on exploration and evaluation assets	**(322,114)**	(200,140)
Exploration and evaluation assets - option receipts	**45,000**	35,000
Proceed from government exploration tax credit	**12,462**	-
Proceeds from sale of marketable securities	**311,810**	-
Reclamation bond	**(18,000)**	-
Purchase of equipment	**(62,184)**	-
	(33,026)	(165,140)
Change in cash and cash equivalents	**1,307,841**	(619,007)
Cash and cash equivalents, beginning of year	**379,422**	998,429
Cash and cash equivalents, end of year	**$ 1,687,263**	$ 379,422
Cash and cash equivalents comprise:		
Cash at bank - Canadian dollars	**$ 1,148,858**	$ 158,089
Cash at bank - Mexican pesos	**2,281**	1,218
Short-term deposits - Canadian dollars	**536,124**	220,115
Cash and cash equivalents in Canadian dollars	**$ 1,687,263**	$ 379,422

Supplemental cash flow information (Note 10)

The accompanying notes are an integral part of the consolidated financial statements.

1. NATURE OF OPERATIONS

Commander Resources Ltd. ("Commander" or the "Company") was incorporated in Canada and its records and registered office are at Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, V6E 3V6.

The Company is in the business of acquisition and exploration of mineral properties. In September 2016, the Company acquired all the issued and outstanding common shares of BRZ Mex Holdings Ltd. ("BRZM") from Bearing Resources Ltd. BRZM and its wholly-owned subsidiary, Minera BRG SA de CV ("Minera BRG"), together own 100% interest of four mineral properties in Canada (October Dome, Mt. Polley and Flume) and Mexico (Pedro) (Note 5(a)).

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation and meet its obligations in the normal course of business. Commander and its subsidiaries are in the business of acquisition and exploration of mineral properties in Canada and Mexico. The Company has incurred ongoing losses and will continue to incur further losses in the course of developing its mineral properties. At December 31, 2018, the Company had a deficit of $36,161,159 (2017 - $35,565,531) and working capital of $2,577,805 (2017 - $2,061,249). Commander has been relying on the issuance of share capital to fund its operations. Although the Company has been successful in the past in raising equity financing, there is no assurance that such financing will be available with acceptable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

On May 17, 2018, the Company consolidated its issued and outstanding shares on the basis of one new common share for five outstanding common shares. All information with respect to the number of common shares and issuance price for the time periods prior to this share consolidation was restated to reflect the share consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on the historical cost basis, except for certain financial instruments classified as fair value through profit or loss ("FVPL") and fair value through other comprehensive income ("FVOCI") which are stated at fair value; additionally, they were prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, BRZM and Minera BRG (Note 1). The Company consolidates these subsidiaries on the basis that it controls these subsidiaries. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

Critical accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management the use of estimates, assumptions and judgment that impact the Company's reported financial results. These judgments and estimates are based on historical experiences and expectations of future events. Uncertainty on these judgments could result in material reassessments of the carrying amounts in the Company's financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The significant judgments and estimates that affect these financial statements are as follows:

a) *Recoverability of exploration and evaluation assets ("E&E assets")*

The Company capitalizes E&E expenditures based on the judgment that the carrying amounts will be recoverable. Their recoverability depends on various factors such as the discovery of economically viable reserves, the Company's ability to obtain the financing to develop them into profitable production or from the disposition of the E&E assets. As new information becomes available suggesting the recovery of these expenditures is unlikely, the capitalized costs are written off to profit or loss for the period.

b) *Share-based compensation*

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options. The Black-Scholes' fair value calculation requires management to make estimates and assumptions on future volatility of the stock price, risk-free interest rate, expected life, expected dividend yield and future forfeiture rate of options. Changes in any of these input assumptions could materially impact the share-based payment reserve and expense.

c) *Going concern*

The Company applies judgment in assessing its ability to continue as a going concern for at least 12 months. In making this assessment, the Company considers the facts and circumstances disclosed in Note 1. The Company concluded that there is a material uncertainty that may cast significant doubt on its ability to continue as a going concern.

d) 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 future income tax provisions or recoveries could be affected.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid guaranteed investment certificates that are readily available to the Company on demand or with maturity dates of three months or on initial acquisition.

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

The Company capitalizes costs related to the acquisition and exploration of E&E assets. From time to time the Company may acquire or dispose an E&E 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 acquisition costs when the payments are made.

If economically recoverable 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, its capitalized expenditures in excess of estimated recoveries are written off to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Company receives proceeds in the form of cash and/or common shares from an option of interest or a partial sale in a property, the payments are credited against the carrying value of the property and the excess amount of the proceeds over the carrying value is recorded as a gain in profit or loss in the period. When all of the interest in a property is sold, the accumulated property costs are written off with any gain or loss recorded in profit or loss in the period the transaction occurs.

