COMMANDER RESOURCES LTD.

INTERIM REPORT

For the Three Months Ended
March 31, 2007

(See Notice)

COMMANDER RESOURCES LTD.

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, 2007, 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)

(expressed in Canadian dollars)

		March 31, 2007		December 31, 2006 (Audited)
ASSETS				
Current assets				
Cash and cash equivalents	$	2,561,379	$	2,632,627
Cash, exploration funds (Note 14)		1,731,644		2,120,725
Marketable securities (Note 4)		614,465		370,378
Accounts receivable		118,675		151,982
Due from related parties (Note 10(a))		24,137		17,072
Prepaid expenses		28,160		50,530
Field supplies (Note 5)		112,867		112,867
Bid Deposits (Note 6)		38,685		46,035
		5,230,012		5,502,216
Mineral properties (Note 7)		16,438,018		15,788,297
Property, plant and equipment (Note 8)		50,479		53,636
	$	**21,718,509**	**$**	**21,344,149**
LIABILITIES				
Current liability				
Accounts payable and accrued liabilities (Note 10)	$	454,966	$	418,020
Future income taxes (Note 14)		834,115		834,115
		1,289,081		1,252,135
SHAREHOLDERS' EQUITY				
Share capital (Note 9(b))		33,012,312		33,908,906
Contributed surplus		69,400		17,043
Stock-based compensation (Note 9(e))		1,131,765		1,126,164
Deficit		(14,028,136)		(14,960,099)
Accumulated other comprehensive income (Note 3)		244,087		-
		20,429,428		20,092,014
	$	**21,718,509**	**$**	**21,344,149**

Nature of Operations and Going Concern (Note 1)

Commitment (Note 11)

Subsequent Events (Note 15)

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

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.

Statements of Operations
(Unaudited - See Notice)
(expressed in Canadian dollars)

	For the Three Months Ended March 31,			
		2007		**2006**
General and administrative expenses				
Accounting and audit (Note 9(e))	$	50,899	$	14,670
Amortization		5,459		4,814
Annual report and meeting		1,325		-
Consultants (Note 9(e))		32,718		10,017
Insurance		12,563		12,812
Investor relations and promotion (Note 9(e))		75,222		49,233
Legal		3,239		1,468
Office and miscellaneous		27,283		19,263
Regulatory and transfer agent fees		26,774		10,776
Rent and storage		25,386		23,608
Salaries and benefits (Note 9(e))		124,777		121,671
		385,645		268,332
Loss before the undernoted		**(385,645)**		**(268,332)**
Investment income		14,775		3,056
Property investigation		(798)		(55)
Gain on sale of marketable securities		-		51,044
Loss before taxes		**(371,668)**		**(214,287)**
Future income tax recovery (Note 14 and Note 9(c))		1,303,631		689,824
Income for the period		**931,963**		**475,537**
Deficit, beginning of period		(14,960,099)		(14,140,338)
Deficit, end of period	$	(14,028,136)	$	(13,664,801)
Earnings Per Share - Basic	$	0.02	$	0.01
Earnings Per Share - Diluted	$	0.01	$	0.01
Weighted average number of shares outstanding - Basic		61,682,789		39,668,585
Weighted average number of shares outstanding - Diluted		72,114,781		46,235,375

Statements of Comprehensive Income
(Unaudited - See Notice)
(expressed in Canadian dollars)

	For the Three Months Ended March 31,			
		2007		**2006**
Income for the period		931,963		475,537
Unrealized gain of available for sale marketable securities		67,792		-
Comprehensive income	$	999,755	$	475,537

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.

Statements of Cash Flows
(Unaudited - See Notice)
(expressed in Canadian dollars)

	For the Three Months Ended March 31,	
	2007	**2006**
Cash provided from (used for):		
Operating activities		
Income / (Loss) for the period	$ 931,963	$ 475,537
Items not involving cash:		
Amortization	5,459	4,814
Gain on sale of marketable securities	-	(51,044)
Stock-based compensation	106,899	-
Future income tax recovery	(1,303,631)	(689,824)
	(259,310)	**(260,517)**
Net change in non-cash working capital items:		
Accounts receivable	33,307	38,375
Due from related parties	(7,065)	1,236
Prepaid expenses	22,370	19,941
Bid deposits	7,350	74,205
Accounts payable and accrued liabilities	20,230	(66,741)
	(183,118)	**(193,501)**
Investing activities		
Cash, exploration funds	389,081	202,934
Proceeds from sale of marketable securities	-	111,019
Mineral property acquisition and exploration costs	(490,521)	(89,876)
Accounts payable and accrued liabilities related to mineral properties	16,717	(60,420)
Purchase of equipment	(2,301)	-
	(87,024)	**163,657**
Financing activity		
Shares issued for cash, net of issue costs	198,894	19,567
Increase (decrease) in cash and cash equivalents	**(71,248)**	**(10,277)**
Cash and cash equivalents, beginning of period	2,632,627	121,722
Cash and cash equivalents, end of period	**$ 2,561,379**	**$ 111,445**

Supplemental Cash Flow Information (Note 13)

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 mineral resources that 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, 2007, the Company has an accumulated deficit of $14,028,136 (2006 – $14,960,099) and has working capital of $4,793,046 (2006 – $5,084,196), which is sufficient to achieve the Company's planned business objectives for fiscal 2007.

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 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. Areas requiring the use of estimates include the rates of depreciation for property, plant and equipment, the recoverability of mineral property costs, estimates of accounts payable and accrual liabilities, the assumptions used in the determination of the fair value of stock-based compensation, and the determination of the valuation allowance for future income tax assets. Actual results may differ from those estimates.

