



**COMMANDER  
RESOURCES LTD.**

**Management Discussion and  
Analysis**

For the Three Months Ended  
March 31, 2008

## **Management Discussion and Analysis**

### **For the Period Ended March 31, 2008**

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#### **Description of Business**

Commander Resources Ltd. ("the Company") is a company engaged in the acquisition and exploration of prospective gold, uranium, and base metal properties primarily in Canada. The Company is currently focusing its activities on a gold project on Baffin Island, Nunavut, a uranium property in southern Newfoundland and nickel property in Labrador. The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol CMD. The following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the financial statements and the notes thereto for the period ended March 31, 2008.

#### **Forward-Looking Information and Report Date**

This Management Discussion and Analysis ("MD&A") may contain forward-looking statements that involve risks and uncertainties. When used in this MD&A, the words "anticipate", "believe", "estimates", "expects" and similar expressions are intended to identify such forward-looking statements. Readers are cautioned that these statements, which describe the Company's proposed plans, objectives, and budgets, may differ materially from actual results. Such forward-looking statements in this MD&A are only made as of May 29, 2008 (the "Report Date").

#### **Summary of activities and results for the Quarter Ended March 31, 2008**

##### ***Baffin Gold Project, Nunavut***

- On January 14, 2008, the Company reported that it entered into a Letter of Intent ("LOI") with BHP Billiton Diamonds ("BHP Billiton") to amend the terms of the Qimmiq Property Option Agreement dated June 18, 2003. Qimmiq is the core property holding in the Baffin Island Gold project, Nunavut. The amendment enables the Company to eliminate remaining earn-in expenditures, the requirement for a feasibility study and BHP Billiton's back-in rights to non-gold resources, as provided under the existing Option Agreement. Terms of the agreement are as follows:
  - The Company has the option to accelerate its exclusive right to earn 100 % in the Property by paying the lump sum of \$400,000 in cash to BHP Billiton on or before September 30, 2008.
  - 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.
  - BHP Billiton retains no ROFR or other rights to gold concentrates or gold products produced from the Property. International Royalty Corporation ("IRC") retains certain royalties on the Property. IRC purchased the royalties from BHP Billiton.
  - The parties executed the definitive Option Acceleration Agreement incorporating the terms of the LOI on February 22, 2008.

##### ***Subsequent Events***

- On May 12, 2008, the Company reported an agreement with Xstrata that provides the Company the option to accelerate its vesting rights to 100 % for the following considerations:
  - Total cash payments to Xstrata of \$750,000 by December 31, 2008 including \$50,000 on signing, \$75,000 on or before July 15, 2008, \$200,000 on or before October 15, 2008, and \$425,000 on or before December 31, 2008.
  - Xstrata does not retain rights to any gold, gold concentrates or gold products produced from the property, but Xstrata will have the 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