Impairment of long-lived assets

The carrying amounts of the Company's long-lived assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. 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 or cash-generating unit. For the purpose of impairment testing, assets that cannot be individually tested are grouped together into the smallest group of assets that generates cash inflows or CGUs. The Company's corporate assets do not generate separate cash inflows and may be utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

Decommissioning, Restoration and Similar Liabilities

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for a decommissioning liability is recognized at its present value in the period in which it is incurred, which is generally when an environmental disturbance occurs or a constructive obligation is determined. Upon initial recognition of the liability, a corresponding amount is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using the unit of production method.

Following the initial recognition of a decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes in the estimated provision resulting from revisions to the estimated timing and amount of cash flows, or changes in the discount rate. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the decommissioning liability and the decommissioning asset. At December 31, 2018 and 2017, the Company did not record any decommissioning liabilities.

Equipment

Equipment is recorded at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line method over the useful life of an asset less its estimated residual value.

Computer equipment	5 years
Field equipment	10 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based compensation

The Company recognizes share-based compensation on stock option grants. 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. For non-employees, share-based compensation is 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 reserve. 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.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured at the enacted tax rates that are expected to apply when the assets are recovered and the liabilities 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 annually and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

Loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period. The Company calculates the dilutive effect on loss per share by presuming the exercise of outstanding options and warrants. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. 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.

Share capital

Common shares issued by the Company are recorded in share capital at the value of proceeds received, net of issue costs. The fair value of common shares issued as consideration for E&E assets or other non-cash consideration is based on the trading price of those shares on 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 on a residual value basis. In the case of the issuance of flow-through units, any remaining excess is allocated to the flow-through share premium as a liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Functional and presentation currency
The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in *IAS 21, the Effects of Changes in Foreign Exchange Rates ("IAS 21")*. Commander and its Canadian subsidiary, BRZM, have the Canadian dollar as their functional currency. Minera BRG, the Company's Mexican subsidiary also has its functional currency as the Canadian dollar.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Financial instrument classification and measurement

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, FVPL or FVOCI.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVPL. This includes all derivative assets. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

Loss allowances for 'expected credit losses' are recognized on financial assets measured at amortized cost, contract assets and investments in debt instruments measured at FVOCI, but not to equity investments. A loss event is not required to have occurred before a credit loss is recognized.

(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company has classified and measured its financial instruments as described below:

- Cash and cash equivalents, receivables, and reclamation bond are classified as and measured at amortized cost.
- Marketable securities, where the Company cannot exert significant influence, are classified as and measured at FVOCI. Previously under IAS 39, the marketable securities were classified as available-for-sale and measured at FVOCI. On transition to IFRS 9, the Company made the irrevocable election available under the standard to designate all of its marketable securities as FVOCI because these investments are not held for trading.
- Accounts payable and accrued liabilities are classified as and measured at amortized cost.

3. NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS

The Company adopted the following new standard and interpretations issued by the IASB or International Financial Reporting Interpretation Committee ("IFRIC") as of January 1, 2018.

IFRS 9 Financial Instruments

On January 1, 2018, the Company adopted IFRS 9, which replaced *IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"*), on a retrospective basis using certain available transitional provisions. In accordance with the transitional provisions, the comparative information for prior periods have not been restated and the information presented for 2017 reflects the requirements of IAS 39 rather than IFRS 9.

The nature and effect of the changes to IFRS 9 are as follows:

i) Financial instrument classification and measurement

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

IFRS 9 provides a revised model for the classification and measurement of financial assets that eliminates the previous categories of financial assets under IAS 39 of "available-for-sale", "held-to-maturity", or "loans and receivables." Under IFRS 9, on initial recognition, a financial asset is classified as and measured at: amortized cost, FVPL, or FVOCI. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held.

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is available on an investment-by-investment basis.

The following table summarizes the impact of transition from IAS 39 to IFRS 9:

	Measurement Category		
Asset/Liability	**Original (IAS 39)**	**New (IFRS 9)**	**Subsequent measurement**
Cash and cash equivalents	Amortized cost	Amortized cost	Amortized cost
Receivables	Loans and receivables	Amortized cost	Amortized cost
Marketable securities	Available-for-sale	FVOCI	Fair value
Reclamation Bond	Not applicable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Amortized cost

(EXPRESSED IN CANADIAN DOLLARS)

3. NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The adoption of IFRS 9 did not result in any changes in the carrying values of any of the Company's financial instruments on the transition date.

ii) Impairment of financial assets

IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets classified as and measured at amortized cost, contract assets and investments in debt instruments measured at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The adoption of the ECL model under IFRS 9 did not have an impact on the carrying values of any of the Company's financial assets on the transition date.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

On January 1, 2018, the Company adopted IFRIC 22, which clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of the advance consideration.

The adoption of IFRIC 22 did not have a material impact on the Company's financial statements and therefore no adjustment was recognized on transition.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17. The standard requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company expects the standard will increase assets and related liabilities and increase disclosure.