(b) Financial instruments

The fair values of the Company's cash and cash equivalents, cash exploration funds, accounts receivable, deposits and accounts payable and accrued liabilities approximate their carrying amounts due to the immediate or short-term to maturity of these financial instruments. It is not practical to determine the fair value of the amounts outstanding from related parties due to its related party nature and absence of a market for such instruments.

2. Significant Accounting Policies (continued)

The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash, cash equivalents and cash explorations funds have been placed with major Canadian financial institutions.

(c) Cash and cash equivalents

The Company considers cash and cash equivalents to be cash and short-term investments with original maturities or redemption provisions of three months or less from the date of acquisition.

(d) Marketable securities

Prior to January 1, 2007, marketable securities were carried at the lower of cost or quoted market value on an individual stock by stock basis. When market value was below cost, any unrealized loss was charged to operations. With the adoption of CICA Sections 1530, "Comprehensive Income" and 3855, "Financial Instruments – Recognition and Measurement", marketable securities are measured at fair market value in the consolidated financial statements with the unrealized gains or losses recorded in other comprehensive income (Note 3 and 4).

(e) Mineral properties

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

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 the Company'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.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

From time to time, the Company may acquire or dispose of a mineral property interest 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. When the amount of recoveries exceeds the total amount of capitalized costs of the property, the amount in excess of costs is credited to income.

Management's estimates of mineral prices, recoverable proven and probable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties that 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.

2. Significant Accounting Policies (continued)

(f) Property, plant and equipment

Property, plant and equipment consisting of office furniture and computer equipment are recorded at cost less accumulated amortization. Amortization is recorded using the straight line method at annual rates of 20%. Leasehold improvements are amortized on a straight line basis over the six-year term of the lease.

(g) Asset retirement obligations

The Company accounts for the recognition and measurement of liabilities for obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operations of the assets.

(h) Impairment of long-lived assets

The Company accounts for the recognition, measurement and disclosure of the impairment of non-monetary long-lived assets, including property, plant and equipment, intangible assets with finite useful lives, deferred pre-operating costs and long-term prepaid assets when such amounts are known.

(i) Flow-through shares

Under the terms of Canadian flow-through share legislation, the tax attributes of qualifying expenditures are renounced to the subscribers. The tax impact to the Company of the renouncement is recorded on the date that the Company renounces the tax deductions, through a decrease in share capital and the recognition of a future tax liability.

(j) Stock-based compensation

The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this standard, stock-based payments are recorded as an expense in the period the stock-based compensation expense vests or when the awards or rights are granted, with a corresponding increase to option compensation under shareholders' equity. When stock options are exercised, the corresponding fair value is transferred to share capital or when stock options are forfeited, cancelled or expire, the corresponding fair value is transferred to contributed surplus.

(k) Income taxes

Income taxes are calculated using the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

2. Significant Accounting Policies (continued)

(l) Consolidation of variable interest entities

The Company applies 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 15 “Consolidation of Variable Interest Entities” on January 1, 2005 and the adoption did not have any impact on these financial statements.

(m) Earning / (Loss) per share

Earning or Loss per share is calculated based on the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. However, diluted loss per share has not been presented as the potential exercise of options and warrants outstanding would have the effect of reducing the loss per share. Therefore, basic and diluted losses per share are the same.

(n) Certain comparative figures

Certain comparative figures have been reclassified to conform to the current year’s presentation.

3. Changes in Accounting Policies

The Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Sections 1530, “Comprehensive Income”; 3855, “Financial Instruments – Recognition and Measurement”; 3861, “Financial Instruments – Disclosure and Presentation” and 3865, “Hedges” on January 1, 2007. The adoption of these new standards resulted in changes in accounting have been recorded in opening accumulated comprehensive income as describe below.

(a) Comprehensive Income

Comprehensive income is the change in shareholders’ equity, which results from transactions and events from sources other than the Company’s shareholders. These transactions and events include unrealized gains and losses resulting from changes in fair value of certain financial instruments such as marketable securities.

The adoption of this Section implied that the Company now presents a consolidated statement of comprehensive income as a part of the consolidated financial statements.

(b) Financial Instrument – recognition and measurement

Under the new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the consolidated statement of financial position and are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Held for trading financial investments are subsequently measured at fair value and all gains and losses are included in net income in the period which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses

(Expressed in Canadian dollars)

3. Changes in Accounting Policies (continued)

included in other comprehensive income until the instrument is derecognized or impaired. As a result of the adoption of these standards, the Company has made the following classifications:

- Cash and cash equivalents, cash of exploration funds are classified as financial assets held for trading and are measured at fair value. Gains and losses related to periodical revaluation are recorded in net income.
- Marketable securities are classified as available-for-sale securities. Such securities are measured at fair market value in the consolidated financial statements with the unrealized gains or losses recorded in other comprehensive income. At the time securities are sold or otherwise disposed of, gains or losses are included in net income (loss).
- Accounts receivables are classified as loans and receivables and are initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method. For the Company, the measured amount generally corresponds to cost.
- Accounts payable and accrued liabilities are classified as other liabilities and are initially measured at fair value and subsequent periodical revaluations are recorded at amortized cost using the effective interest rate method. For the Company, the measured amount generally corresponds to cost.

(c) Hedges

Section 3865 “Hedges” is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the existing Accounting Guideline 13 “Hedging Relationships” and Section 1650 “Foreign Currency Translation”, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. At March 31, 2007, the Company had no hedging relationships.