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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 will retain the royalties provided under the original option agreement but under the amended agreement, 50 % of the royalties may be purchased by the Company for \$1-million at any time up to commencement of commercial production.
- If the Company makes \$125,000 of the total payments as agreed but does not complete the total payments to vest at 100 %, the existing agreement and its expenditure schedule will remain in effect but the Company may carry over \$400,000 in 2008 work commitments to add to the requirements for 2009. If the Company makes the total \$750,000 in payments, the existing agreement will terminate and be replaced by the definitive agreement covering the terms of this new agreement.
- On May 13, 2008, the Company reported an agreement with Global Resources Corporation Pty. Ltd. (“GRC”), a privately held Australian company. The agreement provides GRC the right to earn a 100-per-cent interest in non-gold rights on the Company’s Baffin Island properties, as part of a planned initial public offering (IPO) contemplated by GRC (Newco). Gold-, diamond- and uranium-dominant resources are excluded from this agreement. GRC plans to advance the exploration opportunity for zinc and nickel hosted by the sedimentary and volcanic rocks, while the Company continues to focus its efforts on advancing the gold potential on the property. The terms of the agreement are as follows:
  - GRC will issue 10 % of the total number of issued shares in Newco to the Company, calculated immediately following completion of the planned IPO.
  - GRC will pay \$1,425,000 cash to the Company, including \$25,000 cash upon signing of this agreement, \$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.
  - Prior to the IPO of Newco, GRC shall offer the Company the opportunity to buy up to 10 % of any pre-IPO seed stock, at the same price agreed between for all pre-IPO seed capital participants and GRC.
  - GRC will also deliver to the Company, for no consideration, rights to 5-per-cent additional equity in Newco at the time of and as part of the IPO, by means of an issue of unlisted warrants, at an exercise price and term to be determined by GRC immediately prior to the IPO of Newco.
  - GRC agrees to complete a minimum \$500,000 exploration program on the Baffin project by December 31, 2009.
  - GRC reserves one seat on the board of directors of Newco for the Company.
- The terms and conditions as agreed are subject to the underlying agreements between the Company and BHP Billiton, and between the Company and Xstrata, such that GRC shall assume all obligations and considerations to Xstrata and BHPB under those agreements.
- A portion of the cash proceeds from this deal will be used by the Company to complete recently executed agreements between the Company and BHP Billiton announced on January 14, 2008, and between the Company and Xstrata announced on May 12, 2008, subject to successful completion of the Newco IPO.

#### ***Hermitage Uranium Project, Newfoundland***

- On February 14, 2008, the Company reported that it earned a 100 % interest in the Blue Hills and White Bear Properties that make up a large portion of the Hermitage uranium project in southern Newfoundland. This part of the belt hosts most of the known uranium occurrences. The Company paid the final \$40,000 and issued 81,000 shares of the Company to the vendors to complete the earn-in subject to a 2 % royalty with a buy-back of 50 % of the royalty for \$1 million.
- The company also reported results from the exploration work program completed late in 2007 as follows:
  - An Induced Polarization (I.P.) survey completed at Troy’s Pond detected a weak I.P. chargeability response coincident with a significant interval of uranium mineralization intersected in drill hole last year. The anomaly strengthens 100 metres to the west, then continues for a further 200 metres along strike of the host rock sequence to the end of the survey grid, beyond which the anomaly is open. A second I.P. anomaly, located in an

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overburden-covered area north of the known mineralized zone, is 300 metres long and opens beyond the survey limit.

- I.P. surveying at the Quinlan uranium prospect, located 10 kilometres to the east of Troy's Pond, detected an anomaly several hundred metres long corresponding to an area with uranium in bedrock. The structural trend hosting the uranium in this area extends for more than 800 metres.
- At the He1A target, composite chip samples from four trenches returned three assays ranging from 0.12 % to 0.18 %  $U_3O_8$  and four with values from 0.02 % to 0.07 %  $U_3O_8$ . A 175 metre long trenched area at He2 contained bedrock uranium mineralization grading up to 0.13 %  $U_3O_8$ .
- At the Doucette Prospect, a radon gas anomaly extends for 300-400 metres east of the area drilled in early 2007 and is open to the southeast. A newly discovered radiometric boulder field found east of the Doucette prospect contains values of 0.28 % and 0.36 %  $U_3O_8$ . Approximately five kilometres east of the Doucette prospect, a significant radon gas anomaly extends 200 metres eastward from the WB1 and WB2 uranium prospects and westward for a further 150 metres on the opposite side of a 100-metre wide river. A second, northwest trending radon gas anomaly, found approximately 150 metres to the north of the WB1 and WB2 prospects, extends 200 metres northwest from the river and is open at the end of the survey area. Another radon gas anomaly, detected at the southern margin of the main five square kilometre survey grid, is 500 metres long and is open to the south.
- A radon gas anomaly extends for 200 metres east of the White Bear #3 (WB3) uranium prospect and remains open. Bedrock uranium mineralization grading 0.17 %  $U_3O_8$  over 1.15 metres was discovered in the vicinity of WB3 and additional radiometric boulders grading up to 0.48 %  $U_3O_8$  were found within 50 metres of the WB3 bedrock mineralization.

