



**COMMANDER
RESOURCES LTD.**

FORM 51-102F1

Management Discussion and Analysis
For the Six Months Ended June 30, 2005

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Description of Business

Commander Resources Ltd. (“the Company”) is an exploration stage company engaged in the acquisition and exploration of prospective gold, nickel and base metal properties primarily in Canada. The Company is currently focusing its exploration activities on Baffin Island, Nunavut and to a lesser extent on properties in Labrador, Newfoundland, and British Columbia. The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol CMD. The following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the interim financial statements and the notes thereto for the six months ended June 30, 2005.

Forward-Looking Information and Report Date

This Management Discussion and Analysis (“MD&A”) may contain forward-looking statements that involve risks and uncertainties. When used in this MD&A, the words “anticipate”, “believe”, “estimates”, “expects” and similar expressions are intended to identify such forward-looking statements. Readers are cautioned that these statements which describe the Company’s proposed plans, objectives, and budgets may differ materially from actual results. Such forward-looking statements in this MD&A are only made as of August 25th, 2005 (the “Report Date”).

Highlights for the Three Months Ended June 30, 2005

- On May 2nd, 2005, the Company announced the start of the Baffin project. The program includes detailed ground geophysics, detailed structural mapping, sampling and diamond drilling. As at the date of this report, the initial phase of diamond drilling had been completed on the Ridge Lake prospect area where about 1,800 metres was drilled in 24 shallow holes.
- On May 5th, 2005, shareholders at the Company’s Annual General Meeting approved all items set forth in the proxy including an increase in the number of allowable stock options to a maximum of 6,155,518, adoption of new articles of incorporation, and an increase the authorized share capital to unlimited from 100,000,000. The latter two items came into effect on May 19, 2005. Copies of the documents can be found on www.sedar.com.
- On the Big Hill, Newfoundland gold project four drill holes were completed to test several geochemical and geophysical anomalies. Two gold bearing veins, each approximately 60 centimetres (2 feet) wide contained 5 to 10 percent coarse crystalline pyrite containing gold, copper, lead and zinc

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mineralization. The features and style of mineralization are similar to those found at the nearby Hammerdown gold deposit.

- On the Stewart property, New Brunswick, two diamond drill holes totalling 625 metres were completed. Both holes encountered widespread, low grade copper mineralization with several 0.40 to 1.0 metre intervals assaying 0.35 to 0.65 percent copper.
- The first phase of work on the Blue Hills and White Bear uranium properties in Newfoundland was completed. Results included 18 samples exceeding 4 pounds per tonne U_3O_8 (0.18% U_3O_8) and 33 samples exceeding 2 pounds per tonne U_3O_8 (0.09% U_3O_8). Highest values were 12.3 pounds per tonne U_3O_8 (0.56% U_3O_8), 11.7 pounds per tonne U_3O_8 (0.53% U_3O_8), 10.3 pounds per tonne U_3O_8 (0.46% U_3O_8) and 9.2 pounds per tonne U_3O_8 (0.42% U_3O_8).
- On June 22nd, 2005, the Company completed a private placement of 5,093,667 flow-through commons at \$0.24 per share for net proceeds of \$1,207,163.
- Throughout the period, the Company raised \$13,700 dollars through the exercise of stock options.

Subsequent Events to June 30, 2005

- On July 20th, 2005, the Company granted of 783,000 stock options to directors, officers, employees and consultants under its stock option plan and in accordance with the Company's compensation policy. The options are exercisable for five years at \$0.25 per share and are subject to the policies of the TSX Venture Exchange.

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At June 30, 2005, the Company held mineral properties exclusively in Canada. Exploration activity and expenditures incurred on the Company's properties are tabulated and discussed in more detail below.