4. Marketable Securities

	As at 31-Mar-07			As at 31-Dec-06		
	Book Value	**Market Value**	**Quarterly Unrealized Gain/(Loss)**	**Book Value**	**Market Value**	**Accumulated Adjustment of Gain/(Loss) at the beginning of 2007**
Fjordland (FEX.V)	101,353	139,765	(5,176)	101,353	144,941	43,588
Diamonds North (DDN.V)	250,525	408,900	61,100	250,525	347,800	97,275
Uranium North	-	-	(466)	-	466	466
Alto Ventures (ATV.V)	3,500	7,000	1,750	3,500	5,250	1,750
Bayswater (BAY.V)	15,000	58,800	10,584	15,000	48,216	33,216
Pamlico Gold	-	-	-	-	-	-
Total	**370,378**	**$ 614,465**	**$ 67,792**	**370,378**	**$ 546,673**	**$ 176,295**

5. Field Supplies

The Company pre-purchased $112,867 (2006 – $112,867) of field supplies for the 2007 Baffin Island exploration program. The supplies consist of fuel and other supplies, which are stored in a facility in the Hamlet of Clyde River, Nunavut.

6. Bid Deposits

As at March 31, 2007, the Company posted $38,685 for bonds, mainly in lieu of work on its Newfoundland projects. The bonds are refundable upon approval of assessment reports that are filed with the government. During the quarter ended March 31, 2007, $7,350 in bonds was refunded to the Company.

(Expressed in Canadian dollars)

7. Mineral Properties

At March 31, 2007 and December 31, 2006, the Company's mineral properties are comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	Baffin, Nunavut		Hermitage, Newfoundland			Other Properties		Total
	Qimmiq	Bravo Lake	Hermitage	Strickland	Other	Active Projects	Inactive Projects	
Balance at 31-Dec-06	$ 7,458,164	$ 1,503,306	$ 1,472,275	$ 722,879	$ 6,431	$ 1,344,926	$ 3,280,315	**$15,788,297**
Additions during the period:								
Acquisition costs:	-	-	47,440	-	187,700	-	-	**235,140**
Exploration costs:								
Drilling	37,334	6,628	288,865	20,160	-	-	765	**353,752**
Geochemistry	1,307	263	4,500	-	-	-	(1)	**6,069**
Geology	17,627	9,018	65,743	14,768	2,119	4,706	2,348	**116,329**
Geophysics	-	1,400	2,457	4,307	713	-	(1)	**8,876**
Mobilization/demob.	-	-	-	-	-	-	-	**-**
Property	10,778	-	-	-	-	2,610	7,039	**20,427**
Prospecting	-	-	2,569	-	25,960	-	0	**28,529**
Trenching/line cutting	-	-	-	-	-	-	-	**-**
	67,046	17,309	364,134	39,235	28,792	7,316	10,150	**533,982**
Less:								
Recoveries	-	-	(79,400)	-	-	(40,000)	-	**(119,400)**
Write down	-	-	-	-	-	-	-	**-**
	-	-	(79,400)	-	-	(40,000)	-	**(119,400)**
Net additions	67,046	17,309	332,174	39,235	216,492	(32,684)	10,150	**649,722**
Balance at 31-Mar-07	**$7,525,210**	**$1,520,615**	**$ 1,804,449**	**$762,114**	**$ 222,923**	**$1,312,243**	**$3,290,465**	**$16,438,018**

(Expressed in Canadian dollars)

COMMANDER RESOURCES LTD.

7. Mineral Properties (continued)

	Baffin, Nunavut		Newfoundland Properties			Other Properties		Total
	Qimmiq	Bravo Lake	Hermitage	Strickland	Other	Active Projects	Inactive Projects	
Balance at 31-Dec-05	$ 5,404,656	$ 775,795	$ 517,996	$ -	$ -	$ 1,307,166	$ 3,697,646	**$11,703,259**
Additions during the period:								
Acquisition costs:	-	-	101,550	38,680	-	149,277	490	**289,996**
Exploration costs:								
Drilling	1,764,975	615,781	1,563	260,985	-	-	19,910	**2,663,214**
Geochemistry	12,440	39	112,821	23,649	-	-	853	**149,803**
Geology	48,236	27,248	153,561	94,662	-	41,452	21,054	**386,212**
Geophysics	15,502	5,004	410,332	104,111	5,272	19,156	1,219	**560,594**
Mobilization/demob.	48,022	20,581	-	-	-	-	-	**68,603**
Property	-	10	400	3,000	-	11,076	20,181	**34,667**
Prospecting	185,271	65,922	305,534	209,422	2,319	-	4,747	**773,215**
Trenching/line cutting	-	-	450	-	-	-	-	**450**
	2,074,445	734,585	984,661	695,829	7,590	71,684	67,963	**4,636,757**
Less:								
Recoveries	(20,937)	(7,074)	(131,932)	(11,630)	(1,159)	(8,950)	(174,586)	**(356,269)**
Write down	-	-	-	-	-	(174,250)	(311,198)	**(485,448)**
	(20,937)	(7,074)	(131,932)	(11,630)	(1,159)	(183,200)	(485,784)	**(841,716)**
Net additions	2,053,508	727,511	954,280	722,879	6,431	37,761	(417,331)	**4,085,037**
Balance at 31-Dec-06	**$7,458,164**	**$1,503,306**	**$ 1,472,275**	**$722,879**	**$ 6,431**	**$1,344,926**	**$ 3,280,315**	**$15,788,297**

7. Mineral Properties (continued)

Acquisitions

The acquisition of title to mineral properties is a detailed and time-consuming process. The Company has taken steps, in accordance with industry standards, to verify title to mineral properties in which it has an interest. Although the Company has taken every precaution to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured.