#### *South Voisey's Bay Nickel properties*

##### *Subsequent Events*

- The Company commenced a 50 line kilometre UTEM-EM survey on its Sarah Lake, Adlatok1, Sally and Sadie properties in April 2008 to better define and assess the conductors and prioritize targets for drill testing. The geophysical survey was on going at the date of this report. Drill target prioritization using integration of the new survey data with existing geological, geochemical, and geophysical data may lead to an aggressive drill program later in 2008.
- On May 22, the Company reported the discovery of a significant geophysical anomaly interpreted to be caused by a large buried massive sulphide body on the Company's nickel properties in Labrador. The anomaly represents a high priority drill target. The anomaly, discovered during the electromagnetic (EM) survey on the Adlatok 1 and Sally nickel properties in the South Voisey's Bay area, is large, ovoid shaped and has a very strong response. It is approximately 600 x 700 metres in size and varies in depth from 100 to 300 metres. A second anomaly is smaller in size and somewhat lower in intensity, but both are likely caused by near flat lying bodies of massive sulphide, which is the main target for the setting of Voisey's Bay type nickel deposits. The EM survey work, including five grids, was on-going as at the date of this report

The host to the two strong conductors appears to be a flat lying formation which is typical of the nickel bearing gabbros in the South Voisey's Bay area. From the geophysical signatures, the gabbroic bodies appear to underlay much of the Adlatok 1 and Sally properties, which is the first time these highly potential host rocks are indicated to appear this far to the east at South Voisey's Bay. As the eastern limits of this highly prospective host rock has not been established, and appear within a few 100 metres of the eastern property boundaries, the Company staked close to 700 new claims to the cover the potential extension of the favourable geology.

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#### *Other Properties*

##### **Olympic-Rob (copper-gold), Yukon**

- Fjordland elected not to proceed with the second term as defined in the Letter of Intent between the parties dated August 2, 2006. However, Fjordland did not meet the minimum drill footage required as part of the committed expenditures in agreement and, as a result, the Company is seeking compensation from Fjordland for the shortfall. At the date of this report, negotiations were on-going to reach a settlement with Fjordland.

#### *Subsequent Events*

- On May 8, 2008 the Company reported that it had attracted a new partner to the property under a letter agreement (LOI) with Global Resources Corp. Pty. Ltd. (“GRC”) a privately held Australian company. The terms of the agreement are as follows:
  - GRC has the right to earn an initial 50-per-cent 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 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-per-cent 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.

##### **Despinassy (gold), Quebec**

- During the Quarter, the Company reported the sale its 24.5 % participating interest in the Despinassy Project, Quebec to majority partner, Alto Ventures Ltd. (“Alto Ventures”). The Company received a cash payment of \$375,000 and 1,875,000 treasury shares of Alto Ventures on March 4. The Company retains a 1 % NSR on 83 claims and 0.25 % NSR on 30 claims, subject to Alto Ventures’ right to buy-down the NSR on the 83 claims to 0.5 % for \$500,000.

#### *Other Events or Activities during the quarter*

- On January 10, 2008, the Company reported the resignation of Albert Reeve as a Director for the Company. Mr. Reeve will remain as a technical advisor to the Company. The Company thanks Mr. Reeve for all of his time and effort as a Director and looks forward to his continued input in the advisory capacity.
- On February 7, 2008, the Company announced the grant of 865,000 incentive stock options to officers, Directors, 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 \$0.18 per share, and are subject to the policies of the TSX Venture Exchange.
- On March 25, 2008, the Company received a notice from its U.S. legal counsel stating that the Company’s Form 15 was filed with, and accepted by, the U.S. Securities and Exchange Commission on December 6, 2007. Pursuant to the terms of SEC Rule 12g-4, the Exchange Act registration of the Company's common shares was terminated by operation of law, effective March 5, 2008.

