COMMANDER RESOURCES LTD.

INTERIM REPORT

For the Three Months Ended
March 31, 2006

(See Notice)

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited interim financial statements of Commander Resources Ltd. ("the Company"), for the three months ended March 31, 2006, have been prepared by management and have not been the subject of a review by the Company's independent auditor.

COMMANDER RESOURCES LTD.

Balance Sheets
(See Notice)

		March 31, 2006		December 31, 2005 (Audited)
ASSETS				
Current assets				
Cash and cash equivalents	$	111,445	$	121,722
Cash, exploration funds (Note 13)		362,711		565,645
Marketable securities (Note 3)		296,379		311,354
Accounts receivable		61,945		100,320
Due from related parties (Note 9(a))		4,471		5,707
Prepaid expenses		36,051		55,992
Field supplies (Note 4)		84,175		84,175
Deposits (Note 5)		19,840		94,045
		977,017		1,338,960
Mineral properties (Note 6)		11,762,566		11,703,260
Property, plant and equipment (Note 7)		55,479		60,293
	$	12,795,062	$	13,102,513
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 9)	$	90,727	$	217,888
Future income taxes (Note 13)		593,915		593,915
		684,642		811,803
SHAREHOLDERS' EQUITY				
Share capital (Note 8(b))		24,664,711		25,316,856
Contributed surplus		17,043		17,043
Option compensation (Note 8(f))		1,093,467		1,097,149
Deficit		(13,664,801)		(14,140,338)
		12,110,420		12,290,710
	$	12,795,062	$	13,102,513

Nature of Operations and Going Concern (Note 1)
Commitment (Note 10)
Subsequent Events (Note 14)

Approved by the Directors: "Kenneth E. Leigh" "Victor A. Tanaka"
Kenneth E. Leigh Victor A. Tanaka

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.

Statements of Operations and Deficit
(Unaudited – See Notice)

	For the Three Months Ended March 31, 2006	March 31, 2005
General and administrative expenses		
Accounting and audit	$ 14,670	$ 14,108
Amortization	4,814	4,918
Annual report and meeting	-	1,116
Consultants	10,017	22,092
Insurance	12,812	7,125
Investor relations and promotion	49,233	62,336
Legal	1,468	3,023
Office and miscellaneous	19,263	14,904
Regulatory and transfer agent fees	10,776	13,016
Rent and storage	23,608	23,831
Salaries and benefits	121,671	72,732
Stock-based compensation	-	102,113
	268,332	341,314
Loss before the undernoted	(268,332)	(341,314)
Investment income	3,056	3,798
Property investigation	(55)	(1,196)
Write down of mineral properties	-	(21,007)
Gain on marketable securities	51,044	-
Loss before taxes	(214,287)	(359,719)
Future income tax recovery (expense) (Note 13)	689,824	73,458
Income (loss) for the period	475,537	(286,261)
Deficit, beginning of period	(14,140,338)	(14,030,433)
Deficit, end of period	$ (13,664,801)	$ (14,316,694)
Earnings (loss) per share		
-Basic	$ 0.01	$ (0.01)
-Diluted	$ 0.01	$ (0.01)
Weighted average number of shares outstanding		
-Basic	39,668,585	30,764,701
-Diluted	46,235,375	30,764,701

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.

Statements of Cash Flows
(Unaudited – See Notice)

	For the Three Months Ended March 31, 2006	March 31, 2005
Cash provided from (used for):		
Operating activities		
Income (loss) for the period	$ 475,537	$ (286,261)
Items not involving cash:		
Amortization	4,814	4,918
Gain on sale of marketable securities	(51,044)	-
Stock-based compensation	-	102,113
Write down of mineral properties	-	21,007
Future income tax recovery	(689,824)	(73,458)
	(260,517)	(231,681)
Net change in non-cash working capital items:		
Accounts receivable	38,375	197
Due from related parties	1,236	15,692
Prepaid expenses	19,941	5,290
Bid deposits and deposits	74,205	(113,211)
Accounts payable and accrued liabilities	(66,741)	(52,603)
	(193,501)	(376,316)
Investing activities		
Cash, exploration funds	202,934	186,843
Proceeds from sale of marketable securities	111,019	-
Mineral property acquisition and exploration costs	(89,876)	(183,624)
Accounts payable and accrued liabilities related to mineral properties	(60,420)	(4,788)
Purchase of equipment	-	(4,454)
	163,657	(6,023)
Financing activity		
Shares issued for cash, net of issue costs	19,567	5,200
Decrease in cash and cash equivalents	(10,277)	(377,139)
Cash and cash equivalents, beginning of period	121,722	749,464
Cash and cash equivalents, end of period	$ 111,445	$ 372,325