4. MARKETABLE SECURITIES

	December 31, 2018	December 31, 2017
Common shares of public companies:		
Fair value, beginning of year	**$ 2,558,400**	$ 4,162,160
Additions (Note 5(a), (c), (d))	**161,865**	89,250
Net proceeds from sales of marketable securities (Note 4(b))	**(311,810)**	-
Unrealized loss on marketable securities	**(1,335,556)**	(1,693,010)
Fair value, end of year	**$ 1,072,899**	$ 2,558,400
Current	**$ 921,649**	$ 1,678,400
Non-current (Note 4(a))	**151,250**	880,000
	$ 1,072,899	$ 2,558,400

Commander has determined that it does not hold significant influence in any of its investments in publicly traded companies. The fair values of the marketable securities are determined at each reporting date by referencing to the closing market prices of these common shares. Certain common shares with trade restriction dates more than a year from the reporting date are classified as non-current assets. All of the Company's marketable securities are classified as FVOCI because these investment are not held for trading.

(EXPRESSED IN CANADIAN DOLLARS)

4. MARKETABLE SECURITIES (CONTINUED)

a) *Aston Bay Holdings Ltd. ("Aston")*

On February 18, 2016, Aston issued 11,000,000 common shares to Commander with a fair value of $2,640,000 for the acquisition of the Storm Property (Note 5(e)). The 11,000,000 common shares are held in a four-year escrow and will be released in four equal tranches of 2,750,000 shares on each anniversary date starting February 18, 2017 to 2020. At December 31, 2018, Commander held 8.49% (December 31, 2017 – 13.87%) of Aston's total outstanding common shares.

b) *Maritime Resources Ltd. ("Maritime")*

Option to Purchase Shares Agreement

On April 6, 2016, an existing Option Agreement between the Company and Maritime was amended regarding the time frames and purchase prices of 8,000,000 Maritime shares that Maritime or its nominees had the option to purchase from the Company. The Option Agreement gave rise to a derivative liability that was determined to be at a nominal amount. Details of the amended agreement were as follows:

Optioned Shares (Tranches)	Time Frame and Conditions
- Up to 2,000,000 shares; plus - 1,500,000 shares carried forward	- On or before February 28, 2017 - At a price equal to $0.25 per share. - **Tranche was not completed.**
- Up to 2,000,000 shares; plus - Any shares carried forward from the previous tranche	- March 1, 2017 to August 31, 2017. - At a price equal to the greater of (i) $0.31 per share, and (ii) 85% of the volume weighted average price of Maritime's shares for the 10 trading days immediately preceding the date exercise. - **Tranche was not completed.**

On August 31, 2017, the Option Agreement expired and was no longer in force. The derivative liability was derecognized upon this expiry on August 31, 2017 at a value of $nil.

In September 2018, 3,500,000 Maritime shares were sold at $0.09 per share for net proceeds of $311,810. At December 31, 2018, Commander held 2.61% (December 31, 2017 – 9.31%) of Maritime's total outstanding common shares.

(EXPRESSED IN CANADIAN DOLLARS)

5. EXPLORATION AND EVALUATION ASSETS

Commander's exploration and evaluation assets are located in Canada and Mexico. As at December 31, 2018, the cumulative expenditures on exploration and evaluation assets were as follows:

	BC			Yukon	Labrador	Nunavut	Mexico		
			Henry Lee,		South			Other	
	Oct Dome	Mt. Polley	Chrystal	Flume	Voisey's Bay	Baffin	Pedro	Properties	Total
Note	5(a)	5(a)	5(b)	5(a)	5(c)	5(d)	5(a)	5(e)	
Balance, December 31, 2016	**$ 577,585**	**$ 36,929**	**$ -**	**$ 68,348**	**$ 2,226,157**	**$ 50,001**	**$ 1**	**$ 12,728**	**$ 2,971,749**
Acquisition costs	8,169	-		-	-	-	-	19,040	27,209
Exploration costs (i)									
Claim maintenance	-	500	-	-	-	8,105	8,417	4,145	21,167
Travel and field	-	-		-	-	377	-	37,665	38,042
Site transportation	-	-		-	-	-	-	16,965	16,965
Assaying	-	-		-	-	-	-	3,119	3,119
Camp cleanup	-	-	-	-	-	43,638	-	-	43,638
	-	500	-	-	-	52,120	8,417	61,894	122,931
Option receipts - cash	-	-	-	(25,000)	-	(10,000)	-	-	(35,000)
Option receipts - shares	-	-	-	(35,000)	(28,000)	(26,250)	-	-	(89,250)
Changes in the year	8,169	500	-	(60,000)	(28,000)	15,870	8,417	80,934	25,890
Impairment	(585,753)	(37,428)	-	(8,347)	(1,933,200)	(65,870)	(8,417)	(93,658)	(2,732,673)
Balance, December 31, 2017	**$ 1**	**$ 1**	**$ -**	**$ 1**	**$ 264,957**	**$ 1**	**$ 1**	**$ 4**	**$ 264,966**
Acquisition costs	172	-	31,472	-	-	-	-	3,139	34,783
Exploration cost:									
Claim maintenance	3,000	-	-	-	-	-	17,533	7,725	28,258
Geophysics and survey	18,750	-	20,347	-	-	-	37,883	122,540	199,520
Geological	21,612	-	7,175	-	-	-	21,080	31,412	81,279
Travel	11,270	-	625	-	-	-	8,474	3,069	23,438
Field supplies and labour	1,576	-	2,423	-	-	-	-	2,033	6,032
Assaying	1,512	-	1,936	-	-	-	2,680	2,948	9,076
	57,892	-	63,978	-	-	-	87,650	172,866	382,386
Option receipts - cash	-	-	-	(35,000)	(10,000)	-	-	-	(45,000)
Option receipts - shares	-	-	-	(93,115)	(50,000)	(18,750)	-	-	(161,865)
Changes in the year	57,892	-	63,978	(128,115)	(60,000)	(18,750)	87,650	172,866	175,521
Government exploration tax credits		-	-	-	-	-	-	(12,462)	(12,462)
Cost recoveries	-	-	-	128,115	-	18,750	-	-	146,865
Impairment	-	-	-	-	-	-	-	(42,375)	(42,375)
Balance, December 31, 2018	**$ 57,893**	**$ 1**	**$ 63,978**	**$ 1**	**$ 204,957**	**$ 1**	**$ 87,651**	**$ 118,033**	**$ 532,515**

