



# **COMMANDER RESOURCES LTD.**

## **INTERIM REPORT**

For the Three Months Ended  
March 31, 2010

(See Notice)



**COMMANDER  
RESOURCES LTD.**

**COMMANDER RESOURCES LTD.**

Notice

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**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, 2010, have been prepared by management and have not been the subject of a review by the Company’s independent auditor.

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Balance Sheets**

As at March 31, 2010

(Unaudited - See Notice)

(expressed in Canadian dollars)

	<b>March 31, 2010 (Unaudited)</b>	<b>December 31, 2009 (Audited)</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 3(b))	\$ 2,512,813	\$ 1,425,152
Marketable securities (Notes 4 and 11(c))	381,498	321,066
Investment in warrants (Note 6)	50,504	66,600
Accounts receivable	41,929	138,318
Due from related parties (Note 11(a))	1,709	2,163
Prepaid expenses	447,234	38,227
Field supplies	282,125	282,125
	<b>3,717,812</b>	<b>2,273,651</b>
Mineral properties (Note 7)	22,054,008	22,057,385
Property and equipment (Note 8)	18,125	10,555
	<b>\$ 25,789,945</b>	<b>\$ 24,341,591</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 11(d))	\$ 383,332	\$ 244,980
Advance from optionee (Note 9)	1,419,674	-
	<b>1,803,006</b>	<b>244,980</b>
Future income taxes	1,472,945	1,472,945
	<b>3,275,951</b>	<b>1,717,925</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	37,302,632	37,232,067
Contributed surplus	965,352	965,352
Option compensation	1,288,884	1,078,438
Deficit	(16,768,888)	(16,317,772)
Accumulated other comprehensive loss	(273,985)	(334,419)
	<b>22,513,995</b>	<b>22,623,666</b>
	<b>\$ 25,789,946</b>	<b>\$ 24,341,591</b>

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Note 14)

Approved on behalf of the Directors:

*"Kenneth E. Leigh"*

Kenneth E. Leigh

*"Michael W. Byrne"*

Michael W. Byrne

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Statements of Operations**

(Unaudited - See Notice)

(expressed in Canadian dollars)

	<b>For Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>General and administrative expenses</b>		
Accounting and audit	\$ 24,900	\$ 22,400
Amortization	2,483	3,079
Annual report and meeting	1,258	4,524
Consultants	18,422	9,388
Insurance	10,863	11,162
Investor relations and promotion	49,854	29,978
Legal	2,140	962
Office and miscellaneous	12,795	11,101
Regulatory and transfer agent fees	12,811	10,725
Rent and storage	16,978	22,571
Salaries and benefits	45,370	35,727
Stock-based compensation (Note 10(c))	236,611	10,637
<b>Loss before the undernoted</b>	<b>(434,485)</b>	<b>(172,254)</b>
Interest income	13	576
Property investigation	(548)	(2,593)
Unrealized loss on derivative instruments (Note 6)	(16,096)	-
<b>Loss before taxes</b>	<b>(451,116)</b>	<b>(174,271)</b>
<b>Future income tax recovery</b> (Note 13)	-	617,589
<b>Net loss for the period</b>	<b>\$ (451,116)</b>	<b>443,318</b>
<b>Deficit, beginning of period</b>	<b>(16,317,772)</b>	<b>(16,090,369)</b>
<b>Deficit, end of period</b>	<b>\$ (16,768,888)</b>	<b>(15,647,051)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.005)</b>	<b>\$ 0.006</b>
<b>Weighted average number of common shares outstanding</b>	<b>90,207,516</b>	<b>79,572,516</b>
<b>Weighted average number of shares outstanding - Diluted</b>	<b>90,207,516</b>	<b>86,910,444</b>

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Statements of Comprehensive Loss**

(Unaudited - See Notice)

(expressed in Canadian dollars)

	<b>For Three Months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Net loss for the period</b>	\$ (451,116)	\$ 443,318
Unrealized gain (loss) on available-for-sale marketable securities	60,434	(16,686)
Other comprehensive income (loss)	60,434	(16,686)
<b>Comprehensive loss for the period</b>	\$ (390,682)	\$ 426,632

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Statements of Cash Flows**

(Unaudited - See Notice)

(expressed in Canadian dollars)

	<b>For Three Months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash provided from (used for):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (451,116)	\$ 443,318
Items not involving cash:		
Amortization	2,483	3,079
Stock-based compensation	236,611	10,637
Unrealized loss on derivative instruments	16,096	-
Future income tax recovery	-	(617,589)
	<b>(195,926)</b>	<b>(160,555)</b>
Changes in non-cash working capital items:		
Accounts receivable	96,390	29,683
Due from related parties	454	9,213
Prepaid expenses	(409,007)	21,162
Accounts payable and accrued liabilities	7,499	(84)
Advance from joint venture partner	1,419,674	-
	<b>919,084</b>	<b>(100,581)</b>
<b>Cash used in operating activities</b>	<b>919,084</b>	<b>(100,581)</b>
<b>Investing activities</b>		
Recoveries from mineral properties	415,729	-
Mineral property acquisition and exploration costs	(412,352)	(132,312)
Accounts payable and accrued liabilities related to mineral properties	130,853	(15,967)
Purchase of equipment	(10,053)	-
	<b>124,177</b>	<b>(148,279)</b>
<b>Cash provided by/(used in) investing activities</b>	<b>124,177</b>	<b>(148,279)</b>
<b>Financing activities</b>		
Shares issued for cash, net of issue costs	44,400	-
	<b>44,400</b>	<b>-</b>
<b>Cash provided by financing activities</b>	<b>44,400</b>	<b>-</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,087,661</b>	<b>(248,860)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,425,152</b>	<b>960,486</b>
<b>Cash and cash equivalents, end of period (Note 3(c))</b>	<b>\$ 2,512,813</b>	<b>\$ 711,626</b>

Supplemental Cash Flow Information (Note 13)

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Statement of Shareholders' Equity**

	Share Capital		Contributed Surplus	Option Compensation	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount					
<b>Balance, December 31, 2008</b>	<b>79,572,516</b>	<b>36,573,769</b>	<b>230,695</b>	<b>1,662,513</b>	<b>(16,090,369)</b>	<b>(381,001)</b>	<b>21,995,607</b>
Net loss for the year					(227,403)		(227,403)
Unrealized gain on available-for-sale marketable securities, net of taxes						36,426	36,426
Transfer to income on sale of marketable securities						10,156	10,156
Shares issued for cash							
Private placement	10,000,000	1,200,000					1,200,000
Exercise of options	635,000	63,500					63,500
Share issue costs		(6,850)					(6,850)
Non-cash transactions							
Income tax effect on flow-through share renunciation		(617,589)					(617,589)
Reclassification of option compensation on exercise of options		19,237		(19,237)			-
Reclassification of option compensation on expiry of options			734,657	(734,657)			-
Stock-based compensation				169,819			169,819
<b>Balance, December 31, 2009</b>	<b>90,207,516</b>	<b>\$ 37,232,067</b>	<b>\$ 965,352</b>	<b>\$ 1,078,438</b>	<b>\$ (16,317,772)</b>	<b>\$ (334,419)</b>	<b>\$ 22,623,666</b>
Net loss for the period					(451,116)		(451,116)
Unrealized gain on available-for-sale marketable securities, net of taxes						60,433	60,433
Shares issued for cash							
Exercise of options	382,000	44,400					44,400
Non-cash transactions							
Reclassification of option compensation on exercise of options		26,165		(26,165)			-
Stock-based compensation				236,611			236,611
<b>Balance, March 31, 2010</b>	<b>90,589,516</b>	<b>\$ 37,302,632</b>	<b>\$ 965,352</b>	<b>\$ 1,288,884</b>	<b>\$ (16,768,888)</b>	<b>\$ (273,986)</b>	<b>\$ 22,513,994</b>

See Accompanying Notes to the Financial Statements

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

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### **1. Nature of Operations and Going Concern**

Commander Resources Ltd. (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. The Company has not earned significant revenues from its resource property interests and is considered to be in the exploration stage.

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its mineral interest. The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition, exploration and development of mineral properties, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and continue to explore mineral property interests. There is no assurance that these plans will be successful.

For the three months ended March 31, 2010, the Company reported a net loss of \$451,116 (2009 – Profit of \$443,318), has a deficit of \$16,768,888 (2009 - \$16,317,772) and accumulated other comprehensive loss of \$273,986 (2009 - \$334,419). The Company also had working capital of \$1,914,806 (2009 - \$2,028,671). Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions.

### **2. Significant Accounting Policies**

These financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars.

#### **(a) Basis of presentation**

These unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The unaudited interim financial statements should be read in conjunction with Commander's audited financial statements including the notes thereto for the year ended December 31, 2009.

The accounting policies followed by Commander are set out in Note 2 to the audited financial statements for the year ended December 31, 2009 and have been consistently followed in the preparation of these financial statements.



## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

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### **2. Significant Accounting Policies (continued)**

#### **(b) Future accounting changes**

##### **(i) International Financial Reporting Standards (“IFRS”)**

In February 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective for fiscal years beginning on or after January 1, 2011. The Company will therefore be required to report using IFRS commencing with its unaudited interim consolidated financial statements for the three months ended March 31, 2011, which must include the interim results for the prior period ended March 31, 2010 prepared on the same basis. IFRS uses a conceptual framework similar to Canadian GAAP, but there are some significant differences on recognition, measurement and disclosures. While the Company has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

##### **(ii) Business Combinations**

In January 2009, the CICA issued Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-Controlling Interests”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

### **3. Financial Instruments**

#### **(a) Fair value**

The Company has classified its financial instruments as follows:

- Cash and cash equivalents – as held-for-trading
- Marketable securities – as available-for-sale
- Accounts receivable – as loans and receivables
- Due from related parties – as loans and receivables
- Investment in warrants – as held-for-trading
- Accounts payable and accrued liabilities – as other financial liabilities.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values because of the short term to maturity of these financial instruments.

The fair values of amounts due from related parties cannot be reliably measured since there is no quoted price for such instruments.

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

**3. Financial Instruments** (continued)**(a) Fair value** (continued)

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes fair value measurement by level at March 31, 2010 for assets and liabilities measured at fair value on a recurring basis:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets				
Marketable securities	\$ 381,498	\$ 381,498	\$ -	\$ -
Investment in warrants	\$ 50,504	\$ -	\$ 50,504	\$ -

As the carrying values of the Company's remaining financial instruments approximate their fair values, disclosure is not made of their level in the fair value hierarchy.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has cash and cash equivalents at March 31, 2010 in the amount of \$2,512,813. Of this amount, \$989,674 relates to advances from AngloGold to be used in the Baffin properties (see Note 7). At March 31, 2010, the Company had accounts payable and accrued liabilities of \$383,332 and advance from optionee of \$1,419,674. All of the Company's current liabilities are due within the current fiscal year.

