



2019 ANNUAL REPORT

December 31, 2019





Consolidated Financial Statements

DECEMBER 31, 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Commander Resources Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Commander Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$1,174,429 during the year ended December 31, 2019, and as at that date, the Company had an accumulated deficit of \$37,662,142. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

March 10, 2020

COMMANDER RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

		December 31, 2019	(Restated - Note 3) December 31, 2018	(Restated - Note 3) January 1, 2018
	Note	\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents		708,740	1,687,263	379,422
Receivables		14,950	12,115	9,103
Prepaid expenses		50,478	58,158	20,300
Marketable securities	4	1,240,520	921,649	1,678,400
		2,014,688	2,679,185	2,087,225
Non-current assets				
Marketable securities	4	-	151,250	880,000
Reclamation bond	5	18,000	18,000	-
Property and equipment	6	96,326	58,613	-
Exploration and evaluation assets	5	174,166	158,459	183,676
		288,492	386,322	1,063,676
TOTAL ASSETS		2,303,180	3,065,507	3,150,901
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	8	53,376	101,380	25,976
Lease liability	6	28,745	-	-
Advance from optionee	5(d)	41,089	-	-
		123,210	101,380	25,976
SHAREHOLDERS' EQUITY				
Share capital	7	41,143,735	41,112,235	39,700,632
Reserves	7	868,981	865,673	214,124
Accumulated other comprehensive loss		(2,170,604)	(2,478,566)	(1,143,010)
Deficit		(37,662,142)	(36,535,215)	(35,646,821)
		2,179,970	2,964,127	3,124,925
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,303,180	3,065,507	3,150,901
Nature of operations and going concern	1			
Commitment	9			
Subsequent event	15			

Approved on behalf of the Board of Directors on March 10, 2020:

"Eric Norton"

Director

"Brandon Macdonald"

Director

The accompanying notes are an integral part of these consolidated financial statements.

COMMANDER RESOURCES LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED DECEMBER 31, 2019, AND 2018

		(Restated - Note 3)
		2019
		2018
	Note	\$
		\$
Expenses		
Accounting and audit	8	94,275
Administration		44,316
Amortization	6	52,946
Consulting	8	66,000
Exploration and evaluation expenditures	5	526,077
Filing fees and transfer agent		12,816
Finance costs	6	5,679
Investor and shareholder relations		199,920
Legal		11,137
Project evaluation		49,398
Salary and benefits	8	147,036
Share-based compensation	7,8	51,333
Loss from operating expenses		(1,260,933)
Cost recoveries on exploration and evaluation assets	5	45,000
Write-offs of exploration and evaluation assets	5	(4)
Foreign exchange loss		(1,078)
Interest and management fee income	5(d)	17,586
Royalty income	5(g)	25,000
Loss for the year before income taxes		(1,174,429)
Income tax recovery	14	-
Loss for the year		(1,174,429)
Other comprehensive loss		
<i>Item that will not be reclassified to profit or loss</i>		
Change in fair value of marketable securities at FVOCI	4	307,962
Loss and comprehensive loss for the year		(866,467)
Loss per share		
Weighted average number of common shares outstanding		
- Basic #		35,579,813
- Diluted #		35,579,813
Basic loss per share \$		(0.03)
Diluted loss per share \$		(0.03)

The accompanying notes are an integral part of these consolidated financial statements.

COMMANDER RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED DECEMBER 31, 2019, AND 2018

	Number of Shares #	Share capital \$	Reserves \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total shareholders' equity \$
December 31, 2017 (Restated - Note 3)	23,060,514	39,700,632	214,124	(1,143,010)	(35,646,821)	3,124,925
Private placement units issued	12,240,258	1,591,234	489,610	-	-	2,080,844
Share issue costs - cash	-	(144,267)	-	-	-	(144,267)
Share issue costs - finder's warrants	-	(35,364)	35,364	-	-	-
Share-based compensation	-	-	126,575	-	-	126,575
Fair value adjustment on marketable securities	-	-	-	(1,335,556)	-	(1,335,556)
Loss for the year	-	-	-	-	(888,394)	(888,394)
December 31, 2018 (Restated - Note 3)	35,300,772	41,112,235	865,673	(2,478,566)	(36,535,215)	2,964,127
January 1, 2019, as previously reported	35,300,772	41,112,235	865,673	(2,478,566)	(36,535,215)	2,964,127
Impact of change in accounting policy	-	-	-	-	(523)	(523)
January 1, 2019, adjusted balance	35,300,772	41,112,235	865,673	(2,478,566)	(36,535,738)	2,963,604
Shares issued for exploration and evaluation assets	350,000	31,500	-	-	-	31,500
Reclassification on expiry of options	-	-	(48,025)	-	48,025	-
Share-based compensation	-	-	51,333	-	-	51,333
Fair value adjustment on marketable securities	-	-	-	307,962	-	307,962
Loss for the year	-	-	-	-	(1,174,429)	(1,174,429)
December 31, 2019	35,650,772	41,143,735	868,981	(2,170,604)	(37,662,142)	2,179,970

The accompanying notes are an integral part of these consolidated financial statements.

COMMANDER RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED DECEMBER 31, 2019, AND 2018

		(Restated - Note 3)
	2019	2018
	Note	
	\$	\$
Operating activities		
Loss for the year	(1,174,429)	(888,394)
Items not affecting cash:		
Amortization	52,946	3,571
Finance costs	5,679	-
Share-based compensation	51,333	126,575
Write-off of exploration and evaluation assets	4	-
Cost recoveries on exploration and evaluation assets	(45,000)	(146,865)
Changes in non-cash working capital:		
Receivables	(2,835)	(3,012)
Prepaid expenses	7,680	(37,858)
Accounts payable and accrued liabilities	12,268	75,404
Advance from optionee	41,089	-
	(1,051,265)	(870,579)
Financing activities		
Common shares issued for cash	-	2,080,844
Share issue costs	-	(144,267)
	-	1,936,577
Investing activities		
Acquisition costs on exploration and evaluation assets	(102,483)	(34,783)
Proceeds received on options of exploration and evaluation assets	85,000	45,000
Lease payments	(50,370)	-
Reclamation bond	-	(18,000)
Proceeds from sale of marketable securities	158,341	311,810
Purchase of equipment	(17,746)	(62,184)
	72,742	241,843
Change in cash and cash equivalents	(978,523)	1,307,841
Cash and cash equivalents, beginning of year	1,687,263	379,422
Cash and cash equivalents, end of year	708,740	1,687,263
Cash and cash equivalents comprise:		
Cash at bank - Canadian dollars	204,791	1,148,858
Cash at bank - Mexican pesos	1,042	2,281
Money market funds - Canadian dollars	502,907	536,124
Cash and cash equivalents in Canadian dollars	708,740	1,687,263

Supplemental cash flow information

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The accompanying notes are an integral part of these consolidated financial statements.

COMMANDER RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE OF OPERATIONS AND GOING CONCERN

Commander Resources Ltd. (“Commander” or the “Company”) was incorporated in Canada and its records and registered office are at Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, V6E 3V6.

The Company is in the business of acquisition and exploration of mineral resource properties in Canada and Mexico. Commander pursues the prospect generator model and focuses on building a portfolio of early stage exploration projects. For the ongoing exploration of the projects, the Company aims to option interests in the projects to joint venture partners.

These consolidated financial statements (the “financial statements”) have been prepared on a going concern basis which assumes that the Company will be able to continue in operation for the foreseeable future and meet its obligations in the normal course of business. The Company has incurred ongoing losses and will continue to incur further losses in the course of exploring its mineral properties. As at December 31, 2019, the Company had a deficit of \$37,662,142 (December 31, 2018 - \$36,535,215 (restated - Note 3)) and working capital of \$1,891,478 (December 31, 2018 - \$2,577,805). Commander has historically relied on the issuance of share capital to fund its operations. Although the Company has been successful in raising equity financing in the past, there is no assurance that such financing will continue to be available with acceptable terms. These uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, “IFRS”), as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

The Company adopted IFRS 16, Leases (“IFRS 16”) on January 1, 2019. Changes to significant accounting policies are described below.

These financial statements have been prepared on the historical cost basis, except for financial instruments measured at fair value. Additionally, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

Principles of consolidation

These financial statements include the accounts of the Company and the following wholly-owned subsidiaries:

- BRZ Mex Holdings Ltd. (“BRZM”); and
- Minera BRG SA de CV (“Minera BRG”).

The Company consolidates these subsidiaries on the basis that it controls these subsidiaries. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

COMMANDER RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates, assumptions and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that impact the Company's reported financial results. Estimates, assumptions and judgments are based on historical experiences and expectations of future events. Actual results could result in material differences from those estimates, assumptions and judgments.

The significant estimates and judgments that affect these financial statements are as follows:

Recoverability of exploration and evaluation assets ("E&E assets")

The Company formerly capitalized E&E expenditures until December 31, 2018. Effective January 1, 2019, the Company expenses its E&E expenditures (Note 3). However, the Company continues to capitalize acquisition costs related to E&E assets which comprise staking costs, and option payments, based on the judgment that the carrying amounts will be recoverable. Their recoverability depends on various factors such as the discovery of economically viable reserves, the Company's ability to obtain the financing to continue exploration and development efforts, or from disposition of the E&E assets. If new information becomes available suggesting the recovery of these expenditures is unlikely, the capitalized costs are written-off to profit or loss for the period.

Share-based compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and compensatory finders' warrants. The Black-Scholes' fair value calculation requires management to make estimates and assumptions on future volatility of the stock price, risk-free interest rate, expected life, expected dividend yield, and future forfeiture rates of stock options and finders' warrants. Changes in any of these input assumptions could materially impact reserves, share issue costs, and share-based compensation expense.

Going concern

The Company applies judgment in assessing its ability to continue as a going concern. In making this assessment, the Company considers the facts and circumstances disclosed in Note 1. The Company concludes that there is a material uncertainty that may cast significant doubt about its ability to continue as a going concern.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

COMMANDER RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting policies

The Company adopted IFRS 16 on January 1, 2019. A number of other new standards are also effective from January 1, 2019; however, they were not deemed to have a material impact on the Company's financial statements.

IFRS 16 – Leases (“IFRS 16”)

IFRS 16 specifies how to recognize, measure, present and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance.

The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as right-of-use (“ROU”) assets and lease liabilities on the statement of financial position, including those for most leases that would currently be accounted for as operating leases.