Environmental expenditures

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

(a) Newfoundland Uranium Properties

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, $17,200 in cash has been paid and 60,000 common shares have been issued. 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 9(f) for warrant terms. The agreement is subject to a 2% of Net Smelter return Royalty ("NSR") 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, $25,000 in cash has been paid and 40,000 common shares have been issued. The agreement is subject to a 2% NSR for the vendor with a buy-back of one-half of the royalty for $1 million.

On November 1, 2005, the Company acquired an additional 1,600 claims bringing the total property size to 99,200 acres (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.

7. Mineral Properties (continued)

(a) Newfoundland Uranium Properties (continued)

On November 3, 2005, the Company entered into an agreement with Bayswater Uranium Corporation (“Bayswater”); (Bayswater and Pathfinder Resources Ltd. (“Pathfinder”) amalgamated in August 2006) in conjunction with the acquisition by Bayswater 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% NSR on all commodities produced from the claims staked by Bayswater and was issued 150,000 common shares of pre-merger Pathfinder for providing to Pathfinder certain geological and technical information that was used by Pathfinder in staking the Hermitage East and West properties. Bayswater is a related party to the Company by virtue of a common director.

On June 19, 2006, the Company entered into a 50:50 joint interest agreement with Bayswater to stake approximately 151,000 acres (61,000 hectares) to the north of the Hermitage West, Blue Hills, White Bear River and Hermitage East properties, called Cochrane Pond. If either party’s interest dilutes below 10%, then that party’s interest will convert to a 10% of Net Proceeds of Production Royalty. The Company is the Operator of the project.

On June 26, 2006, the Company staked the Strickland Property, 147 claims totalling 9,100 acres (3,675 hectares) southwest of the Hermitage property.

On August 16, 2006, the Company announced that it had entered into an option agreement with prospectors E. and R. Quinlan to purchase a small claim block located in the middle of the Company’s wholly owned Strickland Property. The Company may earn a 100% interest in the claims through cash payments totaling $43,000 and by issuing 160,000 shares of the Company over a four-year period. The vendors will retain a 2% NSR, one-half of which may be bought by the Company at any time for $1 million. The first year’s obligation of $3,000 cash was paid and 25,000 shares were issued.

On December 6, 2006, the Company entered into an agreement with Bayswater to acquire 50% of Bayswater's right to earn a 90% interest in the 3,212 acre Murphy property strategically located east and contiguous with the Company's Hermitage property. The first year obligations attributable to the Company include a cash payment of $12,500 (paid) and issuance of 80,000 common shares of the Company to Bayswater (issued), and funding $50,000 in exploration expenditures.

The Company's share of optional obligations following the first year includes additional cash payments of $175,000, issuing to Bayswater common shares in the Company equal to the value of 450,000 common shares of Bayswater at the date of issuance over three years and contributing $450,000 in exploration expenditures over four years. The underlying owner's 10% property interest may be carried to commercial production; prior to production, the interest may be converted to a 3% NSR on production. Bayswater may reduce the NSR to 2% by paying the owner $2 million, of which $1 million would be payable by the Company.

7. **Mineral Properties** (continued)

(a) **Newfoundland Uranium Properties** (continued)

On March 1, 2007, the Company reported that it had entered into an agreement with Vulcan Minerals Inc. ("Vulcan") whereby the Company may earn an 80% interest in designated metals, including base and precious metals and uranium, on Vulcan's large, 38,350 hectare Bay St. George Property in southwestern Newfoundland. The Company may earn an 80% interest in all base metals, precious metals and uranium on the Property over a five-year period by issuing to Vulcan 500,000 common shares and completing $3.5 million in exploration work, including 150,000 shares of the Company on regulatory approval and $100,000 of exploration expenditures in the first year. An initial cash payment of $50,700 will be paid to Vulcan to cover refundable staking deposits with the provincial Department of Natural Resources. Any future refunds will be the property of the Company. Once the Company has earned its 80% interest, a joint venture will be formed and the parties will jointly fund continuing work on the designated metals. Once a party's interest falls to 10% or lower, its interest will convert to a 2% royalty, which will be an NSR in the case of base and precious metals and a gross sales royalty in the case of uranium production. As at the date of this report, regulatory approval for the agreement had been attained and the cash payment and share issuances were made.

(b) **Qimmiq, Nunavut**

The Company has an option agreement with BHP Billiton Diamonds Inc. ("BHP Billiton Diamonds") to explore for gold on 50,000 hectares of Nunavut Tunngavik Incorporated ("NTI") leases on Baffin Island, Nunavut. Under the option agreement, the Company may earn 50% of BHP Billiton Diamond'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 by December 31, 2014. The Company has made sufficient expenditures to vest a 50% interest. Since the initial date of the agreement, the property has been reduced to five leases totaling 58,000 acres (23,600 hectares).

The option agreement is subject to a variable net smelter return gold royalty ranging from 1% to 3% based on gold prices (royalties are now held by International Royalty Corporation) and a 12% royalty to NTI on net profits payable on production. If a mineral discovery, excluding gold, is made, BHP Billiton Diamonds may exercise a back-in option on the mineral discovery allowing BHP Billiton Diamonds 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.