**(c) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents and amounts due from related parties. This risk is minimized as the cash and cash equivalents have been placed with major Canadian financial institutions. The Company is exposed to credit risk on its receivables. Credit risk with respect to amounts due from related parties has been assessed as low by management as the Company has strong working relationships with the parties involved.

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

**3. Financial Instruments** (continued)**(c) Credit risk** (continued)

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at major Canadian financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	<b>March 31, 2010</b>	<b>December 31, 2009</b>
Cash	\$ 2,497,813	\$ 1,410,152
Term deposit with interest 0.2% (2009 - 0.2%) maturing on July 23, 2010	15,000	15,000
	<b>\$ 2,512,813</b>	<b>\$ 1,425,152</b>

**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

**(i) Interest rate risk**

Interest rate risk consists of two components:

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

The Company's cash and cash equivalents consists of cash held in bank accounts and a guaranteed investment certificate that earns interest at 0.2%. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2010.

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

**(ii) Foreign currency risk**

The Company is not exposed to significant foreign currency risk.

**(iii) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to their marketable securities. Given the limited change in the fair market value of marketable securities in the past period, estimated fluctuations in the market value would lead to an immaterial change in net income (loss) and comprehensive income (loss).

There were no changes in the Company's approach to risk during the period ended March 31, 2010.

## COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

### 4. Marketable Securities

	As at March 31, 2010					As at December 31, 2009				
	Number of Shares	Cost	Close Price	Market Value	Year-to-Date Unrealized Gain/(Loss) Before Tax	Number of Shares	Cost	Close Price	Market Value	Year-to-Date Unrealized Gain/(Loss) Before Tax
Fjordland (FEX.V)	1,517,647	\$ 211,353	0.120	\$ 182,118	\$ 22,766	1,517,647	\$ 211,353	0.105	\$ 159,353	\$ 31,235
Diamonds North (DDN.V)	258,000	141,280	0.250	64,500	(10,320)	258,000	141,280	0.290	74,820	(2,580)
Uranium North (UNR)	333	333	0.095	32	2	333	333	0.090	30	-
Alto Ventures (ATV.V)	1,875,000	281,250	0.065	121,875	46,875	1,875,000	281,250	0.040	75,000	9,375
Bayswater (BAY.V)	40	204	0.570	23	(17)	400	204	0.100	40	2,475
GBL Gold Corp (GBGD.OB)	75,000	72,439	0.173	12,950	1,127	75,000	72,439	0.158	11,823	2,688
Pamlico Resources Ltd. (PGP)	100,000	-	-	-	-	100,000	-	-	-	-
<b>Total</b>		<b>\$ 706,859</b>		<b>\$ 381,498</b>	<b>\$ 60,433</b>		<b>\$ 706,859</b>		<b>\$ 321,066</b>	<b>\$ 43,193</b>

### 5. Capital Management

The Company defines its capital as all components of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2010. The Company is not subject to externally imposed capital requirements.

### 6. Investment in Warrants

On June 4, 2009, the Company and Fjordland reached a settlement in respect to a shortfall on drilling by Fjordland on the Olympic and Rob properties. Under the terms of the settlement, Fjordland issued 1,000,000 units consisting of one common share and one purchase warrant of Fjordland. Each warrant entitles the Company to purchase one common share at a price of \$0.16 per share until June 3, 2011. The common shares are recorded as marketable securities and recorded at market value (Note 4). The warrants are accounted for as a derivative instrument and recorded at fair value with changes in fair value recognized in the statements of operations.

The fair value of the warrants was estimated using the Black-Scholes option pricing model on receipt and recorded at \$68,200 as a recovery of mineral properties. During the three months ended March 31, 2010, the unrealized loss on the 1,000,000 warrants was \$16,096, which has been recognized in the statements of operations.

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

**7. Mineral Properties**

At March 31, 2010 and 2009, mineral properties are comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	<b>Baffin, Nunavut</b>		<b>Other</b>	<b>Total</b>
	Qimmiq	Bravo Lake	<b>Properties</b>	
Balance at				
December 31, 2009	\$ 9,744,370	\$ 2,528,803	\$ 9,784,212	\$ 22,057,385
Additions during the year:				
Acquisition costs	-	-	-	-
Exploration costs:				
Drilling	116,057	-	1,824	117,881
Geochemistry	3,334	-	-	3,334
Geology	83,101	9,486	31,146	123,733
Geophysics	700	-	-	700
Mobilization/demobilization	-	-	-	-
Environment	86,820	19,294	-	106,114
Property	828	-	4,094	4,922
Prospecting	-	-	-	-
Trenching/line cutting	538	-	-	538
Other	51,844	1,455	1,831	55,130
	343,222	30,235	38,895	412,352
Less:				
Recoveries	(369,583)	(25,744)	(20,402)	(415,729)
Write down	-	-	-	-
	(369,583)	(25,744)	(20,402)	(415,729)
Net additions	(26,361)	4,491	18,493	(3,377)
<b>Balance at</b>				
<b>March 31, 2010</b>	<b>\$ 9,718,009</b>	<b>\$ 2,533,294</b>	<b>\$ 9,802,705</b>	<b>\$ 22,054,008</b>

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

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### **7. Mineral Properties** (continued)

#### **(a) Baffin Island Properties, Nunavut**

The Baffin Island Properties consists of two separate properties named Qimmiq and Bravo Lake. The Company owns 100% of the Qimmiq property, subject to an underlying agreement with Nunavut Tunngavik Incorporated (“NTI”) and certain future consideration to BHP Billiton (“BHP Billiton”). The Company owns 100% of the Bravo Lake property subject to certain future considerations to Xstrata Nickel (“Xstrata”), a business unit of Xstrata Canada Corporation, as further described under the property headings below. The Company earned a 100% interest in the Bravo Lake property by exercising its right under a Purchase Letter between the parties dated May 1, 2008.

An Agreement dated May 6, 2008 between the Company and Global Resources Corporation Pty Ltd. (“GRC”), pertaining to the Baffin Island Properties, was terminated on April 21, 2009.

On September 3, 2009, as amended on November 19, 2009, the Company entered into a Farm-in and Joint Venture Agreement (“Agreement”) with AngloGold Ashanti Limited’s subsidiary, AngloGold Ashanti Holdings Plc (“AngloGold”), related to both the Qimmiq and Bravo properties (collectively, “Baffin Properties”). Pursuant to the Agreement, AngloGold may earn a 51% participating interest in the Baffin Properties by funding \$20 million by December 31, 2014, with an additional requirement to fund \$5.5 million of the \$20 million in exploration expenditures before December 31, 2010. The initial commitment includes completion of a minimum of 3,000 metres of diamond drilling. Additional terms of the Agreement are as follows:

- The Company will manage the exploration for the initial two-year committed program period. AngloGold will pay a 10% management fee to the Company on all exploration expenditures incurred on the project during that period which are treated as part of the exploration expenditures to be funded by AngloGold. Accordingly, these amounts have been presented as a recovery related to the relevant property;
- AngloGold may at its option, advance a cash payment of \$575,000 to the Company so that the Company may exercise its right to purchase the remaining interest in the Bravo property to 100%, which is treated as part of the exploration expenditures to be funded by AngloGold. Accordingly, these amounts have been presented as a recovery related to the relevant property; and
- Once AngloGold has vested a 51% interest in the Baffin Properties, a 51:49 joint venture will be formed between AngloGold and the Company. AngloGold may then elect within 60 days of vesting to increase its interest in the property to 70% by funding all on-going expenditures to complete a feasibility study within four years on at least one of the prospects on the Baffin Properties.

As part of the Agreement, on November 19, 2009, Ashanti Goldfields Services Limited, a wholly owned subsidiary of AngloGold, subscribed for and was issued a total of 10,000,000 units of the Company for gross proceeds of \$1.2 million. Each unit consists of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of \$0.24 until November 17, 2011. Under the Agreement, AngloGold is required to hold at least a 10% equity stake in the Company and has the right, subject to TSX Venture Exchange approval, to participate in future private placements in order to meet its equity commitment in the Company under this Agreement.

For the period to March 31, 2010, total recoveries on the Qimmiq project from AngloGold amounted to \$395,327, including the management fees of \$35,939.

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

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### **7. Mineral Properties** (continued)

#### **(a) Baffin Island Properties, Nunavut** (continued)

##### **(i) Qimmiq**

On February 22, 2008, the Company and BHP Billiton signed an Option Acceleration Agreement ("Revised Agreement"), providing the Company the option to accelerate its rights to earn a 100% interest in the Qimmiq Property by paying the lump sum of \$400,000 in cash to BHP Billiton on or before September 30, 2008. The deadline for this cash payment was subsequently extended to April 30, 2009 through a series of amending letters with the final letter dated February 25, 2009. On April 30, 2009, the Company exercised its right to accelerate its interest to 100% in the Property after BHP Billiton agreed to waive the \$400,000 cash payment required under the Option Acceleration Agreement. The Revised Agreement is now the only agreement between the Company and BHP Billiton pertaining to the Qimmiq Property.

Under the Revised Agreement, BHP Billiton retains the Right of First Refusal ("ROFR") to purchase all or any portion of the concentrates or other such mineral products produced only from non-gold resources on the Property. For the first four years of commercial production, BHP Billiton's ROFR would apply to 50% of the non-gold concentrates; the other 50% of the non-gold concentrates available for the Company to support or facilitate mine financing terms and other project capitalization and BHP Billiton shall retain a ROFR to match such financing terms. The Company will retain 100% control over the sale and marketing of all gold concentrates or gold products produced from the Qimmiq Property. The Revised Agreement is subject to a variable net smelter return ("NSR") gold royalty ranging from 1% to 3% based on gold prices (royalties are now held by International Royalty Corporation) and the terms and conditions of the underlying NTI agreements, which include a 12% royalty to NTI on net profits payable on production.

##### **(ii) Bravo Lake**

The Company currently owns 100% of the Bravo Lake property. Previously, the Company had been operating the Bravo Lake property since 2003 under a Letter Agreement with Xstrata. Under this agreement, the Company had the right to earn a 100% interest in the property by incurring \$8 million of exploration expenditures on the property by 2011. Xstrata held certain back-in rights to nickel, base metal or diamond deposits. There were no back-in rights to gold deposits. The property is subject to certain royalties payable to Xstrata including a sliding scale NSR from 1% to 3% on gold production, a 2% NSR on nickel production, a 1.5% NSR on (non-nickel) base metal production and a 2% gross overriding royalty on diamond production. The property was expanded by staking in September 2009 with the addition of 42 mineral claims totalling 34,964 hectares.

On May 1, 2008, the Company entered into a Purchase Letter with Xstrata providing the Company the option to accelerate its ownership in the Bravo Lake property to 100% for total cash payments to Xstrata of \$750,000 by December 31, 2008. In an amending letter dated November 13, 2008, the deadline for the unpaid balance of \$575,000 was extended to June 30, 2009 and further extended to December 31, 2009.