The Company has a single office lease for its corporate head office in Vancouver, BC. In the context of IFRS 16, an ROU asset of \$72,913 (Note 6) and a lease liability of \$73,436 (Note 6) was recognized as at January 1, 2019, in accordance with the modified retrospective approach. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's weighted average incremental borrowing rate of approximately 10% on January 1, 2019. The ROU asset (recognized within property and equipment) was measured at amounts equal to the corresponding initial lease liability.

The operating lease obligation as at December 31, 2018, are reconciled as follows to the recognized lease liability as at January 1, 2019:

	\$
Operating lease obligation as at December 31, 2018	83,950
Effect of discounting at incremental rate as at January 1, 2019	(10,514)
Lease liability, January 1, 2019	73,436

On adoption, the following practical expedients were permitted by IFRS 16, but were not applicable to the Company:

- Accounted for leases with a remaining term of less than twelve months as at January 1, 2019, as short-term leases; and
- Accounted for lease payments as an expense for leases of low-value assets.

The modified retrospective approach does not require restatement of prior period comparative financial information and is applied prospectively. The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of ROU assets. These include: determining contracts that are within the scope of IFRS 16; determining the contract term; and determining the interest rate used for the discounting of future cash flows.

New Interpretation IFRIC 23 - Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 – *Uncertainty over Income Tax Treatments* (“IFRIC 23”). IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

There was no impact to the Company's financial statements as a result of adopting this new standard.

COMMANDER RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company's new accounting policy is as follows:

Leases

The Company leases office space within of property and equipment. Under IFRS 16 *Leases* ("IFRS 16"), the Company assesses whether a contract to rent an item of property and equipment is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

Pursuant to IFRS 16 lessee accounting model, the right-of-use asset is initially measured at cost, which includes the initial amount of the liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to remove or dismantle the underlying asset or to restore the underlying asset or site on which the asset is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the rate implicit in the lease or, if the implicit rate cannot be readily determined, the Company's incremental borrowing rate.

The measurement of lease liabilities includes the following types of lease payments:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- Amounts expected to be payable under any residual value guarantees; and
- Exercise price for options that the Company is reasonably certain to exercise for an extension or option to buy, and penalties for early termination of a lease unless the Company is reasonably certain that it will not terminate the lease early. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is remeasured in the following circumstances:

- If there is a change in the future lease payments resulting from a change in index or rate;
- If there is a change in the Company's estimation of the amount expected to be payable under a residual value guarantee; and
- If the Company changes its assessment of whether it will exercise an option to purchase, extend or terminate.

The Company has elected not to recognize right-of-use assets and liabilities for short-term leases that have a term of 12 months or less and for low-value assets.

COMMANDER RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid guaranteed investment certificates that are readily available to the Company on demand or with maturity dates of three months or less on initial acquisition.

Exploration and evaluation assets (“E&E assets”)

All direct costs related to the acquisition of exploration and evaluation assets are capitalized upon acquiring the legal right to explore a property. Exploration and evaluation expenditures are expensed as incurred while the Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. If and when the Company’s management determines that economically extractable proven or probable mineral reserves have been established, the subsequent costs incurred to develop such property, including costs to further delineate the ore body will be capitalized.

When the Company receives proceeds in the form of cash and/or common shares (marketable securities) from the option of an interest or partial sale in a property to another party, the payments are credited against the carrying value of the property and the excess amount of the proceeds over the carrying value is recorded as a gain in profit or loss (cost recoveries on exploration and evaluation assets) when received. When all of the interest in a property is sold, any remaining capitalized E&E costs are reduced to \$nil with any gain or loss recorded in profit or loss in the period the transaction occurs.

At each reporting date the carrying amounts of the Company’s exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Impairment of long-lived assets

The carrying amounts of the Company’s long-lived assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (“CGU”) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be individually tested are grouped together into the smallest group of assets that generates cash inflows or CGUs.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

Equipment

Equipment is recorded at cost less accumulated amortization and impairment. Amortization is calculated using the straight-line method over the useful life of an asset less its estimated residual value.

Computer equipment	5 years
Office furniture	5 years
Field equipment	10 years
Right-of-use asset	Over the term of the lease

COMMANDER RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for a decommissioning liability is recognized at its present value in the period in which it is incurred, which is generally when an environmental disturbance occurs, or a constructive obligation is determined. Upon initial recognition of the liability, a corresponding amount is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using the unit of production method.

Following the initial recognition of a decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes in the estimated provision resulting from revisions to the estimated timing and amount of cash flows, or changes in the discount rate. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the decommissioning liability and the decommissioning asset.

As at December 31, 2019 and 2018, the Company does not have any decommissioning liabilities or asset retirement obligations for the provision of environmental rehabilitation.

Share-based compensation

The Company recognizes share-based compensation on stock options granted. The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and each tranche is recognized using the graded vesting method over the period during which the options vest. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

For Directors, Officers and employees, the fair value of the options is measured at the date of grant, and the options are recognized over the vesting period. For non-employees, share-based compensation is measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The fair value is recorded at the earlier of the vesting date, or the date the goods or services are received.

The offset to share-based compensation expense is reserves. Consideration received on the exercise of options is recorded as share capital and the related reserves are transferred to share capital. Upon expiry or cancellation, the recorded value is transferred from reserves to deficit.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured at the enacted tax rates that are expected to apply when the assets are recovered, and the liabilities settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed annually and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss per share

Loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period. The Company calculates the dilutive effect on loss per share by presuming the exercise of outstanding options and warrants. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the years presented. Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

Share capital

Common shares issued by the Company are recorded to share capital at the value of proceeds received, net of share issue costs. The fair value of common shares issued as consideration for E&E assets or other non-cash consideration is based on the market price of those shares on the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Foreign currency translation

Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar, and was determined by conducting an analysis of the consideration factors identified in *IAS 21, the Effects of Changes in Foreign Exchange Rates ("IAS 21")*.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets are classified according to their contractual cash flow characteristics and the purpose for which they were acquired. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment’s fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVTPL. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVTPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVTPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

Loss allowances for ‘expected credit losses’ are recognized on financial assets measured at amortized cost. A loss event is not required to have occurred before a credit loss is recognized.

Classification of financial instruments

The Company has classified and measured its financial instruments as follows:

<u>Financial assets:</u>	<u>Classification:</u>	<u>Subsequent measurement:</u>
Cash and cash equivalents	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Marketable securities	FVOCI	Fair value
Reclamation bond	Amortized cost	Amortized cost
<u>Financial liabilities:</u>	<u>Classification:</u>	<u>Subsequent measurement:</u>
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Lease liability	Amortized cost	Amortized cost

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3. CHANGE IN ACCOUNTING POLICY

During the year ended December 31, 2019, with an effective date of January 1, 2019, the Company adopted a voluntary change in accounting policy, as permitted and accepted under IFRS 6 - *Exploration and Evaluation of Mineral Resources* ("IFRS 6"), with respect to exploration and evaluation ("E&E") expenditures. Previously, as permitted under IFRS 6, the Company capitalized costs relating to both the acquisition and exploration of its E&E assets, net of recoveries received.

The Company's new policy on accounting for E&E expenditures is to expense these costs until such time as the technical feasibility and commercial viability has been established that supports future development of the mineral property, and such development receives appropriate board approvals.

The Company has determined that the voluntary change in accounting policy results in financial statements providing more reliable and relevant information. The change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets and is an accepted accounting practice in the mining industry. This change in accounting policy has been applied to all of the Company's E&E activities for all properties.

Under the previous accounting policy, the Company was required to perform an impairment assessment on the carrying value of the E&E assets. As of December 31, 2017, impairment indicators were noted and resulted in an impairment charge that wrote-off all capitalized exploration expenditures, leaving only certain historical acquisition costs capitalized. As a result, the carrying value of E&E assets as at December 31, 2017, totalled \$183,676.

The Company's new significant accounting policy in respect of exploration and evaluation assets is presented above within Note 2.

As required by IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, the change in accounting policy has been made retrospectively and comparatives have been restated accordingly to all periods presented, as if the policy had always been applied.

The financial statement impact as at and for the year ended December 31, 2018 is as follows:

	As previously reported \$	Effect of change in accounting policy \$	As restated \$
Consolidated statement of financial position			
Exploration and evaluation assets	532,515	(374,056)	158,459
Total assets	3,439,563	(374,056)	3,065,507
Deficit	(36,161,159)	(374,056)	(36,535,215)
Total shareholders' equity	3,338,183	(374,056)	2,964,127
Total liabilities and shareholders' equity	3,439,563	(374,056)	3,065,507

	As previously reported \$	Effect of change in accounting policy \$	As restated \$
Consolidated statement of loss and comprehensive loss			
Exploration and evaluation expenditures	-	335,141	335,141
Impairment on exploration and evaluation assets	42,375	(42,375)	-
Loss for the year	(595,628)	(292,766)	(888,394)
Loss and comprehensive loss for the year	(1,931,184)	(292,766)	(2,223,950)
Basic and diluted loss per common share	(0.02)	(0.01)	(0.03)

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3. CHANGE IN ACCOUNTING POLICY (CONTINUED)

The financial statement impact as at and for the year ended December 31, 2018 is as follows (continued):

	As previously reported \$	Effect of change in accounting policy \$	As restated \$
Consolidated statement of cash flows			
Loss for the year	(595,628)	(292,766)	(888,394)
Impairment on exploration and evaluation assets	42,375	(42,375)	-
Operating activities	(595,710)	(274,869)	(870,579)
Acquisition costs on exploration and evaluation assets	(322,114)	287,331	(34,783)
Proceeds from government exploration credit	12,462	(12,462)	-
Investing activities	(33,026)	274,869	241,843

The financial statement impact as at January 1, 2018 is as follows:

	As previously reported \$	Effect of change in accounting policy \$	As restated \$
Consolidated statement of financial position			
Exploration and evaluation assets	264,966	(81,290)	183,676
Total assets	3,232,191	(81,290)	3,150,901
Deficit	(35,565,531)	(81,290)	(35,646,821)
Total shareholders' equity	3,206,215	(81,290)	3,124,925
Total liabilities and shareholders' equity	3,232,191	(81,290)	3,150,901

4. MARKETABLE SECURITIES

Note	December 31, 2019 \$	December 31, 2018 \$
Common shares of public companies:		
Fair value, beginning of year	1,072,899	2,558,400
Additions	18,000	161,865
Net proceeds from sales	(158,341)	(311,810)
Gain (loss)	307,962	(1,335,556)
Fair value, end of year	1,240,520	1,072,899
Current	1,240,520	921,649
Non-current	-	151,250
	1,240,520	1,072,899

Commander does not hold significant influence in any of its investments in publicly traded companies. The fair values of the marketable securities are determined at each reporting date by referencing to the closing market prices of these common shares. Certain common shares with trade restriction dates more than a year from the reporting date are classified as non-current assets. All of the Company's marketable securities are classified as FVOCI because these investment are not held for trading.