(c) **Bravo Lake, Nunavut**

The Company has an option agreement with Falconbridge Limited, (now named Xstrata PLC, "Xstrata") to explore for gold, diamonds and other metals on twelve Nunavut Exploration Permits covering over 720,000 acres (290,000 hectares) all on Baffin Island, Nunavut. The original permits adjoined the Qimmiq and Dewar Lake properties optioned from BHP Billiton Diamonds. The Company may earn a 100% interest in Xstrata's exploration rights and interests on Baffin Island by incurring $8 million of exploration expenditures on the property by 2011.

Under the agreement, if a nickel and/or base metal mineral discovery is made, Xstrata may exercise a back-in option on the mineral discovery to acquire up to an aggregate 75% interest. If a diamond resource discovery is made, Xstrata may exercise a back-in option to acquire up to an aggregate 50% interest. The property is also subject to a back-in right allowing BHP Billiton Diamonds the right to earn a 75% interest in sedex deposits. There are no back-in rights to gold.

(Expressed in Canadian dollars)

7. Mineral Properties (continued)

(c) Bravo Lake, Nunavut (continued)

The agreement is subject to the following royalties payable to Xstrata:

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

In the fall of 2005, the Company staked nineteen 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).

(d) Other Properties

The Company owns several other properties in Canada in which it holds interests ranging from 25% 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, 2007 and December 31, 2006 are as follows:

	CMD Ownership %	Q1/2007	2006	2005
Active Projects				
British Columbia				
Abe and Pal (1)	*100*	$ 101,789	$ 49,112	$ 102,839
Aten, Mate and Tut (2)	*100*	160	87,943	94,433
Tam (3)	*10*	54,524	54,524	
Quebec				
Despinassy (4)	*24.5*	93,209	92,886	89,585
Newfoundland				
Cochrane Pond	*50*	67,076	66,649	-
Yukon				
Olympic, Rob (5)	*100*	995,485	993,813	1,031,309
Total Active Projects		**$ 1,312,243**	**$ 1,344,926**	**$ 1,318,166**

(Expressed in Canadian dollars)

7. **Mineral Properties** (continued)

(d) **Other Properties** (continued)

	CMD Ownership %	Q1/2007	2006	2005
Inactive Projects				
British Columbia				
Haw	*100*	8,146	4,577	727
Labrador				
Sarah Lake (6)	*48*	1,158,940	1,158,295	1,155,423
Adlatok (7)	*60*	132,061	132,062	130,778
Sally (8)	*100*	61,509	61,509	61,173
Sadie	*100*	8,796	8,796	8,767
Ontario				
Matheson	*41.6*	14,213	14,213	14,213
McVean	*100*	8,694	8,694	8,558
Sabin	*100 - 58.5*	96,503	92,633	88,517
Newfoundland				
Green Bay (9)	*100*	436,329	435,566	416,225
Big Hill (10)	*0*	-	-	208,523
New Brunswick				
Nepisiguit/Stewart (11)	*100*	1,360,662	1,359,359	1,352,957
Nunavut				
Dewar Lake (12)	*0*	-	-	249,761
Yukon				
Rein	*25*	4,612	4,612	2,752
Total Inactive Projects		**$ 3,290,465**	**$ 3,280,315**	**$ 3,698,374**
Total Other Properties		**$ 4,602,708**	**$ 4,625,243**	**$ 5,016,540**

(1) Abe and Pal, British Columbia

On October 12, 2004, the Company entered into a Purchase and Royalty Agreement to purchase John Robins' 50% interest in the Abe and Pal porphyry copper-gold mineral properties located within the Quesnel Trough of British Columbia, to own a 100% interest in the properties. In consideration, the Company issued 70,000 units consisting of one common share and one-half of one purchase warrant (expired on October 27, 2005, unexercised). In addition, Robins retains a 1% NSR in the properties and will participate in certain cash/share considerations received from the future sale or option of the properties to a third party. A third party deal that included Abe and Pal was executed subsequent to December 31, 2006 as summarized in 7d(2) below.

7. **Mineral Properties** (continued)

(d) **Other Properties** (continued)

(2) Aten, Mate and Tut, British Columbia

On February 7, 2007, the Company reported that it had entered into an agreement with Geoinformatics Exploration Canada Limited (“GXL") whereby GXL may earn an initial 60% interest and an ultimate 80% interest in the Company’s five properties in the Omineca Mining District, British Columbia, located about 100 kilometers south of the Kemess Copper-Gold mine. The properties include Abe, Pal, Mate, Aten and Tut. GXL may earn an initial 60% interest by completing $4.5 million in exploration expenditures over 4 years and paying to the Company $300,000 in cash of which $50,000 in cash and $750,000 in work expenditures is the commitment for 2007 and a second cash payment of $250,000 made to the Company once GXL vests at 60%.

Upon earning 60%, GXL will continue to sole-fund work on the property until GXL completes and delivers a positive pre-feasibility study to the Company and pays the Company $1.5 million, at which time GXL will have earned an 80% working interest in the properties. Once GXL vests at 80%, a joint venture will be formed (CMD 20% / GXL 80%). Funding on the properties will continue pro-rata. If GXL vests at 60% and fails to propose work programs for three years, the Company will be entitled to propose a budget and program on the Properties, which will be funded pro-rata or GXL's interest will dilute. A 2% NSR is provided to a diluted party whose interest drops below 10%. The NSR varies between 1.75% and 2% depending on the mineral claim. There is a buy-down provision to 1% NSR for $3 million. An underlying agreement between the Company and John Robins, summarized in Note 7d(1), applies to the ABE and PAL claims only. Under this underlying agreement, fifty-percent of the cash considerations attributable to Abe and Pal less 10% management fees and a royalty consideration will be transferred to John Robins.