Supplemental Cash Flow Information (Note 12)

See Accompanying Notes to the Financial Statements

1. Nature of Operations and Going Concern

The Company is in the process of actively exploring and developing its mineral properties and has not yet determined whether these properties contain ore resources which are economically recoverable ("ore reserves"). The Company is considered to be in the exploration stage.

The recoverability of amounts shown for mineral property interests is dependent upon one or more of the following:

- the discovery of ore reserves;
- the ability of the Company to obtain financing to complete development; and
- future profitable production from the properties or proceeds from disposition.

At March 31, 2006, the Company had an accumulated deficit of $13,664,801 and had working capital of $886,290, which is not sufficient to achieve the Company's planned business objectives for fiscal 2006. The Company will require additional financing to meet the proposed 2006 exploration programs and property commitments. Subsequent to the period end, the Company completed two financings for gross proceeds of $5.58 million dollars, see Note 14(a).

These interim financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders and other related parties, the ability of the Company to raise equity financing, and the attainment of profitable operations, external financings and further share issuances to meet the Company's liabilities as they become payable. These interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(b) Basis of presentation

The accompanying interim financial statements have not been reviewed by an auditor and are prepared in accordance with GAAP in Canada with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosure required by Canadian GAAP in the preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements are the same as those described in the annual financial statements and the notes thereto for the year ended December 31, 2005. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim financial statements should be read in conjunction with the Company's financial statements including the notes thereto for the year ended December 31, 2005.

2. Significant Accounting Policies (continued)

(c) Certain comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

3. Marketable Securities

The quoted market value of marketable securities at March 31, 2006 is $568,621.

4. Field Supplies

The Company has pre-purchased $84,175 of field supplies for the Baffin Island exploration program. The supplies consist of fuel, propane and other supplies which are stored in a facility in the Hamlet of Clyde River, Nunavut.

5. Deposits

In fiscal 2005, the Company posted $94,045 for bonds in lieu of work on its Baffin Island, Nunavut and Newfoundland projects. The bonds are refundable upon approval of assessment reports that are filed with the government. During the period, $76,905 in bonds were refunded to the Company.

6. Mineral Properties

At March 31, 2006, the Company's mineral properties are comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	Sarah Lake	Green Bay	Adlatok 1	Big Hill	Hermitage Project(1)	Nepisiguit/ Stewart	Sally	Qimmiq	Dewar Lake	Bravo Lake	Other Properties	Total
Balance at December 31, 2005	$ 1,155,423	$ 416,225	$ 130,778	$ 208,523	$ 517,995	$ 1,352,957	$ 61,173	$ 5,336,615	$ 249,761	$ 775,795	$ 1,498,015	$11,703,260
Additions during the period:												
Acquisition costs:	-	-	-	-	24,130	-	-	-	-	-	-	24,130
Exploration costs:												
Drilling	-	165	-	-	-	200	-	7,385	-	3,165	-	10,915
Geochemistry	-	-	-	225	2,040	-	-	65	-	-	-	2,330
Geology	1,717	374	339	161	22,998	1,308	-	7,993	2,756	4,810	14,681	57,137
Geophysics -Ground	-	-	-	-	13,763	-	-	-	-	-	-	13,763
Prospecting	-	-	-	-	1,170	-	-	-	-	-	-	1,170
Trenching/line cutting	-	-	-	-	225	-	-	-	-	-	-	225
	1,717	539	339	386	40,196	1,508	-	15,443	2,756	7,975	14,681	85,540
Less:												
Recoveries	-	-	-	-	(45,203)	-	-	(1,144)	-	(67)	(3,950)	(50,364)
Net additions	1,717	539	339	386	19,123	1,508	-	14,299	2,756	7,908	10,731	59,306
Balance at March 31, 2006	$ 1,157,140	$ 416,764	$ 131,117	$ 208,909	$ 537,118	$ 1,354,465	$ 61,173	$ 5,350,914	$ 252,517	$ 783,703	$ 1,508,746	$11,762,566

(1) The Hermitage, Newfoundland project includes the Blue Hill/White Bear and Couteau option agreements along with the 1,600 claims staked on-line.