On December 7, 2009, the Company completed the purchase from Xstrata of a 100% interest in the Bravo Property thereby eliminating all remaining earn-in expenditures and extinguishing Xstrata's back-in rights. Xstrata retains a ROFR to purchase all or any portion of the concentrates or other such mineral products produced from any non-gold resource on the property. For the first four years of commercial production, Xstrata's right would apply to 50% of the concentrates; the other 50% of the concentrates available for the Company to support or facilitate mine financing terms and other project capitalization and Xstrata shall retain a ROFR to match such financing terms. Xstrata also retains the royalties provided under the original Letter Agreement but under the Purchase Letter, 50% of the royalties may be purchased by the Company for \$1 million at any time up to commencement of commercial production.

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(Unaudited)

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**7. Mineral Properties** (continued)**(b) Other properties**

The Company owns several other properties in Canada in which it holds interests ranging from 10% to 100%. The Company has granted options on some of these properties. The carrying values of those properties included under Other Properties at March 31, 2010 and 2009 are as follows:

	Ownership %	March 31, 2010	December 31, 2009
<b>Labrador Properties</b>			
Adlatok I	72.696	\$ 736,151	\$ 736,151
Sadie	100.00	127,856	127,856
Sally	100.00	391,986	391,986
Sango River	100.00	8,345	8,345
Sarah Lake (i)	48.20	1,752,449	1,752,449
<b>Nunavut</b>			
Storm (ii)	100.00	109,767	120,476
Dewar Lake	-	516	516
<b>Newfoundland</b>			
Hermitage (iv)(a)	100.00	2,732,342	2,730,550
Strickland (iv)(b)	100.00	924,472	922,497
Cochrane Pond (iv)(d)	50.00	48,950	48,950
Green Bay (viii)	100.00	555,968	535,681
Others	100.00	136,122	133,347
<b>Yukon</b>			
Olympic, Rob (v)	100.00	855,953	853,507
<b>British Columbia</b>			
Abe and Pal (vi)	100.00	110,593	110,593
Aten, Mate and Tut (vi)	100.00	1,250	1,250
Haw	100.00	-	-
Tam (vii)	10.00	39,524	44,524
<b>New Brunswick</b>			
Nepisiguit/Stewart (ix)	100.00	1,129,511	1,129,311
<b>Ontario</b>			
Matheson	41.36	14,213	14,213
Sabin	100 - 58.50	126,737	122,010
<b>Total Other Properties</b>		<b>\$ 9,802,705</b>	<b>\$ 9,784,212</b>



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(Unaudited)

(expressed in Canadian dollars)

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### **7. Mineral Properties** (continued)

#### **(b) Other properties** (continued)

##### **(i) Sarah Lake, Labrador**

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

##### **(ii) Storm Property, Nunavut**

The Company acquired three prospecting permits on February 1, 2008 for a \$15,000 cash deposit. The permits are good for a five-year term and the \$15,000 deposit is refundable on completion of an equivalent amount of exploration work in the first two years. In first quarter of 2010, Commander was awarded a fourth permit expanding the property size by 54,265 acres with a deposit of \$5,427.

##### **(iii) Despinassy, Quebec**

The Company sold 100% of its interest in the project to Alto Ventures in March 2008 for \$375,000 cash and 1,875,000 common shares of Alto Ventures. The Company also retains a 1% NSR royalty on 83 claims and 0.25% on the other 30 claims. Alto Ventures retains the right to buy-down the NSR on the 83 claims to 0.50% for \$500,000.

##### **(iv) Hermitage Project, Newfoundland**

###### **(a) Hermitage**

The Company owns 100% of the Blue Hills and White Bear properties subject to a 2% NSR for the original property owners. One-half of the NSR may be purchased for \$1 million.

On the adjacent Couteau Lake Property, the option agreement allowing the Company to earn a 100% interest was extended by amending agreements such that the expiry date of the option is changed to April 2, 2010. The agreement is subject to a 2% NSR for the vendor with a buy-back of one-half of the NSR for \$1 million. In a letter dated May 3, 2010 and executed by Chan on May 17, 2010, the option was terminated with no further obligations to Commander.

###### **(b) Strickland**

The Strickland Property consists of 147 claims southwest of the Hermitage Property.

The Quinlan Option agreement, originally executed on August 16, 2006 to cover a small claim block surrounded by the Strickland Property, was terminated by the Company on June 24, 2009.

###### **(c) Hermitage East and West**

The Company currently owns 100% of the properties.

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(Unaudited)

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### **7. Mineral Properties** (continued)

#### **(b) Other properties** (continued)

##### **(iv) Hermitage Project, Newfoundland** (continued)

##### **(d) Cochrane Pond**

The Property is owned 50% by the Company and 50% by Bayswater Uranium Corporation under a Joint Venture Agreement dated June 19, 2006 ("CPJV").

On November 13, 2008, CPJV entered into a Royalty Agreement ("Agreement") with Global Gold Uranium LLC ("Global Gold Uranium"), a wholly owned subsidiary of Global Gold Corporation ("Global Gold") following termination of a previous option agreement between the parties. Under the Agreement, CPJV provided Global Gold Uranium a 1% royalty on sales of uranium products extracted from the property in consideration for a cash payment of US\$50,000 to CPJV. The royalty is capped such that it will be reduced to 0.50% after the total royalty payments from production to Global Gold Uranium reach \$1 million.

##### **(v) Olympic & Rob, Yukon**

The Company owns 100% of the Olympic and Rob properties subject to a 1% NSR registered to Blackstone Ventures Inc. on the Rob property. The NSR may be reduced to 0.50% at any time for \$1 million.

An option agreement dated May 1, 2008 between the Company and a privately held Australian company that provided GRC the option to earn an initial 50% interest in the property, was terminated by the parties October 31, 2008 because GRC was unable to complete a planned Initial Public Offering as required under the agreement.

##### **(vi) Abe, Pal, Aten, Mate and Tut, British Columbia**

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

##### **(vii) Tam/Misty, British Columbia**

The Company owns a 10% carried interest in the property. The Company will receive 50% of any royalties granted to the underlying owner under any subsequent third party agreement on the property.

Under an agreement dated February 13, 2006 between the underlying owners and Teck Cominco Limited ("Teck Cominco"), the Company received a cash payment of \$2,500. In addition, the Company is entitled to 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 million to the Company.

##### **(viii) Green Bay, Newfoundland**

The Company holds a 100% interest in the Green Bay property, which includes the Orion gold deposit. Under the terms of the Letter of Intent dated March 11, 2010 as amended March 19, 2010, BMB Capital Corp, a Capital Pool Company ("BMB") may acquire an initial 50% interest ("Initial Interest") in the Green Bay mineral property by issuing to Commander 12,000,000 treasury shares of BMB and by raising the amount of CDN\$1 million dollars through completion of a private placement financing ("Project Financing"), such funds to be used by BMB for conducting mineral exploration activities on the Property.

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For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

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### **7. Mineral Properties** (continued)

#### **(b) Other properties** (continued)

##### **(viii) Green Bay, Newfoundland** (continued)

Once BMB has vested its Initial Interest, BMB will be responsible for funding all exploration expenditures on the Property. BMB shall commit to spending a minimum of \$1 million dollars in eligible work expenditures (“Committed Expenditures”) on the Property within the 18 month period following the Approval Date. BMB, at any time from the date of vesting its Initial Interest up to the earlier of the date BMB commences Commercial Production from the Property or a date that is before the expiry of 5 years from the date BMB vests its Initial Interest, will have the right to acquire the remaining 50% of the Property from Commander by issuing 5,000,000 treasury shares of BMB to Commander. The agreement provides BMB certain rights to form a JV on the project and reserves a 2% NSR for Commander on the certain portions of the property.

##### **(ix) Nepisiguit/Stewart, New Brunswick**

The Company owns 100% of the property subject to a 2.75% NSR retained by BHP Billiton. The NSR is subject to a buy-down to 1% NSR for \$1.5 million at any time.

### **Environmental**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company’s operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

### **Title to resource properties**

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

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(Unaudited)

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**7. Mineral Properties** (continued)**Realization of assets**

The resource properties comprise substantially all of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

**8. Property and Equipment**

	<b>March 31, 2010</b>		
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 57,240	\$ 57,240	\$ -
Computer equipment	180,004	163,647	16,357
Leasehold improvements	28,293	26,525	1,768
	<b>\$ 265,537</b>	<b>\$ 247,412</b>	<b>\$ 18,125</b>

	<b>December 31, 2009</b>		
	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 57,240	\$ 57,240	\$ -
Computer equipment	169,951	161,754	8,197
Leasehold improvements	28,293	25,935	2,358
	<b>\$ 255,484</b>	<b>\$ 244,929</b>	<b>\$ 10,555</b>

**9. Advance from Optionee**

The Company's optionee, AngloGold, had advanced \$1,815,000 to the Company to be used in the Baffin properties including \$165,000 for management fees. During the quarter, \$359,388 exploration expenses were incurred and \$35,938 in management fees were recovered leaving a balance of \$1,419,674.

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Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

**10. Share Capital****(a) Authorized**

Unlimited common shares without par value

**(b) Shares issued**

During the three months ended March 31, 2010, the Company issued 382,000 common shares on the exercise of options by officers, consultants and employees at an average price of \$0.12 per share. Total proceeds received upon exercise were \$44,400.

**(c) Stock options**

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. Under the Company's Stock Option Plan, the Company may grant stock options for the purchase of up to 15,900,000 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, 2010, the Company had stock options outstanding for the purchase of 8,555,500 common shares with an average remaining contractual life of 3.21 years, with 6,482,000 shares exercisable at March 31, 2010.

A summary of the Company's outstanding stock options as at March 31, 2010 and 2009 and changes during the respective periods are as follows:

	Number of Shares	Weighted Average Exercise Price
<b>Outstanding at December 31, 2008</b>	<b>6,762,000</b>	<b>\$0.36</b>
Granted	2,406,000	\$0.10
Exercised	(635,000)	\$0.10
Expired	(1,669,000)	\$0.53
<b>Outstanding at December 31, 2009</b>	<b>6,864,000</b>	<b>\$0.25</b>
Granted	2,073,500	\$0.35
Exercised	(382,000)	\$0.12
<b>Outstanding at March 31, 2010</b>	<b>8,555,500</b>	<b>\$0.28</b>

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

**10. Share Capital** (continued)(c) **Stock options** (continued)

The following summarizes information about stock options outstanding at March 31, 2010:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted Average Remaining Contractual Life in Years</b>	<b>Weighted Average Exercise Price</b>
333,000	\$0.25	July 19, 2010		
282,000	\$0.39	May 7, 2011		
646,500	\$0.30	June 19, 2011		
400,000	\$0.87	January 2, 2012		
200,000	\$0.41	May 8, 2012		
1,196,500	\$0.36	June 7, 2012		
70,000	\$0.19	December 21, 2012		
760,000	\$0.18	February 7, 2013		
200,000	\$0.21	June 24, 2013		
290,000	\$0.10	October 17, 2013		
700,000	\$0.10	February 20, 2014		
1,404,000	\$0.10	May 12, 2014		
200,000	\$0.39	January 19, 2015		
1,778,500	\$0.35	January 27, 2015		
95,000	\$0.35	January 27, 2015		
<b>8,555,500</b>			<b>3.21</b>	<b>\$0.28</b>

**COMMANDER RESOURCES LTD.**

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Notes to Interim Financial Statements

For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

**10. Share Capital** (continued)**(c) Stock options** (continued)

There were 6,482,000 options exercisable at March 31, 2010 with a weighted average exercise price of \$0.26 and a weighted average remaining contractual life in years of 2.70.

