COMMANDER RESOURCES LTD.

# 2012 ANNUAL REPORT

*Dear Fellow Shareholders:*

*Fiscal 2012 was a year of both challenges and significant progress. All through the year, we faced arduous economic headwinds. Our junior "high risk" investment market experienced uncertain times, to say the least. I want to remind you of some of the ways that Commander's leveraging strategies and strategic partnerships have helped us weather the storm we are seeing now.*

***OUR UNIQUE BUSINESS MODEL IN ACTION:***

*To move Commander forward we continued to capitalize on our commitment to leveraging existing properties and realizing profit from equity holdings. We started the year by selling the remaining 50% interest in the Green Bay Property in Newfoundland to Maritime Resources (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. These 17 million shares represented 64.15% of the 26.5 million common shares of Maritime Resources that were issued and outstanding at that time. One month later, we entered into an agreement to sell 4.5 million shares of MAE through a private transaction with the cash proceeds netting us over $1million. With this sale, Commander realized immediate and significant value, providing cash to the treasury without any shareholder dilution. Maritime spent over $600,000 working on the Newfoundland gold deposits in 2012 and is now in the process of obtaining a NI-43-101 Resources Estimate. 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.*

*On our Storm Copper/Zinc Property in Nunavut, Aston Bay signed an Option Agreement in November, 2011 under which Aston Bay (a private company) has the option to earn an initial 50.1% interest in the Storm Property by spending $6 million over four years, including a minimum of $1-million expended in each of the first two years, and by completing a public listing on a recognized stock exchange. Aston Bay has concluded an Arrangement Agreement with a Capital pool company for a listing anticipated to occur in the second quarter of 2013, and Commander has received payments totaling $150,000 and three million shares of Aston Bay under the terms of the Option Agreement. 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. A condition of the agreement is that work programs be conducted on the property in 2013 and 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.*

*For the first time in 16 years our Sabin property in Ontario underwent a soil sampling program. The intent 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 and the method was successful in outlining the existing zones as well as identifying additional zones that have not been drill tested. Several gold showings along strong structures highlight the gold potential of this property and following the receipt of these encouraging results, we acquired, by staking, a large area of land covering the strike extent of rock formation hosting geochemical anomalies. The newly staked area covers an approximate 26 km x 6 km W-E trend of the Savant Lake Greenstone belt, which forms the northern limb of the prolific Sturgeon Lake greenstone belt, host to past producers of base and precious metals deposits. 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 will own 40% of the new Houghton Lake property and will manage all future work programs. The syndicate has no ownership rights to Commander's adjacent Sabin Property.*

*Unlike many other junior resource companies, Commander is in the fortunate position of holding marketable equities and having partners who are continuing to develop properties in which we have an interest. Our focus for this year will be to continue marketing and leveraging our property portfolio while minimizing corporate overhead expenses.*

*We appreciate your continued patience and support.*

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

COMMANDER RESOURCES LTD.

CMD

# FINANCIAL STATEMENTS

For the Year Ended
December 31, 2012
(Expressed in Canadian Dollars)

SmytheRatcliffe
CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF COMMANDER RESOURCES LTD.

We have audited the accompanying financial statements of Commander Resources Ltd., which comprise the statements of financial position as at December 31, 2012 and 2011 and the statements of income, comprehensive income, cash flows and changes in equity for the years 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 audits. We conducted our audits 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*
In our opinion, the financial statements present fairly, in all material respects, the financial position of Commander Resources Ltd. as at December 31, 2012 and 2011, and its financial performance and cash flows for the years 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 matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP
Chartered Accountants

Vancouver, British Columbia
February 26, 2013





7th Floor 355 Burrard St
Vancouver, BC V6C 2G8

**Tel:** 604 687 1231
**Fax:** 604 688 4675
**smytheratcliffe.com**

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

| | Note | | 2012 | | 2011 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Accounting and audit | | $ | 91,735 | $ | 156,420 |
| Administration and others | | | 161,484 | | 208,909 |
| Amortization | | | 4,266 | | 6,587 |
| Consulting | | | 68,900 | | 127,313 |
| Investor relations and promotion | | | 152,287 | | 192,673 |
| Legal | | | 21,559 | | 31,671 |
| Salaries and benefits | | | 209,448 | | 242,365 |
| Share-based payments | 14(c) | | 100,002 | | 425,121 |
| | | | **(809,681)** | | **(1,391,059)** |
| **Other items** | | | | | |
| Exchange loss | | | (10,811) | | (14,082) |
| Royalty income | 9(g)(iii) | | 15,476 | | - |
| Loss on investment in securities | | | - | | (73,885) |
| Impairment loss on available-for-sale marketable securities | 6 | | (471,486) | | - |
| Write-down of exploration and evaluation assets | 9(h) | | (916,789) | | (3,958,279) |
| Share of loss and dilution loss in associate | 10 | | (264,852) | | - |
| Gain on disposal of subsidiary | 10 | | 3,186,676 | | - |
| **Income (loss) before income taxes** | | | **728,533** | | **(5,437,305)** |
| **Deferred tax recovery** | | | 195,938 | | 1,462,492 |
| **Net income (loss) for the year** | | **$** | **924,471** | **$** | **(3,974,813)** |
| **Income (loss) for the year attributable to:** | | | | | |
| Non-controlling interest | | $ | (19,955) | $ | (29,936) |
| Common shareholders | | | 944,426 | | (3,944,877) |
| | | **$** | **924,471** | **$** | **(3,974,813)** |
| **Earnings (loss) per share - basic and diluted** | | $ | 0.009 | $ | (0.041) |
| **Weighted average number of common shares outstanding** | | | 99,972,056 | | 96,681,645 |

See Accompanying Notes to the Financial Statements

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

| | | 2012 | | 2011 |
|---|---|---|---|---|
| **Net income (loss) for the year** | **$** | **924,471** | **$** | **(3,974,813)** |
| Fair value adjustment on available-for-sale securities | | (120,101) | | (186,410) |
| Transfer of impairment loss on available-for-sale marketable securities | | 471,486 | | - |
| Transfer to income on sale of marketable securities | | - | | (13,712) |
| Other comprehensive loss | | 351,385 | | (200,122) |
| **Comprehensive income (loss) for the year** | **$** | **1,275,856** | **$** | **(4,174,935)** |
| Comprehensive income (loss) for the year attributable to: | | | | |
| Non-controlling interest | $ | (19,955) | $ | (29,936) |
| Common shareholders | | 1,295,811 | | (4,144,999) |
| **Comprehensive income (loss) for the year** | **$** | **1,275,856** | **$** | **(4,174,935)** |

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**
(An Exploration Stage Company)
**Statements of Financial Position**
(Expressed in Canadian dollars)

| | Note | | December 31, 2012 | | December 31, 2011 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 5 | $ | 523,110 | $ | 1,175,776 |
| Investment in securities | 6 | | 177,647 | | 268,207 |
| Receivables | 8 | | 24,324 | | 173,715 |
| Prepaid expenses | | | 23,849 | | 27,285 |
| | | | 748,930 | | 1,644,983 |
| **Non-current assets** | | | | | |
| Deposit and others | | | 37,377 | | 45,169 |
| Exploration and evaluation assets | 9 | | 17,977,454 | | 19,464,443 |
| Investment in associate | 10 | | 2,610,148 | | - |
| Property and equipment | 11 | | 9,245 | | 13,857 |
| | | | 20,634,224 | | 19,523,469 |
| **Total Assets** | | **$** | **21,383,154** | **$** | **21,168,452** |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | 12 | $ | 46,723 | $ | 352,953 |
| **Non-current liability** | | | | | |
| Deferred tax liability | 13 | | 461,526 | | 677,972 |
| | | | 508,249 | | 1,030,925 |
| **Shareholders' Equity** | | | | | |
| Share capital | 14 | | 38,929,431 | | 38,916,681 |
| Reserves | | | 1,346,892 | | 2,017,125 |
| Accumulated other comprehensive loss | | | (16,706) | | (368,091) |
| Deficit | | | (19,384,712) | | (20,937,101) |
| | | | 20,874,905 | | 19,628,614 |
| Non-controlling interest | | | - | | 508,913 |
| | | | 20,874,905 | | 20,137,527 |
| **Total Liabilities and Shareholders' Equity** | | **$** | **21,383,154** | **$** | **21,168,452** |