(i) Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

a. Bearing Asset Acquisition

On September 23, 2016, the Company acquired 100% of the issued and outstanding share capital of Bearing Resources Ltd.'s wholly owned subsidiaries, BRZ Mex Holdings Ltd. ("BRZM") and Minera BRG SA de CV ("Minera BRG") (the "Transaction"). The Transaction was a related party transaction with the Chief Executive Officer being a common executive/director for both Bearing and Commander.

The Transaction was treated as an asset acquisition and the total consideration was $678,900 consisting of: (i) $18,900 in cash and (ii) 12,000,000 common shares of Commander with a fair value of $660,000.

BRZM and Minera BRG own a 100% interest in four mineral properties in Canada and Mexico: October Dome, Mt. Polley, Flume and Pedro. As there were no other significant assets or liabilities acquired in the acquisition, the consideration was allocated to the exploration and evaluation assets acquired as follows:

October Dome	$ 574,122
Mt. Polley	36,429
Flume	68,348
Pedro	1
	$ 678,900

(EXPRESSED IN CANADIAN DOLLARS)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

As part of the acquisition, the Company also acquired royalty interests as follows:

- Jay East Royalty with Precipitate Gold Corp. (now Golden Predator Mining Corp.) – 2% NSR with a right for the Company to buy down to 1% for $1,000,000.
- VF Royalty with Aben Resources Ltd. - 2% NSR with a right for the Company to buy down to 1% for $1,500,000 and $15,000 annual advance royalty payments beginning March 1, 2018.
- Boundary Zone Royalty with Imperial Metals Corp. - 90% interest in a royalty (Glengarry 10%) of $2.50 per tonne milled for first 400,000 tonnes thereafter $1.25/tonne milled. This second rate can be bought down/reduced by the Company to $0.62 per tonne milled for $1,000,000.

On December 31, 2017, after impairment evaluations on October Dome, Mt. Polley, Flume and Pedro properties, the Company wrote off a total of $639,945 as no significant work was planned on these properties.

i) October Dome, BC

During the year ended December 31, 2018, the Company incurred exploration expenditures of $57,720 (2017 - $nil).

Reclamation bond

During the year ended December 31, 2018, Bearing Resources Ltd. (now Bearing Lithium Corp.) assigned to the Company the right to its reclamation bond with the government of BC on the October Dome and Mt. Polley properties with a payment of $18,000 from the Company.

ii) Flume, Yukon

On March 6, 2017, the Company entered into an option agreement with K2 Gold Corporation ("K2") granting K2 the option to acquire a 100% interest in the Flume property.

The commitment schedule was as follows:

Earn-in Option	Commitment Timeline	Cash	Common Shares	Exploration
Initial 60%	March 6, 2017	$25,000 (recevied)	100,000 (received with a fair value of $35,000)	$ -
	March 6, 2018	$35,000 (recevied)	100,000 (received with a fair value of $27,500)	$200,000 ($134,385 incurred) (285,283 shares issued at $65,615)
	March 6, 2019	$50,000	150,000	$ -
	March 6, 2020	$75,000	150,000	$ -
	March 6, 2021	$215,000	500,000	$1,800,000
	Total	**$400,000**	**1,000,000**	**$2,000,000**
Final 40%	**over 3 years**	**$250,000**	**2,000,000**	**$3,000,000**

In August 2018, K2 elected to terminate the Flume option agreement. As K2 had only partially met its 2018 exploration commitment of $200,000, on September 25, 2018, it issued 285,283 common shares to the Company to settle the remaining outstanding amount of $65,615. The common shares were issued at a value of $0.23 per share.

iii) Pedro, Mexico

During the year ended December 31, 2018, Commander incurred $87,650 (2017 - $nil) exploration costs on the property.