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4. MARKETABLE SECURITIES (CONTINUED)

The Company's holdings in marketable securities comprise common shares of publicly traded companies received as option payments on the sale of exploration and evaluation assets. The more significant holdings or transactions as at or during the years ended December 31, 2019, and 2018 are as follows:

a) *Aston Bay Holdings Ltd. ("Aston")*

On February 18, 2016, Aston issued 11,000,000 common shares to Commander with a fair value of \$2,640,000 for the acquisition of the former Storm Property. The 11,000,000 common shares are held in a four-year escrow and will be released in four equal tranches of 2,750,000 shares on each anniversary date starting February 18, 2017 to 2020.

As at December 31, 2019, Commander held less than 10% (2018 – less than 10%) of Aston's total outstanding common shares.

5. EXPLORATION AND EVALUATION ASSETS

During the year ended December 31, 2019, the Company adopted a voluntary change in accounting policy with respect to expenditures on exploration and evaluation ("E&E") assets (Note 3). Previously, the Company capitalized costs relating to both the acquisition and exploration, of E&E assets, net of recoveries received.

The Company's new accounting policy for E&E expenditures is to expense these costs until such time as the technical feasibility and commercial viability has been established that supports future development of the property, and such development receives appropriate board approvals.

As at December 31, 2019, the cumulative expenditures on exploration and evaluation assets were as follows:

	(Restated - Note 3) December 31, 2018 \$	Acquisition costs \$	Option/sale Proceeds \$	Cost recoveries gain \$	Write-offs \$	December 31, 2019 \$
British Columbia projects						
October Dome and Mt. Polley	174	-	(45,000)	45,000	-	174
Henry Lee	3,164	58,904	-	-	-	62,068
Burn	28,308	3,007	(25,000)	-	-	6,315
Omineca	3,140	-	-	-	-	3,140
Total	34,786	61,911	(70,000)	45,000	-	71,697
Other Canadian projects						
South Voisey's Bay (Labrador)	123,667	-	(33,000)	-	-	90,667
Sabin (Ontario)	1	11,800	-	-	-	11,801
Flume (Yukon)	1	-	-	-	(1)	-
Olympic and Rob (Yukon)	1	-	-	-	(1)	-
Nepisiguit (New Brunswick)	1	-	-	-	(1)	-
Storm (Nunavut)	1	-	-	-	(1)	-
Total	123,672	11,800	(33,000)	-	(4)	102,468
Mexico project						
Pedro	1	-	-	-	-	1
Total	1	-	-	-	-	1
Total Projects	158,459	73,711	(103,000)	45,000	(4)	174,166

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5. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2018, the cumulative expenditures on exploration and evaluation assets were as follows:

	(Restated - Note 3) December 31, 2017 \$	Acquisition costs (i) \$	Option/sale Proceeds \$	Cost recoveries gain \$	(Restated - Note 3) December 31, 2018 \$
British Columbia projects					
October Dome and Mt. Polley	2	172	-	-	174
Henry Lee	-	3,164	-	-	3,164
Burn	-	28,308	-	-	28,308
Omineca	1	3,139	-	-	3,140
Total	3	34,783	-	-	34,786
Other Canadian projects					
South Voisey's Bay (Labrador)	183,667	-	(60,000)	-	123,667
Flume (Yukon)	1	-	(128,115)	128,115	1
Sabin (Ontario)	1	-	-	-	1
Olympic and Rob (Yukon)	1	-	-	-	1
Nepisiguit (New Brunswick)	1	-	-	-	1
Storm (Nunavut)	1	-	-	-	1
Baffin (Nunavut)	-	-	(18,750)	18,750	-
Total	183,672	-	(206,865)	146,865	123,672
Mexico project					
Pedro	1	-	-	-	1
Total	1	-	-	-	1
Total Projects	183,676	34,783	(206,865)	146,865	158,459

(i) Certain comparative acquisition cost figures have been reclassified to conform to the presentation adopted in the current year.

Exploration and Evaluation Expenditures

During the year ended December 31, 2019, the Company's E&E expenditures were as follows:

	British Columbia				Yukon Flume \$	New		Ontario Sabin \$	Total \$
	Oct. Dome \$	Henry Lee \$	Burn \$	Omineca \$		Brunswick Nepisiguit \$	Mexico Pedro \$		
Assaying	978	3,238	-	831	1,522	-	3,898	7,621	18,088
Claim maintenance	2,362	1,925	2,100	-	-	2,750	19,009	10,492	38,638
Data, maps and reports	7,800	12,300	2,000	1,900	150	15,793	-	28,750	68,693
Field labour, supplies and rental	5,013	4,822	-	-	-	1,450	-	45,524	56,809
Geological	9,625	8,588	3,062	5,950	5,925	-	44,543	30,275	107,968
Geophysical survey	-	-	3,955	-	36,340	-	152,188	5,527	198,010
Helicopter	-	13,306	-	6,182	7,258	-	-	-	26,746
Travel	6,857	1,271	-	750	3,948	4,347	10,940	7,708	35,821
	32,635	45,450	11,117	15,613	55,143	24,340	230,578	135,897	550,773
Government exploration tax credits	(9,859)	(8,650)	-	(6,187)	-	-	-	-	(24,696)
Total	22,776	36,800	11,117	9,426	55,143	24,340	230,578	135,897	526,077

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and Evaluation Expenditures (continued)

During the year ended December 31, 2018, the Company's E&E expenditures were as follows:

	British Columbia			Ontario	New Brunswick	Mexico	Total
	Oct. Dome	Henry Lee	Omineca	Sabin	Nepisiguit	Pedro	
	\$	\$	\$	\$	\$	\$	\$
Assaying	1,512	1,936	2,948	-	-	2,680	9,076
Claim maintenance	3,000	-	-	4,975	2,750	17,533	28,258
Field labour, supplies and rental	1,576	2,423	833	-	1,200	-	6,032
Geological	21,612	7,175	-	-	26,075	21,080	75,942
Geophysical survey	18,750	20,347	5,337	-	-	37,883	82,317
Helicopter	-	-	9,486	113,054	-	-	122,540
Travel	11,270	625	3,069	-	-	8,474	23,438
	57,720	32,506	21,673	118,029	30,025	87,650	347,603
Government exploration tax credits	-	-	(12,462)	-	-	-	(12,462)
Total	57,720	32,506	9,211	118,029	30,025	87,650	335,141

a. Mount Polley, BC

On October 25, 2019, Commander entered into an option agreement with a wholly-owned subsidiary of Imperial Metals Corporation ("Imperial") granting Imperial the option to earn a 100% interest in certain mineral claims within the Mount Polley copper-gold property. Commander has a 100% interest in the property except a certain portion which is 90% owned by Commander and 10% by an arm's length private company.

Total cash consideration receivable by Commander is \$250,000 with 90% due to Commander, and 10% to the private company staged in three payments:

- 1) \$50,000 upon signing (\$45,000 received, representing Commander's 90% interest);
- 2) \$100,000 on or before December 31, 2021; and
- 3) \$100,000 on or before December 31, 2022.

In addition to cash payments, a production royalty of \$1.25 per tonne-milled will be due to Commander and the private company. At any time after exercise of the option, Imperial shall have the right upon payment of \$1,000,000 to Commander, to reduce the production royalty to 50% of the production royalty.

b. Flume, Yukon

During the year ended December 31, 2017, the Company entered into an option agreement with K2 Gold Corporation ("K2") granting K2 the option to acquire a 100% interest in the Flume gold property.

During the year ended December 31, 2018, K2 terminated the option agreement. As K2 had only partially met its 2018 exploration commitment, K2 issued 285,238 common shares with a value of \$65,615 to the Company, to settle remaining unspent exploration expenditure amounts. Additionally, the Company received option payments from K2 comprising \$35,000 in cash, and 100,000 common shares of K2 with a fair value of \$27,500, totaling aggregate option proceeds received of \$128,115 during the year ended December 31, 2018.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c. Henry Lee Property, BC

The Company has a 100% interest in the Henry Lee copper project.

On March 1, 2019, the Company entered into a purchase agreement to acquire a 100% interest in two mineral claims adjacent to the Company's Henry Lee property. The total consideration was \$56,500 (\$25,000 in cash (paid) and 350,000 shares at fair value of \$0.09 per share for \$31,500 (issued)).

The vendor retains a 1% net smelter return royalty ("NSR") and is entitled to receive a one-time advance royalty payment of \$1,000,000 upon the commencement of commercial production.

d. Burn Property, BC

The Burn copper property was acquired by staking during the year ended December 31, 2018.

On July 11, 2019, the Company entered an earn-in agreement with Freeport-McMoRan Mineral Properties Canada Inc. ("Freeport") allowing Freeport to earn a 75% interest in the Burn property as follows:

Earn-in Option	Commitment Timeline	Cash	Exploration
First Option (51%)	Earn-in agreement signed on July 25, 2019	\$25,000 (received)	\$ -
	On or before July 11, 2020	\$35,000	\$ -
	On or before July 11, 2021	\$50,000	\$ -
	On or before July 11, 2022	\$50,000	\$ -
	On or before July 11, 2023	\$100,000	\$1,000,000
Second Option (24%)	On or before July 11, 2024	\$100,000	\$ -
	On or before July 11, 2025	\$100,000	\$ -
	On or before July 11, 2026	\$100,000	\$1,500,000
Total interest (75%)	Total cash and exploration amounts	\$560,000	\$2,500,000

The completion of the earn-in conditions will result in a Joint Venture of 75% for Freeport and 25% for the Company. If either party dilutes to less than a 10% interest, that interest would be replaced with a 1% NSR. The Company is the project operator until Freeport earns a 51% interest.