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 and resulting fair value:

	<b>2010</b>	<b>2009</b>
Risk-free interest rate	1.88%	1.87%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	88.48%	107.71%
Expected option life in years	5	5
Grant date fair value	\$0.215	\$0.061

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

The following warrants are outstanding at March 31, 2010 and 2009:

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Outstanding December 31, 2009</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>Outstanding March 31, 2010</b>
\$0.24	November 17, 2011	5,000,000	-	-	-	5,000,000
		<b>5,000,000</b>	-	-	-	<b>5,000,000</b>

The weighted average exercise price of the warrants outstanding at March 31, 2010 is \$0.24 (2009 - \$0.24).

## COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

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For the Periods Ended March 31, 2010 and 2009

(Unaudited)

(expressed in Canadian dollars)

### 11. 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 and other costs with four other companies related by virtue of directors in common. Included in due from related parties as at March 31, 2010 is an aggregate of \$736 (2009 - \$1,676) owed by those companies. The amounts due are without interest or stated terms of repayment. The Company's proportionate share of minimum annual basic rental payments under this arrangement is approximately \$66,000. Included in due from related parties as at March 31, 2010 is \$973 (2009 - \$487) for expenses owed by a company controlled by an officer.
- (b) During the three months ended March 31, 2010, the Company incurred \$3,007 (2009 - \$1,172) in legal fees, share issuance costs and mineral properties costs to a law firm in which a director of the Company is a partner. Of this amount, \$Nil (2009 - \$219) is included in accounts payable and accrued liabilities. During the three months ended March 31, 2010, the Company incurred \$20,025 (2009 - \$20,025) in consulting fees to two companies controlled by two officers of the Company. Of this amount, \$Nil (2009 - \$669) is included in accounts payable and accrued liabilities.
- (c) Included in marketable securities as at March 31, 2010 are 258,000 (2009 - 258,000) common shares of Diamonds North Resources Ltd., a company related by virtue of a director in common.
- (d) Accounts payable includes \$1,480 due to companies related by common directors.

Related party transactions are recorded at the exchange amount being the amount agreed upon by both parties and have no interest or stated terms of repayment.

### 12. Segmented Information

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

### 13. Supplemental Cash Flow Information

	For Three Months Ended March 31	
	2010	2009
Significant non-cash, investing and financing activities:		
<b>Financing activity:</b>		
Income tax effect on flow-through share renouncement	\$ -	\$ (617,589)

### 14. Subsequent Events

- (a) Subsequent to the quarter end, Commander terminated the option agreement with Lai Lai Chan pertaining to the Couteau Lake property in Newfoundland
- (b) Commander filed an N.I. 43-101 technical report for the Orion Gold Deposit, Newfoundland.
- (c) On May 25, 2010, Commander announced that Mr. Eric W. Norton, P.Eng. will join Commander as President, CEO and Director, effective June 15, 2010. Mr. Ken Leigh will provide assistance through the transition period and will remain engaged as an active member of the Board of Directors. Commander granted a stock option to Mr. Norton to acquire 500,000 common shares at a price of \$0.27 per share, exercisable for three years under the Company's stock option plan.



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Notes to Interim Financial Statements

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(Unaudited)

(expressed in Canadian dollars)

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**COMMANDER  
RESOURCES LTD.**

**Interim Report  
Management Discussion and Analysis**

For the Three Months Ended  
March 31, 2010

**Commander Resources Ltd.**  
**Management Discussion and Analysis**  
For the Three Months Ended March 31, 2010

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**Description of Business**

Commander Resources Ltd. (“Commander”) is a company engaged in the acquisition and exploration of prospective gold, base metal, and uranium properties primarily in Canada. Commander is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol CMD.

**Forward-Looking Information and Report Date**

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

The following discussion and analysis of the financial position and results of operations for Commander is dated May 25, 2010 (the “Report Date”) and should be read in conjunction with the financial statements and the notes thereto for the three months ended March 31, 2010 prepared in accordance with Canadian generally accepted accounting principles.

**Summary for the Three months Ended March 31, 2010**

Work in the quarter consisted mainly of project planning and mobilization in advance of the 2010 exploration project on the Baffin Island properties. AngloGold Ashanti approved an initial US\$4.55 million work program that includes approximately 5,500 metres of diamond drilling on two target areas; 3,500 metres of drilling on the Malrok Zone and 2,000 metres of drilling on the new Kanosak Prospect Area (previously named the Hébert Prospect Area). In addition, target verification work at Ridge Lake and Durette will include surface geological mapping, core re-logging and structural interpretation to design appropriate follow-up drill programs.

Also during the quarter, Commander reported that it had entered into a Letter of Intent with BMB Capital Corp, a Capital Pool Company, granting BMB the right to acquire an initial 50% interest in Commander’s wholly owned Green Bay mineral property in Newfoundland in exchange for work commitments and an interest in BMB. BMB has the further option of increasing its ownership in the Property to 100%. The main asset on the Property is the Orion Gold Deposit. The Property is also host to several gold and base metal occurrences. The acquisition of the Initial Interest in the Property represents an Agreement in Principle, subject to TSX Venture Exchange (“TSXV”) acceptance, and is intended to be BMB’s Qualifying Transaction pursuant to the policies of the TSXV regarding CPC’s.

Subsequent to the quarter ending March 31, 2010, Commander received and filed the N.I. 43-101 report for the Orion Gold Deposit, Newfoundland.

*Baffin Island Project*

During the quarter, Commander received final assay results from channel samples collected in 2009 from the Kanosak Prospect, Baffin Island. The results demonstrated that gold mineralization extended from high grade quartz veins into adjacent altered arsenopyrite-bearing sedimentary wall rocks. The results, tabulated below are incorporated into the maps in the following section and should be viewed along with all of the previously reported results from Kanosak.

Showing	Gold Assay from	
	Surface Channel Samples	Width
	(g/t)	(m)
Kanosak Main	6.30	2.85
<i>Includes</i>	*74.40	0.20
Kanosak Main	11.10	2.30
<i>Includes</i>	*95.08	0.20
Kanosak Main	9.32	5.87
<i>Includes</i>	13.61	3.84
<i>Includes</i>	20.38	2.21
<i>Includes</i>	*104.30	0.40

**Commander Resources Ltd.**  
**Management Discussion and Analysis**  
For the Three Months Ended March 31, 2010

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Kanosak Main	4.95	2.40
<i>Includes</i>	*20.83	0.40
Kanosak Main	6.85	2.12
<i>Includes</i>	9.86	1.43
<i>Includes</i>	14.40	0.94
<i>Includes</i>	*16.20	0.42
Kanosak South	9.36	0.65
Kanosak North	17.84	1.43
Kanosak North	10.62	0.93
Kanosak North	21.92	1.35

\*previously reported

*Green Bay Property, Newfoundland*

Under the terms of the Letter of Intent dated March 11, 2010 as amended March 19, 2010, BMB Capital Corp. (“BMB”) may acquire an initial 50% interest (“Initial Interest”) in the Green Bay mineral property by issuing to Commander 12,000,000 treasury shares of BMB and by raising the amount of CDN\$1 million dollars through completion of a private placement financing (“Project Financing”), such funds to be used by BMB for conducting mineral exploration activities on the Property.

Once BMB has vested its Initial Interest, BMB will be responsible for funding all exploration expenditures on the Property. BMB shall commit to spending a minimum of \$1 million dollars in eligible work expenditures (“Committed Expenditures”) on the Property within the 18 month period following the Approval Date.

BMB, at any time from the date of vesting its Initial Interest up to the earlier of the date BMB commences Commercial Production from the Property or a date that is before the expiry of 5 years from the date BMB vests its Initial Interest, will have the right to acquire the remaining 50% of the Property from Commander by issuing 5,000,000 treasury shares of BMB to Commander.

Once BMB has vested its Initial Interest and completed the Committed Expenditures, BMB may elect not to increase its interest to 100% in which event the parties agree that further exploration and development on the Property will be operated under a 50/50 Joint Venture (“JV”) between the parties in accordance with standard industry terms. It is agreed that for the purposes of the JV, the Deemed Expenditures will be calculated based on the Actual Expenditures incurred by BMB from the Approval Date to the date of its election to form a JV. Furthermore it is agreed that at that time, Commander’s Deemed Expenditures shall be calculated at 1.5 x (150%) of BMB’s Actual Expenditures, but remain as a 50:50 JV. For greater clarity, should a JV be formed, Commander’s 50% interest will be carried until the BMB’s actual expenditures equal Commander’s Deemed Expenditures.

The Exploration Lands outside the current boundary of Orion shall be subject to a 2% net smelter returns royalty (“NSR”) payable to Commander with BMB having the right to acquire 50% of the NSR for \$1,000,000 at any time up to Commercial Production from the Exploration Lands.

Prior to the issuance of the first 12,000,000 treasury shares, a party chosen by Commander shall be appointed the CEO, President and a director of BMB, subject to completion of necessary regulatory filings regarding this appointment. Once TSXV acceptance has been granted and trading resumes, BMB will operate all work on the Project and Commander, may, at the request of BMB provide administrative and corporate support to BMB under contract arrangements to be agreed upon.

All of the existing board members of BMB shall remain as directors of BMB following acquisition of the Initial Interest. On acquisition of the Initial Interest, Commander will be an insider of BMB.

All shares issued of BMB to Commander will be subject to a 4 month hold period and TSXV escrow restrictions.

Commander, at its expense will provide BMB with an independently prepared 43-101 report and valuation on the Property in support of the issuance of the 12,000,000 shares of BMB. Commander agrees to assist BMB to complete the planned \$1,000,000 private placement.

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If BMB does not acquire the Initial Interest by November 30, 2010, the option to BMB shall expire unless extended by agreement of the parties.

The LOI requires that the parties enter into a formal agreement incorporating the terms and conditions of the LOI such formal agreement to be subject to approval by TSX Venture Exchange and by the Boards of Directors of the parties and by the shareholders of BMB.