Approved on behalf of the Board of Directors:

| *"Eric Norton"* | *"Mark Lotz"* |
|---|---|
| Eric Norton | Mark Lotz |

See Accompanying Notes to the Financial Statements

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

| | Note | | **2012** | | **2011** |
|---|---|---|---|---|---|
| **Cash provided from (used in):** | | | | | |
| **Operating activities** | | | | | |
| Net income (loss) for the year | | $ | 924,471 | $ | (3,974,813) |
| Items not involving cash | | | | | |
| Amortization | | | 4,266 | | 6,587 |
| Share-based payments | | | 100,002 | | 425,121 |
| Loss on investment in securities | | | - | | 73,885 |
| Impairment loss on available-for-sale securities | | | 471,486 | | - |
| Write-off of assets | | | 917,135 | | 3,958,624 |
| Deferred tax recovery | | | (195,938) | | (1,462,492) |
| Share of loss and dilution loss in associate | 10 | | 264,852 | | - |
| Gain on disposal of subsidiary | 10 | | (3,186,676) | | - |
| | | | **(700,402)** | | **(973,088)** |
| Changes in non-cash working capital items | | | | | |
| Receivables | | | 41,112 | | 38,892 |
| Prepaid expenses | | | 2,428 | | 8,010 |
| Accounts payable and accrued liabilities | | | 33,174 | | 46,506 |
| **Cash used in operating activities** | | | **(623,688)** | | **(879,680)** |
| **Investing activities** | | | | | |
| Proceeds from sale of securities | | | - | | 112,678 |
| Deposit and others | | | 7,792 | | (12,792) |
| Expenditures on exploration and evaluation assets | | | (1,437,296) | | (4,923,303) |
| Recoveries from exploration and evaluation assets | | | 797,693 | | 3,181,853 |
| Change in working capital related to exploration and evaluation assets | | | (229,681) | | - |
| Purchase of equipment | | | - | | (2,211) |
| Sale of shares of former subsidiary | 10 | | 1,035,000 | | - |
| Cash surrendered on disposal of subsidiary | 10 | | (202,486) | | - |
| **Cash used in investing activities** | | | **(28,978)** | | **(1,643,775)** |
| **Financing activity** | | | | | |
| Shares and warrants issued for cash, net of issuance costs | | | - | | 1,954,717 |
| **Cash provided by financing activity** | | | **-** | | **1,954,717** |
| **Decrease in cash and cash equivalents** | | | **(652,666)** | | **(568,738)** |
| **Cash and cash equivalents, beginning of year** | | | 1,175,776 | | 1,744,514 |
| **Cash and cash equivalents, end of year** | | **$** | **523,110** | **$** | **1,175,776** |

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)

| | Share Capital | | Reserves | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Warrants | Share-Based Payments | Deficit | Accumulated Other Comprehensive Loss | Non-Controlling Interest | Shareholders' Equity |
| **Balance at December 31, 2010** | **90,942,489** | **$ 37,450,106** | **$ -** | **$ 1,653,818** | **$ (17,226,160)** | **$ (167,969)** | **$ 499,128** | **$ 22,208,923** |
| Net loss for the year | | | | | (3,944,877) | | (29,936) | (3,974,813) |
| Unrealized loss on available-for-sale marketable securities | | | | | | (186,410) | | (186,410) |
| Transfer to income on sale of marketable securities | | | | | | (13,712) | | (13,712) |
| Transfer of share-based payments expired | | | | (233,936) | 233,936 | | | - |
| Share-based payments | | | | 385,400 | | | 39,721 | 425,121 |
| Shares issued for cash | | | | | | | | |
| Private placement | 8,500,032 | 1,818,922 | 221,086 | | | | | 2,040,008 |
| Share issuance cost | | (76,048) | (9,243) | | | | | (85,291) |
| Other liability on flow-through share premium | | (345,299) | | | | | | (345,299) |
| Shares issued on acquisition of exploration and evaluation assets | 450,000 | 69,000 | | | | | | 69,000 |
| **Balance at December 31, 2011** | **99,892,521** | **38,916,681** | **211,843** | **1,805,282** | **(20,937,101)** | **(368,091)** | **508,913** | **20,137,527** |
| Net income for the year | | | | | 924,471 | | | 924,471 |
| Unrealized loss on available-for-sale securities | | | | | | (120,101) | | (120,101) |
| Transfer of impairment loss on available-for-sale marketable securities | | | | | | 471,486 | | 471,486 |
| Share-based payments | | | | 100,002 | | | | 100,002 |
| Transfer of share-based payments expired | | | | (627,918) | 627,918 | | | - |
| Elimination of non-controlling interest on derecognition (Note 10) | | | | (142,317) | | | (508,913) | (651,230) |
| Shares issued on acquisition of exploration and evaluation assets (Note 14(b)) | 150,000 | 12,750 | | | | | | 12,750 |
| **Balance at December 31, 2012** | **100,042,521** | **$ 38,929,431** | **$ 211,843** | **$ 1,135,049** | **$ (19,384,712)** | **$ (16,706)** | **$ -** | **$ 20,874,905** |

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 mineral properties and has not yet determined whether these properties contain mineral resources that are economically recoverable. The Company has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage.

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

For the year ended December 31, 2012, the Company reported a net income of $924,471 (2011 - net loss of $3,974,813) and as of December 31, 2012 had a deficit of $19,384,712 (December 31, 2011 - $20,937,101), and working capital of $702,207 (December 31, 2011 - $1,292,030).

## 2. Statement of Compliance

These annual financial statements are prepared in accordance with IFRS, as issued by the International Accounting Standards Board. 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 February 26, 2013.

## 3. Summary of Significant Accounting Policies

These financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities recorded at fair value, including derivative instruments and available-for-sale instruments. The financial statements are presented in Canadian dollars, unless otherwise noted.

### (a) Principles of consolidation and deconsolidation

For the year ended December 31, 2012, the 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 Maritime", for details. The comparative figures for 2011 in these financial statements include the accounts of Maritime.

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

### 3. Summary of Significant Accounting Policies (Continued)

#### (a) Principles of consolidation and deconsolidation (Continued)

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 income.

#### (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 amortization, 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) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant areas requiring the use of estimates include the fair values of financial instruments; collectability of receivables; the balances of accrued liabilities; impairment of exploration and evaluation assets; determination of deferred tax assets; and the assumptions used in the determination of the fair value of share-based payments, agent compensation options and finder's warrants. While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

#### (d) 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.

#### (e) 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 period in which they occur.

## 3. Summary of Significant Accounting Policies (Continued)

### (e) Exploration and evaluation assets ("E&E") (Continued)

From time to time the Company may acquire or dispose of a mineral property 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.

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.

### (f) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization 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.

**3. Summary of Significant Accounting Policies (Continued)**

**(f) Property and equipment (Continued)**

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.

**(g) 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.

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.

**(h) Asset retirement obligations**

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 period 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 income.

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 income in the period 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 income as incurred.

At present, the Company has determined that it has no material asset retirement obligations to record in these financial statements.

## 3. Summary of Significant Accounting Policies (Continued)

### (i) Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price at the time the units are priced. The difference between the amount recognized in common shares and the amount the investor pays for the shares is recognized as a liability, which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded as eligible expenditures are incurred, provided the Company has the intention to renounce the related tax benefits.

When flow-through expenditures are renounced, a portion of the deferred income tax assets not previously recognized are recognized as a recovery of income taxes in the statement of income.

### (j) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and non-employees. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. 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 or the fair value of the equity instruments issued. The fair value is recognized over the related service period, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

### (k) 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.

### (l) Loss per share

Loss per share is calculated based on the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method the dilutive effect on earnings 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.

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.

**3. Summary of Significant Accounting Policies (Continued)**

**(m) 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 resultant 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 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.

(c) AFS financial assets

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. 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 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 period-end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**3. Summary of Significant Accounting Policies (Continued)**

**(m) Financial instruments (Continued)**

i. Financial assets (Continued)

(e) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period-end. 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.

With the exception of AFS equity instruments, if, in a subsequent period, 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.

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).

**3. Summary of Significant Accounting Policies (Continued)**

**(m) Financial instruments (Continued)**

ii. Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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 effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified trade and other payables, short-term financial liabilities and long-term financial liabilities as other financial liabilities.

(b) Derecognition of financial liabilities

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

**(n) Unit offerings**

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, with any remaining excess amount to the flow-through tax premium as a liability.

**(o) Standards, amendments and interpretations affecting the 2013 and future year-ends**

The Company has not adopted the following revised standards and is currently assessing the impact that these standards will have on the financial statements.

i. IFRS 9, “Financial Instruments” (2010), incorporates revised requirement for the classification and measurement requirement of financial liabilities, and carries over the existing de-recognition requirements from IAS 39, “Financial Instruments: Recognition and Measurement”. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at FVPL; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. Applies to annual periods beginning on or after January 1, 2015, this standard supersedes IFRS 9 (2009). However, for annual reporting periods beginning before January 1, 2015, an entity may early-adopt IFRS 9 (2009) instead of applying this standard.