6. Mineral Properties (continued)

(a) Sarah Lake Joint Venture, Labrador

The Company owns a 48.2% interest in the Sarah Lake Joint Venture with partner, Donner Minerals, operator of the joint venture, owning 51.8%.

(b) Green Bay, Newfoundland

The Company holds a 100% interest in the Green Bay property.

(c) Adlatok 1, Labrador

The Company has a 59.9% interest in the Adlatok 1 property.

(d) Big Hill, Newfoundland

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 (120,000 shares have been issued) 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 buy-down provision to 1.0% to $1.6 million.

(e) The Hermitage Uranium Project, Newfoundland

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 and completing $1,000,000 in exploration work. Of this, $7,500 and 21,000 common shares were due on signing of the final option agreement. On April 13, 2005, the Company issued a warrant to the optionors to purchase 250,000 common shares exercisable at a price of $1.00 per share, see Note 8(g) for warrant terms. The agreement is subject to a 2% of net smelter returns royalty for the vendors with a buy-back of one half of the royalty for $1 million.

On April 22, 2005, the Company completed a second 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. Of this, $7,000 in cash and 20,000 common shares were due on signing of the final option agreement. The agreement is subject to a 2% net smelter returns royalty for the vendor with a buy-back of one half of the royalty for $1 million.

6. Mineral Properties (continued)

(e) The Hermitage Uranium Project, Newfoundland (continued)

On November 1, 2005, the Company acquired an additional 1,600 claims bringing the total property size to 40,000 hectares covering a major geological belt known as the "Hermitage Flexure". The Hermitage Flexure ties together the Blue Hills and White Bear River uranium properties and becomes part of the Blue Hills and White Bear option agreement.

On November 3, 2005, the Company entered into an agreement with Pathfinder Resources Ltd. ("Pathfinder") in conjunction with the acquisition by Pathfinder of 1,429 claims aggregating 35,725 hectares to the east and west of the Company's property. In consideration, the Company received a 2% royalty on all commodities produced from the claims staked by Pathfinder and was issued 150,000 common shares of Pathfinder subsequent to December 31, 2005.

(f) Nepisiguit/Stewart, New Brunswick

The Company's 100% owned Nepisiguit/Stewart copper/zinc property is located in the Bathurst area of New Brunswick. On September 27, 2005, the Company negotiated a royalty agreement with BHP Billiton World Exploration Inc. ("BHP Billiton") on the Nepisiguit only portion of the property. Prior to this agreement, BHP Billiton retained the right to earn back a 55% interest in the property and held a 2% net smelter returns royalty with no buy-down provision. Under the new royalty agreement, the Company provided BHP Billiton with a 2.75% net smelter returns royalty subject to a buy-down to 1.0% net smelter returns royalty for $1.5 million at any time. In exchange for the increased net smelter returns royalty, BHP Billiton agreed to waive its right to earn back a 55% interest and therefore, has no future right to earn a participating interest in the property.

(g) Sally, Labrador

The Company owns a 100% interest in the Sally property.

(h) Qimmiq, Nunavut

The Company has an option agreement with BHP Billiton Diamonds Inc. ("BHP Billiton") to explore for gold on 50,000 hectares of Nunavut Tunngavik Incorporated leases on Baffin Island, Nunavut. Under the option agreement, the Company may earn 50% of BHP Billiton's exploration rights by expending $4 million by 2007, 80% by expending an aggregate $10 million by 2012 and a 100% interest by delivering a feasibility study to BHP Billiton by December 31, 2014. As at December 31, 2005, the Company had made sufficient expenditures to vest a 50% interest. Since the initial date of the agreement, the property has been reduced to five (5) leases totaling 58,000 acres (23,600 hectares).

