



**COMMANDER  
RESOURCES LTD.**

**INTERIM REPORT**

For the Nine Months Ended  
September 30, 2008

(See Notice)



**COMMANDER  
RESOURCES LTD.**

**COMMANDER RESOURCES LTD.**

Notice

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**Notice of No Auditor Review of the Interim Financial Statements**

The accompanying unaudited interim financial statements of Commander Resources Ltd. (“the Company”), for the nine months ended September 30, 2008, have been prepared by management and have not been the subject of a review by the Company’s independent auditor.

**COMMANDER RESOURCES LTD.****Balance Sheets**

(See Notice)

(expressed in Canadian dollars)

	<b>September 30, 2008 (Unaudited)</b>	<b>December 31, 2007 (Audited)</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 4)	\$ 1,701,327	\$ 2,100,436
Marketable securities (Note 5)	334,089	596,476
Accounts receivable	222,147	167,133
Government grant receivable	-	100,000
Due from related parties (Note 13(a))	14,575	12,165
Prepaid expenses	36,920	55,192
Field supplies (Note 7)	131,193	109,252
Recoverable deposits (Note 8)	-	57,638
	<b>2,440,251</b>	<b>3,198,292</b>
Mineral properties (Note 9)	22,303,865	19,844,016
Property, plant and equipment (Note 10)	26,953	40,995
	<b>\$ 24,771,069</b>	<b>\$ 23,083,303</b>
<b>LIABILITIES</b>		
Current liability		
Accounts payable and accrued liabilities	\$ 739,640	\$ 830,883
Future income taxes (Note 17)	1,618,973	1,618,973
	<b>2,358,613</b>	<b>2,449,856</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	36,555,396	34,803,607
Share subscription	-	-
Contributed surplus	189,676	69,400
Option compensation	1,701,535	1,672,798
Deficit	(15,717,881)	(16,030,480)
Accumulated other comprehensive income	(316,270)	118,122
	<b>22,412,456</b>	<b>20,633,447</b>
	<b>\$ 24,771,069</b>	<b>\$ 23,083,303</b>

Nature of Operations and Going Concern (Note 1)

Commitment (Note 14)

Subsequent Events (Note 18)

Approved by the Directors:

*"Kenneth E. Leigh"*

Kenneth E. Leigh

*"Michael W. Byrne"*

Michael W. Byrne

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**
**Statements of Operations**

(Unaudited - See Notice)

(expressed in Canadian dollars)

	For Three Months Ended September 30,		For Nine Months Ended September 30,	
	2008	2007	2008	2007
<b>General and administrative expenses</b>				
Accounting and audit	\$ 28,123	\$ 29,730	\$ 104,094	\$ 107,437
Amortization	4,681	5,888	14,043	17,235
Annual report and meeting	-	-	3,416	7,117
Consultants	12,704	9,000	33,704	27,000
Insurance	11,368	12,303	34,106	37,429
Investor relations and promotion	28,862	20,664	146,846	163,642
Legal	192	966	7,115	5,225
Office and miscellaneous	10,398	16,753	67,152	78,231
Regulatory and transfer agent fees	4,685	3,841	26,667	41,439
Rent and storage	20,523	19,667	66,512	64,399
Salaries and benefits	63,377	69,120	215,638	185,021
Stock-based compensation	72,115	247,634	133,040	413,159
<b>Loss before the undernoted</b>	<b>(257,028) #</b>	<b>(435,566)</b>	<b>(852,333)</b>	<b>(1,147,334)</b>
Administration and other fees	1,880	-	9,514	-
Investment income	7,916	44,552	24,974	92,485
Property investigation	(1,715)	(271)	(2,473)	(1,081)
Write down of mineral properties	-	-	(8,792)	-
Mineral property recovery	-	-	561,257	-
Flow-through charges	-	-	(43,505)	-
Gain on sale of marketable securities	-	-	213,645	-
<b>Profit before taxes</b>	<b>(248,947)</b>	<b>(391,285)</b>	<b>(97,713)</b>	<b>(1,055,930)</b>
<b>Future income tax recovery (Note 17)</b>	<b>-</b>	<b>-</b>	<b>410,312</b>	<b>1,303,631</b>
<b>Net Profit for the period</b>	<b>(248,947)</b>	<b>(391,285)</b>	<b>312,599</b>	<b>247,701</b>
<b>Deficit, beginning of period</b>	<b>(15,468,934)</b>	<b>(14,321,113)</b>	<b>(16,030,480)</b>	<b>(14,960,099)</b>
<b>Deficit, end of period</b>	<b>\$ (15,717,881)</b>	<b>\$ (14,712,398)</b>	<b>\$ (15,717,881)</b>	<b>\$ (14,712,398)</b>
<b>Earnings Per Share - Basic</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Earnings Per Share - Diluted</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Weighted average number of shares outstanding - Basic</b>	<b>77,809,926</b>	<b>62,326,737</b>	<b>72,524,292</b>	<b>62,466,318</b>
<b>Weighted average number of shares outstanding - Diluted</b>	<b>77,809,926</b>	<b>62,326,737</b>	<b>80,467,220</b>	<b>74,138,887</b>

**Breakdown of Non-Cash Stock Based Compensation**

(expressed in Canadian dollars)

	For Three Months Ended September 30,		For Nine Months Ended September 30,	
	2008	2007	2008	2007
Accounting and audit	\$ 3,130	\$ 32,575	\$ 6,260	\$ 63,882
Consultants	48,015	104,614	84,841	136,575
Investor relations	-	9,536	-	11,512
Salaries and benefits	20,970	100,909	41,939	201,190
<b>Total Stock-Based Compensation</b>	<b>\$ 72,115</b>	<b>\$ 247,634</b>	<b>\$ 133,040</b>	<b>\$ 413,159</b>

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.****Statements of Comprehensive Loss**

(Unaudited - See Notice)

(expressed in Canadian dollars)

	<b>For Three Months ended September 30,</b>		<b>For Nine Months ended September 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Net Profit/(Loss) for the period</b>	\$ (248,947)	\$ (391,285)	\$ 312,599	\$ 247,701
Unrealized gain/(loss) of available for sale marketable securities	(287,735)	(119,633)	(384,637)	126,368
Transfer to income of realized gains on sale of investments	-	-	(49,755)	-
Future income tax recovery	-	-	-	-
Other comprehensive loss	(287,735)	(119,633)	(434,392)	126,368
<b>Comprehensive income</b>	\$ (536,682)	\$ (510,918)	\$ (121,793)	\$ 374,069

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.