(EXPRESSED IN CANADIAN DOLLARS)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b. Henry Lee and Chrystal Properties, BC

These properties were acquired 100% based on regional compilations of government geoscience data and are targeting porphyry copper-style deposits. During the year ended December 31, 2018, the Company carried out mapping and soil sampling for a total cost of $63,978 (2017 - $nil).

c. South Voisey's Bay, Labrador

In September 2014, the Company signed an option agreement with Fjordland Exploration Inc., ("Fjordland") granting it an option to earn a 75% interest in the South Voisey's Bay property. During 2014 and 2015, Commander received from Fjordland a total of $350,000 which had been fully expended on the property in fiscal year 2017. As the operator of the project, Commander earned management fees of $nil (2017 - $1,944) during the year ended December 31, 2018.

In August 2015, the option agreement was terminated and in December 2015, both parties agreed that Fjordland had earned a 15% interest in the project. On March 23, 2016, Commander completed the transfer of a 15% interest of the project to Fjordland.

On June 5, 2017, the Company and Fjordland entered into a Letter of Intent ("LOI") whereby Fjordland has the option to acquire the remaining 85% interest per the following earn-in schedule:

Earn-in Option	Completion Date	Cash	Common Shares	Exploration
First Option (20%) (completd)	TSX Venture Exchange's Approval Date (July 26, 2017)	$ -	200,000 (received with a fair value of $28,000)	$ -
	On or before October 31, 2017 (completed)	$ -	-	$600,000
Second Option (40%)	On or before July 26, 2018	$10,000 (received)	250,000 (received with a fair value of $50,000)	$ -
	On or before July 26, 2019	$15,000	300,000	$ -
	On or before July 26, 2020	$25,000	350,000	$ -
	On or before October 31, 2021	$40,000	400,000	$2,400,000
Third Option (25%)	On or before October 31, 2024	$200,000	3,000,000	$5,000,000
	Total	**$290,000**	**4,500,000**	**$8,000,000**

In December 2017, Fjordland completed the first earn-in option. As a result, its vested interest in the property was increased to 35%. When Fjordland has vested a 100% interest, Commander will retain a 2% NSR. Fjordland has the right to buy 1% of the NSR for $5,000,000 in cash or $2,500,000 in cash and $2,500,000 in common shares of Fjordland. Upon Fjordland's commencement of commercial production, Commander will receive a $10,000,000 advance royalty payment.

During the year ended December 31, 2017, Commander performed an impairment assessment of the South Voisey's Bay project based on the terms of the LOI with Fjordland. The assessment determined that the project's carrying value was lower than the recoverable amount, which is the greater of the its value in use ("VIU") and its fair value less cost to sell ("FVLCS"). The recoverable amount was determined to be the FVLCS. In calculating the FVLCS, the Company used significant assumptions and estimates as follows: i) discount rate of 15%, ii) probability-weighted cash flows from the option payments, and iii) probability-weighted fair values of Fjordland's common shares to be received, with an estimated share price of $0.35. As a result, the Company recognized an impairment loss of $1,933,200 in profit or loss of 2017.

(EXPRESSED IN CANADIAN DOLLARS)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c. South Voisey's Bay, Labrador (continued)

During the year ended December 31, 2018, the Company reassessed the carrying value of the project by reviewing the probability-weighted fair values of Fjordland's common shares to be received. The Company has determined that no additional impairment was recognized for 2018.

d. Baffin, Nunavut

In May 2017, Commander entered into an option agreement with Kivalliq Energy Corporation ("Kivalliq") allowing Kivalliq to acquire a 100% interest in the Baffin property which includes six mineral claims and the signed 2017 Mineral Exploration Agreement ("MEA") with NTI on two blocks within Inuit Owned Land parcel BI-35 ("IOL BI-35"). Terms of the option agreement are as follows:

Commitment Timeline	Cash	Common Shares
May 8, 2017	$10,000 (received)	25,000 (received with a fair value of $26,250)
On or before May 8, 2018	$ -	25,000 (received with a fair value of $18,750)
At a Bankable Feasibility Study	$ -	50,000
Upon commencement of commercial production	$6,000,000	-
Total	**$6,010,000**	**100,000**

In June 2018, Kivalliq changed its name to ValOre Metals Corp.("ValOre). On March 27, 2018, Commander received 25,000 ValOre shares (2017 – 25,000 shares) as an option payment on the Baffin property. As a result, ValOre has vested a 100 % interest in the property. Commander will retain a 0.25% to 0.5% NSR royalty on the Baffin optioned lands. In addition, ValOre will grant Commander a 0.25% NSR on Kivalliq's Baffin mineral tenures contiguous to Commander's Baffin optioned lands. Financial terms of the option agreement may be adjusted up until the date of the first royalty payment to reflect the possible impact of any past commercial arrangement or interests.

The Baffin project had been inactive from 2013 to 2016. The exploration camp over this period was subject to damage from weather. In November 2016, the Company filed a Remedial Action Plan with the government authorities for the site cleanup. Cleanup costs of $50,000 were estimated and accrued to exploration and evaluation assets in December 2016. In August 2017, the cleanup was completed with total costs of $93,638. At December 31, 2017, $65,870 was written off from the Baffin property.