The option agreement is subject to a floating net smelter return gold royalty ranging from 1% to 3% based on gold prices, payable to BHP Billiton and a 12% royalty on net profits payable on production from the Nunavut Tunngavik Incorporated leases. If a mineral discovery is made, excluding gold, BHP Billiton may exercise a back-in option on the mineral discovery allowing BHP Billiton to re-acquire up to an aggregate of a 75% interest for a period of up to ten years after the Company has earned a 100% interest in the property.

6. Mineral Properties (continued)

(i) Dewar Lake, Nunavut

The Company earned a 100% interest in sixteen Nunavut Exploration Permits from BHP Billiton Diamonds Inc. (“BHP Billiton”), Nunavut by incurring $200,000 in expenditures on the property. This expenditure was completed by December 31, 2004. BHP Billiton retains a net smelter return royalty ranging from 1% to 3% based on gold prices. If a mineral discovery is made, excluding gold, BHP Billiton may exercise a back-in option on the mineral discovery allowing BHP Billiton to re-acquire up to an aggregate of a 75% interest. The property currently consists of one (1) prospecting permit with an area of 20,400 acres (8,255 hectares).

(j) Bravo Lake, Nunavut

The Company has an option agreement with Falconbridge Limited (“Falconbridge”) to explore for gold, diamonds and other metals on twelve Nunavut Exploration Permits covering over 720,000 acres all on Baffin Island, Nunavut. The permits adjoin the Qimmiq and Dewar Lake properties optioned from BHP Billiton. The Company may earn a 100% interest in Falconbridge’s exploration rights and interest on Baffin Island by incurring $8 million of exploration expenditures on the property by 2011.

If a nickel and/or base metal mineral discovery is made, Falconbridge may exercise a back-in option on the mineral discovery allowing Falconbridge to re-acquire up to an aggregate of a 75% interest. If a diamond resource discovery is made, Falconbridge may exercise a back-in option on the mineral discovery allowing Falconbridge to re-acquire up to an aggregate of a 50% interest. The property is also subject to a back-in right to provide BHP Billiton the right to earn a 75% interest in sedex deposits.

The option agreement is subject to the following royalties payable to Falconbridge:

- on gold, a sliding scale net smelter return royalty from 1% to 3% based on gold prices;
- on nickel production, a 2% net smelter return royalty;
- on diamonds, a 2% gross overriding royalty; and
- on base metal production, a 1.5% net smelter return royalty.

In the fall of 2005, Commander staked nineteen (19) mineral claims to cover the favourable portions of the prospecting permits in advance of their expiry. The revised area of the Bravo Lake property is 14,668 acres (5,900 hectares).

6. Mineral Properties (continued)

(k) Other Properties

The Company owns several other properties in Canada in which it holds interests ranging from 30% to 100%. The Company has granted options on some of these properties. The carrying values of those properties included under Other Properties at March 31, 2006 are as follows:

British Columbia		
Abe and Pal	$	104,735
Tam *		69,166
Aten, Link, Mate and Tut		17,861
Nunavut		
Talik		68,041
Newfoundland and Labrador		
Sadie		8,767
Ontario		
Matheson		14,213
McVean		8,694
Sabin		88,517
Quebec		
Despinassy		90,940
Yukon		
Olympic, Rob		1,034,718
Rein		3,094
	$	1,508,746

* On September 9, 2005, the Company entered into an agreement with prospector Lorne Warren that provided the Company with a 10% Carried Interest in approximately 8,400 hectares of mineral claims in the Omineca area of British Columbia, herein after referred to as the "Tam/Misty" property. In addition, the Company will receive 50% of any royalties granted to Lorne Warren under any subsequent third party agreement on the property. In exchange for the interest, the Company agreed to transfer title and all associated data for three legacy claims (the Tam claims) totaling 75 hectares owned by the Company which lie within the boundary area of the Tam/Misty property.