**3. Summary of Significant Accounting Policies (Continued)**

**(o) Standards, amendments and interpretations affecting the 2013 and future year-ends (Continued)**

ii. IFRS 10, "Consolidated Financial Statements", establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard builds on the existing principles of "control" by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

iii. IFRS 11, "Joint Arrangements", provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The standard is effective for annual periods beginning on or after January 1, 2013.

iv. IFRS 12, "Disclosure of Interests in Other Entities", is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

v. IFRS 13, "Fair Value Measurement", is a new comprehensive standard on measuring and disclosing fair value and will supersede all other fair value guidance in IFRS. The standard is effective for annual periods beginning on or after January 1, 2013.

vi. IAS 1, "Presentation of Financial Statements", is amended to revise the way other comprehensive income is presented. The amendments preserve the amendments made to IAS 1 in 2007 to require profit or loss and other comprehensive income to be presented together. The amendments require entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. The amendments also require tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items.

vii. IAS 27, "Separate Financial Statements", is amended to deal with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27, "Consolidated and Separate Financial Statements". Requirements for consolidated financial statements are now contained in IFRS 10, "Consolidated Financial Statements". This standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

viii. IAS 28, "Investments in Associates and Joint Ventures", is amended to prescribe the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

ix. IAS 32, "Financial Instruments: Presentation", is amended to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: 1) the meaning of "currently as a legally enforceable right of set-off", 2) the application of simultaneous realization and settlement, 3) the offsetting of collateral amounts, and 4) the unit of account for applying the offsetting requirements.

(Expressed in Canadian dollars)

## 3. Summary of Significant Accounting Policies (Continued)

### (p) 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.

## 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 – as other financial liabilities

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

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

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **December 31, 2012** | | | | |
| Investment in securities | $ 177,647 | $ 117,647 | $ - | $ 60,000 |
| **December 31, 2011** | | | | |
| Investment in securities | $ 268,207 | $ 228,207 | $ - | $ 40,000 |

### (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. At December 31, 2012, the Company had cash and cash equivalents of $523,110 (2011 - $1,175,776) and accounts payable and accrued liabilities of $46,723 (2011 - $352,953). 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, receivables other than Harmonized Sales Tax ("HST") and government funding receivable. This risk is minimized as cash and cash equivalents have been placed with major Canadian financial institutions. The Company performs ongoing 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, 2012 and 2011 are as follows:

| | December 31, 2012 | | December 31, 2011 | |
|---|---|---|---|---|
| Cash and cash equivalents | $ | 523,110 | $ | 1,175,776 |
| Receivables | | 5,930 | | 4,698 |
| | **$** | **529,040** | **$** | **1,180,474** |

### (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. Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents consist of cash and term deposits held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2012.

Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. Given the balance of the term deposit at the year-end, any fluctuations in the interest rate would lead to an immaterial change in net income and comprehensive income.

ii. Foreign currency risk

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, 2012, a change in the foreign currency rate by 2% would increase or decrease exchange loss by $5,429.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investment in securities. A change in the fair value by 44% would increase or decrease comprehensive income by $78,165.

There were no changes in the Company's approach to risk management during the year ended December 31, 2012.

(Expressed in Canadian dollars)

## 5. Cash and Cash Equivalents

As at December 31, 2012, the cash balance includes only Commander's accounts while the balance at December 31, 2011 included Maritime's cash of $134,402. As at December 31, 2012, there was no (2011 - $309,940) remaining balance of exploration funds raised through the issuance of flow-through shares, which were required to be spent on mineral exploration related activities in Canada only.

## 6. Investment in Securities

The Company had fair market valued investment in securities as follows:

| | December 31, 2012 | December 31, 2011 |
|---|---|---|
| Cost | $ 701,879 | $ 672,338 |
| Unrealized loss | (524,232) | (404,131) |
| | **$ 177,647** | **$ 268,207** |

During the year ended December 31, 2012, the Company received the following shares on properties:

i. 1 million shares from Aston Bay Ventures Ltd. ("Aston Bay") as part of the $15 million Option Agreement with Aston Bay signed in 2011 for the Storm property (Note 9(c)).
ii. 60,000 common shares of Stratabound Minerals Corp. ("Stratabound") under the terms of the option agreements for the Nepisiguit and Stewart properties (Note 9(g)(iv)).

The Company holds less than 10% of the outstanding common shares of each investment, except for its investment in Aston Bay, of which the Company owns more than 10% of the common shares but less than 20% of the total common shares outstanding.

During the year ended December 31, 2012, the Company reclassified investments impairment loss on securities of $471,486 (2011 - $Nil) to the statement of income.

## 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 mineral properties. The Board of Directors does not establish 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.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2012. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

## 8. Receivables

The receivables mainly related to HST input tax credits and government funding. The following is an aging summary for the outstanding balances as of December 31, 2012 and 2011:

| | Current | 31 - 60 days | 61 - 90 days | > 90 days | TOTAL |
|---|---|---|---|---|---|
| **December 31, 2012** | $ 24,077 | $ - | $ - | $ 247 | $ 24,324 |
| **December 31, 2011** | $ 173,715 | $ - | $ - | $ - | $ 173,715 |

## 9. Exploration and Evaluation Assets

E&E are comprised of properties located in Canada. Expenditures incurred on mineral properties 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) |
| Write-down | - | - | - | - | - | (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 Property | - | - | - | - | - | - | - | - | (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)

Expenditures incurred on mineral properties as at December 31, 2011 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, 2010** | **$ 10,041,959** | **$ 2,590,023** | **$ -** | **$ 116,144** | **$ 106,642** | **$ -** | **$ 127,027** | **$ 8,133,079** | **$ 769,268** | **$ 21,884,142** |
| Acquisition costs | - | - | 60,373 | - | - | 109,433 | - | 1,440 | 1,750 | 172,996 |
| Exploration costs | | | | | | | | | | |
| Drilling | 568,026 | 71,414 | 63,722 | 1,200 | - | 304 | 450 | 2,203 | 565,516 | 1,272,835 |
| Geochemistry | 45,364 | 5,449 | 46,938 | 521 | - | 49,530 | - | - | - | 147,802 |
| Geology | 800,468 | 242,613 | 233,417 | 162,419 | 15,345 | 286,235 | 10,526 | 48,535 | 162,696 | 1,962,254 |
| Geophysics | 255,992 | - | 267 | 725,012 | - | 110,134 | - | - | - | 1,091,405 |
| Property | 111,828 | - | 970 | 14,829 | - | 3,386 | 3,870 | 7,803 | 3,107 | 145,793 |
| Other | 16,426 | 6,338 | - | 135 | - | 3,784 | 27 | 198 | 440 | 27,348 |
| | 1,798,104 | 325,814 | 345,314 | 904,116 | 15,345 | 453,373 | 14,873 | 58,739 | 731,759 | 4,647,437 |
| Less | | | | | | | | | | |
| Recoveries | (2,596,363) | (361,040) | - | (90,000) | - | - | - | (12,000) | (222,450) | (3,281,853) |
| Write-down | - | - | - | - | - | - | - | (3,958,279) | - | (3,958,279) |
| Net additions | (798,259) | (35,226) | 405,687 | 814,116 | 15,345 | 562,806 | 14,873 | (3,910,100) | 511,059 | (2,419,699) |
| **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** |

### (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.

In 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 (2011 - $2,957,403). The recoveries included AngloGold's final settlement for the joint venture program as it withdrew from its Agreement with the Company and discontinued exploration program on Baffin Island in March 2012. The Company now retains 100% interest of the property.

(Expressed in Canadian dollars)

**9. Exploration and Evaluation Assets (Continued)**

**(b) Glenmorangie, Yukon**

For the year ended December 31, 2012, the Company issued 150,000 (2011 - 150,000) common shares and paid $15,000 (2011 - $12,000) cash for the Glenmorangie property to meet the second year commitment under the option agreement negotiated in June 2011. The option agreement allows the Company to earn a 100% interest in the property through the staged issue of 840,000 shares, staged cash payments of $147,000 and total exploration expenditure of $500,000 over four years according to the following schedule:

| | Cash | Shares | Exploration Expenditure | Due Date |
|---|---|---|---|---|
| i) | $ 12,000 | 150,000 | $ - | 6/08/2011 (incurred) |
| ii) | 15,000 | 150,000 | 125,000 | 6/30/2012 (incurred) |
| iii) | 30,000 | 150,000 | 125,000 | 6/30/2013 |
| iv) | 30,000 | 180,000 | 125,000 | 6/30/2014 |
| v) | 60,000 | 210,000 | 125,000 | 6/30/2015 |
| | **$ 147,000** | **840,000** | **$ 500,000** | |

**(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 private offering.

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 March 31, 2013. Aston Bay will issue 1 million shares to Commander by August 31, 2012 and an additional 0.5 million shares by December 31, 2015. In the original agreement Aston Bay was required to deliver 1 million shares by December 31, 2014. These issuances are in addition to the 2 million shares that were received by Commander upon signing the Option Agreement.

The Company received the second cash payment of $100,000 and one million common shares to hold a total of 3 million shares under the terms of the amended option agreement during the year ended December 31, 2012.

**(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.

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

In June 2011, the Company entered into a Letter of Intent (the "Agreement") to acquire a package of claims on a newly discovered epigenetic gold prospect in southern British Columbia. The package of claims was held by The Marlow Prospecting Syndicate of Kamloops ("Marlow") and was increased by additional staking of adjacent claims by Commander.