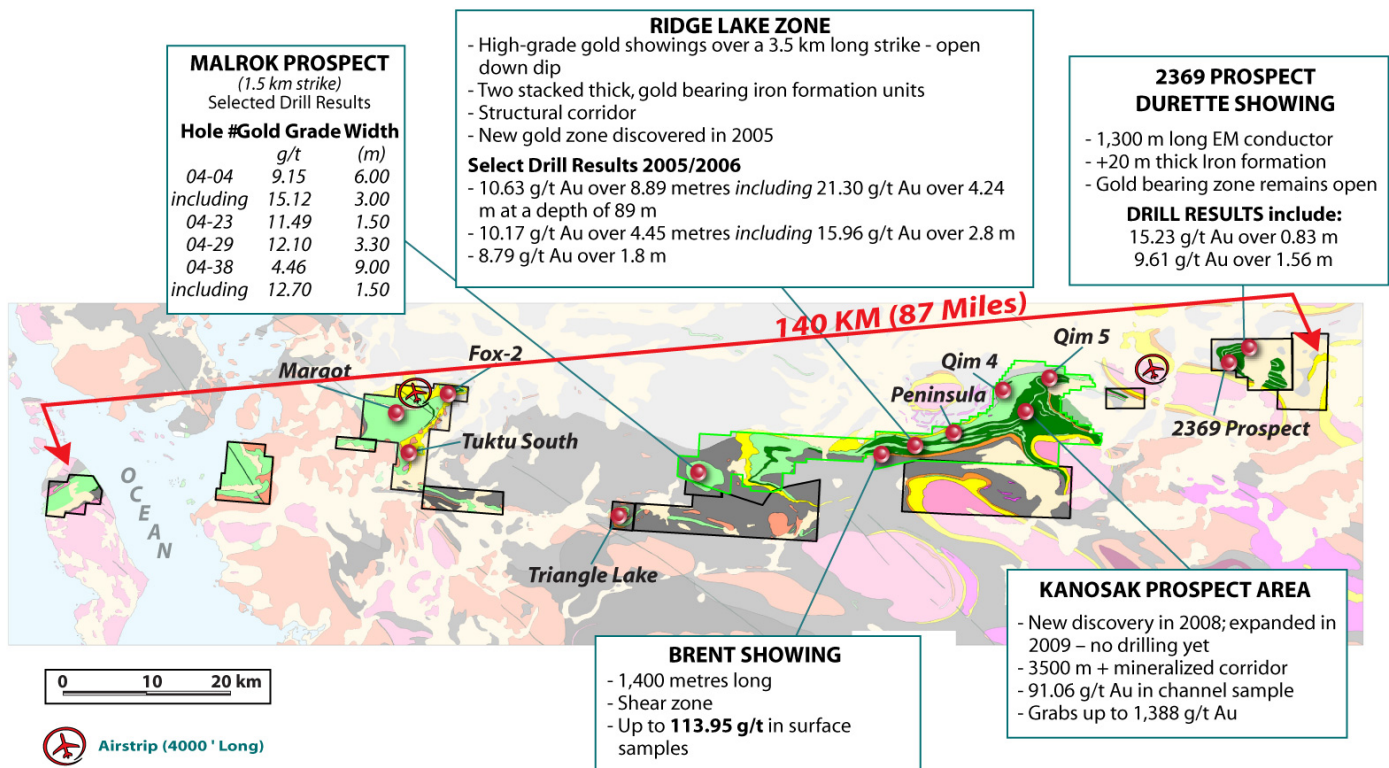
**Active Projects**

**Baffin Island Gold Project, Nunavut**

The Baffin Gold Project represents a district-scale gold belt with similar geological and genetic origins to the large Homestake district in South Dakota and the Morro Velho gold deposit in Brazil. To date the Baffin Project has yielded numerous gold prospect areas occurring over a strike length in excess of 100 kilometres. The property includes high-grade gold occurrences in at least 3 separate iron formation units, within shear zones and in quartz veins in younger granodiorite, gabbro, and metasedimentary units. In each of the different settings, gold occurs primarily as free gold, disseminated, within quartz veins and associated with arsenopyrite. The most advanced prospects are Malrok and Ridge Lake, where multiple shallow gold drill intercepts require follow-up. The Brent Shear Zone and the Kanosak Prospect Area are gold targets outside of the iron formation units. Kanosak was first found in 2007, expanded and enhanced by work completed in 2008, and further expanded with new discoveries in 2009. The Kanosak area has never been drill-tested.

The project area has access to tidewater and is dotted with deep lakes providing access to water throughout the year. There are two “Distant Early Warning” (DEW line) radar stations located on the Property, one with an operational 4,000 foot airstrip. Commander engaged GeoVector Management Inc. of Ottawa to manage the field program in 2006, 2007, 2008, 2009 and 2010.

**BAFFIN ISLAND GOLD PROJECT**



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The major prospects that constitute the Baffin project and recent work by Commander are described as follows:

***Qimmiq Property***

Malrok, Ridge Lake, Brent, and Kanosak are located on the Qimmiq property along with several of the other gold prospect areas. In 2009, work was only completed on the Kanosak prospect area.

***Malrok***

Diamond drilling at Malrok in 2004 (3,617 metres in 39 holes) confirmed the continuity of the iron formation with potential for high-grade gold zones. The Malrok zone is composed of structurally-thickened silicate iron formation units traced through surface sampling and drilling over a strike length of approximately 2 kilometres. The horizon varies in thickness from approximately 0.5 to greater than 9 metres. Surface samples returned high-grade gold assays of up to 212 g/t gold and drilling results down to 50 metres depth included 15.12 g/t gold over 3.0 metres and 12.1 g/t Au over 3.3 metres. The gold zone at Malrok is exposed at surface and has only been drill tested to a depth of about 50 metres; the current drill data indicates that the zone is open to expansion along a predominant southeast or easterly plunge direction. Further drilling is planned in 2010 to evaluate the potential of this target area. An initial pattern of drill holes will be designed to follow this trend and expand the known gold zone.

***Ridge Lake***

The Ridge Lake Zone, located 30 kilometres east of Malrok, contains a 3.5 kilometre strike length of gold-bearing iron formation. Previous shallow drilling targeting a 1.3 kilometre portion of the trend defined a structurally-thickened gold-rich iron formation that is host to southwesterly plunging higher grade shoots. Better drill intercepts from these shoots included 10.63 g/t gold over 8.89 metres (including 21.30 g/t gold over 4.24 metres) at a depth of 89 metres down-dip from a high-grade surface outcrop containing 15.4 g/t gold over 1.9 metres. Other notable intercepts included 10.17 g/t gold over 4.45 metres (including 15.96 g/t gold over 2.85 metres) at a depth of 105 metres, 8.79 g/t gold over 1.80 metres, and 17.48 g/t gold over 2.15 metres. The mineralized system remains open and is at the stage where detailed close-spaced drilling is necessary to define the main gold shoots and identify the larger tonnage potential. Detailed structural interpretation, re-logging of drill core and surface mapping will be completed in 2010 to define the next phase of drilling.

***Kanosak (formerly named the Hébert Prospect Area)***

The Kanosak Prospect Area was first discovered by prospecting in 2007 and expanded with new discoveries in 2008. The discovery was further expanded and enhanced by the 2009 follow-up program. The area, consisting of Kanosak Main, Kanosak South (formerly Hebert South) and Kanosak North (formerly Traciane) outlines a 3.5 kilometre long, 300-400 metre wide structural corridor that remains open to further expansion (refer to Map below for location). Two additional showings, the "Frankie" and "Southeast" showings are located 2 kilometres east and 3.5 kilometres southeast, respectively, from the Kanosak Main gold zone. Both prospects host quartz-arsenopyrite-scorodite vein systems.

Channel and grab sample results from quartz-arsenopyrite vein sets and intervening stratabound semi-massive gold-bearing arsenopyrite gossans over portions of this corridor included a high percentage of high gold values. Gold mineralization extends from high grade quartz veins into altered arsenopyrite-bearing sedimentary units. The combination of gold in closely-spaced vein sets and in the adjacent wall rocks greatly improves the potential to delineate a large scale body of mineralization on this part of the Baffin gold project. In addition, similarities in vein orientation, style, alteration and gold mineralization confirm that the Kanosak Prospect, which is at least 3.5 km in strike length and 300 m wide, is part of one large gold mineralized system that remains open to extension both to the northeast and southwest.

Gold-bearing quartz veins penetrate the gently dipping sedimentary rock package to an unknown depth. Limited outcrop exposure of favourable arsenopyrite-bearing units constrains the amount of sampling that can be done on surface. However, where these units are exposed, significant gold values occur in wall rock adjacent to veins.

