



# 2020 ANNUAL REPORT

December 31, 2020





## **Consolidated Financial Statements**

**DECEMBER 31, 2020**

**(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, 2020 and 2019, 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, 2020 and 2019, 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 has incurred ongoing losses and as of December 31, 2020, the Company had an accumulated deficit of \$37,485,131. 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.

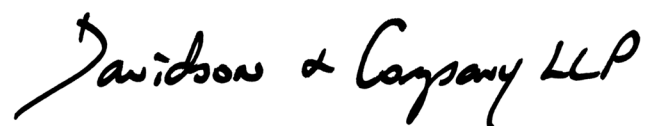
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

March 30, 2021

**COMMANDER RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**AS AT DECEMBER 31, 2020 AND 2019**

	Note	December 31, 2020 \$	December 31, 2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		600,854	708,740
Receivables		41,555	14,950
Prepaid expenses		41,719	50,478
Marketable securities	3	1,025,380	1,240,520
		<b>1,709,508</b>	<b>2,014,688</b>
<b>Non-current assets</b>			
Reclamation bond	4	18,000	18,000
Exploration and evaluation assets	4	146,006	174,166
Property and equipment	5	112,447	96,326
		<b>276,453</b>	<b>288,492</b>
<b>TOTAL ASSETS</b>		<b>1,985,961</b>	<b>2,303,180</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		33,154	53,376
Lease liability	5	32,807	28,745
Advance from optionee	4(c)	6,631	41,089
		72,592	123,210
Lease liability	5	23,795	-
Loan payable	6	40,000	-
		<b>136,387</b>	<b>123,210</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	41,143,735	41,143,735
Reserves	7	378,084	868,981
Accumulated other comprehensive loss		(2,187,114)	(2,170,604)
Deficit		(37,485,131)	(37,662,142)
		<b>1,849,574</b>	<b>2,179,970</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,985,961</b>	<b>2,303,180</b>

Nature of operations and going concern 1

Approved on behalf of the Board of Directors on March 30, 2021:

*"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, 2020 AND 2019**

	Note	2020 \$	2019 \$
<b>Operating activities</b>			
Accounting and audit	8	86,784	94,275
Administration		32,346	44,316
Amortization	5	50,779	52,946
Consulting	8	68,400	66,000
Exploration and evaluation expenditures	2, 4, 8	418,391	526,077
Filing fees and transfer agent		12,622	12,816
Finance costs	5	6,727	5,679
Investor and shareholder relations		215,907	199,920
Legal		10,982	11,137
Project evaluation	8	75,371	49,398
Salary and benefits	8	144,269	147,036
Share-based compensation	7	64,323	51,333
<b>Loss from operating expenses</b>		<b>(1,186,901)</b>	<b>(1,260,933)</b>
Cost recoveries on exploration and evaluation assets	4	35,000	45,000
Write-offs of exploration and evaluation assets	4	-	(4)
Foreign exchange loss		(3,895)	(1,078)
Interest and management fee income	4(c)	2,587	17,586
Royalty income	4(h)	25,000	25,000
Sale of net smelter return royalty	4(g)	750,000	-
<b>Loss for the year</b>		<b>(378,209)</b>	<b>(1,174,429)</b>
<b>Other comprehensive income (loss)</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Change in fair value of marketable securities at FVOCI	3	(16,510)	307,962
<b>Loss and comprehensive loss for the year</b>		<b>(394,719)</b>	<b>(866,467)</b>
<b>Loss per share</b>			
<b>Weighted average number of common shares outstanding</b>			
- Basic #		35,650,772	35,579,813
- Diluted #		35,650,772	35,579,813
<b>Basic loss per share \$</b>		<b>(0.01)</b>	<b>(0.03)</b>
<b>Diluted loss per share \$</b>		<b>(0.01)</b>	<b>(0.03)</b>

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

**COMMANDER RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Number of Shares #	Share capital \$	Reserves \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total shareholders' equity \$
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
Share-based compensation	-	-	51,333	-	-	51,333
Reclassification on expiry of options	-	-	(48,025)	-	48,025	-
Fair value adjustment on marketable securities	-	-	-	307,962	-	307,962
Loss for the year	-	-	-	-	(1,174,429)	(1,174,429)
<b>December 31, 2019</b>	<b>35,650,772</b>	<b>41,143,735</b>	<b>868,981</b>	<b>(2,170,604)</b>	<b>(37,662,142)</b>	<b>2,179,970</b>
<b>January 1, 2020</b>	<b>35,650,772</b>	<b>41,143,735</b>	<b>868,981</b>	<b>(2,170,604)</b>	<b>(37,662,142)</b>	<b>2,179,970</b>
Share-based compensation	-	-	64,323	-	-	64,323
Reclassification on expiry of warrants	-	-	(524,974)	-	524,974	-
Reclassification on expiry of options	-	-	(30,246)	-	30,246	-
Fair value adjustment on marketable securities	-	-	-	(16,510)	-	(16,510)
Loss for the year	-	-	-	-	(378,209)	(378,209)
<b>December 31, 2020</b>	<b>35,650,772</b>	<b>41,143,735</b>	<b>378,084</b>	<b>(2,187,114)</b>	<b>(37,485,131)</b>	<b>1,849,574</b>

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



**COMMANDER RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
	\$	\$
<b>Operating activities</b>		
Loss for the year	(378,209)	(1,174,429)
Items not affecting cash:		
Amortization	50,779	52,946
Share-based compensation	64,323	51,333
Cost recoveries on exploration and evaluation assets	(35,000)	(45,000)
Write-off of exploration and evaluation assets	-	4
Changes in non-cash working capital:		
Receivables	(26,605)	(2,835)
Prepaid expenses	8,759	7,680
Accounts payable and accrued liabilities	(20,222)	12,268
Advance from optionee	(34,458)	41,089
	<b>(370,633)</b>	<b>(1,056,944)</b>
<b>Investing activities</b>		
Acquisition costs on exploration and evaluation assets	(19,590)	(102,483)
Proceeds received on exploration and evaluation assets	60,000	85,000
Proceeds from sale of marketable securities	221,380	158,341
Purchase of equipment	-	(17,746)
	<b>261,790</b>	<b>123,112</b>
<b>Financing activities</b>		
Lease payments	(39,043)	(44,691)
Loan from government business program	40,000	-
	<b>957</b>	<b>(44,691)</b>
<b>Change in cash and cash equivalents</b>	<b>(107,886)</b>	<b>(978,523)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>708,740</b>	<b>1,687,263</b>
<b>Cash and cash equivalents, end of year</b>	<b>600,854</b>	<b>708,740</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank - Canadian dollars	298,984	204,791
Cash at bank - Mexican pesos	1,180	1,042
Money market funds - Canadian dollars	300,690	502,907
<b>Cash and cash equivalents in Canadian dollars</b>	<b>600,854</b>	<b>708,740</b>

Supplemental cash flow information (Note 9)

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

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Commander Resources Ltd. (“Commander” or the “Company”) is a publicly listed company incorporated and domiciled in Canada. The Company is listed on the TSX Venture Exchange under the symbol “CMD”. Commander’s records and registered office is 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, 2020, the Company had a deficit of \$37,485,131 (2019 - \$37,662,142) and working capital of \$1,636,916 (2019 - \$1,891,478). 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.