(EXPRESSED IN CANADIAN DOLLARS)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

e. Other Properties

The Company holds interests in other properties in Canada. The carrying values of these 100% wholly owned properties were as follows:

Province	Property	Resource	December 31, 2018	December 31, 2017
Ontario	Sabin	copper-zinc	$ 118,030	$ 1
New Brunswick	Nepisiguit	copper-zinc	1	1
British Columbia	Omineca	copper-gold	1	1
British Columbia	Rebel	copper-gold	1	1
			$ 118,033	**$ 4**

Sabin, Ontario

Commander's ownership interests on the property vary from 58.5% to 100%.

On March 6, 2017, Commander entered into a conditional agreement with Roughrider Exploration Inc. ("Roughrider") allowing Roughrider to acquire up to a 100% interest in the Sabin property. On May 31, 2017, Roughrider informed the Company that it would not proceed with the agreement. During the due diligence period (March to May 2017), Roughrider expanded the Sabin property by 2,983 hectares which were transferred to Commander for consideration of $13,829. This amount was capitalized as acquisition costs and written off as at December 31, 2017 as the Company had no significant work planned on the property.

During the year ended December 31, 2018, the Company incurred $118,029 (2017 - $8,100) on the Sabin property.

Nepisiguit/Stewart, New Brunswick

The Company owns 100% of the properties subject to a 2.75% NSR retained by the Optionor. The NSR is subject to a buy-down to 1% NSR for $1,500,000. In fiscal year 2018, the Company incurred costs of $30,025 for data compilation and preparation of a NI 43-101 report. The costs of $30,025 were written off at December 31, 2018 as no exploration work planned for 2019.

Omineca, BC

The Company owns 100% of the property located within the Quesnel Trough of BC. The vendor retains a 1% NSR and will participate in certain cash or share considerations received from the future sale or option of the properties to a third party.

In the summer of 2018, a program of geological mapping and prospecting was completed with costs of $24,812 (2017 - $33,138). At December 31, 2018, $24,812 was written off as no significant exploration work was planned for 2019.

During the year ended December 31, 2018, the Company received a BC mining exploration tax credit of $12,462 relating to the project's 2017 qualifying exploration expenditures. The exploration tax credit was recorded as a reduction to the exploration and evaluation assets.

Rebel, BC

In November 2016, the Company acquired the Rebel zinc and lead property by way of staking. Upon an assessment of the property at December 31, 2017, $32,901 was written off to profit or loss in 2017.

(EXPRESSED IN CANADIAN DOLLARS)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Storm Property, Nunavut

On February 18, 2016, Aston Bay issued 11,000,000 common shares to Commander with a fair value of $2,640,000 for the acquisition of the Storm Property. As a result, a gain of $1,951,462 was recognized on the sale transaction. The Aston shares are held in a four-year escrow (see Note 4(a)).

Commander retains a 0.875% Gross Overriding Royalty ("GOR") after the property is brought into production. Aston has the right to buy down the GOR from 0.875% to 0.4% for $4,000,000.

Olympic and Rob, Yukon

The Company owns 100% interest in 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 $1,000,000. The carrying value was historically written off as the project lies within a proposed environmentally protected area. In April 2016, the Yukon government provided additional relief from assessment work due to the uncertainties surrounding the Peel Watershed plan and the claims are now in good standing until January 1, 2019. During the year ended December 31, 2018, the Yukon government has further extended the expiry date of the claims to December 31, 2020.

Tam, BC

The Company is entitled to a 1.5% NSR on the property. Teck Resources Ltd. and its partner, Lorraine Copper Corp., now own 100% of the property subject to a 3% NSR, which is subject to a buy-down to 1% for $2,000,000. An annual advance royalty payment of $25,000 is payable to the Company which began on December 31, 2012, and is capped at $250,000. As of December 31, 2018, the Company has received a total of $175,000 in advance royalty payments which are recorded as royalty income.

6. EQUIPMENT

Cost	Computer Equipment	Field Equipment	Total
Balance at January 1 and December 31, 2017	$ -	$ -	$ -
Addition	6,930	55,254	62,184
Balance at December 31, 2018	$ 6,930	$ 55,254	$ 62,184
Accumulated amortization			
Balance at January 1 and December 31, 2017	$ -	$ -	$ -
Amortization	(808)	(2,763)	(3,571)
Balance at December 31, 2018	$ (808)	$ (2,763)	$ (3,571)
Net book value			
Balance at December 31, 2017	$ -	$ -	$ -
Balance at December 31, 2018	$ 6,122	$ 52,491	$ 58,613

(EXPRESSED IN CANADIAN DOLLARS)

7. SHARE CAPITAL

Authorized – unlimited number of common shares without par value

Private placement

On May 18, 2018, the Company completed a non-brokered private placement of 12,240,258 units at $0.17 per unit for gross proceeds of $2,080,844. Each unit consists of one share and one transferrable share purchase warrant with each warrant entitling the holder to purchase one additional common share at $0.25 per share until May 18, 2020. Finders' fees were incurred on the financing: 1) $105,650 in cash commission and 2) 517,883 finders' warrants fair-valued at $35,364 were issued, entitling the holder to purchase an additional common share at $0.25 per share until May 18, 2020. Other share issue costs relating to legal and regulatory filings totaling $38,617 were incurred.