(3) Tam, British Columbia

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 20,800 acres (8,400 hectares) of mineral claims in the Omineca area of British Columbia, hereinafter 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% NSR 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. Mineral Properties (continued)

(d) Other Properties (continued)

(4) Despinassy, Quebec

On April 26, 2004, Cameco Corporation ("Cameco"), the Company's Joint Venture Partner on the Despinassy project in Quebec, entered into an Agreement with Alto Ventures Ltd. ("Alto Ventures") for Cameco's 70% interest in the project. The Company waived it's right of first refusal under the Joint Venture in consideration for 100,000 common shares of Alto Ventures at a deemed price of $0.10 per share; Alto Ventures carried the Company for $150,000 of Joint Venture obligations; and the Company retains the right of first refusal under the Joint Venture should Alto Ventures withdraw from the Agreement with Cameco. The Company's current interest in the property will be calculated once the final reporting from the 2006 program is received from Alto Ventures and approved by the Company.

(5) Olympic & Rob, Yukon

On May 1, 2006, the Company signed a Letter of Intent with Blackstone Ventures Inc. ("Blackstone") to acquire Blackstone's 50% interest in the Rob uranium property, Yukon Territory, to increase the Company's interest to 100%. In consideration, the Company issued 305,000 common shares to Blackstone and granted a 1% NSR on metal production from the Property, which may be reduced to 0.5% at any time for $1,000,000.

On August 2, 2006, the Company signed a Letter of Intent with Fjordland Exploration Inc. ("Fjordland") on the Company's wholly-owned Olympic-Rob Property in the Yukon. Under the terms of the agreement, Fjordland may earn an initial 60% interest in the property by paying the Company $250,000 in cash, issuing 1.6 million treasury shares to the Company and incurring exploration expenditures on the property totaling $7 million over a five-year period ending on December 31, 2011. Of this, $50,000 (received) and 350,000 treasury shares (received) were payable to the Company upon receipt of regulatory approval and Fjordland must incur $600,000 in exploration expenditures by December 31, 2007, including a minimum of 2,000 metres of drilling.

Once Fjordland has earned a 60% interest, a joint venture will be formed or, within 60 days of vesting, Fjordland may elect to earn an additional 20% interest, for a total of 80%, by issuing to the Company either 1 million shares or paying $3 million cash, and by carrying all further costs through to completion of a bankable feasibility study. Upon completion of a bankable feasibility study, a final lump sum payment of $7 million cash is payable to the Company to vest Fjordland's 80% interest. If Fjordland vests at 80%, then the Company may make an election at any time up to commencement of commercial production, to convert its 20% interest into a 2% NSR subject to a buy-down provision to 1% for $10 million cash.

Alternatively, if Fjordland elects not to increase its interest to 80%, the Company may then elect to earn back 20% to an aggregate 60% interest by funding 100% of the next $3.0 million in exploration expenditures on the property. Once a 60:40 Joint Venture is formed, each party shall fund its share of on-going costs pro-rata. Should either party's interest be reduced below 10%, its interest shall convert to a 10% NPI.

7. Mineral Properties (continued)

(d) Other Properties (continued)

(6) 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.

(7) Adlatok 1, Labrador

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

(8) Sally, Labrador

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

(9) Green Bay, Newfoundland

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

(10) Big Hill, Newfoundland

During 2006, the Company allowed the option to terminate and, accordingly, the carrying value of the property was written down by $209,618 to $Nil.

(11) 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 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% NSR with no buy-down provision. Under the new royalty agreement, the Company provided BHP Billiton with a 2.75% NSR subject to a buy-down to 1.0% NSR for $1.5 million at any time. In exchange for the increased NSR, 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.

(12) Dewar Lake, Nunavut

The Company earned a 100% interest in sixteen Nunavut Exploration Permits from BHP Billiton Diamonds by incurring $200,000 in expenditures on the property. This expenditure was completed by December 31, 2004. No further significant work was completed in 2005 and 2006, and the final remaining prospecting permit expired on January 31, 2007. The property carrying value of $275,829 was written down to zero in December 2006.

(Expressed in Canadian dollars)

8. Property, Plant and Equipment

		Cost		Accumulated Depreciation		31-Mar-07 Net Book Value
Furniture and fixtures	$	57,241	$	53,500	$	3,741
Computer equipment		160,584		129,172		31,413
Leasehold improvements		28,293		12,968		15,326
	$	**246,118**	$	**195,639**	$	**50,479**

		Cost		Accumulated Depreciation		31-Dec-06 Net Book Value
Furniture and fixtures	$	57,240	$	52,927	$	4,313
Computer equipment		158,284		125,465		32,819
Leasehold improvements		28,293		11,789		16,504
	$	**243,817**	$	**190,181**	$	**53,636**

(Expressed in Canadian dollars)

9. Share Capital

(a) Authorized:

Unlimited common shares without par value

(b) Issued and outstanding common shares:

Balance, December 31, 2005	**39,599,648**	**25,316,856**
Issued for cash:		
Private placements, net of issue costs	17,469,808	7,306,437
Exercise of options, for cash	734,332	196,347
Exercise of warrants, for cash	3,074,787	1,510,154
Issued for other consideration:		
Income tax effect on flow-through share renunciation		(689,824)
Exercise of options, stock-based compensation (Note 9(e))		115,806
For mineral property	409,000	153,130
Balance, December 31, 2006	**61,287,575**	**33,908,906**
Issued for cash:		
Private placements, net of issue costs		(879)
Exercise of options, for cash	213,500	63,900
Exercise of warrants, for cash	271,750	135,875
Issued for other consideration:		
Income tax effect on flow-through share renunciation (Note 9(c))		(1,303,631)
Exercise of options, stock-based compensation (Note 9(e))		48,941
For mineral property	290,000	159,200
Balance, March 31, 2007	**62,062,825**	**33,012,312**

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

In February 2007, the Company renounced $1,669,999 of exploration expenditures under its flow-through share program, resulting in a future tax liability of $580,040, 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 $580,040 (see Note 14).