The COVID-19 pandemic continues to persist and resurge in many countries since it was declared a global outbreak in March 2020. The pandemic has impeded global economic recovery and created volatilities in commodity prices and financial markets. Uncertainty continues surrounding the pandemic and its extent and duration. Volatilities in commodity and restricted movement of people and services may impact the Company’s continued operations on its mineral projects and its ability to obtain the required financing for its 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”).

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 YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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**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 ("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. 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.

*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 might 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.

**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 E&E 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.

**COMMANDER RESOURCES LTD.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN CANADIAN DOLLARS)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Exploration and evaluation assets (continued)**

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.

**Property and equipment**

Property and 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

**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, 2020 and 2019, the Company does not have any decommissioning liabilities or asset retirement obligations for the provision of environmental rehabilitation.

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Foreign currency translation**

*Functional currency*

The functional currency is the currency of the primary economic environment in which the entity operates. The Company and its subsidiaries' functional currency is the Canadian dollar and was determined by conducting an analysis of the consideration factors 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.

**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 YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**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
Loan payable	Amortized cost	Amortized cost

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**3. MARKETABLE SECURITIES**

	Note	2020 \$	2019 \$
<b><i>Common shares of public companies:</i></b>			
Fair value, beginning of year		<b>1,240,520</b>	1,072,899
Fair value of shares received	4(f)	<b>22,750</b>	18,000
Net proceeds from sales		<b>(221,380)</b>	(158,341)
Fair value adjustment		<b>(16,510)</b>	307,962
Fair value, end of year		<b>1,025,380</b>	1,240,520

Commander does not have 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. All of the Company's marketable securities are classified as FVOCI because these investment are not held for trading.

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 significant holdings or transactions as at December 31, 2020 were as follows:

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

In February 2016, Aston issued 11,000,000 common shares to Commander with a fair value of \$2,640,000 for the acquisition of the Company's former Storm Property. The 11,000,000 common shares were held in a four-year escrow and had been fully released as of February 18, 2020.

During the year ended December 31, 2020, the Company sold 2,000,000 Aston shares for net proceeds of \$221,380 (2019 – nil). As at December 31, 2020, Commander held less than 10% (2019 – less than 10%) of Aston's total outstanding common shares.



**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES**

In January 2019, the Company adopted a voluntary change in accounting policy with respect to expenditures on exploration and evaluation (“E&E”) assets (Note 2). 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, 2020, the cumulative expenditures on exploration and evaluation assets were as follows:

	(Restated) December 31, 2018 \$	Acquisition costs \$	Option proceeds \$	Cost recoveries/ write-offs \$	December 31, 2019 \$	Acquisition costs \$	Option proceeds \$	Cost recovered \$	December 31, 2020 \$
<b>British Columbia projects</b>									
October Dome and Mt. Polley	174	-	(45,000)	45,000	174	-	-	-	174
Henry Lee	3,164	58,904	-	-	62,068	-	-	-	62,068
Burn	28,308	3,007	(25,000)	-	6,315	-	(35,000)	35,000	6,315
Omineca	3,140	-	-	-	3,140	-	-	-	3,140
	<b>34,786</b>	<b>61,911</b>	<b>(70,000)</b>	<b>45,000</b>	<b>71,697</b>	<b>-</b>	<b>(35,000)</b>	<b>35,000</b>	<b>71,697</b>
<b>Other Canadian projects</b>									
South Voisey’s Bay (Labrador)	123,667	-	(33,000)	-	90,667	-	(47,750)	-	42,917
First Loon and Staunton (Ontario)	-	-	-	-	-	19,590	-	-	19,590
Sabin (Ontario)	1	11,800	-	-	11,801	-	-	-	11,801
Flume (Yukon)	1	-	-	(1)	-	-	-	-	-
Olympic and Rob (Yukon)	1	-	-	(1)	-	-	-	-	-
Nepisiguit (New Brunswick)	1	-	-	(1)	-	-	-	-	-
Storm (Nunavut)	1	-	-	(1)	-	-	-	-	-
	<b>123,672</b>	<b>11,800</b>	<b>(33,000)</b>	<b>(4)</b>	<b>102,468</b>	<b>19,590</b>	<b>(47,750)</b>	<b>-</b>	<b>74,308</b>
<b>Mexico project</b>									
Pedro	1	-	-	-	1	-	-	-	1
	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total</b>	<b>158,459</b>	<b>73,711</b>	<b>(103,000)</b>	<b>44,996</b>	<b>174,166</b>	<b>19,590</b>	<b>(82,750)</b>	<b>35,000</b>	<b>146,006</b>

**Exploration and Evaluation Expenditures**

For the year ended December 31, 2020, the Company’s E&E expenditures were as follows:

	British Columbia				Ontario			Mexico	Total
	October Dome \$	Henry Lee \$	Burn \$	Omineca \$	Sabin \$	First Loon \$	Garden Lake \$	Pedro \$	Total \$
Claim maintenance	-	-	-	-	18,105	-	-	22,255	40,360
Data, maps and reports	3,125	700	3,325	2,475	-	-	-	69,557	79,182
Field labour and supplies	-	45	-	-	3,792	8,642	2,841	-	15,320
Geological	-	5,825	-	-	23,163	23,456	5,875	875	59,194
Geophysical survey	-	-	-	-	-	184,960	-	-	184,960
Helicopter, travel, rental	-	3,280	-	-	5,389	19,249	4,052	-	31,970
Assaying	-	740	-	-	3,032	1,564	2,069	-	7,405
<b>Total</b>	<b>3,125</b>	<b>10,590</b>	<b>3,325</b>	<b>2,475</b>	<b>53,481</b>	<b>237,871</b>	<b>14,837</b>	<b>92,687</b>	<b>418,391</b>

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (CONTINUED)**

**Exploration and Evaluation Expenditures (continued)**

For the year ended December 31, 2019, the E&E expenditures were as below:

	British Columbia				Yukon	Ontario	New Brunswick	Mexico	Total
	October Dome	Henry Lee	Burn	Omineca	Flume	Sabin	Nepisiguit	Pedro	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assaying, soil sampling	978	3,238	-	831	1,522	7,621	-	3,898	18,088
Claim maintenance	2,362	1,925	2,100	-	-	10,492	2,750	19,009	38,638
Data, maps and reports	7,800	12,300	2,000	1,900	150	28,750	15,793	-	68,693
Field labour and supplies	5,013	4,822	-	-	-	45,524	1,450	-	56,809
Geological	9,625	8,588	3,062	5,950	5,925	30,275	-	44,543	107,968
Geophysical survey	-	-	3,955	-	36,340	5,527	-	152,188	198,010
Helicopter, travel, rental	6,857	14,577	-	6,932	11,206	7,708	4,347	10,940	62,567
	32,635	45,450	11,117	15,613	55,143	135,897	24,340	230,578	550,773
Government exploration tax credits	(9,859)	(8,650)	-	(6,187)	-	-	-	-	(24,696)
<b>Total</b>	<b>22,776</b>	<b>36,800</b>	<b>11,117</b>	<b>9,426</b>	<b>55,143</b>	<b>135,897</b>	<b>24,340</b>	<b>230,578</b>	<b>526,077</b>

**a. Mount Polley, BC**

In October 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. Henry Lee, 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.

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

**c. Burn, BC**

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

In July 2019, the Company entered into 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:

<b>Earn-in Option</b>	<b>Commitment Timeline</b>	<b>Cash</b>	<b>Exploration</b>
First Option (51%)	Earn-in agreement signed on July 11, 2019	\$25,000 (received)	-
	On or before July 11, 2020	\$35,000 (received)	-
	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
<b>Total interest (75%)</b>	<b>Total cash and exploration amounts</b>	<b>\$560,000</b>	<b>\$2,500,000</b>

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.

During the year ended December 31, 2020, the Company carried out a field program of geological mapping and rock sampling on the property. As the operator of the project, Commander earned management fees of \$1,184 recorded under interest and management fee income during the year ended December 31, 2020 (2019 - \$8,737). As at December 31, 2020, the advance from Freeport on the Burn project was \$6,631 (2019 - \$41,089) within advance from optionee, classified as a current liability.

In September 2020, the Company placed a reclamation bond ("bond") of \$20,000 with the BC Ministry of Energy and Energy and Petroleum Services as a commitment to meet its regulatory requirement on the Burn property. The bond bears an annual interest rate of 2.2%. The bond is hypothecated and automatically renewed annually upon maturity. The \$20,000 bond was reimbursed by Freeport in November 2020.

**d. Sabin, Ontario**

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

**e. First Loon, Ontario**

In 2020, three gold properties in Ontario were acquired by staking with a total cost of \$19,590.

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**4. 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, 2020, Fjordland had earned a 35% interest in the property.

<b>Earn-in Option</b>	<b>Completion Date</b>	<b>Cash</b>	<b>Common Shares</b>	<b>Exploration</b>
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 (received)	350,000 (received, fair valued at \$22,750)	-
	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
	<b>Total</b>	<b>\$290,000</b>	<b>4,500,000</b>	<b>\$8,000,000</b>

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. Hammerdown, Newfoundland**

The Company held a 2% net smelter return royalty (“NSR”) on Maritime Resources Corp.’s (“Maritime”) Hammerdown gold project in Newfoundland pursuant to the Option and Royalty Agreement on the Green Bay Property dated June 14, 2010. Maritime has the right to buy back 50% of the NSR for \$1,000,000 at their start-up of commercial production.

On September 16, 2020, Maritime and the Company agreed to an early exercise of the buy-back of 1% NSR by Maritime for an amended purchase price of \$750,000. On September 17, 2020, the transaction was completed with the Company receiving the full consideration of \$750,000 which was recorded as sale of net smelter return royalty.

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

**h. Other Properties**

**Tam, BC**

The Company holds a 1.5% NSR on the Tam property. Teck Resources Limited ("Teck") owned 100% of the property which is subject to a 3% NSR and 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.

On November 25, 2020, Teck, Commander and Tsayta Resources Corporation ("Tsayta") entered into an assignment agreement under which Commander consented to Teck's assignment of its rights, title and interest of the Tam property to Tsayta.

As at December 31, 2020, the Company received a total of \$225,000 (\$200,000 from Teck and \$25,000 from Tsayta effective December 2020) in royalty payments which were recorded as royalty income (2019 - \$25,000).

**Baffin, Nunavut**

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

**Omineca, BC**

The Company owns 100% of the property within the Quesnel Trough of BC.

**Reclamation bonds**

In July 2018, Bearing Lithium Corp. 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.

**5. PROPERTY AND EQUIPMENT**

	Computer equipment \$	Office furniture \$	Field equipment \$	Righ-of-use asset \$	Total \$
<b><u>Cost</u></b>					
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
As at December 31, 2019	8,856	15,820	55,254	72,913	152,843
Addition	-	-	-	66,900	66,900
<b>As at December 31, 2020</b>	<b>8,856</b>	<b>15,820</b>	<b>55,254</b>	<b>139,813</b>	<b>219,743</b>
<b><u>Accumulated amortization</u></b>					
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)
Amortization	(1,772)	(3,164)	(5,526)	(40,317)	(50,779)
<b>December 31, 2020</b>	<b>(4,191)</b>	<b>(5,274)</b>	<b>(13,814)</b>	<b>(84,017)</b>	<b>(107,296)</b>
<b><u>Net book value</u></b>					
<b>December 31, 2019</b>	<b>6,437</b>	<b>13,710</b>	<b>46,966</b>	<b>29,213</b>	<b>96,326</b>
<b>December 31, 2020</b>	<b>4,665</b>	<b>10,546</b>	<b>41,440</b>	<b>55,796</b>	<b>112,447</b>

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**5. PROPERTY AND EQUIPMENT (CONTINUED)**

**Right-of-use asset and lease liability**

The Company adopted IFRS 16 *Lease* (“IFRS 16”) on January 1, 2019. Under IFRS 16, the Company assesses whether a contract is, or contains, a lease. For contracts that 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 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% for the year of 2019. In September 2020, the Company renewed the lease with a two-year term. The discount rate applied on lease liabilities is 9%.

The carrying amounts of the lease liability recognized on initial adoption of IFRS 16 on January 1, 2019, and for the year ended December 31, 2020 are as follows:

<b><u>Lease liability</u></b>	<b>\$</b>
January 1, 2019	73,436
Lease payments	(50,370)
Lease interest (finance costs)	5,679
<b>December 31, 2019</b>	<b>28,745</b>
Addition	66,900
Lease payments	(45,770)
Lease interest (finance costs)	6,727
<b>December 31, 2020</b>	<b>56,602</b>
<b>Current portion of lease liability</b>	<b>32,807</b>
<b>Non-current portion of lease liability</b>	<b>23,795</b>
<b>Maturity analysis - contractual undiscounted cash flows</b>	
Less than one year	-
One to five years	60,950
<b>Total undiscounted lease liability</b>	<b>60,950</b>

**6. LOAN PAYABLE**

In May 2020, the Company applied and received from the federal government of Canada a loan of \$40,000 under the Canada Emergency Business Account (“CEBA”) program. If the loan is fully repaid by December 31, 2022, \$10,000 of the loan would be forgiven. If the loan is not fully paid back to the federal government by December 31, 2022, the loan will incur 5% interest during the remaining term of the loan ending on December 31, 2025, the date by which the loan must be fully repaid. The Company intends to pay back the CEBA loan by December 2022.