	Sarah Lake	Green Bay	Adlatok 1	Big Hill (1)	Blue Hill, Couteau, White Bear	Stewart (1)	Sally	Qimmiq	Dewar Lake	Bravo Lake	Other Properties	Total
Balance at December 31, 2004	\$ 1,141,926	\$ 435,516	\$ 117,915	\$ 103,797	\$ -	\$ 417,502	\$ 57,519	\$ 3,368,627	\$ 243,772	\$ 504,977	\$ 2,316,950	\$ 8,708,501
Additions during the year:												
Acquisition costs:	-	-	-	-	30,420	-	-	-	-	-	1,008	31,428
Exploration costs:												
Administration	-	82	-	347	31	440	-	23,927	2,269	5,757	962	33,815
Drilling	-	1,013	-	134,849	-	75,524	-	21,000	-	-	-	232,386
Geochemistry	-	-	-	132	3,090	-	-	1,020	-	-	-	4,242
Geology	3,765	234	4,870	14,635	22,436	6,899	1,508	38,136	8,344	10,812	24,188	135,827
Geophysics -Ground	-	-	200	400	661	2,690	200	157,199	108	2,152	538	164,148
Licences and fees	3,431	-	3,800	-	-	-	-	44,846	-	2,957	30,409	85,443
Mobilization/demob.	-	-	-	-	-	-	-	298,474	8,538	18,325	-	325,337
Permitting	-	-	-	-	330	-	-	3,203	161	1,520	2,831	8,045
Prospecting	-	-	-	-	20,492	-	-	365	-	157	-	21,014
Trenching/line cutting	-	-	-	537	3,090	-	-	2,467	-	-	-	6,094
	7,196	1,329	8,870	150,900	50,130	85,553	1,708	590,637	19,420	41,680	58,928	1,016,351
Less:												
Recoveries	-	(395)	-	-	-	(19,500)	-	-	(341)	-	(19,396)	(39,632)
Write down	-	(21,007)	-	-	-	-	-	-	-	-	-	(21,007)
	-	(21,402)	-	-	-	(19,500)	-	-	(341)	-	(19,396)	(60,639)
Net additions	7,196	(20,073)	8,870	150,900	80,550	66,053	1,708	590,637	19,079	41,680	40,540	987,140
Balance at June 30, 2005	\$ 1,149,122	\$ 415,443	\$ 126,785	\$ 254,697	\$ 80,550	\$ 483,555	\$ 59,227	\$ 3,959,264	\$ 262,851	\$ 546,657	\$ 2,357,490	\$ 9,695,641

(1) Included in "Other Properties" in 2004.

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The Company's principal project is located in Canada's far north which poses an inherent risk associated with exploring due to the remoteness from populated areas, lack of surface infrastructure, and availability of skilled labour, fuel and supplies. Exploration is dependent on air transportation, fixed wing and helicopter, which are susceptible to bad weather. The unpredictability of the weather can cause unavoidable delays in carrying out a planned exploration program resulting in cost overruns. The Company preliminary budget for the 2005 Baffin Island exploration program as follows:

Table 1 – Baffin Island Budget

	Preliminary Budget	Cost to Date Actual	Variance
Administration	\$ 50,000	\$ 31,953	\$ 18,047
Drilling	550,000	21,000	529,000
Geochemistry	100,000	1,020	98,980
Geology	120,000	57,292	62,708
Geophysics -Ground	470,000	159,459	310,541
Licences and fees	40,000	47,803	(7,803)
Permitting	-	4,884	(4,884)
Mobilization/demob.	-	325,337	(325,337)
Prospecting and trenching	670,000	2,989	667,011
	<u>\$ 2,000,000</u>	<u>\$ 651,737</u>	<u>\$ 1,348,263</u>

Cost to date for Baffin Island reflects the combined expenditures for Qimmiq, Dewar Lake and Bravo Lake at June 30, 2005. The large variances reflect that the program is underway and a major component of the budget, drilling, commenced after the quarter end. Please note that the discussion in the MD&A is as of the report date and includes drilling activities in July and August which is not reflected in Table 1 above.

Mobilization/demob costs include moving supplies into the field and ongoing camp costs. At the end of the program, these costs will be allocated based on a percentage of Man Days, to the different exploration programs.

Qimmiq, Baffin Island Nunavut (Gold Project)

On June 18, 2003, the Company entered into an option agreement with BHP Billiton Diamonds Inc. ("BHP Billiton") to explore for gold and base metals on Nunavut Tunngavik Incorporated leases on Baffin Island, Nunavut. In 2004, a four month exploration program commenced in late May and continued until mid-September to follow-up encouraging results from the limited 2003 program. The principal target on the property is gold mineralization hosted within a Proterozoic-age (1,800 million years old) iron formation sequence; however, potential also exists on the property for Broken Hill-type Zn-Ag and Nickel-Copper deposits. The project included detailed geological mapping, prospecting, airborne and ground Electromagnetic ("EM") and Magnetic ("Mag") geophysical surveys to follow up known surface gold occurrences and locate new gold and base metal prospects.