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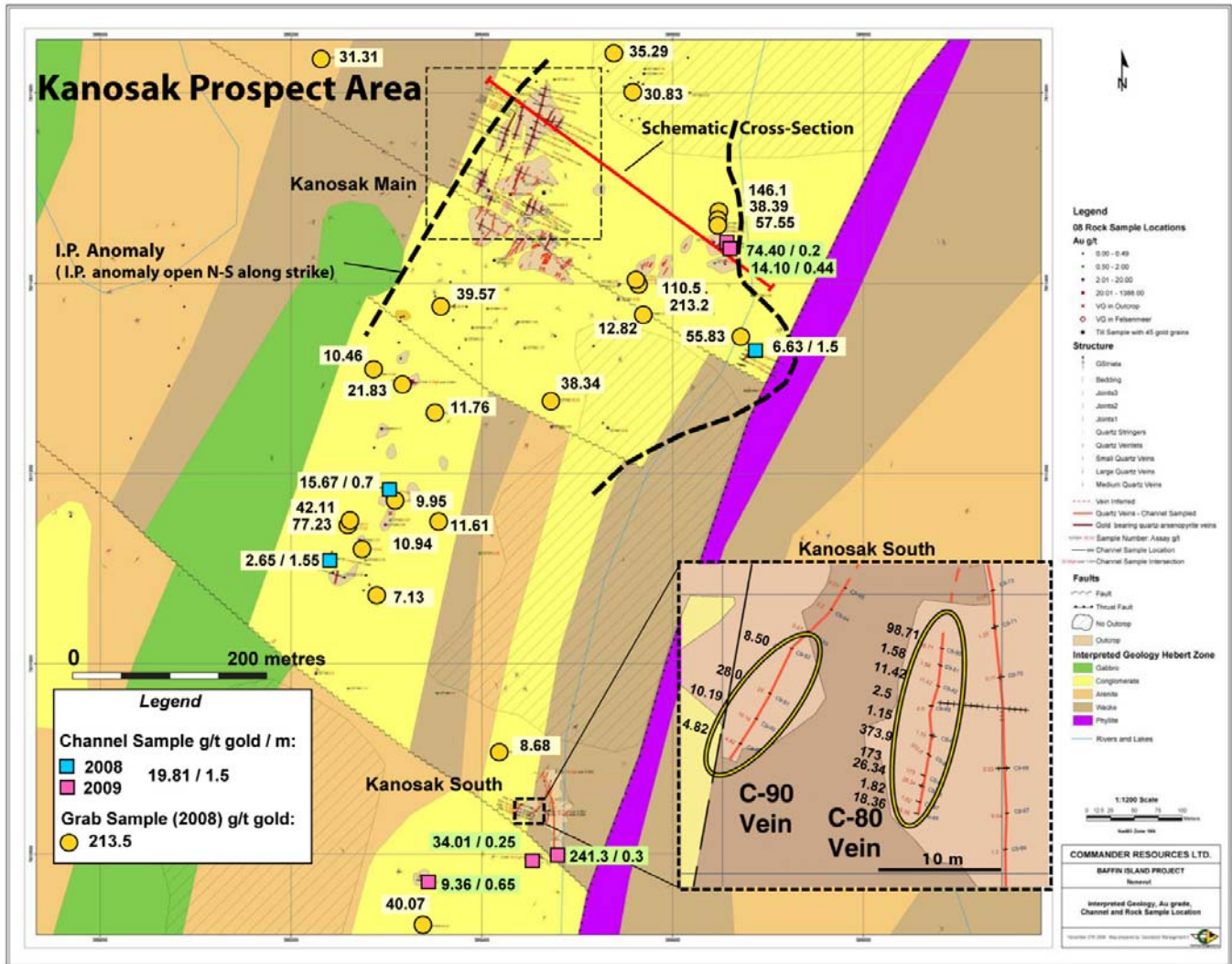
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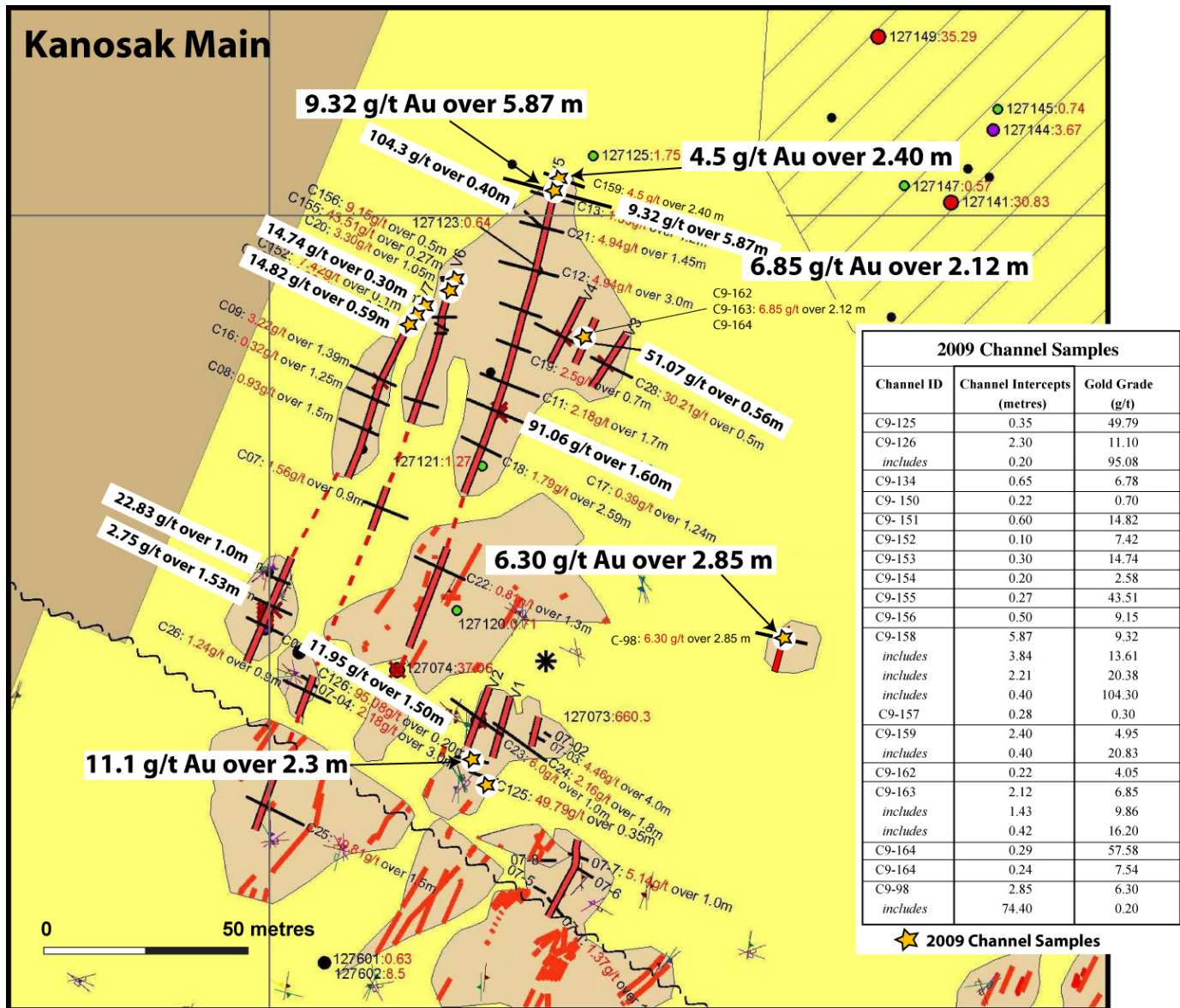
There appears to be a close correlation between increased gold values and higher arsenopyrite content in both quartz veins and metasedimentary wall rocks. This provides Commander with a very useful guide for drill targeting since arsenopyrite can be detected by a geophysical survey technique known as Induced Polarization (IP). A test IP survey over the Kanosak Main zone completed in 2009 detected a 300 m long x 350 m wide anomaly coincident with all gold intervals. This IP anomaly is open beyond the survey coverage area. A single test line IP over the southern end of the Kanosak North showing revealed a 200 metre wide chargeability anomaly, commencing at the edge of the vein system and extending eastward under overburden.

Where observed, coarse gold occurs most commonly along partings or boundaries of coarse arsenopyrite contained within quartz veins and to a lesser extent within the quartz veins themselves and within arsenopyrite in the hosting sedimentary rocks. There is an apparent silver-bismuth-lead association with the gold mineralization. At Kanosak South, which is located close to one kilometre south of Kanosak Main, channel samples from a series of quartz veins included 373.90 grams per tonne gold over 0.25 metres, 241.30 grams per tonne gold over 0.25 metres and 104.50 grams per tonne gold over 0.30 metres. Grab sample results included high values up to 442 grams per tonne gold. At Kanosak North, located 1.5 kilometres north of Kanosak Main, channel samples in quartz veins over a 100 metre outcrop exposure included 66.84 grams per tonne gold over 0.38 metres, 31.49 grams per tonne gold over 0.85 metres and 96.51 grams per tonne gold over 0.20 metres.

The initial drill program at Kanosak is expected to start in the summer of 2010 and will consist of about 2,000 metres of drilling in 15-20 shallow holes. The drilling will be focused on the Kanosak Main target area, designed to test the best surface exposure of the gold mineralization and the width of a coincidental Induced Polarization (IP) anomaly. Success in the first pass drilling program will verify the potential of this mineralized corridor and may lead to an expanded drilling and geophysical effort this year and in 2011.

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**Other Prospects**

The Brent Shear zone, located 5 kilometres southwest of Ridge Lake consists of a 1,400 metres long shear zone with well developed quartz veining that contains arsenopyrite and pyrrhotite. Surface grab samples returned up to 113.95 g/t gold with 21 of 66 samples assaying greater than 5 g/t gold. 8 holes totalling 994.79 metres were drilled in 2006 and 2007. 2 holes in 2006, drilled 100 metres apart, confirmed the gold potential of the shear zone. The best result was 6.41 g/t gold over 1.0 metre. An additional shear zone with modest gold values was discovered at Brent.

At the Peninsula prospect, located about 6 kilometres east of the Ridge Lake zone, 2 holes were drilled in 2007 2 kilometres apart along a previously untested 6 kilometre portion of the property. Both holes intersected a gold-bearing iron formation similar to the high-grade gold zone at Ridge Lake. One of the holes intersected 3.59 g/t over 1.27 metres, including 8.16 g/t over 0.50 metres confirming the potential of this area.



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***Bravo Lake Property, Nunavut***

The main gold potential on the Bravo property exists on the far eastern group of claims that were originally covered by the 2369 prospecting permit. The main showing area is referred to as Durette. With the discovery of the new Kanosak Prospect area on the adjacent Qimmiq Property and Commander's new partnership with AngloGold on the Baffin Island project, the Bravo Property was expanded by staking in 2009. Base metal (Zn, Pb) and silver potential exists on the Tuktu claim group on the far western portion of the property.

***Durette – 2369 Area***

Diamond drilling on the Durette prospect in 2006 and 2007 produced modest results, the best being 9.61 g/t gold over 1.56 metres at a depth of 14.30 metres within a 19 metre thick highly silicified iron formation (hole DUR-06-03). This trend is open and continues to the west under cover for 300 metres and into the area where a surface sample collected in 2005 assayed 17 g/t gold. In 2007, 5 holes totalling 550.5 metres drilled along a 500-metre long EM conductor tested the area of mineralization intersected in DUR-06-03. The 2007 drilling intersected thick intervals of silicate iron formation (SIF) ranging from 5 to 30 metres thick and carrying variable amounts of arsenopyrite and pyrrhotite. A high grade assay of 15.23 g/t gold was intersected over 0.83 metres within a 7.02 metre interval grading 2.08 g/t gold in hole Dur-07-09, the easternmost hole drilled at Durette. The gold-bearing intersections (DUR-07-07, 08, 09 and 10) occur over a strike length of 225 metres and within 40 metres of surface and are open at depth and along strike. This zone is completely open to the east, where the Durette gold zone trends into a large, shallow lake and the conductor is continuous to the last line at lakeshore.

The offset portion of the Durette conductor continues for a further 1,500 metres to the west. This offset has not been tested by drilling and is largely covered by overburden. A separate discrete conductor, located 1 kilometre to the southwest of Durette is 900 metres in length and associated with previously reported surface gold values grading up to 9.5 g/t gold (2369) from prospecting samples.

Detailed re-mapping of the target areas and re-logging of core is planned for 2010 to confirm the main controls on gold mineralization in advance of a suitable and necessary follow-up drilling program.

**Green Bay, Newfoundland (included the Orion Gold Deposit)**

The primary asset on the Property is the Orion Gold Deposit ("Orion") and surrounding Exploration Lands. The Property is located 14 kilometres northwest of Springdale and 7 kilometres southwest of Kings Point, Newfoundland.

Orion lies within the extensive Hammerdown deformation corridor approximately 1,700 metres southwest of the former producing Hammerdown Gold Mine, which forms part of the Property. Based on 46 diamond drill holes completed by Commander's predecessor Company, Major General Resources in the 1990's. A National Instrument 43-101 technical report was completed on the Orion deposit. Using both the polygonal and interpolated block methods, an "inferred resource" was estimated for the Discovery, Main and EMS Zones. The polygonal calculation for the Deposit using uncut gold assay values reveal a combined total of 304,183 tonnes at an average grade of 8.340 g/t gold for 81,562 troy oz. gold using 5.00 g/t gold minimum grade "picks"; 710,285 tonnes at 5.227 g/t gold for 119,374 troy oz. gold using 3.00 g/t gold minimum grade "picks"; and 2,974,184 tonnes at 2.001 g/t gold for 191,383 troy oz. gold using 1.00 g/t gold minimum grade "picks." The interpolated blocks method on the same uncut gold assay dataset returned a combined total of 317,463 tonnes grading 7.520 g/t gold for 76,757 troy oz. gold (5.00 g/t "picks"); 723,271 tonnes grading 5.058 g/t gold for 117,612 troy oz. gold (3 g/t "picks"); and 3,304,408 tonnes grading 1.968 g/t gold for 202,715 troy oz. gold (1.00 g/t "picks").