As the operator of the project, Commander earned management fees of \$8,737 included within interest and management fee income during the year ended December 31, 2019 (2018 - \$nil). As at December 31, 2019, the advance from Freeport on the Burn project was \$41,089 within advance from optionee, classified as a current liability.

e. Sabin Property, Ontario

The Company's ownership interest on the Sabin base-precious metal property varies from 58.5% to 100%.

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

f. South Voisey's Bay, Labrador

The Company has a 65% interest in the South Voisey's Bay nickel property, with Fjordland Exploration Inc., ("Fjordland") holding a 35% interest in the project. At the commencement of the earn-in schedule below, Fjordland had earned a 15% interest in the property. The earn-in schedule below details Fjordland's option to earn the remaining 85% interest.

As at December 31, 2019, Fjordland had earned a 35% interest in the property.

Earn-in Option	Completion Date	Cash	Common Shares	Exploration
First Option (20%) (completed)	On or before July 26, 2017	\$ -	200,000 (received, fair valued at \$28,000)	\$ -
	On or before October 31, 2017	\$ -	-	\$600,000
Second Option (40%)	On or before July 26, 2018	\$10,000 (received)	250,000 (received, fair valued at \$50,000)	\$ -
	On or before July 26, 2019	\$15,000 (received)	300,000 (received, fair valued at \$18,000)	\$ -
	On or before July 26, 2020	\$25,000	350,000	\$ -
	On or before October 31, 2021	\$40,000	400,000	\$2,400,000
Third Option (25%)	On or before October 31, 2024	\$200,000	3,000,000	\$5,000,000
	Total	\$290,000	4,500,000	\$8,000,000

Upon Fjordland earning a 100% interest, Commander will retain a 2% NSR. Fjordland has the right to buy 1% of the NSR for \$5,000,000 in cash or \$2,500,000 in cash and \$2,500,000 in common shares of Fjordland. Upon Fjordland's commencement of commercial production, Commander will receive a \$10,000,000 advance royalty payment.

g. Other Properties

i) Baffin, Nunavut

The Company holds a royalty interest of 0.25% to 0.5% NSR on the Baffin gold project.

During the year ended December 31, 2018, the Company received 25,000 common shares of ValOre Metals Corp. ("ValOre") (formerly Kivalliq Energy Corporation) pursuant to an option agreement entered into during the year ended December 31, 2017. The common shares of ValOre were received at a fair value of \$18,750. As a result, ValOre had fulfilled the terms of the option agreement and earned a 100% interest in the property.

ii) Tam, BC

The Company holds a 1.5% NSR on the Tam property. Teck Resources Ltd. and its partner, Lorraine Copper Corp., now own 100% of the property subject to a 3% NSR, which is subject to a buy-down to 1% for \$2,000,000. An annual advance royalty payment of \$25,000 receivable by the Company began on December 31, 2012 and is capped at \$250,000. As at December 31, 2019, the Company had received a total of \$200,000 in advance royalty payments which are recorded as royalty income, of which \$25,000 was received during the year then ended (2018 - \$25,000).

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5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Reclamation bond

In July 2018, Bearing Lithium Corp. (formerly Bearing Resources) assigned to the Company the right to its reclamation bond with the BC Government on the October Dome and Mt. Polley properties for cash consideration of \$18,000.

6. EQUIPMENT

	Computer equipment \$	Office furniture \$	Field equipment \$	Righ-of-use asset \$	Total \$
Cost					
December 31, 2017	-	-	-	-	-
Addition	6,930	-	55,254	-	62,184
December 31, 2018	6,930	-	55,254	-	62,184
Accumulated amortization					
December 31, 2017	-	-	-	-	-
Amortization	(808)	-	(2,763)	-	(3,571)
December 31, 2018	(808)	-	(2,763)	-	(3,571)
Cost					
December 31, 2018	6,930	-	55,254	-	62,184
Adoption of IFRS 16 on January 1, 2019	-	-	-	72,913	72,913
Addition	1,926	15,820	-	-	17,746
December 31, 2019	8,856	15,820	55,254	72,913	152,843
Accumulated amortization					
December 31, 2018	(808)	-	(2,763)	-	(3,571)
Amortization	(1,611)	(2,110)	(5,525)	(43,700)	(52,946)
December 31, 2019	(2,419)	(2,110)	(8,288)	(43,700)	(56,517)
Net book value					
December 31, 2018	6,122	-	52,491	-	58,613
December 31, 2019	6,437	13,710	46,966	29,213	96,326

Right-of-use Asset and Lease Liability

Under IFRS 16 – *Leases*, the Company assesses whether a contract is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

The Company identified a single contract that is a lease as defined under IFRS 16. In analyzing the identified agreements in relation to its head office space in Vancouver, BC, the Company applied the lessee accounting model pursuant to IFRS 16 and considered all of the facts and circumstances surrounding the inception of the contract (but not future events that are not likely to occur). Lease liabilities were calculated with a discount rate of 10%.

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6. EQUIPMENT (CONTINUED)

Right-of-use asset and Lease liability (continued)

A reconciliation of the carrying amount of the lease liability recognized on initial adoption of IFRS 16 on January 1, 2019, and for the year ended December 31, 2019 is as follows:

	December 31, 2019
Lease liability	\$
January 1, 2019 (Note 2)	73,436
Lease payments	(50,370)
Lease interest (finance costs)	5,679
December 31, 2019	28,745
Current portion of lease liability	28,745
Non-current portion of lease liability	-
Maturity analysis - contractual undiscounted cash flows	
Less than one year	33,580
One to five years	-
More than five years	-
Total undiscounted lease liability	33,580

7. SHARE CAPITAL

Authorized – unlimited number of common shares without par value

Shares issued during the year ended December 31, 2019:

- On March 15, 2019, 350,000 common shares with a fair value of \$31,500 were issued on the acquisition of additional mineral claims adjacent to the Company's Henry Lee property (Note 5 (c)).

Shares issued during the year ended December 31, 2018:

- On May 18, 2018, 12,240,258 units were issued at \$0.17 per unit for gross proceeds of \$2,080,844. Each unit consisted of one common share and one share purchase warrant with each warrant entitling the holder to purchase an additional common share at \$0.25 per share until May 18, 2020.

Finders' fees were incurred on the financing as follows: 1) \$105,650 in cash commission; and 2) 517,883 finders' warrants were issued with a fair value of \$35,364, entitling the holder to purchase a common share at \$0.25 per share until May 18, 2020.

Other share issue costs of \$38,617 were also incurred relating to legal and regulatory filings.

The Company uses the residual value method with respect to the measurement of the fair values allocated to common shares and share purchase warrants attached to units associated with private placements. As such, the gross proceeds of \$2,080,844 were allocated as follows: \$1,591,234 to share capital and \$489,610 to reserves.

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7. SHARE CAPITAL (CONTINUED)

Warrants

The fair value of the finders' warrants issued on May 18, 2018 was calculated as \$35,364 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free interest rate of 2.03%, historical volatility of 130% and zero expected dividend yield.

A summary of the Company's warrant activity as at December 31, 2019 and December 31, 2018 and for the years then ended is as follows:

	2019		2018	
	Warrant	Weighted average	Warrant	Weighted average
	#	exercise price	#	exercise price
		\$		\$
Warrants outstanding, beginning of year	12,758,141	0.25	-	-
Issued - attached to units	-	-	12,240,258	0.25
Issued - finders' warrants	-	-	517,883	0.25
Warrants outstanding, end of year	12,758,141	0.25	12,758,141	0.25

As at December 31, 2019, the Company has warrants outstanding and exercisable as follows:

Warrants outstanding	Warrants exercisable	Exercise price	Expiry date
#	#	\$	
12,758,141	12,758,141	0.25	May 18, 2020

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7. SHARE CAPITAL (CONTINUED)

Stock options

The Company has a 10% rolling stock option plan. Stock options granted to Directors, employees and consultants with a term of up to ten years. The vesting period for stock options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

A summary of the Company's stock option activity as at December 31, 2019 and December 31, 2018 and for the years then ended is as follows:

	2019		2018	
	Option #	Weighted average exercise price	Option #	Weighted average exercise price
		\$		\$
Options outstanding, beginning of year	2,840,000	0.23	1,954,000	0.25
Granted	760,000	0.07	886,000	0.17
Expired	(374,000)	(0.25)	-	-
Options outstanding, end of year	3,226,000	0.19	2,840,000	0.23

During the year ended December 31, 2019, 374,000 stock options expired unexercised and their fair value of \$48,025 was reclassified to deficit from reserves.

As at December 31, 2019, the Company's outstanding and exercisable stock options were as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date	Weighted average remaining life (years)
520,000	520,000	0.25	July 17, 2020	0.55
800,000	800,000	0.25	March 16, 2021	1.21
260,000	260,000	0.25	June 9, 2021	1.44
886,000	886,000	0.17	July 12, 2023	3.53
760,000	735,000	0.07	June 12, 2024	4.45
3,226,000	3,201,000			2.52

Share-based compensation

The fair value of the stock options granted during the years ended December 31, 2019 and December 31, 2018, was calculated using a Black-Scholes pricing model with the following weighted-average assumptions:

	2019	2018
Risk-free interest rate	1.4%	2.1%
Expected life of options	5 years	5 years
Historical volatility	155%	163%
Dividend yield	0%	0%
Weighted average fair value per option	\$0.06	\$0.15

During the year ended December 31, 2019, the Company recognized share-based compensation expense of \$51,333 (2018 - \$126,575).

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7. SHARE CAPITAL (CONTINUED)

Reserves

Reserves includes the accumulated fair value of stock options recognized as share-based compensation and the fair value of finder's warrants. Reserves is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants are exercised.