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Qimmiq Exploration Program

The geological field program commenced in early May with a ground geophysical program on the Ridge Lake and Peninsula prospect areas. The summer geological program commenced on June 18th and the first phase of diamond drilling commenced on July 15th. Additional geological mapping was focused on Ridge Lake West and some infill channel sampling was completed. In addition, detailed geological mapping, channel sampling and ground magnetic surveying was completed on the Qim 5 prospect area. Surface channel samples and diamond drill core has been sent to the laboratory for analysis. Results are awaited.

The initial phase of drilling was focused on the Ridge Lake prospect area where 1,800 metres was drilled in 24 holes shallow holes for an average hole depth of 75 metres. The drill holes were spotted using surface geology, surface gold mineralization and the results of the available airborne and ground geophysical data.

Dewar Lake, Nunavut (Gold Project)

On June 18, 2003, the Company entered into an option agreement with BHP Billiton to explore for gold and base metals on three Nunavut Prospecting Permits located on Baffin Island, totaling 162,947 acres.

Bravo Lake, Nunavut (Gold Project)

On August 21, 2003, the Company entered into an option agreement with Falconbridge Limited ("Falconbridge") to explore for gold, diamonds and other metals on twelve Nunavut Exploration Permits on Baffin Island, Nunavut.

Bravo Lake Exploration Program

Work on the Bravo Permits concentrated on the Durette and 2369 prospect areas at the eastern end of the property (approximately 40 kilometres to the east of Ridge Lake). Detailed geological, ground magnetic and electromagnetic surveys and channel sampling were completed. A total of 179 channel samples and 121 grab samples have been collected from Durette/2369. Results are awaited.

Big Hill, Newfoundland (Gold Project)

In February 2004, the Company finalized an option agreement with Black Bart Prospecting Inc. under which the Company may acquire a 100% interest in the Big Hill property, consisting of four claims in the Baie Verte Electoral District, Newfoundland. Under the terms of the agreement, the Company paid \$7,000 in cash and agreed to issue an aggregate of 200,000 common shares and expend a total of \$480,000 in exploration expenses on the property over four years. The option is subject to a 2.5% net smelter return royalty with a 1.5% buy back provision. Subsequent to the quarter end, the Company issued 60,000 shares to the vendor extending the option into the third term.

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Big Hill Exploration Program

The Big Hill diamond drill program consisted of four diamond drill holes totalling 544.36 metres which was designed to test several geochemical and geophysical anomalies. Two veins, each approximately 60 centimetres (2 feet) wide contain 5 to 10 percent aggregates of coarse crystalline pyrite along with visible traces of copper, lead and zinc mineralization. Significant assay results for the two veins are tabulated below:

DDH No.	Interval (metres)	Length (metres)	Au g/t	Ag g/t
BH 05-01	46.4 to 47.0	0.60	4.06	36.29
BH-05-03	140.67 to 141.38	0.71	3.92	29.10

In addition to the intervals tabulated below, other narrow gold-quartz veins assaying from 0.10 to 0.90 g/t Au over 0.10 – 0.35 metres were encountered in the holes. Hole BH-05-04 contained no significant gold values. The Big Hill veins are hosted by mafic volcanics and gabbros which have been highly altered and fractured.

The project received financial assistance from the Newfoundland and Labrador Junior Company Exploration Assistance Program (JCEAP) amounting to approximately 50% of the exploration expenditures.

Blue Hills and White Bear, Newfoundland (Uranium Project)

On March 16, 2005, the Company entered into an option agreement with a private consortium based in Newfoundland to earn a 100% interest in the Blue Hills and White Bear Uranium properties over a four year term by making cash payments of \$82,200, issuing 201,000 common shares, a warrant to purchase 250,000 common shares exercisable at a price of \$1.00 per share and completing \$1,000,000 in exploration work. To date, the Company has paid \$7,500 and issued 21,000 common shares. The warrant is exercisable only if a Mineral Reserve (as defined in National Instrument 43-101) of at least \$500 million is defined and will expire on the earlier of the date the Company exercises the option or March 4, 2009. The agreement is subject to a 2% of Net Smelter Returns Royalty for the vendors with a buy-back of 1% of the royalty for \$1.0 million.