The Company uses the residual value method with respect to the measurement of the values assigned to common shares and share purchase warrants associated with the private placement. As such, the gross proceeds of $2,080,844 had been assigned as follows: $1,591,234 to share capital and $489,610 to reserves.

Warrants

In May 2018, the finders' warrants of 517,883 were valued at $35,364 using the Black-Scholes pricing model with these assumptions: expected life of 2 years, risk-free interest rate of 2.03%, expected volatility of 129.68% and zero expected dividend yield. Expected volatility is based on the Company's historical price movements to the expected life of the warrant. In October 2017, 2,000,000 warrants exercisable at $0.10 expired. The fair value of $40,000 of these expired warrants were transferred to deficit from reserves.

The Company's outstanding warrants at December 31, 2018 and 2017 were as follows:

	December 31, 2018		December 31, 2017	
	Number outstanding	**Weighted average Exercise Price**	Number outstanding	Weighted average Exercise Price
Outstanding, beginning of year	**-**	**$ -**	2,000,000	$0.10
Issued - share purchase warrants	**12,240,258**	**0.25**	-	-
Issued - finders' warrants	**517,883**	**0.25**	-	-
Expired	**-**	**-**	(2,000,000)	(0.10)
Outstanding, end of year	**12,758,141**	**$0.25**	-	-

At December 31, 2018, warrants enabling the holders to acquire the Company's common shares were as follows:

Expiry date	**Number of Warrants**	**Exercise price**	**Weighted average remaining contractual life (in year)**
May 18, 2020	12,758,141	$ 0.25	1.38

(EXPRESSED IN CANADIAN DOLLARS)

7. SHARE CAPITAL (CONTINUED)

Stock options

The Company adopted a 10% rolling stock option plan at the Annual General and Special Meeting held on July 12, 2018. Stock options granted to directors, employees and consultants have a term of up to ten years and the exercise price and the vesting period are determined by the Board of Directors at the time of the option grant.

Option grant

On July 12, 2018, the Company granted 886,000 incentive stock options to directors, officers and consultants. The stock options are exercisable for five years until July 12, 2023, at an exercise price of $0.17 per share. No option was granted in 2017.

The fair values of the stock options granted in July 2018 were calculated based the Black-Scholes pricing model using the following assumptions:

	2018	2017
Risk-free interest rate	**2.07%**	-
Expected annual volatility	**162.59%**	-
Expected life (in year)	**5**	-
Expected dividend yield	**0%**	-
Forfeiture rate	**0%**	-
Weighted average fair value of option	**$0.149**	-

During the years ended December 31, 2018 and 2017, the Company recognized share-based compensation of $126,575 and $675 respectively.

The Company's outstanding stock options at December 31, 2018 and 2017 were as follows:

	December 31, 2018		December 31, 2017	
	Number outstanding	**Weighted average Exercise Price**	Number outstanding	Weighted average Exercise Price
Outstanding, beginning of year	**1,954,000**	**$0.25**	2,235,000	$0.30
Granted	**886,000**	**0.17**	-	-
Expired / cancelled	**-**	**-**	(281,000)	(0.50)
Outstanding, end of year	**2,840,000**	**$0.23**	1,954,000	$0.25

During the year ended December 31, 2018, no option expired. In 2017, 281,000 options with an exercise price of $0.50 expired and their fair values of $68,484 were reclassified to deficit from reserves.

At December 31, 2018, the Company's outstanding and exercisable stock options were as follows:

Expiry date	**Options outstanding**	**Options exercisable**	**Exercise price**	**Weighted average remaining contractual life (in year)**
February 7, 2019	374,000	374,000	$ 0.25	0.11
July 17, 2020	520,000	520,000	$ 0.25	1.54
March 16, 2021	800,000	800,000	$ 0.25	2.21
June 9, 2021	260,000	260,000	$ 0.25	2.44
July 12, 2023	886,000	848,500	$ 0.17	4.53
	2,840,000	**2,802,500**		**2.53**

(EXPRESSED IN CANADIAN DOLLARS)

8. RELATED PARTY TRANSACTIONS

Services

During the year ended December 31, 2018, Commander paid office rent and administration costs of $41,189 (2017 - $38,124) to a company related by way of a common director. No amount was due to this related party at December 31, 2018.

Compensation of Key Management

Key management includes the Company's directors, the President and Chief Executive Officer ("CEO"), VP Exploration, VP Corporate Development, Chief Financial Officer and Corporate Secretary. Their remuneration was as follows:

	Nature of Compensation	For the years ended December 31, 2018	2017
President and Chief Executive Officer	Salary and benefits	**$ 128,869**	$ 103,583
Vice President, Corporate Development	Consulting	**30,000**	30,000
Vice President, Exploration	Consulting and project evaluation	**71,963**	57,811
Chief Financial Officer	Accounting and audit	**48,000**	48,000
Corporate Secetary	Consulting	**36,000**	36,000
		314,832	275,394
Share -based compensation	Stock options	**124,710**	-
		$ 439,542	$ 275,394

As at December 31, 2018, included in accounts payable was $5,071 (2017 - $nil) due to the CEO.