Recent re-evaluation of the data shows that the mineralized zone is completely open at depth in an easterly direction. As there has been no drilling below 225 metres in the plunge direction, the opportunity to locate additional gold resources at Orion is significant. Geological interpretation has also determined that potential may exist at depth between Hammerdown and Orion within the deformation corridor.

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Orion is ideally located for potential near term development, four kilometres from a paved highway and directly connected by a good gravel road. Nearby, the Nugget Pond gold mill, which processed all of the Hammerdown ore, was recently acquired by Rambler Metals and is currently in operation.

**Results of Operations**

***- First Quarter Results***

During the quarter ended March 31, 2010, the majority of Commander's activities related primarily to the Baffin Island Gold Project, Nunavut and marketing Commander's portfolio projects to prospective partners or buyers. The mineral property expenditures decreased by a net of \$3,377 mainly due to recoveries from AngloGold on the Baffin Island Gold Project. Commander incurred total general and administrative expenses of \$434,485 of which \$236,611 was non-cash stock-based compensation.

***- Three months Ended March 31, 2010 compared with the Three months Ended March 31, 2009***

Commander had no revenue for the three months ended March 31, 2010. General and administrative expenses increased by \$262,231 to \$434,485 compared to \$172,254 in the same fiscal period in 2009 mostly because of a \$225,974 increase in non-cash stock-based compensation. Other notable changes include:

- Consulting expense of \$18,422 (2009 - \$9,388) increased in the three months ended March 31, 2010.
- Investor relations and promotion expense of \$49,854 increased from \$29,978 in 2009. A breakdown is as follows:

	For the Three Months Ended	
	March 31, 2010	March 31, 2009
Conferences and trade shows	\$ 25,307	\$ 8,356
Consulting, wages and benefits	16,400	16,378
Media	3,682	3,492
Administration	-	146
Promotion and advertising	4,465	1,606
<b>Total Investor Relations Expenses</b>	<b>\$ 49,854</b>	<b>\$ 29,978</b>

There had been increase in the trade shows and other expenses during the three months.

- Salaries and benefits expense increased to \$45,370 compared to \$35,727 in 2009 as a result higher expenses on the benefits.
- Accounting and audit expense increased slightly to \$24,900 in the three months ended March 31, 2010, compared to \$22,400 in 2009.
- Office and miscellaneous expenses were \$12,795 in the three months ended March 31, 2010, compared to \$11,101 in 2009.
- Regulatory and transfer agent fees increased from \$10,725 in 2009 to \$12,811 for the three months ended March 31, 2010.

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For the three months ended March 31, 2010, Commander's loss after tax was \$451,116 (2009 – Profit of \$443,318). The increase in loss was largely due to the increase in stock-based compensation \$236,611 (2009 - \$10,637) and future income tax recovery of \$Nil (2009 – \$617,589).

**Summary of Quarterly Results**

	Jun. 30 2008 Q2	Sept. 30 2008 Q3	Dec. 31 2008 Q4	Mar. 31 2009 Q1	Jun. 30 2009 Q2	Sept. 30 2009 Q3	Dec. 31 2009 Q4	Mar. 31 2010 Q1
<b>Mineral property costs, net</b>	\$ 612,841	\$ 1,651,255	\$ (96,916)	\$ 132,312	\$ (485,577)	\$ (32,219)	\$ 235,920	\$ (3,377)
<b>G&amp;A (incl. stock comp.)</b>	\$ 300,238	\$ 255,147	\$ 190,545	\$ 172,254	\$ 167,060	\$ 236,045	\$ 215,846	\$ 434,485
<b>Stock comp. expense</b>	\$ 57,535	\$ 72,115	\$ 17,970	\$ 10,637	\$ 25,726	\$ 74,273	\$ 59,183	\$ 236,611
<b>Adjusted G&amp;A (less stock comp.)</b>	\$ 250,337	\$ 184,913	\$ 172,575	\$ 161,617	\$ 141,334	\$ 161,772	\$ 156,663	\$ 197,874
<b>Income (loss)</b>	\$ (294,334)	\$ (248,947)	\$ (372,488)	\$ 443,318	\$ (636,679)	\$ (234,046)	\$ 200,004	\$ (451,116)
<b>Income (loss) per share</b>								
-basic	\$ (0.004)	\$ (0.003)	\$ (0.005)	\$ 0.006	\$ (0.010)	\$ (0.003)	\$ 0.002	\$ (0.005)
-diluted	\$ (0.004)	\$ (0.003)	\$ (0.005)	\$ 0.005	\$ (0.010)	\$ (0.003)	\$ 0.002	\$ (0.005)
<b>Weighted avg. common shares</b>								
-basic	69,969,122	77,809,926	79,542,081	79,572,516	79,572,516	79,591,538	84,665,907	90,207,516
-diluted	69,969,122	77,809,926	79,542,081	86,910,444	79,572,516	79,591,538	84,665,907	90,207,516

**Non-GAAP Financial Measures**

Since the adoption of the Canadian Institute of Chartered Accountants (“CICA”) accounting standard for stock-based compensation, Commander's general and administrative quarterly expense has fluctuated significantly. 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 Commander. Commander has included “adjusted general and administrative expense” without the stock-based compensation expense to be more reflective of normal operations. This financial measure does not have any standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP) and may not be comparable to similar measures presented by other corporations or entities.

**Liquidity**

At March 31, 2010, Commander had \$1,914,806 in working capital. There was \$989,674 included in the cash and cash equivalents balance advanced by the Company's optionee to be used in the Baffin project. There were no exploration funds which were raised through the issuance of flow-through shares. With the newly formed partnership with AngloGold Ashanti, Commander believes it has sufficient funds to complete the planned business objectives for 2010.

At March 31, 2010, Commander had an accounts receivable balance of \$41,929 of which only \$5,331 were general accounts receivables.

Commander has relied on equity financings to meet its cash requirements. In 2009, Commander's Farm-in and Joint Venture Agreement with AngloGold created both immediate equity financing of \$1.2 million and funding of \$20 million in exploration expenditures by December 31, 2014. Although Commander has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that Commander will be able to obtain adequate financing in the future or that the terms of such financings will be favourable.

**Capital Resources**

Subsequent to the quarter end, Commander terminated the option agreement with Lai Lai Chan pertaining to the Couteau Lake property in Newfoundland.

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**Off-Balance Sheet Arrangements**

Commander has not entered into any Off-Balance Sheet Arrangements.

**Related Party Transactions**

At March 31, 2010, marketable securities included 258,000 common shares of Diamonds North Resources Ltd., a company related by a director in common.

Commander shares certain administrative and other costs with 4 other companies related by virtue of directors in common. Included in accounts receivable is an aggregate of \$736 owed by those companies. Included in due from related parties is also an amount of \$973 owed by a company controlled by an officer for expenses.

During the three months ended March 31, 2010, Commander paid or accrued \$3,007 in legal fees, share issuances and mineral properties costs to a law firm in which a director of Commander is a partner. During the three months ended March 31, 2010, Commander paid or accrued \$20,025 in consulting fees to two companies controlled by two officers of Commander.

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

Accounts payable to a company related by directors in common on March 31, 2010 amounted to \$1,480. Related party transactions are recorded at the carrying amount and have no interest or stated terms of repayment.

**Proposed Transactions**

On March 9 2010, Commander signed a Letter of Intent ("LOI") with BMB Capital Corp. ("BMB"), a Capital Pool Company ("CPC") whereby BMB may acquire an initial 50% interest ("Initial Interest") in Commander's Green Bay mineral property, host to the Orion gold deposit (the "Property") in Newfoundland, Canada. The LOI also provides BMB the further option of increasing its ownership in the Property to 100%. The acquisition is subject to TSX Venture Exchange acceptance.

As conditions for the acquisition of the Initial Interest in the Property, BMB will issue to Commander 12,000,000 shares of BMB and will raise \$1 million through completion of a private placement financing to be used by BMB for conducting mineral exploration activities on the Property. In addition, BMB will be responsible for funding all exploration expenditures on the Property and must spend a minimum of \$1 million within the 18 month period following final approval.

BMB will have the right to acquire the remaining 50% interest in the Property by issuing a further 5,000,000 shares of BMB to Commander pursuant to the timelines described in the LOI.

**Critical Accounting Estimates**

The most significant accounting estimates for Commander relates to the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or Commander's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

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

Another significant accounting estimate relates to accounting for stock-based compensation. Commander uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price

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volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of Commander's stock options granted/vested during the period.

**Adoption of New Accounting Policies**

The following are new CICA accounting standards that have been issued but not yet adopted by Commander:

(i) International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The effective date for Commander is for interim and annual financial statements commencing January 1, 2011. The transition will require the restatement for comparative purposes of amounts reported by Commander for the year ended December 31, 2010. While Commander has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(ii) Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. Commander is currently evaluating the impact of the adoption of these sections.

**Financial Instruments**

(b) **Fair value**

Commander has classified its financial instruments as follows:

Cash and cash equivalents – as held-for-trading  
Marketable securities – as available for sale  
Accounts receivable – as loans and receivables  
Due from related parties – as loans and receivables  
Investment in warrants – as held-for-trading  
Accounts payable and accrued liabilities – as other financial liabilities.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values because of the short term to maturity of these financial instruments.

The fair values of amounts due from related parties cannot be reliably measured since there is no quoted price for such instruments

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During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures (“Section 3862”), was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurements. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following table summarizes fair value measurement by level at March 31, 2010 for assets and liabilities measured at fair value on a recurring basis.

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets				
Marketable securities	\$ 381,498	\$ 381,498	\$ -	\$ -
Investment in warrants	\$ 50,504	\$ -	\$ 50,504	\$ -

As the carrying values of Commander’s remaining financial instruments approximate their fair value, disclosure is not made of their level in the fair value hierarchy.

**(b) Liquidity risk**

Liquidity risk is the risk that Commander will encounter difficulty in obtaining funds to meet commitments as they become due. Commander manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Commander had cash and cash equivalents at March 31, 2010 in the amount of \$2,512,813. Of this amount, \$989,674 related to advances from AngloGold to be used in the Baffin properties. The balance of \$1,523,139 is available to the Company in order to meet short-term business requirements. At March 31, 2010, the Company had accounts payable and accrued liabilities of \$383,332 and advance from optionee of \$1,419,674. All of the Company’s current liabilities are due within the current fiscal year.

**(c) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. Commander is exposed to credit risk with respect to its cash and cash equivalents and due from related parties. This risk is minimized as the cash and cash equivalents have been placed with major Canadian financial institutions. Commander is not exposed to credit risk on its receivables. Credit risk with respect to amounts due from related parties has been assessed as low by management as Commander has strong working relationships with the parties involved.