On March 29, 2005, the Company entered into a separate option agreement to earn a 100% interest in the Couteau Lake Property from prospector Lai Lai Chan over a four year term by making total cash payments of \$60,000, issuing 150,000 common shares and completing \$300,000 in exploration work. To date, the Company has paid \$7,000 in cash and issued 20,000 common shares. The first year expenditure commitment is \$40,000. The agreement is subject to a 2% of Net Smelter Returns Royalty for the vendor with a buy-back of 1% of the royalty for \$1 million. The terms of this agreement is subject to acceptance by the TSX Venture Exchange.

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Blue Hills and White Bear Exploration Program

The Company completed the first phase of its field program consisting of prospecting, sampling and mapping on the Blue Hills and White Bear uranium project, located just north of the port of Burgeo on the south coast of Newfoundland. The properties have not been previously drilled, are located close to a paved highway and power line, close to a sea port and are in a sparsely vegetated area.

Field crews equipped with handheld scintillometers successfully located the main mineral showings in outcrop and boulder fields that were reported and documented by Shell Minerals, and worked by the Central Electricity Generating Board (CEGB) in the early 1980's.

More than 100 rock chip and channel samples were collected from boulder and outcrop exposures where radiometric anomalies were recorded. Samples collected averaged 2 to 3 kilograms each consisting of an aggregate of numerous rock chips. A few saw-cut channel samples were also collected. No single "grab" samples were submitted for analysis in this batch.

Blue Hills and White Bear Exploration Results

Results included 18 samples exceeding 4 pounds per tonne U_3O_8 (0.18% U_3O_8) and 33 samples exceeding 2 pounds per tonne U_3O_8 (0.09% U_3O_8). Highest values reported were 12.3 pounds per tonne U_3O_8 (0.56% U_3O_8), 11.7 pounds per tonne U_3O_8 (0.53% U_3O_8), 10.3 pounds per tonne U_3O_8 (0.46% U_3O_8) and 9.2 pounds per tonne U_3O_8 (0.42% U_3O_8). A total of 57 samples returned values exceeding 1 pound per tonne U_3O_8 (0.045% U_3O_8). Detailed sample results are shown in the table and map on the Company's website.

Mineralization appears to be stratigraphically controlled in most of the prospects. At the "Main" prospect on Blue Hills, 21 samples returned in excess of 2 pounds per tonne U_3O_8 and 10 samples were in excess of 4 pounds per tonne U_3O_8 . A composite of three consecutive saw-cut channel samples from a bedrock exposure graded 2.36 pounds per tonne U_3O_8 , over 1.5 metres. The best rock chip sample ran 11.70 pounds per tonne U_3O_8 from another part of the bedrock exposure. At the #4 Boulder Prospect, located about 600 metres to the east along strike from the Main prospect, 2 samples returned 7.84 pounds per tonne and 4.32 pounds per tonne U_3O_8 . The main host rocks are fine-grained felsic volcanics with strong silica and sericite alteration.

Results for approximately 15 individual grab samples collected from specific sites in the area of the larger samples and from outcrop and boulders verified historical results reported by Shell Canada and the Central Electricity Generating Board (CEGB). On Blue Hills, bedrock samples near the previously reported channel samples on the Main prospect ran 2.06% U_3O_8 (45.32 pounds per tonne U_3O_8) and 0.422 % U_3O_8 (9.28 pounds per tonne U_3O_8). On the White Bear River Property, three angular boulders from the #3 prospect returned values from five samples including 0.564% U_3O_8 , 0.512% U_3O_8 and 0.714% U_3O_8 (12.4, 11.5 and 15.7 pounds per tonne, respectively).

Blue Hills and White Bear Future Plans

Based on the encouraging results returned from the limited first pass sampling program, an aggressive follow-up sampling and mapping program is being planned for later this summer that will include a combination of detailed radiometric surveying, basal till soil sampling and machine trenching and sampling using a back-hoe.