Statements of Cash Flows

(Unaudited - See Notice)

(expressed in Canadian dollars)

	For Three Months ended September 30,		For Nine Months ended September 30,	
	2008	2007	2008	2007
<b>Cash provided from (used for):</b>				
<b>Operating activities</b>				
Income for the period	\$ (248,947)	\$ (391,285)	\$ 312,599	\$ 247,701
Items not involving cash:				
Amortization	4,681	5,888	14,043	17,235
Gain on sale of marketable securities	-	-	(213,645)	-
Stock-based compensation	72,115	247,634	133,040	413,159
Write down of mineral properties	-	-	8,792	-
Future income tax recovery	-	-	(410,312)	(1,303,631)
	<b>(172,151)</b>	<b>(137,763)</b>	<b>(155,483)</b>	<b>(625,536)</b>
Net change in non-cash working capital items:				
Accounts receivable	(9,854)	(109,144)	(55,015)	(70,845)
Government grant receivable	-	-	100,000	-
Due from related parties	(6,288)	40,360	(2,410)	15,683
Prepaid expenses	(14,018)	24,478	18,272	15,737
Field supplies	(21,941)	(109,252)	(21,941)	3,615
Bid deposits	-	(21,600)	57,638	(11,550)
Accounts payable and accrued liabilities	96,774	26,663	33,919	107,951
	<b>(127,478)</b>	<b>(286,258)</b>	<b>(25,020)</b>	<b>(564,945)</b>
<b>Investing activities</b>				
Cash, exploration funds	-	923,779	-	2,120,725
Proceeds from sale of marketable securities	-	-	322,890	-
Mineral property acquisition and exploration costs	(1,651,255)	(1,893,280)	(2,708,941)	(3,293,022)
Accounts payable and accrued liabilities related to mineral properties	257,040	418,215	(125,162)	291,490
Purchase of equipment	-	-	-	(8,744)
	<b>(1,394,215)</b>	<b>(551,286)</b>	<b>(2,511,213)</b>	<b>(889,551)</b>
<b>Financing activity</b>				
Shares issued for cash, net of issue costs	2,137,124	-	2,137,124	257,312
Share subscription	(62,400)	-	-	-
	<b>2,074,724</b>	<b>-</b>	<b>2,137,124</b>	<b>257,312</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>553,031</b>	<b>(837,544)</b>	<b>(399,109)</b>	<b>(1,197,184)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,148,296</b>	<b>2,272,987</b>	<b>2,100,436</b>	<b>2,632,627</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,701,327</b>	<b>\$ 1,435,443</b>	<b>\$ 1,701,327</b>	<b>\$ 1,435,443</b>

Supplemental Cash Flow Information (Note 16)

See Accompanying Notes to the Financial Statements

COMMANDER RESOURCES LTD.

Statements of Shareholders' Equity

(Unaudited - See Notice)

(expressed in Canadian dollars)

	Share Capital		Share		Contributed	Option	Accumulative	Total
	Shares	Amount	Subscription	Deficit	Surplus	Compensation	Other Comprehensive Income	Shareholders' Equity
<b>Balance, December 31, 2006</b>	<b>61,287,575</b>	<b>\$ 33,908,906</b>	<b>\$ -</b>	<b>\$ (14,960,099)</b>	<b>\$ 17,043</b>	<b>\$ 1,126,164</b>	<b>\$ -</b>	<b>\$ 20,092,014</b>
Adjustment to opening balance - change in accounting policy (note 3) (net of income taxes)							131,328	131,328
Net Loss for the Year				(1,070,381)				(1,070,381)
Other Comprehensive Income								
Unrealized gain on available-for-sale investments							(11,454)	(11,454)
Transfer to income of realized gain on sale of investments							(1,752)	(1,752)
Shares issued for cash								
Private Placement	7,350,000	1,722,500						1,722,500
Exercise of options	366,835	98,567						98,567
Exercise of warrants	319,250	159,625						159,625
Agent's compensation		(81,305)						(81,305)
Share issue costs		(12,937)						(12,937)
Non-cash transactions								
Income tax effect on flow-through share renunciation		(1,303,631)						(1,303,631)
Reclassification of option compensation on exercise of options		69,182			52,357	(121,538)		1
Property acquisition	365,000	202,450						202,450
Agent's compensation	161,000	40,250						40,250
Stock-based compensation						668,172		668,172
<b>Balance, December 31, 2007</b>	<b>69,849,660</b>	<b>\$ 34,803,607</b>	<b>\$ -</b>	<b>\$ (16,030,480)</b>	<b>\$ 69,400</b>	<b>\$ 1,672,798</b>	<b>\$ 118,122</b>	<b>\$ 20,633,447</b>
Net Profit for the period				312,600				312,600
Other Comprehensive Income								
Unrealized gain on available-for-sale investments							(384,637)	(384,637)
Transfer to income of realized gain on sale of investments							(49,755)	(49,755)
Shares issued for cash								
Private Placement	9,300,000	2,202,000						2,202,000
Exercise of options								-
Exercise of warrants								-
Agent's compensation	251,856	52,890						52,890
Share issue costs		(133,739)						(133,739)
Non-cash transactions								
Income tax effect on flow-through share renunciation		(410,312)						(410,312)
Reclassification of option compensation on exercise of options								-
Reclassification of option compensation on expiry of options					104,303	(104,303)		-
Property acquisition	131,000	40,950						40,950
Agent's compensation					15,973			15,973
Stock-based compensation						133,040		133,040
Share subscription								-
<b>Balance, September 30, 2008</b>	<b>79,532,516</b>	<b>\$ 36,555,396</b>	<b>\$ -</b>	<b>\$ (15,717,880)</b>	<b>\$ 189,676</b>	<b>\$ 1,701,535</b>	<b>\$ (316,270)</b>	<b>\$ 22,412,457</b>

See Accompanying Notes to the Financial Statements

## **COMMANDER RESOURCES LTD.**

Notes to Interim Financial Statements

For the period ended September 30, 2008

(Unaudited – See Notice)

(expressed in Canadian dollars)

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

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

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

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

At September 30, 2008, the Company has an accumulated deficit of \$15,717,880 (2007 – \$16,030,480) and has working capital of \$1,700,611 (2007 – \$2,367,409) which may be sufficient to achieve the Company’s currently planned business objectives for fiscal 2008. The Company may need to complete further financings for additional drilling and exploration activities as required, and for future operations.