	Stock option reserve \$	Warrant reserve \$	Total \$
December 31, 2017	214,124	-	214,124
Stock options granted	126,575	-	126,575
Residual value of warrants attached to units	-	489,610	489,610
Fair value of finders' warrants	-	35,364	35,364
December 31, 2018	340,699	524,974	865,673
December 31, 2018	340,699	524,974	865,673
Stock options granted	51,333	-	51,333
Reclassification on expiry of options	(48,025)	-	(48,025)
December 31, 2019	344,007	524,974	868,981

8. RELATED PARTY TRANSACTIONS

Compensation of key management

Key management includes the Company's Directors, the President and Chief Executive Officer ("CEO"), VP Exploration, VP Corporate Development, Chief Financial Officer and Corporate Secretary. Their remuneration was as follows:

		Transactions year ended December 31, 2019 \$	Transactions year ended December 31, 2018 \$	Balances outstanding December 31, 2019 \$	Balances outstanding December 31, 2018 \$
President and CEO	Salary and benefits and projects	154,036	128,869	-	5,071
Vice President, Exploration	Consulting and project evaluation	119,983	71,963	-	-
Vice President, Corp Development	Consulting	30,000	30,000	-	-
Corporate Secretary	Consulting	36,000	36,000	-	-
Chief Financial Officer	Accounting	52,800	48,000	-	-
Various	Share-based compensation	43,161	124,710	-	-
		435,980	439,542	-	5,071

Other related party transactions

During the year ended December 31, 2019, office rent of \$41,435 (2018 - \$41,189) was paid to a company related by way of a common director.

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9. COMMITMENT

The Company has a remaining commitment of \$33,580 for its office lease in Vancouver, BC expiring on August 31, 2020 (Note 6).

10. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash investing and financing activities during the years ended December 31, 2019 and December 31, 2018:

	2019	2018
	\$	\$
Financing activities:		
Fair value of shares issued for exploration and evaluation assets	31,500	-
Marketable securities received for exploration and evaluation assets	18,000	96,250
Reclassification of fair value on expired options from reserves to deficit	48,025	26,011
Investing activities:		
Property and equipment additions - right-of-use asset recognized on transition to IFRS 16	72,913	-
Other cash flow information:		
Interest received (paid)	8,849	1,960
Income tax recovered (paid)	-	10,448

11. SEGMENTED INFORMATION

The Company operates in one single reportable segment, being the acquisition and exploration of resource properties. As at December 31, 2019, the carrying value of the Company's non-current assets were:

- \$174,164 (December 31, 2018 - \$158,458 (restated - Note 3)) located in Canada; and
- \$1 (December 31, 2018 - \$1) located in Mexico.

12. CAPITAL MANAGEMENT

The Company defines its capital as all components of equity. The Company manages its capital structure by maintaining adequate funds to support the acquisition and exploration of minerals assets. The Board of Directors does not establish a 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.

There were no changes in the Company's approach to capital management for the year ended December 31, 2019. The Company is not subject to externally imposed capital requirements.

COMMANDER RESOURCES LTD.
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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The carrying values of receivables, reclamation bond, accounts payable and accrued liabilities approximate their fair values due to the short-term to maturity of these financial instruments. The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value. The Company's marketable securities are classified as a level 1 financial asset. The fair value hierarchy is as follows:

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).

Liquidity risk

Liquidity risk is the risk that the Company's financial assets are insufficient in meeting its financial obligations as they become due. The Company manages this risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure there is sufficient liquidity to meet the obligations. As at December 31, 2019, the Company had cash and cash equivalents of \$708,740 to settle its current liabilities of \$123,210. The Company will require additional funding if it intends to expand its exploration and operational budgets (Note 1).

Credit risk

Credit risk is the risk that if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is equal to the carrying value of cash and cash equivalents and receivables. Receivables primarily comprises sales tax recoverable due from the Government of Canada. To minimize the credit risk, Commander deposits its cash and cash equivalents with a high credit-rating financial institution.

Price risk and foreign currency risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to price risk with respect to its marketable securities. A 10% change in the share prices would affect their fair values and comprehensive loss (income) by approximately \$124,000 (2018 - \$107,000).

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14. INCOME TAXES

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	December 31, 2019	December 31, 2018
	\$	\$
Loss for the year before income taxes	(1,174,429)	(898,842)
Expected income tax (recovery)	(317,000)	(241,000)
Change in tax resulting from:		
Change in statutory rates and other	18,000	(253,448)
Permanent differences	14,000	34,000
Share issue costs	-	(39,000)
Adjustment to prior years provision versus statutory tax returns	59,000	39,000
Change in unrecognized deductible temporary differences	226,000	450,000
Total income tax expense (recovery)	-	(10,448)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	December 31, 2019	Expiry Date	December 31,	Expiry Date
	\$	Range	2018	Range
	\$	Range	\$	Range
Exploration and evaluation assets	8,167,000	No expiry date	7,946,000	No expiry date
Investment tax credit	40,000	2032 to 2033	36,000	2032 to 2033
Equipment	258,000	No expiry date	249,000	No expiry date
Share issue costs	87,000	No expiry date	115,000	No expiry date
Marketable securities	2,150,000	No expiry date	2,473,000	No expiry date
Non-capital loss carry forwards	5,983,000	2036 to 2039	5,724,000	2036 to 2038
Canada	5,715,000	2026 to 2039	5,692,000	2026 to 2038
Mexico	268,000	2026 to 2029	32,000	2026 to 2028

Tax attributes are subject to review and potential adjustment by tax authorities.

15. SUBSEQUENT EVENT

In February 2020, Commander acquired by staking two gold properties in Ontario: First Loon Lake and Staunton.



Management's Discussion and Analysis

For the Year Ended
December 31, 2019

FORWARD-LOOKING STATEMENTS

This Management Discussion and Analysis ("MD&A") contains forward-looking information within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators that involve risks and uncertainties.

Such forward-looking statements include statements of the Company's future plans, estimation of mineral resources, government regulations of the mining industry, requirements for operational funding, environmental risks, and anticipated timing of completion of property dispositions or acquisitions. These known or unknown risks and uncertainties could cause actual performance of the Company to differ materially from results implied by such forward-looking information. These uncertainties include future commodity pricing, capital market access, global economy and politics, government regulations, environmental restrictions, exploration results, permitting timelines, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

This MD&A has been prepared based on available information up to the date of this report, March 10, 2020 (the "Report Date") and should be read in conjunction with the Company's condensed audited consolidated financial statements for the year ended December 31, 2019. The financial information disclosed in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information is available on SEDAR at www.sedar.com and the Company's website www.commandersources.com.

DESCRIPTION OF BUSINESS

The Company is in the business of acquisition and exploration of resource properties in Canada and Mexico. The Company pursues the prospect generator model and focuses on building a portfolio of early stage exploration projects. For the ongoing exploration of the projects, the Company aims to option interest in the projects to joint venture partners. The approach has allowed the Company to accumulate a royalty portfolio, generate cash resources from the proceeds received on option payments and accumulate holdings of marketable securities which are also received as option payments.

Robert Cameron, P.Geo., President and Chief Executive Officer and a Qualified Person under National Instrument 43-101, has reviewed and approved the technical information presented in this MD&A.

YEAR HIGHLIGHTS and SUBSEQUENT EVENT

CHANGE IN ACCOUNTING POLICY

During the year ended December 31, 2019, with an effective date of January 1, 2019, the Company adopted a voluntary change in accounting policy, as permitted and accepted under IFRS 6 - *Exploration and Evaluation of Mineral Resources* ("IFRS 6"), with respect to exploration and evaluation ("E&E") expenditures. Previously, as permitted under IFRS 6, the Company capitalized costs relating to both the acquisition and exploration of its E&E assets, net of recoveries received.

The Company's new policy on accounting for E&E expenditures is to expense these costs until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives appropriate board approvals.

The Company has determined that the voluntary change in accounting policy results in financial statements providing more reliable and relevant information. The change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets and is an accepted accounting practice in the mining industry. This change in accounting policy has been applied to all of the Company's E&E activities for all properties.

Under the previous accounting policy, the Company was required to perform an impairment assessment on the carrying value of the E&E assets. As of December 31, 2017, impairment indicators were noted and resulted in an impairment charge that wrote off all capitalized exploration expenditures, leaving only certain historical acquisition costs capitalized. As a result, the carrying value of E&E assets as at December 31, 2017, totalled \$183,676.

Commander Resources Ltd.
Management's Discussion and Analysis
For the Year ended December 31, 2019

March 10, 2020

As required by IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, the change in accounting policy has been made retrospectively and comparatives have been restated accordingly to all periods presented, as if the policy had always been applied.

The financial statement impact as at and for the year ended December 31, 2018 is as follows:

	As previously reported \$	Effect of change in accounting policy \$	As restated \$
Consolidated statement of financial position			
Exploration and evaluation assets	532,515	(374,056)	158,459
Total assets	3,439,563	(374,056)	3,065,507
Deficit	(36,161,159)	(374,056)	(36,535,215)
Total shareholders' equity	3,338,183	(374,056)	2,964,127
Total liabilities and shareholders' equity	3,439,563	(374,056)	3,065,507

	As previously reported \$	Effect of change in accounting policy \$	As restated \$
Consolidated statement of loss and comprehensive loss			
Exploration and evaluation expenses	-	335,141	335,141
Impairment on exploration and evaluation assets	42,375	(42,375)	-
Loss for the year	(595,628)	(292,766)	(888,394)
Loss and comprehensive loss for the year	(1,931,184)	(292,766)	(2,223,950)
Basic and diluted loss per common share	(0.02)	(0.01)	(0.03)

	As previously reported \$	Effect of change in accounting policy \$	As restated \$
Consolidated statement of cash flows			
Loss for the year	(595,628)	(292,766)	(888,394)
Impairment on exploration and evaluation assets	42,375	(42,375)	-
Operating activities	(595,710)	(274,869)	(870,579)
Acquisition costs on exploration and evaluation assets	(322,114)	287,331	(34,783)
Proceeds from government exploration credit	12,462	(12,462)	-
Investing activities	(33,026)	274,869	241,843

PROJECT INTERESTS OPTION AGREEMENTS

Mount Polley, BC

On October 25, 2019, Commander entered into an option agreement with a wholly owned subsidiary of Imperial Metals Corporation ("Imperial") granting Imperial the option to earn a 100% interest in certain mineral claims within Commander's Mount Polley copper-gold property. Commander has a 100% interest in the property except a certain portion which is 90% owned by Commander and 10% by an arm's length private company.

Total cash consideration receivable by Commander is \$250,000 with 90% due to Commander and 10% to the private company staged in three payments:

- 1) \$50,000 upon signing (\$45,000 received, representing Commander's 90% interest);
- 2) \$100,000 on or before December 31, 2021; and
- 3) \$100,000 on or before December 31, 2022.

In addition to cash payments, a production royalty of \$1.25 per tonne-milled royalty will be due to Commander and the private company. At any time after exercise of the Option, Imperial shall have the right upon payment of \$1,000,000 to Commander to reduce the production royalty to 50% of the production royalty.