In March 2007, the Company renounced $2,120,725 of exploration expenditures under its flow-through share program, resulting in a future tax liability of $723,591, 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 $723,591 (see Note 14).

(Expressed in Canadian dollars)

9. Share Capital (continued)

(c) Income tax effect on flow-through share renunciation (continued)

In March 2006, the Company renounced $2,021,757 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.

(d) 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 7,944,396 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, 2007, the Company had stock options outstanding for the purchase of 4,035,503 common shares with an average remaining contractual life of 2.90 years, of which 3,649,253 stock options are exercisable at March 31, 2007.

Outstanding at December 31, 2005	**3,585,335**	**$0.39**
Granted	1,112,000	$0.35
Exercised	(734,332)	$0.19
Outstanding at December 31, 2006	**3,963,003**	**$0.40**
Granted	415,000	$0.87
Exercised	(213,500)	$0.30
Expired	(129,000)	$0.00
Outstanding at March 31, 2007	**4,035,503**	**$0.45**

(Expressed in Canadian dollars)

9. Share Capital (continued)

(d) Stock options (continued)

The following summarizes information about stock options outstanding at March 31, 2007:

Number of Shares	Exercise Price	Expiry Date
315,337	$0.20	January 23, 2008
161,666	$0.26	August 20, 2008
700,000	$0.53	January 21, 2009
50,000	$0.64	February 19, 2009
692,000	$0.56	May 18, 2009
40,000	$0.40	September 6, 2009
200,000	$0.40	September 21, 2009
383,000	$0.25	July 19, 2010
282,000	$0.39	May 7, 2011
696,500	$0.30	June 19, 2011
100,000	$0.56	October 22, 2011
415,000	$0.87	January 2, 2012
4,035,503		

For stock options granted and exercised after March 31, 2007, see Note 15(g).

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	2.65%
Expected dividend yield	
Expected stock price volatility	112.06%
Expected option life in years	2.90

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.

(Expressed in Canadian dollars)

9. Share Capital (continued)

(e) Stock-based compensation

The following summarizes information about option compensation:

	31-Mar-07	31-Dec-06
Stock-based compensation, beginning of period	$ 1,126,164	$ 1,097,149
Stock-based compensation expense	106,899	144,821
Reallocated to capital stock	(48,942)	(115,806)
Reallocated to contributed surplus		-
Stock-based compensation, end of period	$ **1,184,121**	$ **1,126,164**

The stock-based compensation expense totalled $106,899 in the threes months ended March 31, 2007, compared to $Nil in the same period of 2006. The expenses have been reallocated to Investor Relations, Audit & Accounting, Consulting and Wages & Benefits in the income statement.

	31-Mar-07	31-Mar-06
Audit and accounting	$ 19,167	$ -
Consulting	23,718	-
Investor relations	1,976	-
Salary and benefits	62,038	-
	$ 106,899	**$ -**

(f) Warrants and Agent's Warrants

At March 31, 2007, the Company had outstanding warrants for the purchase of an aggregate 5,102,250 common shares as follows:

Exercise Price	Expiry Date	Outstanding at 31-Dec-06	Issued	Exercised	Expired	Outstanding at 31-Mar-07
$0.50	May 15, 2008*	5,220,000	-	117,750	-	5,102,250

(Expressed in Canadian dollars)

9. Share Capital (continued)

(f) Warrants and Agent's Warrants (continued)

At March 31, 2007, the Company had outstanding agent's warrants for the purchase of an aggregate 1,294,739 common shares as follows:

Exercise Price	Expiry Date	Outstanding at 31-Dec-06	Issued	Exercised	Expired	Outstanding at 31-Mar-07
$0.50	May 11, 2007*	213,089	-	154,000	-	59,089
$0.50	May 15, 2008*	1,040,400	-	-	-	1,040,400
$0.50	May 15, 2008*	195,250	-	-	-	195,250
		1,448,739	**-**	**154,000**	**-**	**1,294,739**

* All of the warrants and 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.

For warrants exercised after March 31, 2007, see Note 15(g).

10. Related Party Transactions

In addition to the related party transactions disclosed elsewhere in these financial statements, 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 directors in common. Included in due from related parties is an aggregate of $24,731 owed by those companies for shared administrative expenses.

(b) The Company paid or accrued $10,363 in legal fees to a law firm in which a director of the Company is a partner.

(c) Included in marketable securities are 29,400 common shares of Bayswater and 517,647 common shares of Fjordland Exploration Inc., a company related by virtue of a director in common, and 470,000 common shares of Diamonds North Resources Ltd., a company related by virtue of another director in common.

(d) Included in accounts payable is $17,039 owed to Diamonds North Resources Ltd. This amount was paid subsequent to March 31, 2007.

(e) Included in accounts payable is $6,127 owed to the President and CEO of the Company. This amount was paid subsequent to March 31, 2007.

(Expressed in Canadian dollars)

11. 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 directors in common. The Company's proportionate share of minimum annual basic rental payments under this arrangement is approximately $66,000.