Under the terms of the Agreement, the Company may earn a 100% interest in the property over a five-year period by making total cash payments of $625,000, issuing 2 million shares to Marlow and completing $3 million in exploration work.

The property was written off during the year ended December 31, 2012 as the Company decided not to incur further expenditures on the Stump Lake gold property and terminated the Agreement with Marlow.

(Expressed in Canadian dollars)

## 9. Exploration and Evaluation Assets (Continued)

### (f) Sabin, Ontario

The Sabin copper-zinc property consists of 114 claims located in northwest Ontario. Ownership interests of Commander on the property vary from 58.5% to 100%.

### (g) 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, 2012 and 2011 is as follows:

| | Note | Ownership % | Metal | 2012 | 2011 |
|---|---|---|---|---|---|
| **Labrador Properties** | | | | | |
| Sally | | *100.00* | *Nickel* | $ 393,241 | $ 393,241 |
| Sandy | | *100.00* | *Nickel* | 39,736 | 27,482 |
| Sarah Lake | 9(g)(i) | *48.20* | *Nickel* | 1,778,627 | 1,766,060 |
| **Yukon** | | | | | |
| Olympic, Rob | 9(g)(ii) | *100.00* | *Copper-Gold-Uranium* | 882,089 | 874,258 |
| **British Columbia** | | | | | |
| Tam | 9(g)(iii) | *10.00* | *Copper* | - | 9,524 |
| **New Brunswick** | | | | | |
| Nepisiguit/Stewart | 9(g)(iv) | *100.00* | *Copper-Zinc* | 1,128,853 | 1,126,894 |
| **Ontario** | | | | | |
| Houghton Lake | 9(g)(v) | | | 15,000 | - |
| Matheson | 9(h) | *41.20* | *Gold* | - | 15,685 |
| McVean | 9(h) | *100.00* | *Gold* | - | 9,835 |
| **Total Other Properties** | | | | **$ 4,237,546** | **$ 4,222,979** |

#### i. Sarah Lake, Labrador

The Company owns a 48.2% interest in the Sarah Lake property. Donner Metals Ltd. owns 51.8% and is the operator of the property.

#### ii. 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 Olympic property is located within the boundary of the Peel Watershed Regional Land Use Plan and is 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 $744,000.

#### iii. Tam, British Columbia

The Company owned a 10% carried interest in the property. 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 of which $250,000 is payable as an advance royalty starting on December 31, 2012. 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.

(Expressed in Canadian dollars)

**9. Exploration and Evaluation Assets (Continued)**

**(g) Other properties (Continued)**

**iii. Tam, British Columbia (Continued)**

During the year ended December 31, 2012, a $25,000 advance royalty was received and the net amount of $15,476 after cost recovery was included in the statement of income.

**iv. 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 optionor. The NSR is subject to a buy-down to 1% NSR for $1.5 million at any time. In 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.

During the year ended December 31, 2012, 60,000 (2011 - 150,000) common shares of Stratabound were issued to the Company and are included in investment in securities.

**v. 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. The claims were acquired by the Company together with a syndicate of private individuals, some of whom are related parties. Under this structure, the Company owns 40% of Houghton Lake and will manage all future work programs.

The staking and acquisition costs totalled $65,000, of which $50,000 was funded by the syndicate.

**(h) Properties written off**

During the years ended December 31, 2012 and 2011, in an effort to focus its resources on key properties the Company conducted an assessment of all its mineral properties by reviewing facts and circumstances that would impair carrying values on the statements of financial position. The write-down criteria used in the assessment included: 1) mineral property 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.

The properties written down in 2012 were:

| | | |
|---|---|---|
| **British Columbia** | | |
| Stump Lake | $ | 888,119 |
| **Ontario** | | |
| Matheson | | 15,685 |
| McVean | | 12,985 |
| **Total** | **$** | **916,789** |

(Expressed in Canadian dollars)

## 9. Exploration and Evaluation Assets (Continued)

### (h) Properties written off (Continued)

The properties written down in 2011 were:

| | | |
|---|---|---|
| **Labrador** | | |
| Sadie | $ | 127,856 |
| **Newfoundland** | | |
| Bay St. George | | 659 |
| Cape St. John | | 13,560 |
| Cochrane Pond | | 51,375 |
| Couteau Hills | | 158,937 |
| Hermitage | | 2,592,519 |
| Murphy | | 78,343 |
| Strickland | | 929,499 |
| **British Columbia** | | |
| Hal | | 1,217 |
| Hunter IV | | 3,983 |
| Takla | | 331 |
| **Total** | **$** | **3,958,279** |

### (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) 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.

### (k) 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.

(Expressed in Canadian dollars)

## 9. Exploration and Evaluation Assets (Continued)

### (k) Realization of assets (Continued)

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 Maritime

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. Under the agreement, Maritime was responsible for funding all exploration expenditures and is committed to conducting $750,000 of mineral exploration activities on the property by April 5, 2012. 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.

The Company reviewed the elements of control over Maritime in accordance with IAS 27, "Consolidated and Separate Financial Statements". The Company determined that it no longer had control over Maritime, therefore, no longer needed to consolidate Maritime into its financial statements from February 15, 2012.

Accordingly, the Company discontinued consolidating the financial results of Maritime and applies the equity accounting method to account for the investment in Maritime after February 15, 2012 in accordance with IAS 28. The Company derecognized the carrying amounts of assets, liabilities and non-controlling interest and recognized its remaining investment in Maritime at its fair value as of the date of deconsolidation. As a result, the Company recorded a gain on disposal of Maritime of $3,186,676 in its statement of income and a decrease of $202,486 in "investing activities" in its statement of cash flows for the year ended December 31, 2012.

As at December 31, 2012, the Company's interest of Maritime decreased further, to 41%, after Maritime's completion of a private placement financing and a loan arrangement. The value of the Company's investment in Maritime as at December 31, 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 period | - | (161,438) |
| Dilution loss on issuance of shares by Maritime | - | (103,414) |
| Balance at December 31, 2012 | 12,500,000 | $ 2,610,148 |

(Expressed in Canadian dollars)

### 10. Investment in Maritime (Continued)

A summary of Maritime's financial information as at December 31, 2012 and 2011 are as follows:

| | 2012 | 2011 |
|---|---|---|
| Total assets | $ 4,814,208 | $ 3,139,011 |
| Total liabilities | $ 513,186 | $ 115,774 |
| Loss for the year | $ 411,752 | $ 67,749 |

### 11. Property and Equipment

The Company had property and equipment with the following cost and accumulated depreciation at December 31, 2012 and 2011:

| | Furniture & Fixtures | Computer Equipment | Leasehold Improvements | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| At December 31, 2010 | $ 59,910 | $ 183,217 | $ 3,528 | $ 246,655 |
| Additions | 346 | 1,865 | - | 2,211 |
| Disposals | (406) | - | - | (406) |
| At December 31, 2011 | 59,850 | 185,082 | 3,528 | 248,460 |
| Disposals | (346) | - | - | (346) |
| At December 31, 2012 | $ 59,504 | $ 185,082 | $ 3,528 | $ 248,114 |
| **Accumulated Depreciation** | | | | |
| At December 31, 2010 | $ 57,754 | $ 169,970 | $ 353 | $ 228,077 |
| Additions | 542 | 5,360 | 706 | 6,608 |
| Disposals | (82) | - | - | (82) |
| 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 |
| **Net Book Value** | | | | |
| At December 31, 2012 | $ 906 | $ 6,576 | $ 1,763 | $ 9,245 |
| At December 31, 2011 | $ 1,636 | $ 9,752 | $ 2,469 | $ 13,857 |

### 12. Accounts Payable and Accrued Liabilities

The average credit period of purchases is one month. The 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, 2012 | $ 46,277 | $ 46 | $ 400 | $ - | $ 46,723 |
| December 31, 2011 | $ 337,785 | $ - | $ 15,168 | $ - | $ 352,953 |

(Expressed in Canadian dollars)

## 13. Income Taxes

As at December 31, 2012, the Company has non-capital losses of $6,760,500, which may be applied against future income for Canadian income tax purposes. The potential income tax benefits of these losses have been recognized in these financial statements against deferred income tax liabilities. The losses expire as follows:

| | | |
|---|---|---|
| 2014 | $ | 891,400 |
| 2015 | | 705,800 |
| 2026 | | 927,300 |
| 2027 | | 1,001,500 |
| 2028 | | 873,500 |
| 2029 | | 760,900 |
| 2030 | | 245,500 |
| 2031 | | 740,100 |
| 2032 | | 614,500 |
| Total | $ | 6,760,500 |

The reconciliation of income tax provision computed at statutory rates (2012 – 25.0%; 2011 - 26.5%) to the reported income tax provision is as follows:

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Income (loss) before income taxes | $ | 728,533 | $ | (5,437,305) |
| Statutory tax rate | | 25.0% | | 26.5% |
| Income tax benefit computed at Canadian statutory rates | | 182,133 | | (1,440,886) |
| Items deductible (non-deductible) for income taxes purposes | | 25,941 | | 113,620 |
| Impact of flow-through shares | | - | | (327,750) |
| Change in timing differences for the year (other temporary differences) | | (404,012) | | 514,872 |
| Effect on changes in tax rate | | - | | 5,982 |
| **Income tax recovery** | **$** | **(195,938)** | **$** | **(1,134,162)** |

Deferred income tax assets and liabilities are recognized for temporary differences between their carrying amounts and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are probable of being realized.