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

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

#### **(a) Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates include determining the fair value of available for sale securities, the rates of amortization for property, plant and equipment, the recoverability of mineral property costs, valuation of accounts payable and accrued liabilities, the assumptions used in the determination of the fair value of stock-based compensation, and the calculation of future income tax liability. While management believes the estimates are reasonable, actual results may differ from those estimates and could impact future results of operations and cash flows.

#### **(b) Cash and cash equivalents**

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

#### **(c) Marketable securities**

Prior to January 1, 2007, marketable securities were carried at the lower of cost or quoted market value on an individual stock by stock basis. When market value was below cost, any unrealized loss was charged to operations. With the adoption of the Canadian Institute of Chartered Accountants’ (“CICA”) Handbook Sections 1530, “Comprehensive Income” and, CICA 3855, “Financial Instruments – Recognition and Measurement”, marketable securities are measured at fair market value in the consolidated financial statements with the unrealized gains or losses recorded in other comprehensive income (Notes 4 and 5).



## **COMMANDER RESOURCES LTD.**

Notes to Interim Financial Statements

For the period ended September 30, 2008

(Unaudited – See Notice)

(expressed in Canadian dollars)

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

#### **(d) Mineral properties**

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

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

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

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee; the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. When the amount of recoveries exceeds the total amount of capitalized costs of the property, the amount in excess of costs is credited to income.

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

#### **(e) Property and equipment**

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

#### **(f) Asset retirement obligations**

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

#### **(g) Impairment of long-lived assets**

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

## **COMMANDER RESOURCES LTD.**

Notes to Interim Financial Statements

For the period ended September 30, 2008

(Unaudited – See Notice)

(expressed in Canadian dollars)

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

#### **(h) Flow-through shares**

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

#### **(i) Stock-based compensation**

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

#### **(j) Income taxes**

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

#### **(k) Earnings / loss per share**

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

#### **(l) Certain comparative figures**

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

#### **(m) Future accounting changes**

##### **(i) Goodwill and Intangible Assets**

In February 2008, the CICA issued Handbook Section 3064 "Goodwill and Intangible Assets" replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for years beginning on or after October 1, 2008. The Company is in the process of assessing the impact of this new section on its financial statements.

## **COMMANDER RESOURCES LTD.**

Notes to Interim Financial Statements

For the period ended September 30, 2008

(Unaudited – See Notice)

(expressed in Canadian dollars)

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

#### **(m) Future accounting changes (continued)**

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

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

### **3. Financial Instruments**

#### **(a) Changes in accounting policies**

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the CICA. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

##### **(i) Capital Disclosures**

In February 2007, the issued Handbook Sections 1535, “Capital Disclosures”, requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity’s objective, policies and procedures for managing capital. The new section is effective for years beginning on or after October 1, 2007.

##### **(ii) Financial Instruments**

In February 2007, the CICA issued two new standards, Section 3862 “Financial Instruments Disclosures” and Section 3863 “Financial Instruments Presentation”. These sections will replace the existing Section 3861 “Financial Instruments Disclosure and Presentation”. Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity’s financial position and performances, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for years beginning on or after October 1, 2007.

##### **(iii) Inventories**

In June 2007, the CICA issued Handbook Section 3031 “Inventories”. This section requires that inventory be recorded at the lower of cost or net realizable value. This section also clarifies that the allocation of fixed production overhead requires the consistent use of either first-in, first-out or the weighted average method to measure inventory, and requires that any previous write-downs be reversed when the value of the inventory increases. The amount of the reversal is limited to the amount of the original write-down. The new section is effective for years beginning on or after January 1, 2008.

## COMMANDER RESOURCES LTD.

Notes to Interim Financial Statements  
For the period ended September 30, 2008  
(Unaudited – See Notice)  
(expressed in Canadian dollars)

### 3. Financial Instruments (continued)

#### (b) Fair value

The fair values of the Company's cash and cash equivalents, accounts and government grant receivable, due from related parties, recoverable deposits, and accounts payable and accrued liabilities approximate their carrying amounts due to the immediate or short-term to maturity of these financial instruments.

#### (c) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

#### (d) Credit risk

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

#### (e) Derivatives – mineral properties

The Company retains and/or has obligations related to certain carried interest rights and net smelter return royalties ("NSR"), the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral properties to which they relate are not sufficiently developed to reasonably determine value.

### 4. Cash and Cash Equivalents

Included in the cash and cash equivalents balance, is an amount of \$772,389 for exploration funds which were raised through the issuance of flow-through shares. The exploration funds are required to be spent on mineral exploration related activities in Canada only (Note 17).

### 5. Marketable Securities

	As at September 30, 2008						As at December 31, 2007					
	Number of Shares	Book Value	Close Price	Market Value	Quarterly Unrealized Gain/(Loss)	Date Unrealized Gain/(Loss) Before Tax	Number of Shares	Book Value	Close Price	Market Value	Date Unrealized Gain/(Loss) Before Tax	
Fjordland (FEX.V)	517,647	\$ 101,353	0.095	\$ 49,176	\$ (51,765)	\$ (137,177)	517,647	\$ 101,353	\$ 0.36	\$ 186,353	\$ 41,412	
Diamonds North (DDN.V)	258,000	141,280	0.630	162,540	(134,160)	(30,960)	470,000	250,525	0.75	352,500	4,700	
Uranium North	333	333	0.085	28	(65)	(139)	333	333	0.50	167	(299)	
Alto Ventures (ATV.V)	1,875,000	281,250	0.055	103,125	(93,750)	(178,125)	-	-	-	-	-	
Bayswater (BAY.V)	29,400	15,000	0.140	4,116	(7,056)	(19,992)	29,400	15,000	0.82	24,108	(24,108)	
GBL Gold Corp	75,000	72,439	0.201	15,104	(939)	(18,244)	75,000	72,439	0.44	33,348	(39,091)	
Pamlico Resources Ltd.	100,000	-	-	-	-	-	100,000	-	-	-	-	
<b>Total</b>		<b>\$ 611,655</b>		<b>\$ 334,089</b>	<b>\$ (287,735)</b>	<b>\$ (384,637)</b>		<b>\$ 439,650</b>		<b>\$ 596,476</b>	<b>\$ (17,386)</b>	

## **COMMANDER RESOURCES LTD.**

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### **6. Risk Management Policies**

#### **(a) Credit Risk**

The Company is exposed to credit risk in respect to its cash and cash equivalents, and accounts receivable. The credit risk is limited to the carrying amount on the balance sheet. The Company's cash and cash equivalents are held through large financial institutions. The Company manages its credit risk by entering into transactions with high credit quality counterparties, limiting the amount of exposure to each counterparty where possible and monitoring the financial condition of the counterparties.