Burn, BC

On July 11, 2019, the Company entered into an earn-in agreement with Freeport-McMoRan Mineral Properties Canada Inc. ("Freeport") allowing Freeport to earn up to a 75% interest in the Burn property by making a total cash payment of \$560,000 and spending \$2,500,000 in exploration expenditures.

The 75% interest can be earned in 2 stages:

- 1) First option of 51% interest:
 - a) cash payments of \$260,000 over 5 years as follows:
 - \$25,000 (received) upon the execution of the earn-in agreement
 - \$35,000 by July 11, 2020
 - \$50,000 by July 11, 2021
 - \$50,000 by July 11, 2022
 - \$100,000 by July 11, 2023
 - b) exploration expenditures of \$1,000,000 by July 11, 2023
- 2) Second option of 24% interest:
 - a) three annual cash payments of \$100,000 from July 11, 2024 to July 11, 2026 and;
 - b) \$1,500,000 in exploration expenditures by July 11, 2026

The completion of the earn-in conditions will result in a joint venture of 75% for Freeport and 25% for Commander. If either party dilutes to less than a 10% interest, that interest would be replaced with a 1% net smelter return royalty. The Company is the project operator until Freeport vests a 51% interest.

ACQUISITION OF NEW PROJECTS IN 2020

In February 2020, Commander acquired by on-line staking two gold properties in Ontario: First Loon Lake and Staunton properties. The First Loon property (5,507 hectares) is in the Pickle Lake gold belt, south and east of the main concentration of past producing mines that include the Pickle Crow, Central Patricia and Dona Lake mines with total reported historical production of 2.3 million ounces. The Staunton property (801 hectares) is located at the north end of the Sturgeon Lake belt about 120 km south of Pickle Lake and covers a cluster of elevated gold values in lake sediments collected in 2003 by the Ontario Geological Survey.

EXPLORATION AND EVALUATION ASSETS

CANADA

October Dome, BC

The October Dome gold property is located in the "Quesnel Trough" in central BC, near the town of Likely. The October Dome property is located 10km north of Imperial Metals Corporation's ("Imperial") Mt. Polley porphyry copper gold mine property and 7 km to the southeast of Osisko Gold Royalties Ltd.'s QR skarn gold mine property. The October Dome claims are subject to net smelter return ("NSR") royalties of between 1.5% and 2%. In 2013 a 1,086-metre (six holes) diamond drill program by the previous property owner targeted the northern end of a four-kilometre-long gold and arsenic soil anomaly that is coincident with an induced polarization (IP) chargeability anomaly. Holes OD-5 through OD-7 encountered diorite and monzonite intrusions within hornfelsed sediments and propylitized basalts. Hole OD-6 encountered a 15-metre core length of massive magnetite skarn with semi-massive pyrite layers accompanied by chalcopyrite, epidote and garnet at the sediment/basalt contact. A nine-metre section of this skarn assayed 0.7 gram per tonne gold, including a three-metre length that returned 1.3 g/t Au. For full details of the drill program reference should be made to Bearing Resources news release dated December 3, 2013.

In November 2018, Commander completed magnetic surveys and data compilation on the October Dome property. Magnetic susceptibility measurements were collected from historical core drilled on the property as an aid to interpret the ground magnetic survey that was previously undertaken. In October 2019, the Company completed ground magnetic surveys. However, the data was partially compromised due to equipment failure. In addition, two lines of soil sampling to the north of the existing grid encountered elevated gold and arsenic numbers that extend the anomaly 200

metres farther north. Additional geological mapping on the steep northern slopes was also completed. This data was incorporated into the project database and will be used in subsequent work programs. Key targets on the property focused area are gold-bearing magnetite skarns.

Mount Polley, BC

The Mount Polley property is located adjacent to Imperial's Mount Polley open-pit copper gold mine, which is approximately 100 km northeast of Williams Lake, BC. The claims are subject to a NSR of up to 2%. The Mount Polley property had previously included an additional parcel (~37 hectares) that was previously sold to Imperial and over which the Company also retains a royalty. That royalty is \$2.50 per tonne for the first 400,000 tonnes of material milled and the \$1.25 per tonne for all tonnes milled in excess of 400,000 tonnes. The royalty per tonne in excess of 400,000 tonnes milled can be reduced to \$0.62 per tonne by Imperial making a payment of \$1 million. The Company is entitled to 90% of the royalty payments.

On October 25, 2019, Commander entered into an option agreement with a wholly owned subsidiary of Imperial granting Imperial the option to earn a 100% interest in certain mineral claims within the Mount Polley copper-gold property. Commander has a 100% interest in the property except a certain portion which is 90% owned by Commander and 10% by an arm's length private company. For the details of the option agreement terms, refer to the section under "Project Interests Option Agreements".

Henry Lee, BC

This property was acquired 100% based on regional compilations of government geoscience data and are targeting porphyry copper-style deposits. In September 2018, the Company completed preliminary mapping and sampling of soils and rocks. 3 lines spaced 200 metres apart with samples were collected at 100 m intervals, a single silt sample and the collection of 10 rocks. The soil sample results outline a sporadic elevated copper in soil anomaly (>200 ppm Cu) over the 600 metres covered by the sampling. A solitary silt sample located a further 400 metres to the north returned 545 ppm copper suggesting a possible additional extension to the area of anomalous copper. The sampling was discontinuous due to a series of large swamps.

On March 1, 2019, the Company entered into a purchase agreement to acquire a 100% interest in two mineral claims adjacent to Commander's Henry Lee property. The total consideration was \$56,500 (\$25,000 in cash (paid) and 350,000 shares at \$0.09 per share for \$31,500 (issued)). The vendor retains a 1% net smelter return royalty and is entitled to receive a one-time royalty payment of \$1,000,000 upon the commencement of commercial production. The Company acquired additional claims totalling 1,374 ha by map-staking during the year ended December 31, 2019.

The Company completed soil sampling and geological mapping in the third quarter of 2019. Results from this sampling returned elevated but discontinuous Molybdenum and local copper values northerly from the current grid. Till cover is extensive and exposed bedrock is rare. Analytical work was performed. Rocks were crushed, split and pulverized with a subset of 250 g rock sieved to 200 mesh and analysed for gold by fire assay fusion Au by ICP-ES 30 and soils and silts were analysed by selecting an 80-mesh subsample and analyses by 4 Acid digestion and Ultratrace ICP-MS analysis.

Burn, BC

The Burn property was acquired by map-staking in October 2018 and further expanded in November 2018. The property covers a large prominent gossan which is underlain by extensive pyrite rich phyllic alteration of quartz, biotite feldspar porphyry reflective of a potential porphyry copper system. Ten rock samples were collected, of which 3 were greater than 200 ppm copper and one sample that returned 0.11% copper. Analytical work was performed. Rocks were crushed, split and pulverized with a subset of 250 g rock sieved to 200 mesh and analysed for gold by fire assay fusion Au by ICP-ES 30.

On July 11, 2019, the Company entered into an earn-in agreement with Freeport-McMoRan Mineral Properties Canada Inc. ("Freeport") allowing Freeport to earn up to a 75% interest in the Burn property by making a total cash payment of \$560,000 and spending \$2,500,000 in exploration expenditures. For the detailed terms of the cash payments and exploration expenditures of the option agreement, refer to the section under "Project Interests Option Agreements".

The completion of the earn-in conditions will result in a Joint Venture of 75% for Freeport and 25% for Commander. If either party dilutes to less than a 10% interest, that interest would be replaced with a 1% net smelter return royalty. The Company is the project operator until Freeport vests a 51% interest.

Field work began in July 2019 and comprised property wide geological mapping, stream silt sampling, soil sampling and rock sampling. Sample density was low to enable a first pass property wide coverage. A total of 579 soil, 89 silt and 85 rock samples were collected and analyzed for multi-elements on the property resulting in the identification of four high priority target areas: (1) Main, (2) Central, (3) AA, and (4) Bowl characterized by a combination of elevated copper and gold in soils and phyllic alteration.

Rock samples were also analyzed with a Terraspec units to determine alteration minerals. Analytical work was performed. Rocks were crushed, split and pulverized with a subset of 250 g rock sieved to 200 mesh and analysed for gold by fire assay fusion Au by ICP-ES 30.

Flume, Yukon

In March 2017, the Company entered into an option agreement with K2 Gold Corporation ("K2") granting K2 the option to acquire a 100% interest in the Flume gold property.

In August 2018, K2 terminated the option agreement. As K2 had only partially met its 2018 exploration commitment, K2 issued 285,238 common shares with a value of \$65,615 to the Company, to settle remaining unspent exploration expenditure amounts. Additionally, the Company received option payments from K2 comprising \$35,000 in cash and 100,000 common shares with a fair value of \$27,500, totaling aggregate option proceeds received of \$128,115 during the year ended December 31, 2018.

In June 2019, the Company engaged a consulting firm and completed a review and reinterpretation of historical exploration data of the Flume property. In September 2019, the Company completed field work which included geological mapping, rock sampling and re-logging of historical cores. Twenty-five grab rock samples were collected, of which 5 were greater than 100 ppb gold. Analytical work was performed. Rocks were crushed, split and pulverized with a subset of 250 g rock sieved to 200 mesh and analysed for gold by fire assay fusion Au by ICP-ES 30.

South Voisey's Bay, Labrador

The South Voisey's Bay property (29,400 hectares) is located in central Labrador approximately 80 km due south of the operating Voisey's Bay nickel mine and covers parts of the Pants Lake gabbro complex in the South Voisey's Bay area. The Pants Lake Complex contains host rocks with alteration and nickel mineralization styles that are similar to the Voisey's Bay hosts. Prior to June 5, 2017, Commander held an 85% interest in the property and Fjordland Exploration Inc. ("Fjordland") had a 15% interest.

On June 5, 2017, Commander and Fjordland entered into a Letter of Intent ("LOI") whereby Fjordland has the option to acquire the remaining 85% interest in the project by making a total cash payment of \$290,000, issuing a total of 4,500,000 Fjordland shares and spending \$8,000,000 in exploration expenditures. Upon Fjordland vesting a 100% interest, Commander will retain a 2% NSR. Fjordland has the right to buy back 1% of the NSR for either \$5,000,000 in cash or \$2,500,000 in cash plus \$2,500,000 in Fjordland's common shares. When commercial production starts, Fjordland will make an advance royalty payment of \$10,000,000 to Commander.