Significant components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates are as follows:

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Deferred income tax liabilities | | | | |
| Temporary differences on mineral properties | $ | (2,128,652) | $ | (2,318,963) |
| Investment in associated company | | (35,827) | | - |
| | | (2,164,479) | | (2,318,963) |
| Deferred income tax assets | | | | |
| Non-capital losses carried forward | | 1,290,825 | | 1,503,474 |
| Share issue costs | | 13,137 | | 35,667 |
| Temporary differences on investment in marketable securities | | 57,994 | | 42,981 |
| Temporary difference on property and equipment | | 59,834 | | 58,869 |
| Non-refundable investment tax credits | | 281,163 | | |
| | | 1,702,953 | | 1,640,991 |
| **Deferred income tax liabilities, net** | **$** | **(461,526)** | **$** | **(677,972)** |

## 13. Income Taxes (Continued)

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of such deferred tax assets have been met. Consequently the Company has deductible temporary differences and unused tax losses of $399,303 (2011 - $399,303) for which no deferred tax asset is recognized as it is not probable that the deferred tax asset will be realized in the future.

The Company's deferred income tax liability arises primarily from the renunciation of mineral exploration costs on flow-through shares issued to investors. Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

During December 31, 2011, the Company renounced $2,040,008 in flow-through expenditures. As at December 31, 2012, there were no (2011 - $309,940) flow-through proceeds remaining to be expended.

## 14. Share Capital

### (a) Authorized

Unlimited common shares without par value

### (b) Shares issued

***2012***
On June 20, 2112, 150,000 common shares were issued for the acquisition of the Glenmorangie property (Note 9(b)).

***2011***
In May 2011, the Company completed a private placement and issued 8,500,032 units at a price of $0.24 per unit, for gross proceeds of $2,040,008 and share issuance costs of $85,291. Each unit consists of one flow-through common share and one-half of one non-flow-through share purchase warrant. Each whole non-flow-through share purchase warrant entitles the holder to purchase one common share at a price of $0.30, expiring in May 2013. The Company allocated $1,473,623 to common shares, $221,086 to warrants and the remainder of $345,299 was recognized as a liability. The flow-through shares were recognized based on the quoted price of the existing shares on the date of the issuance. The difference between the quoted price and the flow-through share price, net of the fair valued warrants, was recognized as a liability.

On June 20, 2011, 150,000 shares were issued for the acquisition of the Glenmorangie property in connection with the option agreement.

On July 12, 2011, 300,000 shares were issued for the acquisition of the Stump Lake property in connection with the option agreement.

### (c) Stock options

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. Under the Company's stock option plan, the Company may grant stock options for the purchase of up to 18,000,000 common shares. Vesting of stock options is made at the discretion of the Board of Directors at the time the options are granted.

(Expressed in Canadian dollars)

## 14. Share Capital (Continued)

### (c) Stock options (Continued)

A summary of the Company's outstanding stock options as at December 31, 2012 and 2011 are as follows:

| | Number of Options | | Weighted Average Exercise Price |
|---|---|---|---|
| **Outstanding at December 31, 2010** | **8,802,500** | **$** | **0.28** |
| Granted | 2,420,000 | $ | 0.18 |
| Expired | (1,151,500) | $ | 0.32 |
| **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** |

As of 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. During the year ended December 31, 2012, 52,500 stock options forfeited and 2,514,000 stock options expired unexercised.

As of December 31, 2011, among the 10,071,000 outstanding options, 10,051,000 options were exercisable with a weighted average exercise price of $0.25 and a weighted average remaining contractual life of 2.50 years. During the year ended December 31, 2011, 1,151,500 stock options expired unexercised.

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 years ended December 31, 2012 and 2011 as follows:

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Risk-free interest rate | | 1.27% | | 2.77% |
| Expected dividend yield | | 0.00% | | 0.00% |
| Expected stock price volatility | | 95% | | 99% |
| Expected option life in years | | 4.43 | | 5 |
| Grant date fair value | $ | 0.049 | $ | 0.137 |

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

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

(Expressed in Canadian dollars)

## 14. Share Capital (Continued)

### (c) Stock options (Continued)

The following tables summarize information about stock options outstanding as at December 31, 2012:

| Number of Options | | Price | Expiry Date |
|---:|---|---:|---:|
| 100,000 | $ | 0.130 | January 19, 2013 |
| 740,000 | $ | 0.180 | February 7, 2013 |
| 210,000 | $ | 0.100 | October 17, 2013 |
| 700,000 | $ | 0.100 | February 20, 2014 |
| 1,201,000 | $ | 0.100 | May 12, 2014 |
| 200,000 | $ | 0.390 | January 19, 2015 |
| 1,643,500 | $ | 0.350 | January 27, 2015 |
| 500,000 | $ | 0.270 | May 25, 2015 |
| 100,000 | $ | 0.180 | October 6, 2015 |
| 1,915,000 | $ | 0.185 | February 11, 2016 |
| 400,000 | $ | 0.170 | April 6, 2016 |
| 1,630,000 | $ | 0.100 | June 12, 2017 |
| 400,000 | $ | 0.100 | November 14, 2017 |
| **9,739,500** | **$** | **0.18** | |

The following tables summarize information about stock options outstanding as at December 31, 2011:

| Number of Options | | Exercise Price | Expiry Date |
|---:|---|---:|---:|
| 400,000 | $ | 0.870 | January 2, 2012 |
| 200,000 | $ | 0.410 | May 8, 2012 |
| 1,111,500 | $ | 0.360 | June 7, 2012 |
| 50,000 | $ | 0.190 | December 21, 2012 |
| 740,000 | $ | 0.180 | February 7, 2013 |
| 200,000 | $ | 0.210 | June 24, 2013 |
| 280,000 | $ | 0.100 | October 17, 2013 |
| 700,000 | $ | 0.100 | February 20, 2014 |
| 1,351,000 | $ | 0.100 | May 12, 2014 |
| 200,000 | $ | 0.390 | January 19, 2015 |
| 1,818,500 | $ | 0.350 | January 27, 2015 |
| 500,000 | $ | 0.270 | May 25, 2015 |
| 100,000 | $ | 0.180 | October 6, 2015 |
| 2,020,000 | $ | 0.185 | February 11, 2016 |
| 400,000 | $ | 0.170 | April 6, 2016 |
| **10,071,000** | **$** | **0.25** | |

The following is a breakdown of the share-based payments charged to operations on options vested for the years ended December 31:

| | | 2012 | | 2011 |
|---|---|---:|---|---:|
| Accounting and audit | $ | 2,659 | $ | 7,227 |
| Consultants | | 46,508 | | 192,937 |
| Investor relations | | 8,564 | | 21,059 |
| Salaries and benefits | | 42,271 | | 203,898 |
| | **$** | **100,002** | **$** | **425,121** |

(Expressed in Canadian dollars)

## 14. Share Capital (Continued)

### (d) Warrants and agent's warrants

The Company had warrants outstanding at December 31, 2012 and 2011 as follows:

| Outstanding Warrants at December 31, 2010 | Issued | Exercised | Expired | Outstanding warrants at December 31, 2011 and 2012 Number of Warrants | Amount | Exercise Price | Expiry Date |
|---|---|---|---|---|---|---|---|
| - | 2,819,166 | - | - | 2,819,166 | $ 134,827 | $0.30 | May 3, 2013 |
| - | 1,430,849 | - | - | 1,430,849 | 77,016 | $0.30 | May 18, 2013 |
| **-** | **4,250,015** | - | - | **4,250,015** | **$ 211,843** | | |

There was no change to the Company's warrants for the year ended December 31, 2012.

In 2011, 4,250,015 warrants were issued in May 2011 in relation to a private placement (Note 14(b)).

The fair value of the warrants was calculated using the Black-Scholes pricing model with the following assumptions:

| | | |
|---|---|---|
| Issue date | May 3, 2011 | May 18, 2011 |
| Risk-free interest rate | 1.70% | 1.68% |
| Expected dividend yield | 0% | 0% |
| Expected stock price volatility | 82% | 82% |
| Expected option life in years | 2 | 2 |

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

## 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, 2012 and 2011 as follows:

| | 2012 | 2011 |
|---|---|---|
| Legal | $ 9,628 | $ 24,188 |
| Office rent and administrative | 84,410 | 78,590 |
| | **$ 94,038** | **$ 102,778** |

During the year ended December 31, 2012, the Company charged Maritime $78,707 (2011 - $56,653) in respect of office administration, accounting, rent, insurance and investor relation expense shared by the companies.