#### **(b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with our financial liabilities. The Company manages liquidity risk through the management of its capital structure as outlined in Note 12. Accounts payable and accrued liabilities are due within the current fiscal year.

#### **(c) Market Risk:**

The Company is exposed to the financial risk related to the fluctuation of the market prices of its marketable securities. At September 30, 2008, if the market prices of the marketable securities had decreased 10 percent with all other variables held constant, the comprehensive loss for the quarter would have been \$33,409 higher. Conversely, if the market prices of the marketable securities had increased by 10 percent with all other variables held constant, the comprehensive loss for the quarter would have been \$33,410 lower.

### **7. Field Supplies**

Field supplies consist of fuel and other supplies which were stored in a facility in the hamlet of Clyde River and Resolute Bay, Nunavut.

### **8. Recoverable Deposits**

During the quarter ended June 30, 2008, the Company reclassified the amount of bonds in lieu of work on its Newfoundland projects to mineral properties to better reflect of the nature of the payment. The balance of the Recoverable Deposits has been recorded as \$Nil at September 30, 2008.

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**9. Mineral Properties**

At September 30, 2008 and December 31, 2007, the Company's mineral properties are comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	<b>CMD Major Properties</b>								
	<b>Baffin, Nunavut</b>		<b>Newfoundland Properties</b>			<b>Labrador</b>	<b>Other Properties</b>	<b>Total</b>	
	Qimmiq	Bravo Lake	Hermitage	Strickland	Other				
Balance at									
December 31, 2007	\$	9,191,249	\$ 2,116,233	\$ 2,615,007	\$ 858,744	\$ 91,947	\$ 1,734,302	\$ 3,236,534	\$ <b>19,844,016</b>
Additions during the period:									
Acquisition costs:		-	125,000	97,950	-	40,140	-	(5,421)	<b>257,669</b>
Exploration costs:									
Drilling		142,509	65,134	10,111	-	-	717,124	2,364	<b>937,242</b>
Geochemistry		7,554	-	1,456	-	-	-	-	<b>9,010</b>
Geology		459,088	84,392	37,894	6,440	1,344	62,742	100,089	<b>751,989</b>
Geophysics		60	100,229	1,711	40,559	-	456,976	6,351	<b>605,886</b>
Mobilization/demob.		-	-	1,371	5,746	-	6,288	-	<b>13,405</b>
Property		80,151	539	1,288	-	-	42,049	14,831	<b>138,858</b>
Prospecting		7,407	-	-	-	-	-	-	<b>7,407</b>
Trenching/line cutting		-	-	10,446	-	-	-	-	<b>10,446</b>
Administration and Other		-	-	-	-	-	41,715	-	<b>41,715</b>
		<b>696,769</b>	<b>250,294</b>	<b>64,277</b>	<b>52,745</b>	<b>1,344</b>	<b>1,326,894</b>	<b>123,635</b>	<b>2,515,958</b>
Less:									
Recoveries		(13,851)	(58,009)	(200)	-	-	(103,911)	(39,442)	<b>(215,413)</b>
Write down		-	-	-	-	-	-	(98,365)	<b>(98,365)</b>
		<b>(13,851)</b>	<b>(58,009)</b>	<b>(200)</b>	<b>-</b>	<b>-</b>	<b>(103,911)</b>	<b>(137,807)</b>	<b>(313,778)</b>
Net additions		682,918	317,285	162,027	52,745	41,484	1,222,983	(19,593)	<b>2,459,849</b>
<b>Balance at</b>									
<b>September 30, 2008</b>	<b>\$</b>	<b>9,874,167</b>	<b>\$ 2,433,518</b>	<b>\$ 2,777,034</b>	<b>\$ 911,489</b>	<b>\$ 133,431</b>	<b>\$ 2,957,285</b>	<b>\$ 3,216,941</b>	<b>\$ 22,303,865</b>

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**9. Mineral Properties** (continued)

	CMD Major Properties								
	Baffin, Nunavut		Newfoundland Properties			Labrador	Other Properties	Total	
	Qimmiq	Bravo Lake	Hermitage	Strickland	Other				
Balance at									
December 31, 2006	\$ 7,458,164	\$ 1,503,306	\$ 1,472,275	\$ 722,879	\$ 6,431	\$ 1,360,662	\$ 3,264,580	\$ 15,788,297	
Additions during the period:									
Acquisition costs:	-	-	85,240	23,450	159,410	-	-	268,100	
Exploration costs:									
Drilling	1,184,542	412,450	693,416	20,776	1,525	-	14,490	2,327,199	
Geochemistry	29,170	4,405	129,816	-	-	-	-	163,391	
Geology	331,735	116,130	234,896	38,980	41,671	27,165	47,832	838,409	
Geophysics	23,766	39,290	38,477	50,803	713	282,083	-	435,132	
Mobilization/demob.	7,104	3,044	18,741	927	-	-	-	29,816	
Property	16,759	4,279	634	8,000	1,582	335	29,933	61,522	
Prospecting	145,759	36,463	17,412	83	94,877	-	-	294,594	
Trenching/line cutting	1,562	-	100,340	1,161	-	-	-	103,063	
Administration and Others	-	-	3,160	585	3,050	64,057	1	70,853	
	1,740,397	616,061	1,236,892	121,315	143,418	373,640	92,256	4,323,979	
Less:									
Recoveries	(7,312)	(3,134)	(179,400)	(8,900)	-	-	(120,302)	(319,048)	
Write down	-	-	-	-	(217,312)	-	-	(217,312)	
	(7,312)	(3,134)	(179,400)	(8,900)	(217,312)	-	(120,302)	(536,360)	
Net additions	1,733,085	612,927	1,142,732	135,865	85,516	373,640	(28,046)	4,055,719	
Balance at									
December 31, 2007	\$ 9,191,249	\$ 2,116,233	\$ 2,615,007	\$ 858,744	\$ 91,947	\$ 1,734,302	\$ 3,236,534	\$ 19,844,016	

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

#### **Acquisitions**

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

#### **Environmental expenditures**

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

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

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

The Baffin Island Property consists of two separated properties named Qimmiq and Bravo Lake, subject to two separate option agreements, one with BHP Billiton Diamonds Inc. ("BHP Billiton") and the other with Xstrata Nickel ("Xstrata"), a business unit of Xstrata Canada Corporation as further described under the property headings below.