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Nepisquit - Stewart, New Brunswick (Zinc/Copper Project)

The Company owns a 100% interest in the Stewart property located in the prolific Bathurst Mining Camp. It was acquired in 1996 by optioning claims from Rio Algom Limited (Rio Option) and private claim owners (Stewart Option). Commander owns 100% subject to certain Back-In Rights on the Nepisquit property and a 1% N.S.R. on the Stewart property.

Stewart Exploration Program

Two diamond drill holes totalling 625 metres were completed on the Stewart property. Both holes encountered widespread, low grade copper mineralization with several 0.40 to 1.0 metre intervals assaying 0.35 to 0.65 percent copper. The second hole of the program, designed to intersect an interpreted deep conductor encountered an internal sedimentary horizon between 370 and 416 metres, where the hole was terminated. The size of the interpreted conductor is well over 100 metres long and room exists for the anticipated copper breccia zone just to the north of the current deep drill hole. The conductor is open at depth within the breccia pipe.

The Company was granted financial assistance by the Government of New Brunswick's Junior Mining Assistance Program (2004), which provided 40 percent of the project funding.

Results of Operations

-Current Quarter Results

Cash and cash equivalents of \$294,786 decreased \$77,539 from the previous quarter, as cash was used to fund operating and investing activities. Operating activities used \$236,044 of which general and administrative expenses used \$204,609 and non-cash working capital items used \$31,435. Investing activities used \$1,057,157 with mineral property acquisitions and exploration costs using \$829,253 and cash exploration funds using \$606,786. Financing activities provided \$1,215,662 in cash through the issuance of common shares. The Company completed a flow-through financing during the quarter.

General and administrative expenses of \$182,658 represented a \$158,656 decrease from the previous quarter \$341,314. The decrease was largely due to the \$7,855 in stock-based compensation expense compared to the previous quarter expense of \$109,968. Other fluctuations from the previous quarter are noted below:

- Annual report and meeting expense of \$13,508 (Q1 - \$1,116) largely reflects the mailing and printing cost associated with Company's annual general meeting held on May 5th, 2005.
- Investor relations and promotion expense of \$46,399 (Q1 - \$62,336) decreased as the previous quarter included \$7,410 for re-design of the website and corporate profile tradeshow booth.
- Gain on sale of marketable securities of \$38,896 (Q1 - \$Nil) reflects the sale of investments to provide working capital for the Company.

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-Six months ended June 30, 2005 compared with the Six Months Ended June 30, 2004

The Company had no revenues for the three months ended June 30, 2005 whereas the comparative period included the final payment of the Company's production interest in the Hammerdown/Rumbullion Gold Deposit. General and administrative expense of \$523,972 (2004 - \$1,034,501) represented a \$510,529 decrease over fiscal 2004. Notable fluctuations in comparison to the comparative period are:

- Insurance expense of \$14,250 (2004 - \$Nil) reflects the Company's change in accounting treatment to record the unrecognized portion as a prepaid expenses whereas in the past the Company expensed the entire amount when paid.
- Investor relations and promotion expense of \$108,734 has decreased from the comparative fiscal period. The current period includes cost associated with full-time employment of a corporate communications person. A breakdown as follows:

	<u>Q2 - 2005</u>	<u>Q2 - 2004</u>
Administration	\$ 28	\$ 1,752
Conferences and trade shows	45,527	63,124
Consulting, wages and benefits	33,705	1,875
Media	5,982	31,733
Promotion and advertising	23,493	27,377
	<u>\$ 108,735</u>	<u>\$ 125,861</u>

- Salaries and benefits expense of \$99,298 (2004 - \$192,157) represented a \$92,859 decrease over 2004 which reflected the cost associated with changing presidents including a signing bonus paid to the new President to facilitate vacating his former position early and the transition period when compensation was paid to both presidents.
- Stock-based compensation expense of \$109,968 (2004 - \$560,243) represented the vesting of 250,000 stock options. Stock-based compensation expense is a non-cash item.

For the six months ended June 30, 2005, the Company's loss before taxes was \$546,250 (2004 - \$948,667). The loss after a future income taxes of \$149,500 (2004 - \$413,054) was \$695,750 (2004 - \$535,613). The Company does not anticipate paying cash dividends during fiscal 2005.