At December 31, 2012, included in receivables were $3,060 (2011 - $254) for administrative and office expenses from companies related by common directors.

At December 31, 2012, included in accounts payable were amounts due to related parties of $765 (2011 - $17,706) for legal fees to a law firm related by a director in common.

At December 31, 2012, investment in securities included 258,000 (2011 - 258,000) common shares of a company related by a director in common.

(Expressed in Canadian dollars)

## 15. Related Party Transactions (continued)

### (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, 2012 and 2011 were as follows:

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Accounting | $ | 30,500 | $ | 72,000 |
| Consulting | | 68,900 | | 115,500 |
| Geological consulting | | 6,300 | | 112,110 |
| Salaries and benefits | | 405,363 | | 404,627 |
| Share-based payments | | 83,038 | | 283,752 |
| | **$** | **594,101** | **$** | **987,989** |

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the years ended December 31, 2012 and 2011.

## 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 |
|---|---|---|
| 2013 | $ | 51,501 |
| 2014 | | 52,973 |
| 2015 | | 35,315 |
| **Total** | **$** | **139,789** |

(Expressed in Canadian dollars)

## 17. Supplemental Cash Flow Information

| Significant non-cash, investing and financing activities | 2012 | 2011 |
|---|---|---|
| **Investing activities** | | |
| Marketable securities received for exploration and evaluation assets | $ 29,541 | $ 52,000 |
| Exploration and evaluation assets in accounts receivable | - | 100,000 |
| Shares issued for exploration and evaluation assets | (12,750) | (69,000) |
| Exploration and evaluation assets in accounts payable and accrued liabilities | (964) | (119,869) |
| | $ 15,827 | $ (36,869) |
| **Financing activities** | | |
| Income tax effect on flow-through share renouncement | $ - | $ 1,462,492 |
| Other liability on flow-through share premiums | - | (327,750) |
| | $ - | $ 1,134,742 |
| **Other cash flow information** | | |
| Interest received | $ 4,045 | $ 1,626 |

## 18. Subsequent Events

(a) Stock options allowing for the purchase of up to, in the aggregate, 100,000 shares in the capital of the Company at $0.13 per share until January 16, 2013 expired.

(b) Stock options allowing for the purchase of up to, in the aggregate, 740,000 shares in the capital of the Company at $0.18 per share until February 7, 2013 expired.

(c) The expiry dates in respect of stock options allowing for the purchase of up to, in the aggregate, 337,500 shares of the Company at a weighted average price of $0.22 per share were accelerated to March 30, 2013.

COMMANDER RESOURCES LTD.

CMD

# Management Discussion and Analysis

For the Year Ended
December 31, 2012

## 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 February 26, 2013 (the "Report Date") and should be read in conjunction with the financial statements and the notes thereto for the year ended December 31, 2012 prepared in accordance with International Financial Reporting Standards ("IFRS").

## Summary of Activities and Results

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

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

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

## Highlights

1. On January 31, 2012, Commander sold its remaining 50% interest in the Green Bay Property to its option partner, Maritime Resources Corp. ("Maritime") in exchange for 5 million common shares of Maritime, as provided in the agreement between the parties dated June 14, 2010. After completing the transaction and transfer of the property to Maritime, Commander held 17 million common shares of Maritime and retained a 2% net smelter return royalty ("NSR") royalty on any future production from the property, with the exception of production from the Orion deposit.
2. On February 15, 2012, Commander sold 4.5 million common shares of Maritime to Rambler Metals and Mining Canada Ltd. ("Rambler") through a private transaction at a price of $0.23 per share for gross cash proceeds of $1,035,000. Commander currently holds 12.5 million shares of Maritime, representing approximately 41% of Maritime's current issued and outstanding common shares.
3. In March 2012, Commander's joint venture partner, AngloGold Ashanti ("Anglo") withdrew from the Farm-in and JV agreement as they did not intend to put forward a 2012 exploration program on Baffin Island. Under the agreement, Anglo had the option of earning an initial 51% in the Baffin Island property by spending $20 million. Anglo did not complete the expenditures required to vest their initial interest and therefore retains no participating interest. Commander has retained 100% interest in the property.
4. In March 2012, Commander completed a ten-hole 2,000 metre drill program at the Stump Lake gold property to evaluate continuity and depth extent of a prospective north to northwest striking gold bearing quartz-carbonate epithermal brecciated vein system. The Company in total invested $888,119 of exploration expenditure into the property through prospecting, chip sampling, soil sampling, an IP survey, ground magnetic survey and a drill program. Commander will not incur further expenditures on the Stump Lake gold property in central BC, having reviewed the drill results and decided that it does not meet the Company's objectives.

5. In March 2012, Commander received a second cash payment of $100,000 from Aston Bay as part of the $15 Million Option Agreement signed in 2011 on the Storm Copper Property. In July 2012, the option agreement was amended to provide Aston Bay more flexibility with respect to the timing and size of their IPO.
6. In September 2012, Commander received one million common shares from Aston Bay under the terms of the amended option agreement, to hold a total of 3 million common shares. In 2012, Aston Bay completed an exploration program which included staking of approximately 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.
7. In December 2012, Commander acquired new claims, collectively named the Houghton Lake Property ("Houghton Lake") adjacent to the Company's Sabin property in Ontario. 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. Some of the syndicate members are related parties. Under this structure, Commander will own 40% of Houghton Lake and will manage all future work programs. The syndicate has no ownership rights to Commander's adjacent Sabin Property.

## 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.

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

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

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

### 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.

This year'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 is a highly prospective target for a 2013 drilling program. Values of up to 1,650 ppm Cu and 654 ppb Au were discovered in this year's soils program. In addition, testing for Au and PGE's in rock samples discovered one sample with 1.16% Cu, 0.29 g/t Au, 0.57 g/t Pd as well as 0.54% Ni. Another sample recorded 2.24 g/t Au with 55.5 g/t Ag. This is the first time the property has been tested for PGE's and Ni. With the known mafic intrusions on the property, a new dimension to the opportunities may occur on Abe.

## 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. Four other zones have been identified but have not been drill tested.

The intent of the 2012 soil sampling program 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 are 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.

The table below summarizes some of the mineralized sections from previous drill programs. In total, 53 holes for a combined 8,748 m have been completed, with 22 holes intersecting significant mineralization.

**Historical Drill Results - Sabin 1977 to 1995**

| Drill hole | From (m) | To (m) | Intersected Width (m) | Cu (%) | Zn (%) | Pb (%) | Ag (g/t) | Au (g/t) |
|---|---|---|---|---|---|---|---|---|
| SA-5 | 46.52 | 49.88 | 3.35 | 1.92 | 5.71 | 2.03 | 102.00 | Tr |
| SA-42 | 134.91 | 137.20 | 2.29 | 0.13 | 4.48 | 1.51 | 27.00 | 2.11 |
| SA-50 | 89.94 | 93.84 | 3.90 | 3.14 | 1.43 | 0.59 | 88.00 | 0.53 |
| SA-52 | 110.40 | 110.98 | 0.58 | 5.26 | 1.18 | 0.93 | 222.00 | 3.42 |
| SA-63 | 17.38 | 20.88 | 3.50 | 1.67 | 7.71 | 2.21 | 160.00 | 0.33 |
| SA-68A | 6.55 | 11.43 | 4.88 | 1.47 | 5.15 | 1.46 | 83.00 | 0.83 |
| SA-68B | 19.21 | 22.94 | 3.73 | 1.53 | 3.21 | 0.93 | 109.00 | 0.68 |
| SA-69 | 5.79 | 8.99 | 3.20 | 4.28 | 4.75 | 1.62 | 161.00 | 1.07 |
| SAB 95-1 | 120.25 | 123.00 | 2.75 | 1.86 | 1.62 | NA | 97.00 | 1.41 |

Tr = Trace NA= not assayed

## Houghton Lake Gold Property, Ontario

The new claims, collectively named the Houghton Lake Property were 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 will own 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.

### Storm Copper Property, Nunavut

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

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

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

### Nepisiguit-Stewart Copper Property, New Brunswick

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

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

## 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 present focus is on the Kanosak prospect, a 3 $km^2$ area that was the subject of a detailed 3D I.P. survey during 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 I.P. identified zone.

### Olympic Copper-Gold Property, Yukon

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

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

## Investment in Maritime

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

On February 15, 2012, Commander sold 4.5 million common shares of Maritime 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 also retains a 2% NSR on future production from portions of the Green Bay Property, with the exception of production from the Orion deposit.

Commander reviewed the elements of control over Maritime and determined that it ceased control of Maritime as it held less than 50% interest as at February 15, 2012.