The Company entered into a Heads Agreement, dated May 6, 2008 with Global Resources Corporation Pty Ltd., ("GRC") a private Australian company providing GRC the option to earn a 100% in the non-gold mineral rights of the Baffin Island Properties by issuing to the Company 10% of the total number of issued shares in a Newco, calculated immediately following completion of a planned IPO by GRC. In addition, GRC will pay \$1,425,000 cash to the Company, including \$25,000 cash upon signing (paid), \$50,000 cash on or before July 15, 2008, \$200,000 cash on or before October 15, 2008, and \$1.15-million cash within 10 days of successfully listing the IPO and will complete a minimum \$500,000 exploration program on the Baffin properties by December 31, 2009. The deadline for completion of the terms of Heads Agreement has been extended into 2009 in order to provide GRC additional time to complete a planned Initial Public Offering (IPO). Gold, diamond and uranium dominant resources are excluded from this agreement. Additional considerations to the Company under the Heads Agreement include the opportunity to buy up to 10% of any pre-IPO seed stock, rights to 5% additional equity in Newco by means of an issue of unlisted warrants and a seat on the board of directors of Newco.

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

The Company entered into an option agreement dated June 18, 2003 with BHP Billiton to explore for gold on 50,000 hectares of Nunavut Tunngavik Incorporated ("NTI") leases on Baffin Island, Nunavut. The Company may earn 50% of BHP Billiton's exploration rights by expending \$4 million by 2007, 80% by expending an aggregate \$10 million by 2012 and a 100% interest by delivering a feasibility study by December 31, 2014. As at the date of this report, the Company has vested an 80% interest in the Property. The Property now consists of five (5) leases totalling 58,000 acres (23,600 hectares).



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### 9. Mineral Properties (continued)

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

The agreement is subject to a variable net smelter return gold royalty ranging from 1% to 3% based on gold prices (royalties are now held by International Royalty Corporation) and a 12% royalty to NTI on net profits payable on production. BHP Billiton retains a back-in right on mineral discoveries, excluding gold, to re-acquire up to an aggregate of a 75% interest for a period of up to ten years.

The Company and BHP Billiton signed an Option Acceleration Agreement “(Revised Agreement)” on February 22, 2008, providing the Company the right to accelerate its rights to earn a 100% interest in the Qimmiq Property by paying the lump sum of \$400,000 in cash to BHP Billiton on or before September 30, 2008. The deadline for this cash payment was subsequently extended to January 31, 2009 through an amending letter dated September 21, 2008. The Company is under no obligation to exercise this option. Should the Company elect not to proceed with the Revised Agreement, the original option agreement would remain in effect. Under the Revised Agreement, BHP Billiton retains the Right of First Refusal (“ROFR”) to purchase all or any portion of the concentrates or other such mineral products produced only from non-gold resources on the Property. For the first four years of commercial production, BHP Billiton’s ROFR shall apply to 50% of the non-gold concentrates; the other 50% of the non-gold concentrates shall be available for the Company to support or facilitate mine financing terms and other project capitalization and BHP Billiton shall retain a ROFR to match such financing terms. The Company will have 100% control over the sale and marketing of all gold concentrates or gold products produced from the Property.

#### (ii) Bravo Lake

The Company entered into a Letter Agreement with Xstrata dated August 6, 2003 providing the Company the right to earn a 100% interest in the Bravo Property by incurring \$8 million of exploration expenditures on the property by 2011. The Company has incurred approximately \$2.4 million in exploration as at the date of this report. In the fall of 2005, the Company staked nineteen mineral claims to cover the favourable portions of the prospecting permits. The revised area of the Bravo Lake property is 14,668 acres (5,900 hectares). Xstrata retains certain back-in rights to base metal mineral discoveries to acquire up to an aggregate 75% interest. If a diamond resource discovery is made, Xstrata may exercise a back-in option to acquire up to an aggregate 50% interest. There are no back-in rights to a gold discovery. The property is subject to a sliding scale NSR from 1% to 3% based on gold prices, a 2% NSR on nickel production, a 2% gross overriding royalty on diamond production, and a 1.5% NSR on base metal production.

On May 1, 2008, the Company entered into a Purchase Letter with Xstrata providing the Company the option to accelerate to its ownership in the Bravo Property to 100% for total cash payments to Xstrata of \$750,000 by December 31, 2008, including \$50,000 on signing (paid), \$75,000 on or before July 15, 2008 (paid), \$200,000 on or before October 15, 2008, and \$425,000 on or before December 31, 2008. Xstrata retains a first right of refusal to purchase all or any portion of the concentrates or other such mineral products produced from any non-gold resource on the property. For the first four years of commercial production, Xstrata’s right shall apply to 50% of the concentrates; the other 50% of the concentrates shall be available for the Company to support or facilitate mine financing terms and other project capitalization and Xstrata shall retain a first right of refusal to match such financing terms. Xstrata retains the royalties provided under the original Letter Agreement but under the Purchase Letter, 50% of the royalties may be purchased by the Company for \$1-million at any time up to commencement of commercial production.

In an amending letter dated November 13, 2008, Xstrata provided the Company an extension to make the remaining \$625,000 in cash payments in 2009, \$50,000 by February 28, 2009 and the remaining \$575,000 by June 30, 2009. If the Company elects not to accelerate the option, the existing Letter Agreement will remain in effect and the work commitments in 2008 as required under the original option agreement will be carried forward to 2009.

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**9. Mineral Properties** (continued)**(b) Newfoundland Uranium Properties****(i) Hermitage**

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

On April 22, 2005, the Company completed a second option agreement to earn a 100% interest in the Couteau Lake Property over a four-year term by making total cash payments of \$60,000, issuing 150,000 common shares, and completing \$300,000 in exploration work. Of this, \$43,000 in cash has been paid and 100,000 common shares have been issued and approximately \$133,000 of exploration work has been completed. The agreement is subject to a 2% NSR for the vendor with a buy-back of one-half of the royalty for \$1 million.

On November 1, 2005, the Company acquired an additional 1,600 claims by staking.

**(ii) Strickland**

On June 26, 2006, the Company staked the Strickland Property, 147 claims southwest of the Hermitage property.

On August 16, 2006, the Company announced that it had entered into an option agreement to purchase a small claim block located in the middle of the Company's wholly owned Strickland Property. The Company may earn a 100% interest in the claims through cash payments totalling \$43,000 and by issuing 160,000 shares of the Company over a four-year period. The vendors will retain a 2% NSR, one-half of which may be bought by the Company at any time for \$1 million. To date, the Company has made cash payments totalling \$11,000 and has issued 60,000 shares.