On February 13, 2006, Teck Cominco Limited ("Teck Cominco") entered into an option agreement with prospectors Lorne Warren and Westley Grant Luck on the Tam/Misty property. Teck Cominco can earn 100% of Warren and Luck's 90% interest by making $525,000 in staged cash payments and incurring $2.6 million in exploration expenditures before December 31, 2011. As part of the Company's 10% carried interest in the Tam/Misty property, the Company received a cash payment of $2,500. In addition, the Company may receive a 1.5% net smelter returns royalty of which $250,000 is payable, as an advance royalty, starting on December 31, 2012. This royalty is subject to a buy-down provision that, if exercised, would pay $1.0 million to the Company.

7. Property, Plant and Equipment

	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	$ 57,240	$ 50,907	$ 6,333
Computer equipment	142,132	113,027	29,105
Leasehold improvements	28,293	8,252	20,041
	$ 227,665	$ 172,186	$ 55,479

8. Share Capital

(a) Authorized:

Unlimited common shares without par value

(b) Issued and outstanding common shares:

	Number of Shares	Amount
Balance, December 31, 2005	39,599,648	$ 25,316,856
Issued for cash:		
Exercise of options, for cash	83,333	19,567
Issued for other consideration:		
Income tax effect on flow-through share renunciation (Note 8(d))		(689,824)
Exercise of options, stock-based compensation		3,682
For mineral property	39,000	14,430
Balance, March 31, 2006	39,721,981	$ 24,664,711

(c) Private placements

See Subsequent Events, see Note 14(a).

(d) Income tax effect on flow-through share renunciation

In March 2006, the Company $2,021,757 renunciation of exploration expenditures under its flow-through share program, resulting in a future tax liability of $689,824, which was deducted from share capital. The Company subsequently reduced the future income tax liability by recognizing previously unrecorded future income tax assets equal to the amount of the future tax liability. This decrease in the valuation allowance has resulted in a future income tax recovery of $689,824 disclosed on the Statement of Operations as a future income tax recovery.

8. Share Capital (continued)

(e) 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 6,155,518 common shares. Vesting of stock options is made at the discretion of the board of directors at the time the options are granted. At March 31, 2006, the Company had stock options outstanding for the purchase of 3,502,002 common shares with an average remaining contractual life of 3.02 years, of which all the stock options are exercisable at March 31, 2006.

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2005	3,585,335	$0.39
Exercised	(83,333)	$0.23
Outstanding at March 31, 2006	3,502,002	$0.40

For stock options granted after March 31, 2006, see Note 14(b).

The following summarizes information about stock options outstanding at March 31, 2006:

Number of Shares	Exercise Price	Expiry Date
115,999	$0.23	September 11, 2006
430,337	$0.20	January 23, 2008
221,666	$0.26	August 20, 2008
5,000	$0.45	September 10, 2008
75,000	$0.50	December 18, 2008
700,000	$0.53	January 21, 2009
50,000	$0.64	February 19, 2009
791,000	$0.56	May 18, 2009
100,000	$0.40	September 6, 2009
200,000	$0.40	September 21, 2009
50,000	$0.34	January 24, 2010
763,000	$0.25	July 19, 2010
3,502,002		

For stock options exercised after March 31, 2006, see Note 14(d).

8. Share Capital (continued)

(f) Stock-based and option compensation

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Risk-free interest rate	2.52%
Expected dividend yield	-
Expected stock price volatility	116.98%
Expected option life in years	3.15

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 the Company's stock options granted during the period.

The following summarizes information about option compensation:

Option compensation, beginning of period	$	1,097,149
Stock-based compensation expense		-
Reallocated to capital stock		(3,682)
Reallocated to contributed surplus		-
Option compensation, end of period	$	1,093,467

(g) Warrants

At March 31, 2006, the Company has outstanding warrants for the purchase of an aggregate 3,044,788 common shares as follows:

Exercise Price	Expiry Date	Outstanding at December 31, 2005	Issued	Exercised	Expired	Outstanding at March 31, 2006
$0.45	October 20, 2006	544,788	-	-	-	544,788
$0.50	December 8, 2006	2,500,000	-	-	-	2,500,000
		3,044,788	-	-	-	3,044,788

Under an option agreement on the Blue Hills and White Bear, Newfoundland project, the Company issued a warrant to the optionors to purchase 250,000 common shares exercisable at a price of $1.00 per share. The warrant is exercisable only if a Mineral Reserve (as defined by CIM Classification under National Instrument 43-101) of at least $500 million is defined. The warrant will expire on the earlier of the date the Company exercises the option or March 4, 2009.