As a result, Commander derecognized the carrying amounts of assets, liabilities and non-controlling interest and recognized its retained investment in Maritime at its fair value as at the date of deconsolidation of Maritime. Commander recorded a gain on deconsolidation of Maritime of $3,186,676 in the statement of operations and a cash decrease of $202,486 from deconsolidation of Maritime in investing activities of its statement of cash flows for the year ended December 31, 2012. Please refer to the financial statements for the year ended December 31, 2012 for further details.

As at December 31, 2012, Commander's interest of Maritime decreased further, to approximately 41%, after Maritime's completion of a private placement financing and loan arrangements. The value of investment in Maritime as at December 31, 2012 was $2,610,148, which was determined by the fair value of Maritime's 12.5 million common shares on the date of deconsolidation, after adjustment for Commander's share of loss of Maritime for the year ended December 31, 2012 after the deconsolidation and dilution losses recognized for the reduction in equity interest in Maritime.

## Selected Annual Information

| | | 2012 | | 2011 | | 2010 |
|---|---|---|---|---|---|---|
| Total revenues | $ | Nil | $ | Nil | $ | Nil |
| Loss before other items | | (809,681) | | (1,391,059) | | (1,609,344) |
| Deferred income recovery | | 195,938 | | 1,462,492 | | 20,865 |
| Income (loss) for the year | | 924,471 | | (3,974,813) | | (2,344,265) |
| Income (loss) for the year attributable to owners of the parent | | 944,426 | | (3,944,877) | | (2,241,861) |
| Basic and diluted earnings (loss) per share | | 0.009 | | (0.041) | | (0.026) |
| Total assets | $ | 21,383,154 | $ | 21,168,452 | $ | 24,438,848 |
| Total long-term liabilities | | 461,526 | | 677,972 | | 1,475,859 |
| Cash dividends per share | $ | Nil | $ | Nil | $ | Nil |

## Results of Operations

### Fourth Quarter Results

During the quarter ended December 31, 2012, Commander incurred acquisition and exploration costs of $91,500 on various properties, net of recoveries ($724,112 for year ended December 31, 2012). Total general and administrative expenses incurred during the quarter were $144,447 of which $21,315 was non-cash share-based payments. During the same period of 2011, the total general and administrative expenses were $308,773 and share-based payments were $82,648.

### Year Ended December 31, 2012 Compared with the Year Ended December 31, 2011

During the year ended December 31, 2012, Commander's activities focused primarily on the exploration of the Omineca copper-gold project in central British Columbia, Sabin copper-gold project in Ontario, and the Glenmorangie gold project in southeast Yukon. The Company also completed a drill program on the Stump Lake gold project in British Columbia and reached settlement with AngloGold for discontinuing the JV program on Baffin Island, Nunavut.

The largest portion of exploration expenditures was $625,828 on the Baffin properties for camp purchases, geology cost and environmental cleanup, of which $537,369 were recovered from AngloGold as a final settlement for discontinuing the Farm-in and JV agreement with Commander. Spending on other properties for the year ended December 31, 2012 totalled to $718,782 including $325,313 on the Stump Lake property, $127,399 on the Omineca property, $120,974 on the Sabin property, $88,589 on the Glenmorangie property, $8,406 on the Storm property and $48,101on the rest of the Company's properties. The Company recovered $120,000 on the Storm property through Aston Bay's cash payment and share distribution. More information is available on the Mineral Property Expenditure Table and in Note 9 of the Financial Statements for the year ended December 31, 2012.

Commander had no revenue and general and administrative expenses decreased by $581,378 to $809,681 compared to $1,391,059 in 2011. Decreases in most expenses were the result of deconsolidation of Maritime as at February 15, 2012.

Some notable variances are analyzed below:

- Accounting and audit decreased by $64,685 (41%) to $91,735 (2011 - $156,420).
- Administration and others decreased by $47,425 (23%) in relation to the following:

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Annual report and meeting | $ | 5,141 | $ | 6,269 |
| Insurance | | 20,582 | | 32,709 |
| Office and miscellaneous | | 47,285 | | 49,364 |
| Regulatory and transfer agent fees | | 25,880 | | 46,997 |
| Rent and storage | | 62,596 | | 73,570 |
| | $ | 161,484 | $ | 208,909 |

- Consulting expense decreased by $58,413 (46%) to $68,900 (2011 - $127,313).
- Legal fees decreased by $10,112 (32%) to $21,559 (2011 - $31,671 in 2011).
- Salaries and benefits expense decreased by $32,917 (14%) to $209,448 (2011 - $242,365).
- Investor relations and promotion expenses decreased by $40,386 (21%) in relation to the following:

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Conferences and trade shows | $ | 30,119 | | 37,731 |
| Consulting, wages and benefits | | 94,078 | | 91,976 |
| Media | | 14,088 | | 35,950 |
| Printing | | 716 | | - |
| Promotion and advertising | | 13,286 | | 27,016 |
| | $ | 152,287 | $ | 192,673 |

- Share-based payments for the year were $100,002 compared to $425,121 in 2011 in respect of the vesting of stock option, in relation to the following:

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Accounting and audit | $ | 2,659 | $ | 7,227 |
| Consultants | | 46,508 | | 192,937 |
| Investor relations | | 8,564 | | 21,059 |
| Salaries and benefits | | 42,271 | | 203,898 |
| | $ | 100,002 | $ | 425,121 |

- Commander recognized an impairment loss of $471,486 (2011 - $Nil) on investment in securities.
- Commander wrote down a total of $916,789 on impaired properties (2011 - $3,958,279). .
- Commander's share of loss in Maritime after deconsolidation from February 16 through December 31, 2012 was $161,438.
- Commander recognized dilution losses resulting from the decrease in equity interest in Maritime amounted to $103,414.
- A total gain of $3,186,676 was realized on the deconsolidation of Maritime, including a cash gain of $198,529 and non-cash gain of $2,988,147.

For the year ended December 31, 2012, Commander's net income was $924,471 (2011 – net loss of $3,974,813). The increase in income was mainly due to the gain of $3,186,676 on the disposal of subsidiary and the reduction in expenses post deconsolidation.

## Summary of Quarterly Results

| | In Accordance with IFRS | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Mar. 31 2011 Q1 | Jun. 30 2011 Q2 | Sep. 30 2011 Q3 | Dec. 31 2011 Q4 | Mar. 31 2012 Q1 | Jun. 30 2012 Q2 | Sep. 30 2012 Q3 | Dec. 31 2012 Q4 |
| **Mineral property costs deferred, net** | $ (377,968) | $ 896,791 | $ 728,872 | $ (3,667,394) | $ (980,182) | $ 106,917 | $ (676,554) | $ 62,830 |
| **G&A (incl. share-based payments)** | $ 381,846 | $ 425,098 | $ 275,342 | $ 308,773 | $ 257,214 | $ 203,536 | $ 204,484 | $ 144,447 |
| **Share-based payments expense** | $ 119,385 | $ 173,711 | $ 49,377 | $ 82,648 | $ 2,118 | $ 13,395 | $ 63,174 | $ 21,315 |
| **Adjusted G&A (less share-based payments)** | $ 262,461 | $ 251,387 | $ 225,965 | $ 226,125 | $ 255,096 | $ 190,141 | $ 141,310 | $ 123,132 |
| **Income (loss)** | $ (324,725) | $ (458,800) | $ (224,672) | $ (2,966,616) | $ 2,880,488 | $ (235,693) | $ (1,136,743) | $ (583,581) |
| **Income (loss) attributable to owners of the parent** | $ (346,364) | $ (423,109) | $ (196,114) | $ (2,979,290) | $ 2,900,443 | $ (235,693) | $ (1,136,743) | $ (583,581) |
| **Income (loss) per share** - basic and diluted | $ (0.004) | $ (0.005) | $ (0.002) | $ (0.030) | $ 0.029 | $ (0.002) | $ (0.011) | $ (0.006) |
| **Weighted avg. common shares** | 90,942,516 | 95,904,894 | 99,853,418 | 99,892,548 | 99,892,548 | 99,909,032 | 100,042,548 | 100,042,521 |

## Liquidity and Capital Resources

At December 31, 2012, Commander had $523,110 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, 2012.

On February 15, 2012, Commander sold 4.5 million common shares of Maritime through a private transaction at a price of $0.23 per share for gross cash proceeds of $1,035,000.

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

There is no significant commitment for capital expenditure.

## Off-Balance Sheet Arrangements

Commander has not entered into any off-balance sheet arrangements.

## Related Party Transactions

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, 2012 and 2011 as follows:

| | 2012 | 2011 |
|---|---|---|
| Legal | $ 9,628 | $ 24,188 |
| Office rent and administrative | 84,410 | 78,590 |
| | **$ 94,038** | **$ 102,778** |

During the year ended December 31, 2012, the Company charged Maritime $78,707 (2011 - $56,653), in respect of office administration, accounting, rent, insurance and investor relation expense shared by the companies.

At December 31, 2012, included in receivables were $3,060 (2011 - $254) for administrative and office expenses from companies related by common directors.