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Summary of Quarterly Results, For the Three Months Ended:

	Sept. 30 2003 Q3	Dec. 31 2003 Q4	Mar. 31 2004 Q1	Jun. 30 2004 Q2	Sept. 30 2004 Q3	Dec. 31 2004 Q4	Mar. 31 2005 Q1	Jun. 30 2005 Q2
Mineral expenditures, net	\$ 619,428	\$ 73,699	\$ 127,928	\$ 1,553,593	\$ 1,923,323	\$ 149,112	\$ 183,624	\$ 829,253
Revenues	\$ 107,190	\$ 81,360	\$ 19,478	\$ 62,788	\$ -	\$ (228)	\$ -	\$ -
G&A (incl. stock comp.)	\$ 145,355	\$ 332,928	\$ 413,530	\$ 620,971	\$ 333,858	\$ 284,807	\$ 341,314	\$ 182,658
Stock comp. expense	\$ -	\$ 163,919	\$ 166,885	\$ 393,358	\$ 110,007	\$ 7,855	\$ 102,113	\$ 7,855
G&A (less stock comp.)	\$ 145,355	\$ 169,009	\$ 246,645	\$ 227,613	\$ 223,851	\$ 276,952	\$ 239,201	\$ 174,803
Income (loss)	\$ (83,012)	\$ (2,502,509)	\$ (367,358)	\$ (168,255)	\$ (364,026)	\$ (459,486)	\$ (286,261)	\$ (409,489)
Income (loss) per share								
-basic and diluted	\$ (0.01)	\$ (0.14)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)
Weighted avg. common shares								
-basic and diluted	17,633,619	17,677,629	18,004,378	22,890,063	25,967,914	25,314,313	30,764,701	31,452,614

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The Company's predominant exploration project is currently on Baffin Island, Nunavut in Canada's far north and is subject to seasonal working conditions. The Company's exploration program on this project typically runs during the spring and summer to early fall periods so most of the expenditures are incurred during the second and third quarters. In 2004, The Company's net mineral expenditures for these two quarters was \$1,553,593 and \$1,923,323. The Company anticipates increased exploration expenditures for the same two quarters in 2005.

Since the adoption of the CICA accounting standard for stock-based compensation in the fourth quarter of fiscal 2003, the Company's general and administrative quarterly expense has increased and has been subject to large fluctuations. The granting and vesting of stock options is at the discretion of the Board of Directors and the resulting expense does not reflect the normal operations of the Company. The Company has included "adjusted general and administrative expense" without the stock-based compensation expense included which is more reflective of normal operations.

In 2004, overall general and administrative expenses have increased as the Company increased investor relations activity in promoting the Company's activities and overlap cost for the transition of the new President. In 2005, general and administrative expenses are expected to be lower in comparison to 2004.

Liquidity

At June 30, 2005, the Company had \$2,123,721 in working capital, which may not be sufficient to complete the Company's planned business objectives for 2005. To help furnish the Company's 2005 business objectives, management completed a flow-through financing, noted below, to fund the exploration programs in Canada and sold portions of its marketable securities to assist with working capital requirements. Management is cognizant of the dilution to shareholders caused by equity financing and sees the sale of its marketable securities as an alternative to equity financing to preserve shareholder value.

On June 22, 2005, the Company completed a private placement of 5,093,667 flow-through common shares at a price of \$0.24 per share were issued for net proceeds of \$1,207,163. The securities are subject to a four month hold period and may not be traded until October 21, 2005. Finders' fees were paid with \$7,980 in cash and 204,166 in common shares. In addition, the Company raised \$13,700 from the exercise of 50,000 stock options.

The Company does not have operating cash flow and has relied on equity financings to meet its cash requirements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financings will be favourable.

Capital Resources

The Company has entered into option agreements whereby the Company is required to meet certain obligations during fiscal 2005 to keep the options in good standing:

- On the Big Hill property in Newfoundland, the Company must issue 60,000 common shares (**issued**) to Black Bart Prospecting Inc. and spend a minimum of \$75,000 in exploration expenditures (**expended**) before July 31, 2005.
- On the Blue Hill and White Bear properties in Newfoundland, the Company must issue 21,000 common shares (**issued**) and spend a minimum of \$75,000 in exploration expenditures before

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March 16, 2006.