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### Subsequent Events to the Quarter ending March 31, 2008

- On April 8, 2008 the Company reported the acquisition of a significant copper and zinc property in Nunavut, Canada. The property consists of the *Storm Copper Zone* that includes four near-surface, high-grade centres of copper mineralization, within a seven-kilometre-long mineralized structural corridor, and the *Seal Zinc Zone*, which is adjacent to tidewater.

The Company plans to complete a National Instrument 43-101 compliant technical report to verify the historical data and resources, if any, and plans on compiling and evaluating large quantities of geological, geophysical and geochemical data in order to define priorities and develop a strategy to advance the property.

The Company was awarded three prospecting permits valid for a term of five years. The total cost of the acquisition was about \$15,000, which will be refunded upon completion of an equivalent amount of exploration work within the first two years. The entire property covers about 154,000 acres (62,320 hectares) on the northwest corner of Somerset Island, Nunavut, extending from tidewater inland for about 40 kilometres. The property is about 150 kilometres south of the commercial airport and service centre of Resolute Bay on neighbouring Cornwallis Island. The Polaris mine has shipped lead and zinc concentrates from this region for 20 years.

The property was discovered and explored by Teck Cominco Ltd. between 1995 and 2000, during which time a total of 67 shallow holes were drilled on the Storm Copper area and 31 holes were drilled on or in the vicinity of the Seal zinc zone. Work on the property ceased in 2001 due to weak metal prices and the soft metal markets. The mineral claims lapsed over the subsequent six years as the credits ran out. The Company's acquisition of the property was confirmed on April 1, 2008.

All of the geological information contained in this release including assay intervals and descriptions of mineralization was taken from publicly available assessment reports and assay data filed with the Nunavut government by Teck Cominco. The Company has not verified these data.

#### *Storm Copper Zone*

- Four zones of copper mineralization, named 2200N, 2750N, 3500N and 4100N are hosted by Paleozoic carbonates, outcrop at surface and extend to depths of at least 100 metres. These are located within 16 to 20 kilometres of tidewater. The 4100N zone, the largest discovered, contains a consistent interval of copper mineralization starting at a depth of about 50 metres from surface based on 17 widely spaced diamond drill holes. The zone extends over an area of at least 1,000 metres by 400 metres and remains open. Examples of drill intersections from this large zone include:
  - 3.5 % Cu over 17.2 metres;
  - 2 % Cu over 10.2 metres;
  - 2.33 % Cu over 4.9 metres;
  - 1.14 % Cu over 52.2 metres, including 2.41 % Cu over 7.3 metres;
  - 1.16 % Cu over 52.2 metres, including 3.27 % Cu over 10.2 metres.
- The other three zones have potential as indicated by the following drill intercepts.
  - 2750N zone (exposed at surface over at least 200 metres of strike):
    - 2.92 % Cu over 105 metres starting at surface including 5.09 % Cu over 53.9 metres;
    - 3.1 % Cu over 58.4 metres including 4.54 % Cu/35.5 metres and 9.56 % Cu over 13.3 metres.
  - 2200N zone (exposed at surface over 500 metres of strike):
    - 2.46 % Cu over 26 metres starting at surface and including 3.76 % Cu over 15 metres;
    - 1.56 % Cu over 50.9 metres starting at surface including 9.29 % Cu over 6.4 metres from surface and 1.93 % Cu over 10.6 metres at a depth of 38 metres.
  - 3500N zone (exposed at surface over a 300-metre strike length):
    - 0.96 % Cu over 95.6 metres including 2.2 % Cu over 12.6 metres starting at 7.6 metres and 3.09 % Cu over 8.2 metres at a depth of 33.4 metres;
    - 0.62 % Cu over 80.3 metres from surface including 1.58 % Cu over 11.8 metres.
- Chalcocite and bornite are the dominant copper sulphides, which is significant since both minerals contain much higher copper content than chalcopyrite and therefore result in a high-grade copper concentrate.