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**7. SHARE CAPITAL**

**Authorized** – unlimited number of common shares without par value

**Shares issued during the years ended December 31, 2020 and 2019:**

- a) No shares were issued during the year of 2020.
- b) 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 4(b)).

**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.

**Option grants**

On November 12, 2020, the Company granted 530,000 stock options to directors, officers and consultants. The stock options are exercisable for five years until November 12, 2025, at an exercise price of \$0.14 per share.

On June 12, 2019, 760,000 stock options were granted to directors, officers and consultants. These stock options have a five-year exercise period until June 12, 2024, at an exercise price of \$0.07 per share.

The fair values of the stock options granted in November 2020 and June 2019 were calculated based the Black-Scholes pricing model using the following assumptions:

	<b>2020</b>	<b>2019</b>
Risk-free interest rate	0.5%	1.4%
Expected life of options	5 years	5 years
Historical volatility	143%	155%
Dividend yield	0%	0%
<b>Weighted average fair value per option</b>	<b>\$0.12</b>	<b>\$0.06</b>

During the years ended December 31, 2020 and 2019, the Company recognized share-based compensation of \$64,323 and \$51,333, respectively.

A summary of the Company's stock options and activities as at December 31, 2020 and 2019 are as follows:

	<b>2020</b>		<b>2019</b>	
	Option	Weighted average	Option	Weighted average
	#	exercise price \$	#	exercise price \$
Options outstanding, beginning of year	3,226,000	0.19	2,840,000	0.23
Granted	530,000	0.14	760,000	0.07
Expired	(520,000)	(0.25)	(374,000)	(0.25)
<b>Options outstanding, end of year</b>	<b>3,236,000</b>	<b>0.17</b>	<b>3,226,000</b>	<b>0.19</b>

During the year ended December 31, 2020, 520,000 stock options expired (2019 – 374,000) and their fair values of \$30,246 (2019 - \$48,025) had been reclassified from reserves to deficit.

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**7. SHARE CAPITAL (CONTINUED)**

As at December 31, 2020, the Company's outstanding and exercisable stock options are as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date	Weighted average remaining life (years)
800,000	800,000	0.25	March 16, 2021	0.21
260,000	260,000	0.25	June 9, 2021	0.44
886,000	886,000	0.17	July 12, 2023	2.53
760,000	760,000	0.07	June 12, 2024	3.45
530,000	490,000	0.14	November 12, 2025	4.87
<b>3,236,000</b>	<b>3,196,000</b>	<b>0.17</b>		<b>2.39</b>

**Warrants**

On May 18, 2020, share purchase warrants of 12,240,258 and finders' warrants of 517,883 both exercisable at \$0.25 per share expired. The fair values totaling \$524,974 of these expired warrants were transferred from reserves to deficit. As at December 31, 2020, the Company had no outstanding warrants.

**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 or expired.

	Stock option reserve \$	Warrant reserve \$	Total \$
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)
<b>December 31, 2019</b>	<b>344,007</b>	<b>524,974</b>	<b>868,981</b>
Stock options granted	64,323	-	64,323
Reclassification on expiry of options and warrants	(30,246)	(524,974)	(555,220)
<b>December 31, 2020</b>	<b>378,084</b>	<b>-</b>	<b>378,084</b>

**8. RELATED PARTY TRANSACTIONS**

**Compensation of key management**

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

Nature of Compensation	Transactions year ended		Balance outstanding	
	December 31, 2020 \$	2019 \$	December 31, 2020 \$	2019 \$
President and CEO	144,269	154,036	-	-
Vice President, Exploration	139,800	119,983	-	-
Vice President, Corp Development	30,000	30,000	-	-
Corporate Secretary	38,400	36,000	-	-
Chief Financial Officer	52,500	52,800	-	-
Various	61,103	43,161	-	-
	<b>466,072</b>	<b>435,980</b>	<b>-</b>	<b>-</b>



**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**8. RELATED PARTY TRANSACTIONS (CONTINUED)**

**Other related party transactions**

During the year ended December 31, 2020, office rents of \$46,575 (2019 - \$41,435) were paid to a company related by way of a common director.

**9. SUPPLEMENTAL CASH FLOW INFORMATION**

The Company incurred the following non-cash investing and financing activities during the years ended December 31, 2020 and 2019:

	2020	2019
	\$	\$
<b>Financing activities:</b>		
Fair value of shares issued for exploration and evaluation assets	-	31,500
Marketable securities received for exploration and evaluation assets	66,500	18,000
Fair values on expired warrants reclassified from reserves to deficit	524,974	-
Fair values on expired options reclassified from reserves to deficit	30,246	48,025
<b>Investing activities:</b>		
Equipment addition: right-of-use asset recognized under IFRS 16	66,900	72,913
<b>Other cash flow information:</b>		
Interest received	1,403	8,849
Income taxes paid	-	-

**10. SEGMENTED INFORMATION**

The Company operates in one single reportable segment, being the acquisition and exploration of resource properties. As at December 31, 2020, the carrying value of the Company's non-current assets were:

Exploration and evaluation assets:

- \$146,005 (2019 - \$174,165) located in Canada; and
- \$1 (2019 - \$1) located in Mexico

Property and equipment

- \$112,447 (2019 - \$96,326) located in Canada

Reclamation bond

- \$18,000 (2019 - \$18,000) located in Canada

**11. CAPITAL MANAGEMENT**

The Company defines its capital as all components of shareholders' 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, 2020. The Company is not subject to externally imposed capital requirements.

**COMMANDER RESOURCES LTD.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(EXPRESSED IN CANADIAN DOLLARS)**

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**12. 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, 2020, the Company had cash and cash equivalents of \$600,854 to settle its current liabilities of \$72,592. The Company will require additional funding to continue as a going concern (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 \$102,538 (2019 - \$124,000).