**(iii) Hermitage East and West**

The Company owns 100% of the properties.

**(c) Labrador Nickel Properties (South Voisey's Bay)**

	CMD Ownership %	September 30, 2008	December 31, 2007
<b><u>Labrador Properties</u></b>			
Adlatok 1	72.696	\$ 724,166	\$ 164,810
Sadie	100.000	127,413	39,213
Sally	100.000	379,871	63,199
Sango River	100.000	8,331	-
Sarah Lake	48.200	1,717,504	1,467,080
<b>Total</b>		<b>\$ 2,957,285</b>	<b>\$ 1,734,302</b>

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**9. Mineral Properties** (continued)**(d) Other Properties**

The Company owns several other properties in Canada in which it holds interests ranging from 10% to 100%. The Company has granted options on some of these properties. The carrying values of those properties included under Other Properties at September 30, 2008 and December 31, 2007 are as follows:

	CMD Ownership %	September 30, 2008	December 31, 2007
<b><u>Active Projects</u></b>			
<b>Nunavut</b>			
Storm (i)	100.0	\$ 57,571	\$ -
<b>Quebec</b>			
Despinassy (ii)	-	-	94,994
<b>Newfoundland</b>			
Cochrane Pond (iii)	50.0	(1,711)	-
<b>Yukon</b>			
Olympic, Rob (iv)	100.0	1,006,375	1,017,172
<b>Total Active Projects</b>		<b>\$ 1,062,235</b>	<b>\$ 1,112,166</b>
	CMD Ownership %	September 30, 2008	December 31, 2007
<b><u>Inactive Projects</u></b>			
<b>British Columbia</b>			
Abe and Pal (v)	100.0	\$ 109,550	\$ 107,239
Aten, Mate and Tut (v)	100.0	1,210	1,196
Haw	100.0	12,133	11,900
Tam (vi)	10.0	49,524	49,524
<b>Ontario</b>			
Matheson	41.6	14,213	14,213
McVean	100.0	-	8,694
Sabin	100 - 58.5	115,113	100,896
<b>Newfoundland</b>			
Green Bay (vii)	100.0	470,484	457,380
<b>New Brunswick</b>			
Nepisiguit/Stewart (viii)	100.0	1,376,172	1,367,019
<b>Yukon</b>			
Rein	25.0	6,307	6,307
<b>Total Inactive Projects</b>		<b>\$ 2,154,706</b>	<b>\$ 2,124,368</b>
<b>Total Other Properties</b>		<b>\$ 3,216,941</b>	<b>\$ 3,236,534</b>

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

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

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

On April 8, 2008 the Company reported the acquisition of a significant copper and zinc property in Nunavut, Canada. The Company acquired three prospecting permits on February 1, 2008 for a \$15,000 cash deposit. The permits are good for a five-year term and the \$15,000 deposit is refundable on completion of an equivalent amount of exploration work in the first two years. Refer to MD&A for property details.

##### **(ii) Despinassy, Quebec**

On January 10, 2008, the Company reported that it had entered into a letter of intent (LOI) to sell its 24.5-per-cent participating interest in the property to majority partner Alto Ventures. On March 4, 2008, under the terms of the LOI, the Company received a lump-sum cash payment of \$375,000 and 1,875,000 treasury shares of Alto Ventures. The Company retains 1% net smelter return (NSR) royalty on 83 claims and 0.25% on the other 30 claims. Alto retains the right to buy down the NSR on the 83 claims to 0.5% for \$500,000.

##### **(iii) Cochrane Pond, Newfoundland**

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

On April 13, 2007, CPJV entered into an agreement with Global Gold Uranium LLC (“Global Gold Uranium”), a wholly owned subsidiary of Global Gold Corporation (“Global Gold”) providing Global Gold Uranium the option to earn a 60% interest in the Cochrane Pond Property (“the Property”). Global Gold Uranium may earn an initial 51% working interest in the Property over a four year period by making total cash payments to the Companies of US\$700,000, issuing 350,000 shares of Global Gold and completing exploration expenditures of \$3.5 million (the “Initial Option”). Of the total cash and share payments, US\$200,000 and 150,000 shares were paid on signing and approval. Global Gold Uranium completed the first years’ committed work expenditure of \$500,000 in 2007.

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

The Company owns 100% of the Olympic and Rob properties subject to a 1% NSR registered to Blackstone Ventures Inc. on the Rob property. The NSR may be reduced to 0.5 % at any time for \$1,000,000.

On August 2, 2006, the Company signed a Letter of Intent with Fjordland Exploration Inc. (“Fjordland”) providing Fjordland the right to earn an initial 60% interest in the property, Fjordland was obligated to incur \$600,000 in exploration expenditures by December 31, 2007, including a minimum of 2,000 metres of drilling. Fjordland elected to terminate the option prior to meeting the minimum drill footage required as part of the committed expenditures in agreement. Since Fjordland failed to meet the first year commitment of the agreement, the Company is seeking compensation from Fjordland for the shortfall. At the date of this report, negotiations were ongoing to reach a settlement with Fjordland.

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

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

##### **(iv) Olympic & Rob, Yukon** (continued)

On May 1, 2008 the Company entered into a Letter Agreement with Global Resources Corp. Pty. Ltd. (“GRC”) a privately held Australian company providing GRC the option to earn an initial 50% participating interest in the property by completing \$4-million in exploration by December 31, 2011, and paying to the Company \$220,000 in cash or shares, of which \$20,000 cash has been paid. As part of the initial option, GRC must complete 2,000 metres of diamond drilling by December 31, 2009. Upon completion of the earn-in to 50%, GRC may then elect to acquire an additional 10% in the property by completing an additional \$4-million in exploration by December 31, 2013, and paying to the Company \$600,000 in cash or shares. Should GRC vest at 60% as provided, GRC may then elect to increase its interest to 70% by completing and delivering a full feasibility study to the Company by December 31, 2016, and by paying to the Company \$1-million in cash or shares on the date GRC elects to proceed with this final option. Once a 70:30 joint venture is formed, the Company may elect at any time to convert its interest to a 2% net smelter return royalty. The terms of this agreement, except for the \$20,000 initial cash payment, shall not be in effect until GRC has successfully completed a planned initial public offering. If GRC fails to complete the IPO by October 31, 2008, this agreement will terminate unless mutually agreed to by both parties.