In October 2017, Fjordland completed its first 20% earn-in option by spending \$600,000 in exploration. As such, its vested interest in the property increased to 35%.

In October 2017, Fjordland completed a drill program of 1,469 metres which tested six shallow UTEM geophysical targets. The best results were from holes 17-2 which returned 0.8 metres grading 0.63% nickel, 0.30% copper and 0.1% cobalt and hole 17-6 which returned 3.9 metres grading 0.37% nickel, 0.27% copper and 0.1 % cobalt.

Fjordland's 2018 exploration program was completed in August and comprised 1,253.2 metres of core drilling in 11 holes along with property wide geological mapping. The 2018 drilling program was designed to test the role of structure in controlling magma emplacement, and sulphide accumulation. Several drill holes were selected to test conductive structures interpreted from reprocessing of historical geophysical data that occur close to structures interpreted from

satellite images and geological mapping. Overall results were low with higher grades being associated with basal accumulations of sulphides over narrow thicknesses. The intersections comprise clots and semi-massive sulphide comprised primarily of pyrrhotite with minor pentlandite and chalcopyrite occurring at or near the base of gabbro sills.

Geological structural mapping and prospecting programs were also completed during the 2018 field operation.

Field work in 2019 consisted solely of ground based geological activities including mapping and re-logging of selected portions of previously drilled core. This activity included the systematic collection of density measurements of core which will, in combination with the high-resolution digital elevation model created in 2018, allow for a refined gravity model for the property using a property wide database collected in the 1990's. This work is ongoing.

Sabin, Ontario

The property is located at the north margin of the mineral-rich Sturgeon Lake Greenstone belt of Archean metavolcanic and metasedimentary rocks in the Wabigoon Sub-Province of the Superior Province, 400 km northwest of Thunder Bay, about 10 kilometres north of the community of Savant Lake, Ontario. The property is known to host a VMS base-precious metal deposit called the Marchington Zone.

In October 2018, the Company completed an airborne versatile time domain electromagnetic survey (VTEM) on the property. The airborne survey consisted of 370-line kilometres of electromagnetic and magnetic surveying by Geotech Ltd., using its latest generation VTEM plus system. The survey results were delivered in January 2019. Commander's geophysical consultant, Brian Bengert, P.Geo., has interpreted the data and identified a significant number of high priority conductors throughout the property and as well as areas just outside the original claim block. As a consequence, the Company staked additional claims to expand the property to 9,870 hectares to cover these new targets as well as prospective geology to the west. Processing of the results is ongoing with a program of modelling specific conductor picks to refine potential drill targets.

During the year ended December 31, 2019, the Company completed a rock sampling program, a follow-up of the 2018 VTEM Plus airborne electromagnetic and magnetic survey which identified a significant number of high priority conductors throughout the Sabin property.

The rock sampling comprised selective grab samples of bedrock of which 30 samples were chosen for analysis and 126 samples for whole rock and trace element analysis to aid in alteration studies. Of the 30 rocks analyzed 10 were over limit and had to be re-analyzed by assay techniques. Of note are the two samples from the Kash Zone which comprises a nine-kilometre trend defined by variable strength conductors, low resistivity and magnetic highs. The best sample from Kash returned 5.1 g/t Au, 123 g/t Ag and 3.1 % Cu from a small exposure on the edge of a swamp from quartz, biotite, garnet schist with disseminated chalcopyrite. Similarly rocks from the Golsil zone were very high in silver and sample 1588601 returned 2.9 g/t Au, 484 g/t Ag and 7.2 % Cu. A follow-up program of channel sampling was completed in October 2019 with results pending.

Omineca, BC

The property is located in North Central BC within the prolific copper-gold producing Quesnel terrane.

Previous work on the Omineca project included reconnaissance prospecting, mapping and geochemical sampling, which identified high copper and gold soil geochemistry within the Abe property in a porphyry copper-gold setting. An overlapping anomalous zone of >1,000 ppm Cu (0.1%) in soils and up to 250 ppb Au in soils (0.25 g/t Au) covers over 1.8 km in extent. Anomalous gold values (>50 ppb) extend a further 1.5 km beyond this zone.

A compilation of historical work was undertaken during the first half of 2017. Additional claims were added to the property to cover possible extensions of the soil anomaly to the south of the existing targets. Reconnaissance geological mapping and soil sampling was completed in August 2017. A total of 8 rock and 58 soil samples were collected to delineate the southern boundary of Au in soils in historical soil data. This program succeeded in extending the Au in soil anomaly another 1 km along strike to a combined size of 1 x 5 km area with > 100 ppb Au which is open to the south and east. A vein sampled in this area returned 20.9 g/t Au.

In September 2018, a program of geological mapping and prospecting of the eastern gold/copper soil anomaly was completed. This eastern portion of the larger soil anomaly is associated with propylitic and Fe-carbonate alteration of diorite and volcanic with local magnetite stockworks. Analytical results for 57 rock samples comprised grab samples from talus (transported) and bedrock were received in December 2018. Of the 57 samples analysed 6 samples returned values greater than 1,000 ppm copper.

Analytical work was performed. Rocks were crushed, split and pulverized with a subset of 250 g rock sieved to 200 mesh and analysed for gold by fire assay fusion Au by ICP-ES 30. In September 2019, a day of geological mapping and sampling was completed, and results are being currently compiled.

The Company received BC mining exploration tax credits of \$6,187 and \$12,462 relating to Omineca's 2019 and 2018 qualifying exploration expenditures, respectively. The exploration tax credits were recorded as reductions to the exploration and evaluation expenditures in 2019 and 2018, respectively.

Baffin, Nunavut

The Company holds a royalty interest of 0.25% to 0.5% NSR on the Baffin gold project.

During the year ended December 31, 2018, the Company received 25,000 common shares of ValOre Metals Corp. ("ValOre") (formerly Kivalliq Energy Corporation) pursuant to an option agreement entered into during the year ended December 31, 2017. The common shares of ValOre were received at a fair value of \$18,750. As a result, ValOre had fulfilled the terms of the option agreement and earned a 100% interest in the property.

Storm, Nunavut

On February 18, 2016, the Company completed the sale transaction of the Storm Property with Aston Bay Holdings Ltd. ("Aston") and received 11,000,000 shares of Aston with a fair value of \$2,640,000. These shares are pooled and will be released in four equal tranches of 2,750,000 shares on each anniversary date starting February 18, 2017 to 2020. As of the report date, Commander held less than 10% (2018 – less than 10%) of Aston's total outstanding common shares.

Nepisiguit, New Brunswick

The Nepisiguit property consists of 55 contiguous mineral claim units (1,203.9 hectares) located approximately 40 kilometres southwest of the city of Bathurst, New Brunswick within the eastern section of the Bathurst Mining Camp one of Canada's most important base metal mining districts. Base metal mineralization has been encountered through drilling in 46 of 69 holes drilled on the Property to date, generally related to iron formations located near the boundary between the Flat Landing Brook and the Nepisiguit Falls formations. Disseminated and stockwork mineralization has also been encountered in Nepisiguit Falls formation rock to the eastern extent of the Property.

The Nepisiguit property area has been explored by various companies and individuals since 1955. Two exploration targets exist for future exploration efforts. The easternmost target is interpreted as a stringer zone situated below a possible massive sulphide Brunswick horizon and to the west, iron formations typically associated with Brunswick horizon massive sulphides occur at depth.

In 2018, the Company compiled data in preparation for a NI 43-101 compliant technical report. In 2019, a site visit was carried out for further data compilation.

MEXICO

Pedro, Durango

The wholly owned Pedro claims are located approximately 100 kilometres from the city of Torreon. Pedro is consisted of a number of targets including the HP Breccia prospect, a gold in soil anomaly extending over a 4000 x 600m in area that coincides with extensive silicified sedimentary breccias and conglomerate, and the Las Lajas gold prospect.

Commander Resources Ltd.
Management's Discussion and Analysis
For the Year ended December 31, 2019

March 10, 2020

A drill program by previous operators comprised 11 drill holes totaling 1,744 metres, of which two holes (409 metres) were cored and the remaining drilled by reverse circulation. Areas tested included the HP breccia prospect and its northern extension, approximately three kilometres. The best results were encountered in hole LP-013-R that returned a core length of 10.5 metres grading 0.51 gram per tonne gold from silicified conglomerate of the Ahuichila formation. For full details of the drill program reference should be made to Bearing Resources news release dated July 3, 2014.

A work program was completed in December 2018 which comprised on site geological mapping and a remote sensing survey consisting the creation of a hi-resolution digital elevation model and a WorldView-3 Alteration Mineral Mapping exercise. Results of the remote sensing program were received in January 2019. Preliminary review of the results indicate that the target is highlighted by elevated sericite and hydroxyl minerals. Additional alteration minerals including alunite and kaolinite occur in areas that have not been visited and will guide additional planned work in the future. A subsequent site visit was completed in April 2019 including community meetings and a limited mapping program. In October 2019, the Company completed 70 line-km Induced Polarization survey covers the main HP breccia and related zones. The induced polarization ("IP") survey outlined the known zones and distinguished discreet deep features below the conglomerate which are interpreted to be feeders to the surface mineralisation. The IP targets show elevated resistivity with associated low to moderate chargeability. Results indicate that some surface exposed zones are strata-bound along the basal contact of the Ahuichila formation while adjacent zones have a deep vertical expression reflecting possible feeder structures. In addition, the survey outlined targets within beneath post mineral cover, suggesting a much larger footprint to the system.

SELECTED ANNUAL INFORMATION

The Company's selected annual information for the years ended December 31, 2019, 2018 and 2017 are as follows:

	2019	(Restated)	(Restated)
	\$	2018	2017
		\$	\$
Total revenue	-	-	-
Loss before deferred tax recovery	(1,174,429)	(898,842)	(3,156,810)
Loss for the year	(1,174,429)	(888,394)	(3,156,810)
Basic and diluted loss per share	(0.03)	(0.03)	(0.14)
Total assets	2,303,180	3,065,507	3,150,901
Total long-term liabilities	-	-	-

In 2019, the Company adopted a voluntary accounting policy change as permitted under IFRS 6 with respect its exploration and evaluations assets ("E&E") by expensing the exploration costs instead of capitalizing them. As a result, the comparatives of prior years, 2017 and 2018, were retrospectively restated, resulting in higher losses for the years of both 2017 and 2018 and lower total asset values.