9. Related Party Transactions

In addition to the Commitment disclosed in Note 10, the Company has the following related party transactions and balances:

(a) The Company shares certain administrative costs with four other companies related by virtue of common directors. Included in accounts receivable is an aggregate of $4,471 owed by those companies for shared administrative expenses.

(b) The Company paid $1,200 in legal fees to a law firm in which a director of the Company is a partner.

(c) Included in marketable securities are 167,647 common shares of Fjordland Exploration Inc., a company related by virtue of a common director and 470,000, common shares of Diamonds North Resources Ltd., a company related by virtue of another common director. During the period, the Company sold 100,000 common shares of Diamonds North Resources Ltd.

(d) Included in accounts payable is $5,250 owed to Diamonds North Resources Ltd., a company related by virtue of a common director and officer.

10. Commitment

The Company entered into an agreement for the lease of new office premises for a six year period expiring on June 30, 2010. The cost of the entire premises is shared amongst several companies in proportion to the area occupied. Certain of the companies are related by virtue of common directors. The Company's proportionate share of minimum annual basic rental payments under this arrangement is approximately $66,000.

11. Segmented Information

The Company has one operating segment, mineral exploration, and all assets of the Company are located in Canada.

12. Supplemental Cash Flow Information

Significant non-cash operating, investing and financing activities:		
Investing activities:		
Marketable securities received for mineral property	$	45,000
Shares issued for mineral property		14,430
	$	59,430
Financing activities:		
Income tax effect on flow-through share renunciation	$	(689,824)
Fair value of options exercised		3,682
	$	(686,142)
Other cash flow information:		
Interest received	$	2,995

13. Income Taxes

The Company's future 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. A future income tax liability arises from the renunciation of mineral exploration costs to investors of flow-through shares.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date, represent the funds received from flow-through share issuances which have not been spent as at March 31, 2006 and which are held in trust for such expenditures. As at March 31, 2006, the amount of flow-through proceeds remaining to be expended is $362,711.

14. Subsequent Events

(a) On May 12, 2006, the Company completed a brokered private placement for gross proceeds $3,885,000 consisting of 10,500,000 units at a purchase price of $0.37 per unit. Each unit consists of one common share and one-half non-transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $0.50 per share until May 15, 2008. The Agents received $144,226 in cash, 390,500 units at a deemed price of $0.37 per unit in lieu of cash, 1,040,400 Agent's warrants and an administration fee of $5,000. The Agent's warrants have the same terms as the client's warrants. The securities may not be traded until September 16, 2006.

In addition, the Company completed, a non-brokered flow-through private placement for gross proceeds of $1,699,999 consisting of 3,695,652 common shares at a purchase price of $0.46 per share. Fees paid include $98,017 in cash and 213,089 Agent's warrants. Each Agent's warrant entitles the holder to purchase one common share at a price at $0.50 per share until May 11, 2007. The securities may not be traded until September 11, 2006.

All of the warrants and the Agent's warrants are subject to an early expiry provision once resale restrictions have ended. Upon the Company's shares trading at or above a weighted average trading price of $0.80 for 20 consecutive trading days, the Company may give notice to the warrant holders and issue a news release advising that the warrants will expire 30 days from the date of the news release.

(b) On May 8, 2006, the Company announced the grant of incentive stock options under the Company's stock option plan to directors and officers to purchase an aggregate of 282,000 treasury shares. The options are exercisable for a period of five years at a price of $0.39 per share and are subject to the policies of the TSX Venture Exchange.

(c) Subsequent to March 31, 2006, the Company paid $18,000 and issued 40,000 common shares in accordance with the terms of the Couteau Lake, Newfoundland Option Agreement.

(d) Subsequent to March 31, 2006, the Company issued 155,000 common shares for proceeds of $36,000 pursuant to the exercise of stock options.