The Company provided GRC extra time to confirm its commitment to the agreement announced on May 8 2008, a reflection of the current global financial crisis. The agreement with GRC was subject in part to their successful completion of an Initial Public Offering, and was not exclusive nor binding until a commitment was made to complete the initial term of the option. Therefore, the Company continues to seek other partnerships for the Property in the interim and will enter into an alternative agreement with another party if the opportunity arises.

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

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

In February 2007, the Company reported that it had entered into an agreement with Geoinformatics Exploration Canada Limited (“GXL”) providing GXL the option to earn a participating interest in the properties. The option allowed GXL the right to earn an initial 60% interest by completing \$4,500,000 in exploration expenditures over four years and by paying to the Company \$300,000 in cash of which \$50,000 in cash and \$750,000 in work expenditures was the commitment for 2007. GXL dropped the option and returned the property to the Company with five years of assessment work filed.

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

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

Under an agreement dated February 13, 2006 between the underlying owners and Teck Cominco Limited (“Teck Cominco”), the Company’s received a cash payment of \$2,500. In addition, the Company is entitled to a 1.5 % NSR of which \$250,000 is payable, as an advance royalty, starting on December 31, 2012. This royalty is subject to a buy-down provision that, if exercised, would pay \$1.0 million to the Company.

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

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

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**9. Mineral Properties** (continued)**(d) Other Properties** (continued)**(viii) Nepisiguit/Stewart, New Brunswick**

The Company owns 100% of the property subject to a 2.75% NSR retained by BHP Billiton. The NSR is subject to a buy-down to 1.0% NSR for \$1.5 million at any time.

**(ix) St. George's Bay, Newfoundland**

On March 1, 2007, the Company entered into an agreement with Vulcan Minerals Inc. ("Vulcan") providing the Company the option to earn an 80% interest over a five year period in base and precious metals and uranium on Vulcan's 38,350 hectare St. George's Bay Property located in south western Newfoundland by issuing to Vulcan 500,000 common shares and completing \$3.5 million in exploration work. The deal included issuance of 150,000 shares of the Company and funding \$100,000 of exploration expenditures in the first year.

The Company dropped the option prior to the second term and returned the property in good standing to Vulcan.

**(x) Murphy, Newfoundland**

On December 6, 2006, the Company reported that it had entered into an agreement with Bayswater to acquire 50% of Bayswater's right to earn a 90% interest in the Murphy property strategically located east and contiguous with the Company's Hermitage Property.

Bayswater and the Company dropped the option at the end of 2007.

**10. Property and Equipment**

	Cost	Accumulated Depreciation	Sept. 30, 2008 Net Book Value
Furniture and fixtures	\$ 57,240	\$ 56,494	\$ 746
Computer equipment	169,200	151,245	17,955
Leasehold improvements	28,293	20,041	8,252
	<b>\$ 254,733</b>	<b>\$ 227,780</b>	<b>\$ 26,953</b>
			<b>2007</b>
	Cost	Accumulated Depreciation	Net Book Value
Furniture and fixtures	\$ 57,240	\$ 55,219	\$ 2,021
Computer equipment	169,200	142,015	27,185
Leasehold improvements	28,293	16,504	11,789
	<b>\$ 254,733</b>	<b>\$ 213,738</b>	<b>\$ 40,995</b>

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**11. Share Capital****(a) Authorized:**

Unlimited common shares without par value

**(b) Shares issued**

During the nine months ended September 30, 2008, the Company issued 131,000 shares for acquisition of properties.

	<b>Number of Shares</b>		<b>Amount</b>
<b>Balance, December 31, 2006</b>	<b>61,287,575</b>	<b>\$</b>	<b>33,908,906</b>
Issued for cash:			
Private placements, net of issue costs	7,511,000		1,668,508
Exercise of options, for cash	366,835		98,567
Exercise of warrants, for cash	319,250		159,625
Issued for other consideration:			
Income tax effect of flow-through share renunciation			(1,303,631)
Exercise of options, stock-based compensation			69,182
For mineral property	365,000		202,450
<b>Balance, December 31, 2007</b>	<b>69,849,660</b>	<b>\$</b>	<b>34,803,607</b>
Issued for cash:			
Private placements, net of issue costs	9,551,856		2,121,151
Issued for other consideration:			
Income tax effect of flow-through share renunciation			(410,312)
For mineral property	131,000		40,950
<b>Balance, September 30, 2008</b>	<b>79,532,516</b>	<b>\$</b>	<b>36,555,396</b>

The Company completed two tranches of non-brokered private placement financing. The total proceeds from the financing amounted to \$2,202,000 including \$695,784 from Tranche 1 and \$1,506,216 from Tranche 2.

5,532,150 flow-through shares at a purchase price of \$0.24 per flow-through share and 850,000 non flow-through units at a purchase price of \$0.21 per non flow-through unit were issued.

Finders' fees of 7% were paid in cash to the following finders: Canaccord Capital Corp. \$1,680 and National Bank Financial \$352.80. In addition, 10,500 units were issued to Union Securities with respect to finder's fees. Finders' fees were also paid to Dundee Securities Corp. as to \$50,684.76 cash and 241,356 units.

**COMMANDER RESOURCES LTD.**

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

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. Under the Company's Stock Option Plan, the Company may grant stock options for the purchase of up to 13,980,000 common shares. Vesting of stock options is made at the discretion of the board of directors at the time the options are granted. At September 30, 2008, the Company had stock options outstanding for the purchase of 6,167,000 common shares with an average remaining contractual life of 2.62 years, of which 6,035,750 stock options are exercisable at September 30, 2008.

	Number of Shares	Weighted Average Exercise Price
<b>Outstanding at December 31, 2006</b>	<b>3,963,003</b>	<b>\$0.39</b>
Granted	2,260,000	\$0.44
Exercised	(366,834)	\$0.27
Expired	(229,000)	\$0.00
<b>Outstanding at December 31, 2007</b>	<b>5,627,169</b>	<b>\$0.42</b>
Granted	1,065,000	\$0.19
Exercised	-	
Expired	(525,169)	\$0.31
<b>Outstanding at September 30, 2008</b>	<b>6,167,000</b>	<b>\$0.39</b>



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

The following summarizes information about stock options outstanding at September 30, 2008:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted Average Remaining Contractual Life in Years</b>	<b>Weighted Average Exercise Price</b>
700,000	\$0.53	January 21, 2009	0.04	
50,000	\$0.64	February 19, 2009	0.00	
679,000	\$0.56	May 18, 2009	0.07	
40,000	\$0.40	September 6, 2009	0.01	
200,000	\$0.40	September 21, 2009	0.03	
383,000	\$0.25	July 19, 2010	0.11	
282,000	\$0.39	May 7, 2011	0.12	
656,500	\$0.30	June 19, 2011	0.29	
410,000	\$0.87	January 2, 2012	0.22	
200,000	\$0.41	May 8, 2012	0.12	
1,266,500	\$0.36	June 7, 2012	0.76	
125,000	\$0.23	October 12, 2009	0.02	
110,000	\$0.19	December 21, 2012	0.08	
865,000	\$0.18	February 7, 2013	0.61	
200,000	\$0.21	June 24, 2013	0.15	
<b>6,167,000</b>			<b>2.62</b>	<b>\$0.39</b>

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

Risk-free interest rate	2.63%
Expected dividend yield	0.00%
Expected stock price volatility	110.97%
Expected option life in years	3

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted during the period.