**COMMANDER RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**13. 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:

	<b>December 31, 2020</b>	December 31, 2019
	\$	\$
Loss for the year before income taxes	(378,209)	(1,174,429)
Expected income tax (recovery)	(102,000)	(317,000)
Change in statutory rates and other	(3,000)	18,000
Permanent differences	15,000	14,000
Adjustment to prior years provision versus statutory tax returns	(204,000)	59,000
Change in unrecognized deductible temporary differences	294,000	226,000
<b>Total income tax expense (recovery)</b>	<b>-</b>	<b>-</b>

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:

	<b>December 31, 2020</b>		December 31,	
	<b>\$</b>	<b>Expiry Date Range</b>	2019	Expiry Date Range
	\$	Range	\$	Range
<b>Temporary Differences</b>				
Exploration and evaluation assets	8,529,000	No expiry date	8,167,000	No expiry date
Investment tax credit	260,000	2032 to 2033	40,000	2032 to 2033
Equipment and other	278,000	No expiry date	258,000	No expiry date
Share issue costs	58,000	2041 to 2042	87,000	2040 to 2042
Marketable securities	1,908,000	No expiry date	2,150,000	No expiry date
Allowable capital losses	129,000	No expiry date	177,000	No expiry date
<b>Non-capital losses available for future periods</b>	<b>6,090,000</b>	<b>2026 to 2040</b>	<b>5,983,000</b>	<b>2026 to 2039</b>
Canada	5,787,000	2027 to 2040	571,500	2027 to 2039
Mexico	303,000	2026 to 2030	268,000	2026 to 2029

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



## **Management's Discussion and Analysis**

For the Year Ended  
December 31, 2020

**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 30, 2021 (the "Report Date") and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020. 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](http://www.sedar.com) and the Company's website [www.commanderresources.com](http://www.commanderresources.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**

*Maritime Resources' Buyback of 1% NSR Royalty of Hammerdown project in Newfoundland and Labrador*

On September 16, 2020, Maritime Resources Corp. ("Maritime") agreed to an early exercise of their buy-back right of 1% net smelter return royalty ("NSR") of the Hammerdown gold project royalty ("Royalty") held by the Company at a reduced price of \$750,000. Pursuant to the Option and Royalty Agreement on the Hammerdown property ("Hammerdown") dated June 14, 2010, Commander holds a 2% NSR on Hammerdown and the agreement has a buydown provision that allowed Maritime to buy back 50% of the NSR for \$1,000,000 at their start-up of production.

On September 17, 2020, the buydown provision was exercised by Maritime and was completed with the Company receiving a full payment of \$750,000 which reflects a re-negotiated price agreed to by Commander and Maritime. Commander continues to retain a 1% NSR over the Hammerdown deposit and surrounding lands excluding the satellite Orion deposit. Certain deductions are allowed, including transportation costs and toll milling charges.

*Acquisition of Three Gold Properties in Ontario*

In 2020, the Company acquired by staking three gold properties in Ontario - First Loon, Staunton and Garden lake.

First Loon originally covered 5,507 hectares but was later expanded to 8,892 ha in January 2021 and is located 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 (total reported historical production of 2,300,000 ounces).

Staunton of 801 hectares is located at the north end of the Sturgeon Lake belt, 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. Limited sampling was completed with negative results.

Garden lake is located 130 km north of Thunder Bay and comprises three blocks totaling 1,462 ha covering a portion of the Garden Lake greenstone belt. Rock and till sampling returned generally low results for gold.

*Airborne Magnetic Survey on the First Loon Property, Ontario*

In July 2020, the Company conducted a 800 line-kilometre *Helicopter Frequency Domain Magnetic and Electromagnetic Survey* ("EMS") over First Loon. In October 2020, the EMS was completed. A brief field program of geological mapping, rock sampling and a geochemical orientation sampling was conducted just prior to the airborne survey.

In January 2021, the Company completed an initial geological and structural interpretation of the airborne magnetic and EMS on First Loon. The interpretation successfully identified three principal target areas based on magnetic and resistivity features and similarities extrapolated from nearby gold mining operations. As a result of this study, the Company increased the property by 60% by staking additional claims to cover potential extensions of the new targets.

Highlights of the Study and Expansion of First Loon:

- 8,892 hectares of land position in Pickle Lake Gold Belt, Ontario
- 27 km trend of iron formations and major structures including the northeast extension of the Pickle Crow mine trend
- New interpretation suggesting the underlying rocks are the southern limb of major syncline comprised of favourable Pickle Crow Assemblage rocks
- Anomalous gold values found in rock samples from the northern target
- Geochemical till orientation survey results are pending

*Exploration Activities on the Sabin property, Ontario*

The Sabin property is in the Sturgeon Lake greenstone belt of northwestern Ontario and covers a potential VMS target as outlined by previous drilling, bedrock exposure, alteration and numerous airborne defined conductors.

A work program completed in the fall of 2020 continued a program of follow-up of the 2019 VTEM Plus airborne electromagnetic and magnetic survey which had identified a significant number of high priority conductors throughout the property. This program identified a new gold target, The Quarry Showing, within the large Patterson Lake Stock and comprises sheeted intensely altered (quartz-sericite-pyrite-iron carbonate) shear zones with extension quartz veins emanating from the shears exposed in the floor of a gravel pit. Five grab samples of the exposure were collected and returned gold values from 36 ppb to 1410 ppb with anomalous zinc and silver. In addition, several samples were collected from the Hadley showing, a historical Zn-Cu-Ag-Pb occurrence from a 1 m wide breccia zone of angular galena-sphalerite-chalcopyrite bearing chert and massive sphalerite-galena clasts within an intensely silicified chlorite-actinolite matrix. Samples returned up to 4.3 g/t Au, 10.4% Zn, 4.7% Pb, and 53.5 g/t Ag and from a massive sulphide clast.

*Exploration Activities on the Burn Property, BC*

In the summer of 2020, the Company carried out exploration activities on the Burn property. The property is subject to an earn-in agreement entered in July 2019 with Freeport-McMoRan Mineral Properties Canada Inc. ("Freeport") allowing Freeport to earn a 75% interest in the large 16,000-hectares property.

Highlights of the Exploration Program:

- Four porphyry centres identified - central zone target defined by large 3 km circular magnetic high underlain by phyllic altered biotite feldspar porphyry intrusions
- A gold-rich section of the central zone target associated with a prominent magnetic high and remarkably high gold in soil values (4 soil samples >1000 ppb Au with the highest at 3,929 ppb Au) over 1 km by 0.5 km
- Rock grab samples with 4 samples greater than 250 ppb Au including one sample of 1,586 ppb Au
- Multi-year drill permit received

Geophysics Survey Results on Pedro Gold Property, Mexico

In February 2020, the Company reported results from a 70-kilometre Induced Polarization survey completed on its Pedro gold project in Mexico in late 2019. The Pedro property is located 100 km from Torreon, Mexico in the northeastern part of the State of Durango and approximately 30 km west of the town of Mapimi.