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#### *Seal Zinc Zone*

- The Seal zinc zone is located on tidewater, 20 kilometres to the west from the centre of the copper mineralization and within the same structural trend. The Seal zone is stratabound, consisting of massive-to-disseminated and vein-fill sphalerite, marcasite and minor pyrite hosted by a clean, white sandstone unit that is stratigraphically below the main copper mineralization at Storm Copper. 14 holes drilled on the target intersected high-grade zinc mineralization hosted by a sandstone unit, and includes historical drill intercepts up to 10.5 % Zn and 28 g/t Ag over 18 metres of drill core. Drilling also identified intense hydrothermal alteration extending over a 600-metre-long, 150-metre-thick zone in the footwall carbonate units to the main massive sulphide zone.
- Victor Tanaka announced that he was not standing for re-election as a Director of the Company in May 2008 but would remain as a Technical Advisor to the Company.

## **Main Projects**

### **South Voisey's Bay Nickel, Labrador**

The Sarah Lake property covers a portion of the extensive Pants Lake gabbro complex, which is similar in age and chemical composition to the intrusions that host the 150 Mt. Voisey's Bay nickel deposit. Large areas of the key basal contact of the gabbro lie within a few hundred metres of the surface and significant areas have not been sufficiently explored for nickel-bearing massive sulphide accumulation. Government geologists have calculated that a very large volume of nickel metal has been removed from the gabbro melt and it is interpreted that the nickel has been concentrated in magmatic sulphides during the injection of the intrusion(s). The location of this concentration has yet to be discovered.

In a 2000 publication by the government of Newfoundland and Labrador (by A. Kerr), sulphide mineralization from the Pants Lake gabbro is described as "texturally and mineralogically similar to Voisey's Bay" and that "virtually all of the gabbroic rocks are depleted in Ni and Cu, a result of interaction with sulphidic liquids." In addition, the publication goes on to say that "the potential of the Pants Lake area is far from fully tested as the intrusion has a surface area about 100 times larger than the Voisey's Bay intrusion."

Previous work indicates that a large portion of the North gabbro-black gabbro phase of the Pants Lake complex underlies the Sarah Lake property. This portion of the North gabbro is associated with numerous nickel-sulphide intersections ranging from 0.5 % nickel to 11.9 % nickel on the property immediately to the west of Sarah Lake. For example, historical intersections located less than one kilometre to the west of the Sarah Lake property reported from the Donner/Northern Abitibi joint venture included 11.9 % nickel, 9.6 % copper over 1.10 metres in the footwall (hole 97-75); 1.13 % nickel, 0.78 % copper over 15.7 metres in gabbro (hole 97-96); 4.49 % nickel, 2.6 % copper over 0.20 metre in gabbro (hole 98-131).

The North gabbro in this area contains several other geological characteristics that are associated with Voisey's Bay nickel, such as leopard-spot textures and assimilation by the gabbro of large volumes of local country rock. Furthermore, the latest work showed that very little of the North gabbro has been tested by drilling here, leaving ample room for a Voisey's Bay-sized deposit.

Previous geophysical surveys located discrete conductors at a depth coincident with the interpreted base of the North gabbro. Since high-grade nickel-sulphide deposits are usually highly conductive, the companies have decided to undertake an extensive low-frequency electromagnetic (EM) survey on the Sarah Lake property, using the well-known UTEM system to better define the existing anomalies and identify new prospective targets.