SUMMARY OF QUARTERLY RESULTS

	2019				2018 (Restated)			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
	\$	\$	\$	\$	\$	\$	\$	\$
Royalty income	25,000	-	-	-	25,000	-	-	-
Loss for the year	(352,946)	(216,946)	(338,063)	(266,474)	(83,854)	(599,931)	(97,870)	(106,739)
Loss and comprehensive loss for the year	(208,988)	(280,147)	(17,107)	(360,225)	(1,003,470)	(1,359,121)	(941,530)	1,080,171
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.02)	(0.00)	(0.00)

RESULTS OF OPERATIONS

For the three months ended December 31, 2019 and 2018 ("Q4")

The Company reported loss of \$352,946 in 2019 Q4 (2018 - \$83,854 (restated)). The higher loss for 2019 Q4 was attributed to: a) increased expenditures in its exploration and evaluation assets of \$222,461 (2018 - \$164,071 (restated)); and b) the adoption of a new standard, IFRS 16 – *Leases*, which resulted in a finance cost of \$5,679 (2018 - \$nil) and higher amortization cost of \$43,700 for the right-of-use asset with respect to its office lease in Vancouver, BC whereas in 2018 Q4 amortization of \$1,728 was for office and field equipment.

For the years ended December 31, 2019 and 2018

The Company reported loss of \$1,174,429 for the year ended December 31, 2019 as compared to loss of \$888,394 (restated) for the year of 2018. The higher 2019 loss was primarily due to the Company's increased activities in the exploration and evaluation of its mineral assets, investor and shareholder programs and administrative costs in office and geological files organization.

Operating expenses for the year of 2019 were \$1,260,933 (2018 - \$1,069,247 (restated)). The 2019 operating expenses were higher by \$191,686 and were due to: (a) amortization, (b) exploration and evaluation ("E&E") expenditures, (c) investor and shareholder relations, and (d) salaries and benefits. Details of the variances are below.

Amortization for fiscal year 2019 was \$52,946 (2018 - \$3,571). On January 1, 2019, the Company adopted a new accounting standard, IFRS 16 – *Leases*, resulting in the recognition of a right-of-use asset of \$72,913 which is amortized over the term of the office lease.

E&E expenditures in 2019 were \$526,077 (2018 - \$335,141 (restated)). During the year ended December 31, 2019, exploration programs were carried out on the following properties:

- 1) Sabin - rock sampling program (\$135,897)
- 2) Flume – litho-structural geological interpretation of Flume's historical aeromagnetic data (\$55,143)
- 3) Henry Lee – sampling program (\$36,800)
- 4) Burn – satellite Ortho-photo/survey, map and data compilation (\$11,117)
- 4) Nepisiguit – site visits to compile data on the property (\$24,340)
- 5) Pedro – induced polarization survey, site visit, community meetings and claims maintenance taxes (\$230,578)

Investor and shareholder relations for 2019 were \$199,920 (2018 - \$138,495). In 2019, the Company increased its participation in mineral resources conferences as well as subscribing to marketing and networking programs to expand its investor bases in the resource industry.

Salary and benefits were \$147,036 for the year ended December 31, 2019 (2018 - \$128,869). The higher 2019 expense was due to the compensation increase of the Chief Executive Officer taking effect in July 2018.

LIQUIDITY AND CAPITAL RESOURCES

The Company is at the exploration stage and no revenue has been generated to date. The Company has been relying on equity financings and sales of marketable securities to continue its operations. At December 31, 2019, the Company had cash and cash equivalents of \$708,740, working capital of \$1,891,478 and current liabilities of \$123,210. The Company has sufficient liquidity to settle its obligations for the next twelve months. The Company will require additional funding if it intends to expand its exploration and operational plans for the ensuing year.

OUTSTANDING SHARE DATA

At March 10, 2020, the Company had:

Common shares issued and outstanding: 35,650,772

Stock options outstanding and exercisable with their exercise prices and expiry dates:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date	Weighted average remaining life (years)
520,000	520,000	0.25	July 17, 2020	0.55
800,000	800,000	0.25	March 16, 2021	1.21
260,000	260,000	0.25	June 9, 2021	1.44
886,000	886,000	0.17	July 12, 2023	3.53
760,000	735,000	0.07	June 12, 2024	4.45
3,226,000	3,201,000			2.52

Warrants outstanding and exercisable with their exercise price and expiry date:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date
12,758,141	12,758,141	0.25	May 18, 2020

RELATED PARTY TRANSACTIONS

Compensation of Key Management

Key management includes the Company's directors, the President and Chief Executive Officer, VP Exploration, VP Corporate Development, Chief Financial Officer and Corporate Secretary. Their remuneration was as follows:

Nature of Compensation	Transactions year ended December 31,	Transactions year ended December 31,	Balances outstanding December 31,	Balances outstanding December 31,
	2019 \$	2018 \$	2019 \$	2018 \$
President and CEO	154,036	128,869	-	5,071
Vice President, Exploration	119,983	71,963	-	-
Vice President, Corporate Development	30,000	30,000	-	-
Corporate Secretary	36,000	36,000	-	-
Chief Financial Officer	52,800	48,000	-	-
Various	43,161	124,710	-	-
	435,980	439,542	-	5,071

Other related party transactions

During the year ended December 31, 2019, office rent of \$41,435 (2018 - \$41,189) was paid to a company related by way of a common director.

OFF BALANCE SHEET ARRANGEMENTS and PROPOSED TRANSACTIONS

As of the report date, the Company has neither off-balance sheet arrangements nor proposed transactions.

COMMITMENT

The Company has a remaining commitment of \$33,580 for its office lease in Vancouver, BC expiring on August 31, 2020.

NEW ACCOUNTING STANDARDS

The Company adopted IFRS 16 on January 1, 2019. A number of other new standards are also effective from January 1, 2019. However, they were not deemed to have a material impact on the Company's financial statements.

IFRS 16 – Leases (“IFRS 16”)

IFRS 16 specifies how to recognize, measure, present and disclose leases. The new standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17, the new lease standard continues to require lessors to classify leases as operating or finance.

The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as right-of-use (“ROU”) assets and lease liabilities on the statement of financial position, including those for most leases that would currently be accounted for as operating leases.

The Company has a single office lease for its corporate head office in Vancouver, BC. In the context of IFRS 16, a ROU asset of \$72,913 and a lease liability of \$73,436 was recognized as at January 1, 2019, in accordance with the modified retrospective approach. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's weighted average incremental borrowing rate of approximately 10% on January 1, 2019. The ROU asset (recognized within property and equipment) was measured at amounts equal to the corresponding initial lease liability.

The operating lease obligation as at December 31, 2018, are reconciled as follows to the recognized lease liability as at January 1, 2019:

	\$
Operating lease obligation as at December 31, 2018	83,950
Effect of discounting at incremental rates at January 1, 2019	(10,514)
Lease liability, January 1, 2019	73,436

On adoption, the following practical expedients were permitted by IFRS 16, but were not applicable to the Company:

- Accounted for leases with a remaining term of less than 12 months as at January 1, 2019, as short-term leases; and
- Accounted for lease payments as an expense for leases of low-value assets.

The modified retrospective approach does not require restatement of prior period comparative financial information and is applied prospectively. The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of ROU assets. These include determining contracts that are within the scope of IFRS 16; determining the contract term; and determining the interest rate used for the discounting of future cash flows.

New Interpretation IFRIC 23 - Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 – *Uncertainty over Income Tax Treatments* (“IFRIC 23”). IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

There was no impact to the Company's financial statements as a result of adopting this new standard.

FINANCIAL INSTRUMENT

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVTPL. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVTPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

Loss allowances for 'expected credit losses' are recognized on financial assets measured at amortized cost. A loss event is not required to have occurred before a credit loss is recognized.

The Company has classified and measured its financial instruments as below:

Financial assets	Classification	Subsequent measurement
Cash and cash equivalents	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Marketable securities	FVOCI	Fair value
Reclamation bond	Amortized cost	Amortized cost
Financial assets	Classification	Subsequent measurement
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Lease liability	Amortized cost	Amortized cost

FINANCIAL RISK MANAGEMENT

Fair value

The carrying values of receivables, reclamation bond, accounts payable and accrued liabilities approximate their fair values due to the short-term to maturity of these financial instruments. The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value. The Company's marketable securities are classified as a level 1 financial asset. The fair value hierarchy is as follows:

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).

Liquidity risk

Liquidity risk is the risk that the Company's financial assets are insufficient in meeting its financial obligations as they become due. The Company manages this risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure there is sufficient liquidity to meet the obligations. As at December 31, 2019, the Company had cash and cash equivalents of \$708,740 to settle its current liabilities of \$123,210. The Company will require additional funding if it intends to expand its exploration and operational budgets.

Credit risk

Credit risk is the risk that if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is equal to the carrying value of cash and cash equivalents and receivables. Receivables primarily comprises sales tax recoverable due from the Government of Canada. To minimize the credit risk, Commander deposits its cash and cash equivalents with a high credit-rating financial institution.

Price risk and foreign currency risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is exposed to price risk with respect to its marketable securities. A 10% change in the share prices would affect their fair values and comprehensive loss (income) by approximately \$124,000 (2018 - \$107,000).

RISKS AND UNCERTAINTIES

Mineral exploration involves high degree of risks. There is a significant probability that the expenditures made in exploring the Company's properties will not result in discoveries of economically viable quantities of minerals. Ongoing costly expenditures are required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The principal risks faced by the Company are as follows:

Exploration

The Company is seeking mineral deposits of commercial quantities on its exploration projects. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities.

Market

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Financing

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. Commander's exploration and evaluation asset interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

Metal Prices

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resource are discovered, a profitable market will exist. The price of various metals is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. There can be no assurance that the price of any metal will be such that the Company's exploration and evaluation assets can be mined at a profit.

Key Personnel

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, production, taxes, labour standards and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Amendments to current laws, regulations and permits governing operations and activities of mining companies could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.



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Corporate Development*

Stephen Wetherup, P.Geo.
Vice President, Exploration

Patricia Fong, CPA, CMA
Chief Financial Officer

Janice Davies
Corporate Secretary

LISTINGS

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

CAPITALIZATION

(As at Report Date)

Shares Authorized: Unlimited

Shares Issued: 35,650,772

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