At December 31, 2012 included in accounts payable were amounts due to related parties of $765 (2011 - $17,706) for legal fees to a law firm related by a director in common.

At December 31, 2012, investment in securities included 258,000 (2011 - 258,000) common shares of a company related by a director in common.

**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, 2012 and 2011 were as follows:

| | | 2012 | | 2011 |
|---|---|---|---|---|
| Accounting | $ | 30,500 | $ | 72,000 |
| Consulting | | 68,900 | | 115,500 |
| Geological consulting | | 6,300 | | 112,110 |
| Salaries and benefits | | 405,363 | | 404,627 |
| Share-based payments | | 83,038 | | 283,752 |
| | $ | 594,101 | $ | 987,989 |

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2012 and 2011.

## 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.

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

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

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

Commander Resources Ltd. disclosed that:

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

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

## Critical Accounting Estimates

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

Commander's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

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

Another significant accounting estimate relates to accounting for share-based payments. Commander uses the Black-Scholes Option Pricing Model to estimate the fair value of share-based payments and warrants. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of Commander's stock options granted/vested during the period.

## New Accounting Policies

### Standards, Amendments and Interpretations Affecting the 2013 and Future Year-Ends

Commander has not early adopted the following revised standards and is currently assessing the impact that these standards will have on the financial statements.

i. IFRS 11, "Joint Arrangements", provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The standard is effective for annual periods beginning on or after January 1, 2013.

ii. IFRS 12, "Disclosure of Interests in Other Entities", is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

iii. IFRS 13, "Fair Value Measurement", is a new comprehensive standard on measuring and disclosing fair value and will supersede all other fair value guidance in IFRS. The standard is effective for annual periods beginning on or after January 1, 2013.

iv. IAS 1, "Presentation of Financial Statements", is amended to revise the way other comprehensive income is presented. The amendments preserve the amendments made to IAS 1 in 2007 to require profit or loss and other comprehensive income to be presented together. The amendments require entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. The amendments also require tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items.

v. IAS 27, "Separate Financial Statements", is amended to deal with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27, "Consolidated and Separate Financial Statements". Requirements for consolidated financial statements are now contained in IFRS 10, "Consolidated Financial Statements". This standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

vi. IAS 28, "Investments in Associates and Joint Ventures", is amended to prescribe the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This standard is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Company upon implementation of the issued standard.

vii. IAS 32, "Financial Instruments: Presentation", is amended to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: 1) the meaning of "currently as a legally enforceable right of set-off", 2) the application of simultaneous realization and settlement, 3) the offsetting of collateral amounts and 4) the unit of account for applying the offsetting requirements.

## 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, 2012, Commander had cash and cash equivalents in the amount of $523,110. Accounts payable and accrued liabilities as at December 31, 2012 amounted to $46,723.

Commander is exposed to credit risk with respect to its cash and cash equivalents, receivables and due from related parties. This risk is minimized as the cash and cash equivalents have been placed with major Canadian financial institutions. Commander performs on-going credit evaluations of its 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 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, 2012, if the market prices of the marketable securities had decreased 44% with all other variables held constant, the comprehensive income for the period would have been $78,165 lower. Conversely, if the market prices of the marketable securities had increased 44% with all other variables held constant, the comprehensive income for the period would have been $78,165 higher.

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, 2012, if the Canadian dollar strengthened/weakened by 2% against the US dollar with all other variables held constant, the Company's income would have been approximately $5,429 higher/lower 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, 2012. Please refer to the financial statements (note 4(a)).

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **December 31, 2012** | | | | |
| Investment in securities | $ 177,647 | $ 177,647 | $ - | $ - |

## 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 Internet at the SEDAR website, www.sedar.com and Maritime's website, www.maritimeresourcescorp.com.

### Outstanding Share Data

As at the Report Date, the Company had:

- 100,042,521 issued common shares outstanding.
- Incentive stock options allowing for the purchase of shares in the capital of the Company, as follows:

| Number of Options | Exercise Price | Expiry Date | * | Number of Options with Accelerated Expiry Date | |
|---|---|---|---|---|---|
| 210,000 | $0.100 | October 17, 2013 | | | |
| 700,000 | $0.100 | February 20, 2014 | | | |
| 1,201,000 | $0.100 | May 12, 2014 | | | |
| 200,000 | $0.390 | January 19, 2015 | | | |
| 1,643,500 | $0.350 | January 27, 2015 | * | 137,500 | March 30, 2013 |
| 500,000 | $0.270 | May 25, 2015 | | | |
| 100,000 | $0.180 | October 6, 2015 | | | |
| 1,915,000 | $0.185 | February 11, 2016 | * | 80,000 | March 30, 2013 |
| 400,000 | $0.170 | April 6, 2016 | | | |
| 1,630,000 | $0.100 | June 12, 2017 | * | 120,000 | March 30, 2013 |
| 400,000 | $0.100 | November 14, 2017 | | | |
| **8,899,500** | Outstanding | | | **337,500** | |
| **8,662,000** | Exercisable | | | **337,500** | |

- After December 31, 2012, 337,500 stock options have been accelerated to expire on March 30, 2013.
- 100,000 stock options expired unexercised on January 19, 2013.
- 740,000 stock options expired on February 7, 2013.

## Mineral Property Expenditure Table

At December 31, 2012 and 2011, the Company's exploration and evaluation assets comprise properties located in Canada. Expenditures incurred on mineral properties 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) |
| Write down | - | - | - | - | - | (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 Property | - | - | - | - | - | - | - | - | (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** |

| | 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, 2010** | **$ 10,041,959** | **$ 2,590,023** | **$ -** | **$ 116,144** | **$ 106,642** | **$ -** | **$ 127,027** | **$ 8,133,079** | **$ 769,268** | **$ 21,884,142** |
| Acquisition costs | - | - | 60,373 | - | - | 109,433 | - | 1,440 | 1,750 | 172,996 |
| Exploration costs: | | | | | | | | | | |
| Drilling | 568,026 | 71,414 | 63,722 | 1,200 | - | 304 | 450 | 2,203 | 565,516 | 1,272,835 |
| Geochemistry | 45,364 | 5,449 | 46,938 | 521 | - | 49,530 | - | - | - | 147,802 |
| Geology | 800,468 | 242,613 | 233,417 | 162,419 | 15,345 | 286,235 | 10,526 | 48,535 | 162,696 | 1,962,254 |
| Geophysics | 255,992 | - | 267 | 725,012 | - | 110,134 | - | - | - | 1,091,405 |
| Property | 111,828 | - | 970 | 14,829 | - | 3,386 | 3,870 | 7,803 | 3,107 | 145,793 |
| Other | 16,426 | 6,338 | - | 135 | - | 3,784 | 27 | 198 | 440 | 27,348 |
| | 1,798,104 | 325,814 | 345,314 | 904,116 | 15,345 | 453,373 | 14,873 | 58,739 | 731,759 | 4,647,437 |
| Less: | | | | | | | | | | |
| Recoveries | (2,596,363) | (361,040) | - | (90,000) | - | - | - | (12,000) | (222,450) | (3,281,853) |
| Write down | - | - | - | - | - | - | - | (3,958,279) | - | (3,958,279) |
| Net additions | (798,259) | (35,226) | 405,687 | 814,116 | 15,345 | 562,806 | 14,873 | (3,910,100) | 511,059 | (2,419,699) |
| **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** |

COMMANDER RESOURCES LTD.

## HEAD OFFICE

Commander Resources Ltd.
1100 - 1111 Melville Street
Vancouver, British Columbia
Canada V6E 3V6

**TEL:** (604) 685-5254
**TOLL FREE**: 1-800-667-7866
**Email:** info@commanderresources.com

## OFFICERS & DIRECTORS

Eric W. Norton, P.Eng.
*President, Chief Executive Officer and Director*

David Watkins, M.Sc.
*Chairman and Director*

Bernard H. Kahlert, P.Eng.
*Vice President, Corporate Development and Director*

Kenneth Leigh, MSc.
*Director*

William J. Coulter, B.A.Sc.
*Director*

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

Mark Lotz, C.A.
*Director*

Steve Potts, P.Geo.
*Vice President, Exploration*

Michael Chen, CPA, MBA
*Chief Financial Officer*

Janice Davies
*Corporate Secretary*

## LISTINGS

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

## CAPITALIZATION
(As at December 31, 2012)

Shares Authorized: Unlimited
Shares Issued: 100,042,521

## REGISTRAR & TRUST AGENT

Computershare Trust Company of Canada
510 Burrard Street, 3rd Floor
Vancouver, BC
V6C 3B9

## AUDITOR

Smythe Ratcliffe LLP
7th Floor, Marine Building
355 Burrard Street
Vancouver, British Columbia
V6C 2G8

## LEGAL COUNSEL

Salley Bowes Harwardt Law Corp.
1750 - 1185 West Georgia St.
Vancouver, British Columbia
V6E 4E6