Highlights of the Geophysical Survey Results:

- Epithermal gold target measuring 4 km by 1 km defined by gold in soil and rocks
- Deep vertical feeder veins identified in the chargeability and resistivity profiles.
- Numerous additional zones identified beneath post-mineral cover to the northeast.
- In November 2020, a widespread soil sampling program was conducted on the property to fill in areas previously unsampled or that were sampled at a low density. Analytical results received in 2021 outline a new 1.5-kilometre gold and arsenic soil anomaly parallel to the main trend in the northwest area of the property.

**EXPLORATION AND EVALUATION ASSETS**

**CANADA**

**First Loon, Ontario**

In February 2020, Commander acquired by staking three gold properties in Ontario. The First Loon property (8,892 ha) is in the Pickle Lake Gold Belt and is located 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 2,300,000 ounces (reference: 2015 Institute on Lake Superior Geology, Fieldtrip Guidebook).

The First Loon property is underlain by the Confederation and Pickle Crow assemblage (intercalated mafic to intermediate volcanic rocks with iron formation). Bedrock exposure in this region is extremely limited and detailed airborne geophysical surveys were necessary prior to a first pass evaluation of this property. There are at least 20 historical drill holes on the property from UMEX, Placer Dome and Kerr Addison. Analytical results from this drilling are limited but may reflect historical bias whereby only rocks that fit the geological model of the day were analyzed. The central axis of the property is cored by an intermediate volcanic package within mafic volcanic rocks. The intermediate volcanic rocks are inter-layered with chert, iron formation, felsic volcanic rocks and local massive pyrite and pyrrhotite lenses and minor chalcopyrite.

In September 2020, the Company conducted an airborne 800 line-kilometre magnetic and electromagnetic survey ("MES") over First Loon. The MES was completed in October 2020.

In addition to the MES program, in September 2020, a field program of geological mapping, rock sampling and till sampling was also conducted on the northeast end of the property. Bedrock exposure is limited as the property is covered by an extensive continuous sheet of till.

In January 2021, the Company completed an initial geological and structural interpretation of the airborne magnetic and electromagnetic survey on First Loon. The interpretation successfully identified three principal target areas based on magnetic and resistivity features and similarities extrapolated from nearby gold mining operations. As a result of this study, the Company increased the property by 60% (from 5,507 to 8,892 hectares) by staking additional claims to cover potential extensions of the new targets.

Highlights of the 2021 Study:

- 27 km trend of iron formations and major structures including the northeast extension of the Pickle Crow mine trend
- New interpretation suggesting the underlying rocks are the southern limb of major syncline comprised of favorable Pickle Crow Assemblage rocks
- Anomalous gold values found in rock samples from the northern target
- Geochemical till orientation survey results are partially completed but additional evaluation is ongoing

Staunton, Ontario

Staunton of 801 hectares is located at the north end of the Sturgeon Lake belt, 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. Limited sampling was completed with negative results.

Garden Lake, Ontario

The 1,462-hectare property, acquired by online staking in July 2020, comprises three claim blocks within the Garden Lake greenstone belt in the Wabigoon Sub-Province of the Superior Province, 135 km north of Thunder Bay, Ontario. The property was acquired following a regional compilation exercise and was selected based on known gold occurrences and proximity to the Garden Lake deformation zone and associated structures. A field program of geological mapping, rock and till sampling was completed in September 2020. Results were generally low for gold.

Sabin, Ontario

The Sabin 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 km 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, as well as areas just outside the original claim block. As a result, 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.

In October 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 property.

The 2019 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 high in silver and sample 1588601 returned 2.9 g/t Au, 484 g/t Ag and 7.2 % Cu.

In the fall of 2020, a bedrock sampling program was undertaken on several target areas on the property focusing on continued follow-up review of identified conductors from the airborne VTEM survey completed in late 2018.

The Sabin project is primarily centered on extensive VMS-style alteration and mineralization. However, the 2020 sampling program has identified a bulk tonnage-style gold target within the Patterson Lake Stock where sampling returned shows gold values up to 1.4 g/t from grab samples.

Highlights of the Sampling Program Result:

- Continued follow-up sampling of airborne conductors identified in recent VTEM Plus survey
- New gold zone sampled at Quarry Showing within the Paterson Lake Stock (high sample 1.4 g/t gold)
- High gold and zinc values returned from newly sampled Hadley showing. (high sample 4.25 g/t gold, 10.4% zinc)



**October Dome, BC**

The October Dome gold property is in central BC, near the town of Likely. The October Dome property is located 10 km 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 (optioned to Imperial Metals Inc.)**

The Mount Polley property is located adjacent to Imperial Metal Corp.'s ("Imperial") 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.

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.

Imperial has informed Commander that they had completed an exploration program at Mount Polley in late 2019. The area is located west and north of the mine and is approximately three by three kilometres in size. There were 948 soil samples collected and analyzed using the Mobile Metal Ion technique. SJ Geophysics also completed an 80.7 line-kilometre Volterra-3D Induced Polarization (IP) survey covering the same grid area. The Company has not received the details of the program which covered in part ground optioned from Commander.

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. Three 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 fall 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 analyzed for gold by fire assay fusion Au by ICP-ES 30 and soils and silts were analyzed by selecting an 80-mesh subsample and analyses by 4 Acid digestion and Ultratrace ICP-MS analysis.

In July 2020, a field program of geological mapping and rock sampling was completed over the main target area at the south end of the property. Thirteen rock samples were collected over three days of geological mapping. The known extents of the granodiorite body were refined to the south and west. Numerous zones of "ksp" altered quartz veins were observed but minimal Cu or Mo returned in sampling. One float boulder of stockwork quartz/k-feldspar veined granodiorite returned 15 ppm Mo and 298 ppm Cu. Along the southeast margin of the granodiorite a shear vein (~ 0.5 m wide) in basalt containing quartz-calcite-pyrite-chalcocopyrite occurs and extends in rubbly outcrop for a minimum of 60 m. Three samples collected from this vein returned up to 47 g/t Ag, 0.41% Cu with anomalous Pb, Zn, Mo and Au.

Burn, BC

The Burn property was acquired by map-staking in October 2018 and expanded further 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 three were greater than 200 ppm copper and one sample 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 analyzed for gold by fire assay fusion Au by ICP-ES 30.

In July 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 over eight years (2019~2026). As of the report date, the Company has received cash payments of \$60,000 (2019 - \$25,000).

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. As the operator of the project, the Company earns a 5% as management fee on the exploration expenditures.

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 analyzed with a Terraspec unit to determine alteration minerals.

Rocks were crushed, split and pulverized with a subset of 250 g rock sieved to 200 mesh and analyzed for gold by fire assay fusion Au by ICP-ES 30.