About three kilometres to the north of the Sarah Lake property, the Sally, Sadie and Adlatok 1 properties form a contiguous block adjoining the Sarah Lake property. Work by the Company in the western portion of this block identified a highly contaminated gabbro which appears to extend eastward. A reconnaissance AMT-EM survey (audio-magneto-telluric) identified three apparent conductors on these properties on lines spaced one kilometre apart.

The company owns 48.2 % of the Sarah Lake property, 59.9 % of the Adlatok 1, and 100 % of Sally and Sadie. Donner is the operator of the Sarah Lake joint venture and the Company is the operator of the Adlatok 1 joint venture.

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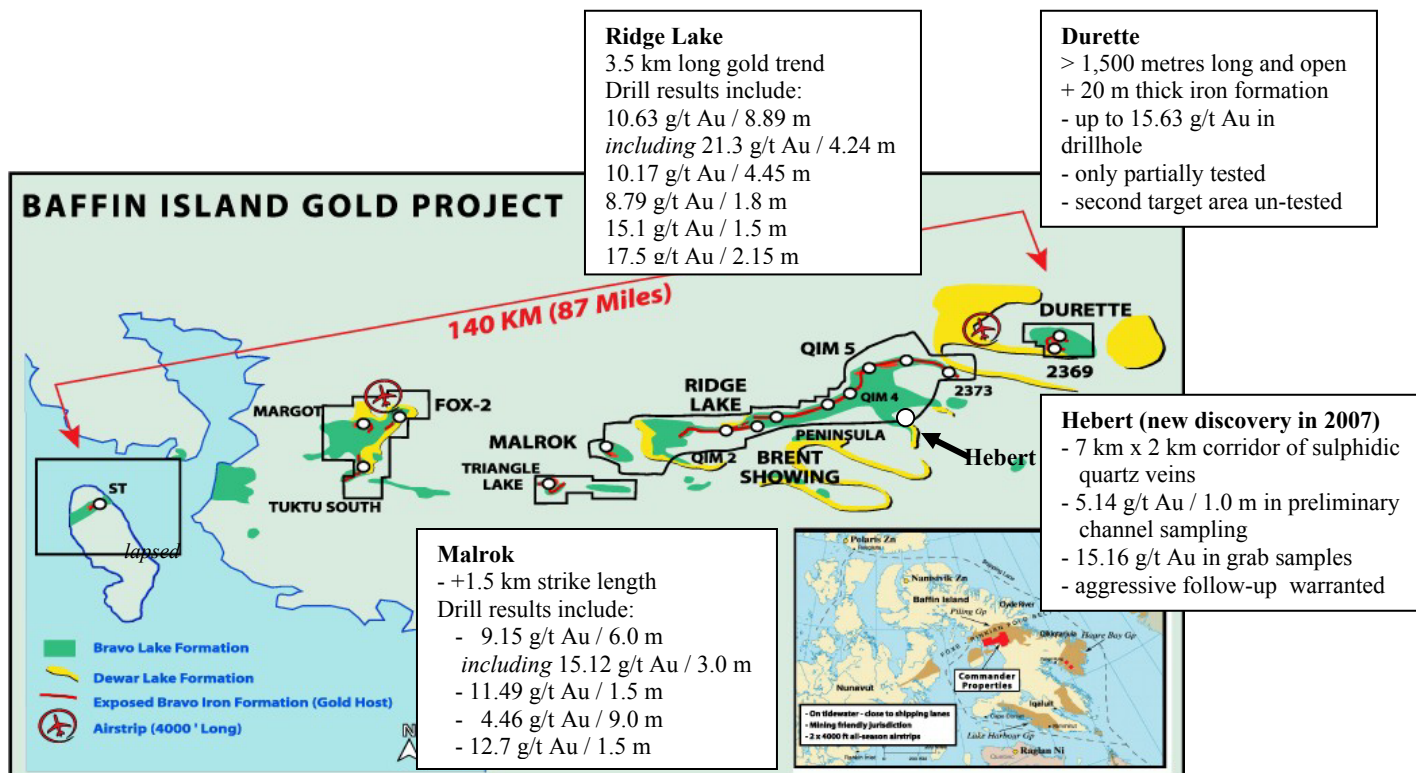
**Baffin Island Gold Project, Nunavut**

Seventeen (17) gold prospect areas occur over a strike length of 140 kilometres on central Baffin Island, Nunavut. The primary exploration target is iron formation-hosted gold similar to the Proterozoic iron formation-hosted Homestake gold deposit in South Dakota, USA.