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**11. Share Capital** (continued)**(d) Warrants and agent's warrants**

At September 30, 2008, the Company had outstanding warrants for the purchase of an aggregate 1,775,928 common shares as follows:

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Outstanding at Dec. 31, 2007</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>Outstanding at September 30, 2008</b>
\$0.50	May 15, 2008	5,054,750	-	-	5,054,750	-
\$0.50	May 15, 2008	1,040,400	-	-	1,040,400	-
\$0.50	May 15, 2008	195,250	-	-	195,250	-
\$0.40	Oct. 26, 2008	1,150,000	-	-	-	1,150,000
\$0.40	July 10, 2009	-	80,250	-	-	80,250
\$0.40	July 22, 2009	-	545,678	-	-	545,678
		<b>7,440,400</b>	<b>625,928</b>	<b>-</b>	<b>6,290,400</b>	<b>1,775,928</b>

Warrants of 5,054,750 and agent's warrants of 1,235,650 had expired on May 15, 2008 unexercised.

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

Under an option agreement on the Blue Hills and White Bear, Hermitage Newfoundland project, the Company issued a warrant to the optionors to purchase 250,000 common shares exercisable at a price of \$1.00 per share. The warrants expired on February 14, 2008 when the Company exercised its option and vested at 100% in the Property.

The Company granted agent's warrants to purchase 625,928 common shares of the company in July 2008.

## **COMMANDER RESOURCES LTD.**

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### **12. Capital Disclosure**

The Company's objectives when managing capital are:

- (a) To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (b) To provide an adequate return to shareholders.

The Company sets the amount of capital in relation to requirements. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the requirements to finance its mineral projects. The Company's overall strategy remains unchanged from 2007.

The capital structure of the Company consists of all of the components of shareholders' equity.

During the nine months ended September 30, 2008, no additional shares for cash were issued.

### **13. Related Party Transactions**

In addition to the related party transactions disclosed elsewhere in these financial statements, the Company has the following related party transactions and balances:

- (a) The Company shares certain administrative and other costs with four other companies related by virtue of directors in common. Included in due from related parties is an aggregate of \$14,575 owed by those companies.
- (b) During the nine months ended September 30, 2008, the Company paid or accrued \$10,717 (2007 - \$20,224) in legal fees, share issuance costs and mineral properties costs to a law firm in which a director of the Company is a partner. Of this amount, there is \$Nil included in accounts payable and accrued liabilities.
- (c) Included in marketable securities are 258,000 common shares of Diamonds North Resources Ltd., a company related by virtue of a director in common.
- (d) There were no accounts payable to companies related by common directors on September 30, 2008. Related party transactions are recorded at the carrying amount and have no interest or stated terms of repayment.

### **14. Commitment**

The Company shares the cost of the office premises with several companies based on the proportion to the area occupied. The lease of the office premises was signed by one of the companies and that company invoices other companies. Certain of the companies are related by virtue of directors in common. The Company's proportionate share of minimum annual basic rental payments under this arrangement is approximately \$66,000.

### **15. Segmented Information**

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

**COMMANDER RESOURCES LTD.**

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**16. Supplemental Cash Flow Information**

	For Three Months Ended		For Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Significant non-cash operating, investing and financing activities:				
<b>Investing activities:</b>				
Marketable securities received for mineral property	\$ -	\$ -	\$ 281,250	\$ -
Shares issued for mineral property	-	43,250	40,950	202,450
Accounts payable included in the mineral property	257,040	-	480,406	-
	<b>\$ 257,040</b>	<b>\$ 43,250</b>	<b>\$ 802,606</b>	<b>\$ 202,450</b>
<b>Financing activities:</b>				
Income tax effect on flow-through share renouncement	\$ -	\$ -	\$ (410,312)	\$ (1,303,631)
Shares issued for mineral property	-	(43,250)	(40,950)	(202,450)
Fair value of options exercised	-	20,240	-	69,182
	<b>\$ -</b>	<b>\$ (23,010)</b>	<b>\$ (451,262)</b>	<b>\$ (1,436,899)</b>
<b>Other cash flow information:</b>				
Interest received	\$ 7,916	\$ 10,646	\$ 24,974	\$ 58,579
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -

**17. Income Taxes**

The Company's future income tax liability arises primarily from the renunciation of mineral exploration costs on flow-through shares issued to investors. Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. A future income tax liability arises from the renunciation of mineral exploration costs to investors of flow-through shares.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date, represent the funds received from flow-through share issuances which have not been spent as at June 30, 2008 and which are allotted for such expenditures. As at September 30, 2008, the amount of flow-through proceed remaining to be expended was \$772,389 (2007 - \$Nil).

**18. Subsequent Events**

On October 17, 2008, the Company granted 955,000 incentive stock options to officers, employees and consultants under its stock option plan, and in accordance with the Company's compensation policy. The options are exercisable for five years at a price of \$0.10 per share, and are subject to the policies of the TSX Venture Exchange.

On November 13, 2008, the Company and Bayswater Uranium Corp. (Bayswater), collectively, the "Companies" reported that Global Gold Uranium LLC ("Global Gold Uranium"), a wholly owned subsidiary of Global Gold Corporation ("Global Gold") terminated the option to earn a participating interest in the Cochrane Pond Uranium Property, Newfoundland (the "Property"). The Companies retain a 100% interest in the Property.

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**18. Subsequent Events** (continued)

The Companies have entered into a new agreement with Global Gold Uranium Global Gold Uranium a 1% royalty on sales of uranium products extracted from the Property until the aggregate royalty payments reach CDN \$1,000,000 after which the royalty will be reduced to 0.5%. In consideration for this royalty, Global Gold Uranium paid US\$50,000 in cash to the Companies, US\$25,000 to the Company, and agreed to pay all legal costs of the agreement preparation.