In July 2020, a field program of geological mapping and rock sampling was completed in an area highlighted by previous sampling in what is referred to as the Central Zone. The Central zone is underlain by numerous phases of feldspar-biotite-hornblende monzonite and quartz monzonite dykes and stocks exhibiting alteration from chlorite to chlorite-magnetite, and moderate quartz-sericite-pyrite (QSP) to intense QSP with local quartz veinlets. In one location, angular boulders of K-feldspar-biotite-magnetite altered feldspar-biotite porphyry monzonite with sheeted and stockwork magnetite-quartz veins with K-feldspar haloes was discovered.

Reconnaissance soil sampling in the Central zone has identified several anomalous Au-Cu and Mo areas including one discrete region on the west side where three samples over 300 m returned 500 ppb Au to 3900 ppb Au. Silt sampling from one of the north flowing creeks draining the Main zone returned anomalous Cu-Mo-Au throughout. In 2020, 23 samples were collected around the anomalous gold in soil samples including samples of talus fines collected directly downhill from soil sample pits. The bedrock in this area is mainly underlain by a biotite-feldspar porphyry monzonite stock and intensely QSP altered and pyrite vein stockworks. The stock is cut by a series of sheeted WNW striking vertical pyrite veinlets with strong QSP altered haloes. Rock grab samples include 4 samples greater than 250 ppb Au including one sample of 1,586 ppb Au with low Cu tenors, again typical at high-levels in porphyry Cu-Au systems.

### 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 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.

**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 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 rocks samples comprised grab samples from talus (transported) and bedrock were received in December 2018. Of the 57 samples analyzed, 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 analyzed 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.

**Hammerdown, Newfoundland and Labrador**

In March 2020 Maritime Resources Corp. ("Maritime") released the results from a Preliminary Economic Assessment ("PEA") completed for their Hammerdown gold project ("Hammerdown"), including the satellite Orion deposit, located in the Baie Verte mining district of Newfoundland and Labrador. The PEA provides an updated resource estimate and a base-case assessment of developing the project as a combined open-pit and underground ramp-access mine with an on-site gold preconcentration plant and mineral processing through the Nugget Pond mill gold circuit (a toll milling facility). Details of the PEA are summarized in Maritime's news release dated March 2, 2020 and within the PEA document filed on Sedar.

Commander held a 2% net smelter return royalty ("NSR") on Hammerdown pursuant to the Option and Royalty Agreement on the Green Bay Property dated June 14, 2010. Maritime has the right to reduce the NSR to 1% for \$1,000,000 at the start-up of their commercial production. Commander's royalty does not apply to the satellite Orion Deposit. Allowed deductions include transportation costs and toll milling charges.

On September 16, 2020, Maritime and Commander agreed to an early exercise of the buy-back of 1% NSR for an amended price of \$750,000. On September 17, 2020, the transaction was completed with Commander receiving the full payment of \$750,000.

**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 fieldwork 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 analyzed for gold by fire assay fusion Au by ICP-ES 30. No work was performed in 2020.

#### Nepisiguit, New Brunswick

The Nepisiguit property consists of 55 contiguous mineral claim units (1,203.9 hectares) located approximately 40 km 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. No work was performed in 2020.

#### 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. The 11,000,000 Aston shares were held in a four-year escrow and have been all released as of February 18, 2020.

During the year ended December 31, 2020, the Company sold 2,000,000 Aston shares for net proceeds of \$221,380 (2019 – nil). As of the report date, Commander held less than 10% (2019 – less than 10%) of Aston's total outstanding common shares.

### **MEXICO**

#### Pedro, Durango

The wholly-owned Pedro claims are located approximately 100 km 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.

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 beneath post mineral cover, suggesting a much larger footprint to the system.

In February 2020, Commander reported results from the 70-kilometre Induced Polarization survey completed in 2019.

Highlights of the results:

- Epithermal gold target measuring 4 km by 1 km defined by gold in soil and rocks
- Deep vertical feeder veins identified in the chargeability and resistivity profiles

In November 2020, a widespread soil sampling program was conducted on the property to fill in areas previously unsampled or that were sampled at a low density. Analytical results received in 2021 outline a new 1.5-kilometre gold and arsenic soil anomaly parallel to the main trend in the northwest area of the property.

### SELECTED ANNUAL INFORMATION

The Company's selected annual information for the years ended December 31, 2020, 2019 and 2018 are as follows:

	<b>2020</b>	<b>2019</b>	<b>(Restated)</b> <b>2018</b>
	\$	\$	\$
Total revenue	777,587	42,586	29,646
Loss before deferred tax recovery	(378,209)	(1,174,429)	(898,842)
Loss for the year	(378,209)	(1,174,429)	(888,394)
Basic and diluted loss per share	(0.01)	(0.03)	(0.03)
Total assets	1,985,961	2,303,180	3,065,507
Total long-term liabilities	(136,387)	-	-

In January 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 financial statements of 2018 were retrospectively restated. In 2020, the loss was lower than prior years was primarily contributed from a revenue of \$750,000 from the 1% net smelter return royalty ("NSR") on the Hammerdown property purchased back by Maritime Resources Corp. ("Maritime").

### SUMMARY OF QUARTERLY RESULTS

	<b>2020</b>				<b>2019</b>			
	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	<b>(Restated)</b> <b>Mar 31</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Royalty income	775,000	-	-	-	25,000	-	-	-
Income (loss) for the year	(338,329)	396,456	(165,874)	(270,462)	(352,946)	(216,946)	(338,063)	(266,474)
Total comprehensive income (loss) for the year	(374,299)	51,226	597,696	(669,342)	(208,988)	(280,147)	(17,107)	(360,225)
Basic and diluted income (loss) per share	(0.01)	0.01	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

### RESULTS OF OPERATIONS

#### **For the years ended December 31, 2020 and 2019**

The Company reported a loss of \$378,209 for the fiscal year 2020 as compared to a loss of \$1,174,429 in 2019. The reduced loss of \$796,220 in 2020 was primarily attributed to an income generated from the buy-back of a 1% NSR on the Hammerdown property by Maritime Resources Corp. for \$750,000 in September 2020. The lower 2020 loss was also a result of reduced exploration expenditures of \$107,686 in 2020. Other contributors for the variances of 2020 versus 2019

were: (a) administration, (b) investor and shareholder relations, (c) project evaluation and (d) interest and management fee income. Variances are detailed below.

Administration for 2020 was \$32,346 (2019 - \$44,316). In 2019, administrative costs were higher due to the Company's training provided to its geological staff on airborne geophysical survey, mapping, location analysis and data interpretation and costs incurred in moving and leasing off-site storage lockers.

Amortization for fiscal year 2020 was \$50,779 (2019 - \$52,946). On January 1, 2019, the Company adopted a new accounting standard, IFRS 16 – Leases, resulting in the recognition of a right-of-use asset with respect to its office lease and additional amortization expense on this right-of-use asset. The office lease which expired in August 2020 has been renewed for a two-year term to August 31, 2022.

E&E expenditures for the year ended December 31, 2020 were \$418,391 (2019 - \$526,077).