- On the Couteau lake Property in Newfoundland, the Company must issue 20,000 common shares (**issued**) and spend \$40,000 in exploration expenditures by April 22, 2006.
- On Bravo Lake in Nunavut, the Company must spend a minimum of \$71,000 in exploration expenditures before December 31, 2005.

Off-Balance Sheet Arrangements

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

Related Party Transactions

Included in marketable securities at June 30, 2005 are 1,549,500 common shares of Diamonds North Resources Ltd. ("Diamonds North"), a company related by a common director, Bernard Kahlert and 167,647 common shares of Fjordland Explorations Inc. a company related by a common director, Victor Tanaka.

The Company shares certain administrative costs with four other companies related by virtue of common directors. Included in accounts receivable is an aggregate of \$2,821 owed by those companies for shared administrative expenses. Included in accounts payable is \$5,812 owed to Diamonds North relating to shared office premises and administrative staff.

Given that the Company's directors and officers are engaged in a wide range of activities in the junior resource industry, the Company operates under the Conflict of Interest provisions found within the Business Corporations Act of BC. In addition, management has adopted language from these provisions and incorporated them into the Company's Code of Business Conduct and Ethics.

Proposed Transactions

None.

Critical Accounting Estimates

There have been no significant changes in critical accounting estimates from those disclosed in the annual MD&A for the year ended December 31, 2004.

Changes in Accounting Policies

The CICA issued Accounting Guideline 15, "Consolidation of Variable Interest Entities," which became effective for fiscal years beginning on or after November 1, 2004. This guideline addresses the application of consolidation principles to entities that are subject to control on a basis other than ownership based on voting equity. The Company adopted the accounting guideline on January 1, 2005. The adoption of this guideline did not have any impact on these financial statements.

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Financial Instruments

Marketable securities are carried at the lower of cost or quoted market value. When market value is below cost, any unrealized loss is charged to income. The Company sold 170,000 shares of Diamonds North during the quarter and subsequent to the quarter end, sold another 312,000 shares. The quoted market value of marketable securities at June 30, 2005 was \$1,064,753.

Other MD&A Requirements

Additional information relating to the Company, including the Company's most recent Annual Information Form, is available on SEDAR at www.sedar.com.

As at the Report Date, the Company had 36,226,423 issued common shares outstanding and the following unexercised stock options, warrants and agents' options:

-Stock Options

Expiry Date	Exercise Price	Number of Shares
September 11, 2006	\$0.23	179,332
January 23, 2008	\$0.20	430,337
August 20, 2008	\$0.26	221,666
September 10, 2008	\$0.45	5,000
December 18, 2008	\$0.50	75,000
January 21, 2009	\$0.53	700,000
February 19, 2009	\$0.64	50,000
May 18, 2009	\$0.56	791,000
September 6, 2009	\$0.40	100,000
September 21, 2009	\$0.40	200,000
January 24, 2010	\$0.34	50,000
July 19, 2010	\$0.25	783,000
		3,585,335

-Warrants

Expiry Date	Exercise Price	Number of Shares
October 27, 2005	\$0.70	35,000
December 8, 2005/2006	\$0.45/\$0.50	2,500,000
		2,535,000

HEAD OFFICE

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OFFICERS & DIRECTORS

Kenneth E. Leigh, M.Sc.
*President, Chief Executive Officer
and Director*

William J. Coulter, B.A.Sc.
Chairman and Director

Bernard H. Kahlert, P.Eng.
Vice President, Exploration and Director

Albert F. Reeve, P.Eng.
Director

Victor A. Tanaka, P.Geo.
Director

Brian Abraham, LLB., P.Geo
Director

Michael Lee
Chief Financial Officer

Janice Davies
Corporate Secretary

Maynard E. Brown, LLB.
Assistant Corporate Secretary

LISTINGS

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

CAPITALIZATION

(as at June 30, 2005)

Shares Authorized: Unlimited
Shares Issued: 36,166,423

REGISTRAR & TRUST AGENT

CIBC Mellon Trust Company
Suite 1600, The Oceanic Plaza
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