12. Segmented Information

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

13. Supplemental Cash Flow Information

		31-Mar-07		31-Mar-06
Significant non-cash operating, investing and financing activities:				
Investing activities:				
Marketable securities received for mineral property	$	-	$	45,000
Shares issued for mineral property		159,200		14,430
	$	**159,200**	**$**	**59,430**
Financing activities:				
Income tax effect on flow-through share renouncement	$	(1,303,631)	$	(689,824)
Shares issued for mineral property		159,200		-
Fair value of options exercised		48,942		3,682
	$	**(1,095,489)**	**$**	**(686,142)**
Other cash flow information:				
Interest received	$	14,775	$	2,995
Income taxes paid	$	-	$	-

14. 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 December 31, 2006 and which are segregated for such expenditures. As at March 31, 2007, the amount of flow-through proceeds remaining to be expended was $ 1,731,644 (2006 - $2,120,725).

15. Subsequent Events

(a) On April 9, 2007, the Company reported results from five diamond drill holes from the initial test of the Blue Hills Main showing, one of the seven known uranium prospects in the Blue Hills area of the Company's large Hermitage project, Newfoundland. Seven holes totalling 993 metres were completed. Drill results indicate that uranium mineralization is hosted by a thick sequence of brecciated felsic volcanics associated with strong silica and sericite alteration and that a fault may have offset the more significant portion of the mineralized zone tested at surface. Further groundwork is planned to determine the fault movement and location of the offset mineralized zone.

(b) On April 13, 2007, the Company reported it and Bayswater Uranium Corp. collectively, the "Companies", entered into an agreement with Global Gold Uranium LLC ("Global Gold Uranium"), a wholly owned subsidiary of Global Gold Corporation ("Global Gold") whereby Global Gold Uranium may earn up to a 60% interest in the Companies' 2,600 claim, 61,000 hectare Cochrane Pond property located in southern Newfoundland (the "Property"). The Companies own the Property under a 50:50 Joint Venture. Commander is the Operator. The claims were staked jointly by the Companies' in early 2006 to cover favourable geology after uranium discoveries were made on Commander's adjacent Hermitage Property. No significant exploration work has been done on the Property.

Under the agreement, Global Gold Uranium may earn an initial 51% working interest in the Property over a four year period by making total cash payments to the Companies of US$700,000, issuing 350,000 shares of Global Gold and completing exploration expenditures of $3.5 million (the "Initial Option"). Of the total cash payments, USD$200,000 is payable upon signing and approval, and of the total shares, 150,000 shares are to be issued on signing and approval. The first years committed work expenditure is $500,000.

Once Global Gold Uranium has vested a 51% in the Property through the Initial Option, Global Gold Uranium shall continue funding the project by either; (a) completing the next $2 million in exploration on the Property over a maximum two (2) year term; or (b) funding and delivering to the Companies a feasibility study on the property within a maximum of three (3) years. Following completion of either (a) or (b), Global Gold Uranium will have increased its interest in and to the Property to 60% (the "Second Stage"). Should Global Gold Uranium fail to complete the Second Stage by completing either (a) or (b), the interest will flip such that the Companies will hold 51% and Global Gold Uranium 49% in and to the Property.

Once Global Gold Uranium has vested the Second Stage, a joint venture will be formed, 60% as to Global Gold Uranium and 40% as to the Companies. The project will be funded pro-rata by Global Gold Uranium and the Companies according to their retained interest. If either Global Gold Uranium's or the Companies' interest is diluted below 10%, that party's interest will convert to a Royalty.

Either party may, at any time up to the commencement of commercial production, elect to convert their respective interest to a 2% gross uranium sales royalty in the case of a uranium deposit or a 2% NSR in the case of a non-uranium deposit ("Royalty"). In either case, 50% of the Royalty obligation may be purchased at any time prior to commercial production for a $1,000,000 cash payment.

(c) On April 26, 2007, the Company reported that drilling at both He2 and Doucette on the White Bear area of its Hermitage uranium project in southern Newfoundland intersected multiple intervals of uranium mineralization in bedrock in the vicinity of mineralized boulder trains. The Company completed 898 metres of drilling in six holes on the He2 target area and 1,232 metres in seven holes on the Doucette target area.

15. Subsequent Events (continued)

(d) On May 7, 2007, the Company reported the completion of the Phase 1 drill program on the Hermitage uranium project, Newfoundland. There were a total of 16 holes drilled in the White Bear area and 31 holes in total for the entire drill program that started in late 2006. Assay results from all 16 holes drilled in the White Bear area are awaited.

(e) On May 8, 2007, the Company announced the appointment of David Watkins to the Company's Board of Directors. Mr. Watkins is an international mining executive with 40 years of experience in building and managing mining companies. Mr. Watkins was granted an incentive stock option to acquire 200,000 shares of the Company. The options are exercisable over a period of five years at a price of $0.41 per share and are subject to the policies of the TSX Venture Exchange.

(f) On May 8, 2007, the Company announced that Ms. Jada Soomer had been hired as the Company's Manager, Investor Relations. Ms. Soomer was granted an incentive stock option to acquire 100,000 shares of the Company. The options are exercisable over a period of five years at a price of $0.41 per share and are subject to the policies of the TSX Venture Exchange.

(g) Subsequent to March 31, 2007, the Company issued 40,000 common shares for proceeds of $12,000 pursuant to the exercise of stock options and 47,500 common shares for proceeds of $23,750 pursuant to the exercise of warrants.