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Concentration of credit risk exists with respect to Commander's cash and cash equivalents as all amounts are held at major Canadian financial institutions. Commander's concentration of credit risk and maximum exposure thereto is as follows:

	March 31, 2010	December 31, 2009
Cash	\$ 2,497,813	\$ 1,410,152
Term deposit with interest 0.2% (2009 - 0.2%) maturing on July 23, 2010	15,000	15,000
	<b>\$ 2,512,813</b>	<b>\$ 1,425,152</b>

**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

**(i) Interest rate risk**

Interest rate risk consists of two components:

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

Commander's cash and cash equivalents consists of cash held in bank accounts and a guaranteed investment certificate that earns interest at 0.2%. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2010.

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

**(ii) Foreign currency risk**

Commander is not exposed to significant foreign currency risk.

**(iii) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. Commander is exposed to other price risk with respect to their marketable securities.

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**Other MD&A Requirements**

Additional information relating to Commander, including Commander's most recent Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

As at the Report Date, Commander had 90,589,516 issued common shares outstanding and the following unexercised stock options and warrants:

- Stock Options

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
333,000	\$0.25	July 19, 2010
282,000	\$0.39	May 7, 2011
646,500	\$0.30	June 19, 2011
400,000	\$0.87	January 2, 2012
200,000	\$0.41	May 8, 2012
1,196,500	\$0.36	June 7, 2012
70,000	\$0.19	December 21, 2012
760,000	\$0.18	February 7, 2013
200,000	\$0.21	June 24, 2013
290,000	\$0.10	October 17, 2013
700,000	\$0.10	February 20, 2014
1,404,000	\$0.10	May 12, 2014
200,000	\$0.39	January 19, 2015
1,778,500	\$0.35	January 27, 2015
95,000	\$0.35	January 27, 2015
<b>8,555,500</b>		

- Warrants

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
5,000,000	\$0.24	November 17, 2011
<b>5,000,000</b>		



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**Mineral Property Expenditure Table**

	<b>Baffin, Nunavut</b>		<b>Other</b>	<b>Total</b>
	Qimmiq	Bravo Lake	<b>Properties</b>	
Balance at				
December 31, 2009	\$ 9,744,370	\$ 2,528,803	\$ 9,784,212	\$ 22,057,385
Additions during the year:				
Acquisition costs	-	-	-	-
Exploration costs:				
Drilling	116,057	-	1,824	117,881
Geochemistry	3,334	-	-	3,334
Geology	83,101	9,486	31,146	123,733
Geophysics	700	-	-	700
Mobilization/demobilization	-	-	-	-
Environment	86,820	19,294	-	106,114
Property	828	-	4,094	4,922
Prospecting	-	-	-	-
Trenching/line cutting	538	-	-	538
Other	51,844	1,455	1,831	55,130
	343,222	30,235	38,895	412,352
Less:				
Recoveries	(369,583)	(25,744)	(20,402)	(415,729)
Write down	-	-	-	-
	(369,583)	(25,744)	(20,402)	(415,729)
Net additions	(26,361)	4,491	18,493	(3,377)
<b>Balance at</b>				
<b>March 31, 2010</b>	<b>\$ 9,718,009</b>	<b>\$ 2,533,294</b>	<b>\$ 9,802,705</b>	<b>\$ 22,054,008</b>

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**IFRS Changeover Plan**

Commander has begun the process of transitioning from Canadian GAAP to IFRS. It has established a project plan and allocated internal resources. It is in the process of evaluating its overall readiness to transition from GAAP to IFRS including the readiness of its staff, Board of Directors, Audit Committee and auditors.

The IFRS convergence project consists of three primary phases, which in certain cases will occur concurrently as IFRS is applied to specific areas:

- Phase 1 – Initial Scoping and Impact Assessment Analysis: to isolate key areas that will be impacted by the transition to IFRS.
- Phase 2 – Evaluation and Design: to identify specific changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statements.
- Phase 3 – Implementation and Review: to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across Commander's finance and other staff, as necessary. This will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, including embedding IFRS principles in business processes, and Audit Committee review and approval of the financial statements.

Commander is now in the initial scoping and impact assessment analysis phase. It is expected to complete the evaluation and design phase by Q2 of 2010, and complete the quantification of financial statement impacts by Q3 of 2010.

**First-time Adoption of International Financial Reporting Standards**

IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), sets forth guidance for the initial adoption of IFRS. Commencing for the period ended March 31, 2011, Commander will restate its comparative fiscal 2010 financial statements for annual and interim periods to be consistent with IFRS. In addition, Commander will reconcile equity and net earnings from the previously reported fiscal 2010 GAAP amounts to the restated 2010 IFRS amounts.

IFRS generally requires that first-time adopters retrospectively apply all IFRS standards and interpretations in effect as at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and optional exemptions to this general principle.

Commander anticipates using the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3, *Business Combinations*, prospectively from the Transition Date;
- to apply the requirements of IFRS 2, *Share-based Payments*, to equity instruments granted which had not vested as of the Transition Date;
- to apply the borrowing cost exemption and apply IAS 23, *Borrowing Costs*, prospectively from the Transition Date; and
- to elect not to comply with IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, for changes in such liabilities that occurred before the Transition Date.

Changes to estimates previously made are not permitted. The estimates previously made by Commander under GAAP will not be revised for application of IFRS except where necessary to reflect any changes resulting from differences in accounting policies.

**Impact of Adoption of IFRS on Financial Reporting**

While GAAP is in many respects similar to IFRS, conversion will result in differences in recognition, measurement, and disclosure in the financial statements. Based on a high-level scoping assessment, the following financial statement areas are expected to be significantly impacted:

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**Property, Plant and Equipment (PP&E)**

Under IAS 16, *Property, Plant and Equipment*, are recognized initially at cost if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Costs include all expenditures directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Under IAS 16, each part of an item of PP&E with a cost that is significant in relation to the total cost of the item shall be depreciated separately. In order to meet this requirement, componentization is generally required. Commander does not currently componentize to the same level as would be required under IFRS. Componentization would be required only to the extent that different depreciation methods or rates are appropriate and those components are material. In addition major inspections or overhaul costs are identified and accounted for as a separate component under IFRS if that component is used for more than one period. Commander does not currently have a policy for major overhaul costs. Practically, this should be factored into the determination of the components of PP&E.

**Income Taxes**

IAS 12, *Income Taxes*, requires the recognition of deferred tax assets or liabilities for all deductible and taxable temporary differences except for temporary differences created in a transaction that is:

- (a) not a business combination and
- (b) at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Under GAAP, tax assets are recognized if it is more likely than not. Probable is not defined in IAS 12. However, entities have often used a definition of more likely than not similar to GAAP. However, IAS 12 does not preclude a higher threshold. Accordingly, a difference will not result as long as Commander uses more likely than not as its definition of probable.

**Impairment of Assets**

Per IAS 36, *Impairment of Assets*, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity should estimate the recoverable amount of the asset. The indicators of impairment are generally consistent with those of GAAP. An asset should be written down to its recoverable amount if the recoverable amount is less than its carrying value.

The recoverable amount is equal to the higher of the fair value less cost to sell and its value in use. It is not necessary to determine both if one indicates no impairment exists. The value in use is based on a discounted cash flow model. This approach is different than GAAP (i.e. one step model under IFRS compared to two step model under GAAP). To the extent possible, individual assets should be tested for impairment. However, if it is not possible to determine the recoverable amount of an individual asset, an entity should determine the recoverable amount of the Cash Generating Unit (“CGU”) to which the asset belongs. The definition of a CGU is different from the Canadian definition of an Asset Group.

In addition, Commander has in the past written down mineral property amounts for certain mineral properties. Under IAS 36, Commander would be required to reconsider whether there is any indication that an impairment loss recognized in a prior period may no longer exist or has decreased on transition and thereafter on an annual basis. If such indicators exist, a new recoverable amount should be calculated and all or part of the impairment charge should be reversed to the extent the recoverable amount exceeds its carrying value. This is different than GAAP where write ups are not permitted.

**Asset Retirement Obligations (“ARO”)**

Under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, an ARO is recognized when there is a legal or constructive obligation to restore a site for damage that has already occurred, it is probable a restoration expense will be incurred and the cost can be estimated reliably. This is different than GAAP where only legal obligations are considered. Cost includes the cost of dismantling and removing items and restoring the site on which it is located, the obligation for which is incurred either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories. This is different from GAAP where all change in ARO are recognized as a cost of the related asset. Under IFRS, the amount recognized as a provision shall be the best estimate of the expenditures required to settle the present obligation. This is significantly different from GAAP where third party costs are required. Under IAS 37, the provision would be based on

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management's best estimate. This estimate could be a third party cost if it is management's intention to hire a third party to complete the work or an internal estimate of the cost if Commander intends to use its own equipment and resources to do this work.

Where the effect of the time value of money is material, the amount of the provision should be the present value of the expenditures expected to be required to settle the obligation. This is consistent with GAAP. However, the discount rate used would be a pre-tax rate specific to the liability rather than Commander's credit adjusted risk free rate and should not reflect risks for which the future cash flow estimates have been adjusted. Unwinding of the discount (i.e. accretion) is included in finance costs.

The ARO provision should be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Changes may result from changes in the amount or timing of the cash out flows or changes in discount rates. This is different from GAAP where changes in discount rates alone would not result in a change in the ARO. Accordingly, Commander will need to assess the discount rate applicable to the ARO on an ongoing basis.

**IFRS Impact on Our Organization**

The conversion to IFRS will impact the way Commander presents its financial results. The first financial statements prepared using IFRS (i.e. interim financial statements for the three months ended March 31, 2011) will be required to include numerous notes disclosing extensive transitional information and full disclosure of all new IFRS accounting policies.

Commander has obtained an understanding of IFRS from training of its finance personnel.

Commander is currently evaluating the impact of the conversion on its accounting systems and has not determined whether significant changes to its accounting systems are required. Commander expects to complete this evaluation by Q3 2010.

In addition, Commander will evaluate its internal and disclosure control processes as a result of its conversion to IFRS, assess the impacts of adopting IFRS on its contractual arrangements to identify any material compliance issues such as its debt covenants and other commitments and consider the impacts the transition will have on its internal planning process and compensation arrangements. Commander expects to complete this evaluation by Q3 of 2010.



# COMMANDER RESOURCES LTD.

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## HEAD OFFICE

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## OFFICERS & DIRECTORS

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

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

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

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

Brian Abraham, LL.B., P.Geo.  
*Director*

Michael W. Byrne, C.A.  
*Director*

Michael Chen, CPA, MBA  
*Chief Financial Officer*

Janice Davies  
*Corporate Secretary*

## LISTINGS

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

## CAPITALIZATION

(as at March 31, 2010)

Shares Authorized: Unlimited  
Shares Issued: 90,589,516

## REGISTRAR & TRUST AGENT

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