In 2020, field programs were carried out primarily in Ontario ("Ont"), over 70% of the year's total expenditures.

- 1) First Loon (Ont) – rock and till sampling and airborne electromagnetic and magnetic surveying with costs of \$237,871
- 2) Sabin (Ont) – geological mapping and sampling, costs of \$53,481
- 3) Garden Lake (Ont) – sampling and mapping, costs of \$14,837

The Company also conducted a soil program in Mexico on its Pedro project with expenditures of \$92,687.

In 2019, exploration programs were carried out on the following properties, with 25% of the total costs in Ontario and 42% in Mexico.

- 1) Sabin (Ont) – rock sampling and follow-up of 2018 VTEM airborne electromagnetic survey expending \$135,897
- 2) Flume (Yukon) – litho-structural geological interpretation of historical aeromagnetic data, costs of \$55,143
- 3) Burn (BC) – satellite Ortho-phot-survey, mapping and date compilation, costs of \$11,117
- 4) Henry Lee (BC) – soil sampling and geological mapping, costs of \$45,450
- 5) Pedro (Mexico) – mapping and Induced Polarization survey, costs of \$230,578

Investor and shareholder relations for 2020 were \$215,907 (2019 - \$199,920). In 2020, higher investor relations expenses were results of the CEO's holding meetings in Europe to connect with local shareholders and expand investor network. In addition, the Company continued its participation in conferences and marketing programs to raise its presence in the mineral resources industry.

Interest and management fee income for 2020 was \$2,587 (2019 - \$17,586). In 2020, the Company, as the project operator of the Burn project for the optionee, Freeport-McMoran Mineral Properties, earned management fees of \$1,184 versus \$8,737 in 2019. The 5% management fees were charged based on the exploration expenditures.

In 2020, the Company received proceeds of \$750,000 from Maritime Resources Corp. ("Maritime") with respect to Maritime's buy-back of 1% net smelter return royalty ("NSR") of the Hammerdown property ("Hammerdown") from the Company (2019 - \$nil).

## **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, 2020, the Company had cash and cash equivalents of \$600,854, working capital of \$1,636,916 and total liabilities of \$136,387.

During the year ended December 31, 2020, the Company generated net proceeds of \$221,380 from the sale of 2,000,000 shares of Aston Bay (2019 - \$nil).

In September 2020, Maritime exercised early its buy-down right of the Company's NSR on the Hammerdown project in Newfoundland by purchasing 1% NSR from the Company for an amended price of \$750,000. After the transaction, the Company continues to hold a 1% NSR of Hammerdown.

**Commander Resources Ltd.**  
**Management's Discussion and Analysis**  
**For the Year ended December 31, 2020**

**March 30, 2021**

With the two proceeds of 2020, the Company will have sufficient liquidity to settle its obligations for the next 12 months. The Company will require additional financing if its operational plans change or expand.

As at the date of this report, COVID-19 pandemic continues to persist and resurge as variants in many countries. It remains uncertain of its duration and extent despite the vaccine has been developed. The year long pandemic has resulted in sluggish global economy, increased corporation closures, mounting unemployment and health costs, as well intense volatilities in the financial markets and commodity prices. These circumstances have casted uncertainty in the Company's liquidity and its ability to raise capital resources to continue its operations.

**OUTSTANDING SHARE DATA**

At March 30, 2021, 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)
260,000	260,000	0.25	June 9, 2021	0.19
886,000	886,000	0.17	July 12, 2023	2.28
760,000	760,000	0.07	June 12, 2024	3.21
530,000	490,000	0.14	November 12, 2025	4.62
<b>2,436,000</b>	<b>2,396,000</b>	0.17		<b>2.15</b>

During the year ended December 31, 2020, 12,758,141 warrants exercisable at \$0.25 expired. No warrants were outstanding as at December 31, 2020.

**RELATED PARTY TRANSACTIONS**

**Compensation of Key Management**

Key management includes the Company's directors, 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		Balance outstanding	
	December 31, 2020	2019	December 31, 2020	2019
	\$	\$	\$	\$
President and CEO	144,269	154,036	-	-
Vice President, Exploration	139,800	119,983	-	-
Vice President, Corp Development	30,000	30,000	-	-
Corporate Secretary	38,400	36,000	-	-
Chief Financial Officer	52,500	52,800	-	-
Various	61,103	43,161	-	-
	<b>466,072</b>	<b>435,980</b>	-	-

**Other related party transactions**

During the year ended December 31, 2020, office rent of \$46,575 (2019 - \$41,435) 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**

As at December 31, 2020, the Company has a lease commitment of \$60,950 for its office rental in Vancouver, British Columbia, expiring on August 31, 2022.

**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:

<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
Loan payable	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, 2020, the Company had cash and cash equivalents of \$600,854 to settle its current liabilities of \$72,592. The Company will require additional funding to continue its operations.

### **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 \$102,538 (December 31, 2019 - \$124,000).

## **RISKS AND UNCERTAINTIES**

Mineral exploration involves high degree of risks. There is a significant probability that the expenditures made in 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, the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. Commander's principal risks are as follows:

### **Financing**

Exploration development of mineral deposits is an expensive process. The Company has no producing properties and generates no operating revenues; therefore, it will be dependent upon selling equity in the capital markets to provide financing for its continuing 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.

In March 2020, the World Health Organization declared coronavirus "COVID-19" a world-wide pandemic. This contagious disease outbreak as of this report date continues to persist and resurge around the world, and adversely impacted public health, workforces, businesses, and financial markets, and crippling the global economies. It is not possible to forecast the eventual magnitude and duration of the pandemic. These have casted uncertainties on the Company's ability to raise financing to continue its operations.

### **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.

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**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.

**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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## HEAD OFFICE

Commander Resources Ltd.  
1100 - 1111 Melville Street  
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Canada V6E 3V6

**TEL:** (604) 685-5254

**TOLL FREE:** 1-800-667-7866

**Email:** [info@commanderresources.com](mailto:info@commanderresources.com)

## OFFICERS & DIRECTORS

Brandon Macdonald, P.Geo.  
*Director and Chairman of the Board*

Eric W. Norton  
*Director*

David Watkins, M.Sc.  
*Director*

Robert Cameron, P.Geo.  
*Director, President and Chief Executive Officer*

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

## REGISTRAR & TRUST AGENT

Computershare Trust Company of Canada  
510 Burrard Street, 3rd Floor  
Vancouver, BC  
V6C 3B9

## AUDITOR

Davidson & Company LLP, Chartered Accountants  
1200 - 609 Granville Street  
P.O. Box 10372, Pacific Centre  
Vancouver, British Columbia  
V7Y 1G6

## LEGAL COUNSEL

Harper Grey LLP  
3200 – 650 West Georgia Street  
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