9. COMMITMENT

The Company has a commitment of $83,950 for its Vancouver office lease expiring on August 31, 2020.

10. SUPPLEMENTAL CASH FLOW INFORMATION

	For the years ended December 31, 2018	2017
Marketable securities received for exploration and evaluation assets (Note 5(a), (c) (d))	**$ 161,865**	$ 89,250
Reclassification of fair value on expired options from reserves to deficit (Note 7)	-	68,484
Reclassification of fair value on expired warrants from reserves to deficit (Note 7)		40,000
Exploration and evaluation assets in accounts payable and accrued liabilities	**60,272**	-
Other cash flow information:		
Interest received	**1,960**	4,893
Interest paid	-	-
Income tax paid		10,448
Income tax refund received	**10,448**	-

11. SEGMENT INFORMATION

The Company operates in one single reportable segment, being the acquisition and exploration of resource properties. The carrying value of the Company's non-current assets in Mexico total $87,651 (2017 - $1). The carrying value of the Company's non-current assets in Canada as at December 31, 2018 were $595,617 (2017 - $1,144,965).

12. CAPITAL MANAGEMENT

The Company defines its capital as all components of equity. The Company manages its capital structure by maintaining adequate funds to support the acquisition and exploration of minerals 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 for the year ended December 31, 2018. The Company is not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The Company has classified its financial instruments as follows:

- Cash and cash equivalents – as amortized cost
- Marketable securities – as FVOCI
- Receivables and reclamation bond – as amortized cost
- Accounts payable and accrued liabilities – as other financial liabilities and amortized cost

The carrying values of receivables, reclamation bond, 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. The Company's marketable securities are classified as a level 1 financial asset. The fair value hierarchy is as follows:

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).

Liquidity risk

Liquidity risk is the risk that the Company's financial assets are insufficient in meeting its financial obligations as they become due. The Company manages this risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure there is sufficient liquidity to meet the obligations. At December 31, 2018, the Company had cash and cash equivalents of $1,687,263 to settle its current liabilities of $101,380. The Company has sufficient liquidity to settle its obligations for the next fiscal year. However, it requires additional funding if the business plan changes and the operations grow (Note 1).

Credit risk

Credit risk is the risk that if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is equal to the carrying value of cash and cash equivalents and receivables. Receivables primarily comprise GST receivable. To minimize the credit risk, Commander places cash and cash equivalents at high credit rating financial institution.

Price risk and foreign currency risk

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 price risk with respect to its marketable securities. A 10% change in the share prices would affect their fair values and comprehensive loss (income) by approximately $107,290 (2017 - 255,840). In 2016, the Company acquired exploration and evaluation assets located in Mexico (Note 5(a)) and may be subject to future foreign currency risk. The risk as at December 31, 2018, was insignificant.

(EXPRESSED IN CANADIAN DOLLARS)

14. INCOME TAX

A reconciliation of income taxes at statutory rate with the reported taxes is as follows:

		2018		2017
Loss before taxes	$	(606,076)	$	(3,156,810)
Expected income tax (recovery)	$	(164,000)	$	(823,000)
Change in statutory, foreign tax, foreign exchange rates and other		(164,448)		(269,552)
Permanent differences		34,000		3,000
Share issue cost		(39,000)		-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		39,000		-
Change in unrecognized deductible temporary differences		284,000		1,100,000
Total income tax (recovery) expense	**$**	**(10,448)**	**$**	**10,448**
Current income tax	**$**	**(10,448)**	**$**	**10,448**
Deferred tax recovery	**$**	**-**	**$**	**-**

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial general corporate income tax rate from 26% to 27%.

The significant components of the Company’s deferred tax assets that have not been included on the consolidated statements of financial position are as follows:

		2018		2017
Deferred tax assets (liabilities)				
Exploration and evaluation assets	$	2,097,000	$	2,012,000
Investment tax credit		-		236,000
Equipment		67,000		64,000
Share issue costs		31,000		-
Marketable securities		334,000		194,000
Allowable capital losses		48,000		-
Non-capital losses available for future periods		1,458,000		1,245,000
		4,035,000		3,751,000
Unrecognized deferred tax assets		(4,035,000)		(3,751,000)
Net deferred tax assets	**$**	**-**	**$**	**-**

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

	2018	Expiry Date Range	2017	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ 7,659,000	No expiry date	$ 7,739,000	No expiry date
Investment tax credit	36,000	2032 to 2033	319,000	2032 to 2033
Equipment	249,000	No expiry date	245,000	No expiry date
Share issue costs	115,000	No expiry date	1,000	No expiry date
Marketable securities	2,473,000	No expiry date	-	No expiry date
Non-capital losses available for future periods	5,395,000	2026 to 2038	4,789,000	2026 to 2037
Canada	5,363,000	2026 to 2038	-	2026 to 2037
Mexico	32,000	2026 to 2028	-	2026 to 2028

Tax attributes are subject to review and potential adjustment by tax authorities.