High-grade gold values occur in at least three separate iron formation units and within shear zones and quartz veins in younger granodiorite, gabbro, and sedimentary units. In each of the different settings, gold occurs primarily as free gold, disseminated, within quartz veins and associated with arsenopyrite. The most advanced prospects are Malrok, Ridge Lake, and Durette. The Brent Shear Zone, discovered in 2006, and the Hebert trend discovered in 2007, represent new and potentially significant target types on the property. In 2007, the main zones, **Ridge Lake** and **Malrok** were not drilled due to budgetary constraints and the fact that both now require extensive and detailed drilling to outline potential resources.

The Baffin Island Property consists of two separated properties named Qimmiq and Bravo Lake, subject to two separate option agreements. The project area consists of flat rolling hills of exposed rock and tundra located on tidewater and dotted with deep lakes providing access to water throughout the year. In addition, the Company has temporary access to two “Distant Early Warning” (DEW line) radar stations each with an operational 4,000 foot airstrip. Access to the camp and field is via fixed wing and/or helicopter.

The Company engaged GeoVector Management Inc. of Ottawa to manage the field program in 2006 and 2007.



**Qimmiq Property**

On June 18, 2003, the Company entered into an option agreement with BHP Billiton Diamonds Inc. (“BHP Billiton Diamonds”) on Nunavut Tunngavik Incorporated (“NTI”) leases on Baffin Island, Nunavut. Malrok, Ridge Lake, Brent, and the Hebert zones are located on the Qimmiq property along with several of the other gold prospect areas. The Company incurred sufficient expenditures through 2005 to vest a 50 % interest in the property. Since the initial date of the agreement, the property has been reduced to five (5) leases totalling 58,000 acres (23,600 hectares).



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#### **Malrok**

Diamond drilling at Malrok in 2004 confirmed the continuity of the iron formation with potential for high-grade gold zones. The Malrok zone is composed of iron formation traced through surface sampling and drilling over a strike length of approximately two kilometres. The horizon varies in thickness from approximately 0.5 to greater than nine metres. Surface samples returned high-grade gold assays of up to 212 g/t gold and drilling results down to 50 metres depth included 15.12 g/t gold over 3.0 metres and 12.1 g/t Au over 3.3 metres. The iron formation and gold mineralization extends down-dip from surface for at least 130 metres and remains open along strike and down dip.

#### **Ridge Lake**

The Ridge Lake Prospect, located 30 kilometres east of Malrok, contains a 3.5 kilometre strike length of gold-bearing iron formation as determined by geological mapping, sampling and geophysics. At Ridge Lake West, surface rock chip and channel samples returned assays up to 40.27 g/t gold over 1.0 metre. Twelve diamond drill holes totaling 800 metres were completed in 2004 over a strike length of approximately 1.3 kilometres confirming the surface results. The best hole, RLD-04-02 contained 17.48 g/t gold over 2.15 metres including 31.34 g/t gold over 1.15 metres at a depth of less than 30 metres from surface. At Ridge Lake East numerous high-grade gold rock chip and channel samples were received from the sampling program including 107.1 g/t gold over 0.6 metres. Some of the best gold values occurred over an area of approximately 100 x 25 metres where a section of thickened iron formation was exposed in outcrop.

In 2005, drill hole 05-35 cut 10.63 g/t gold over 8.89 metres including 21.30 g/t gold over 4.24 metres at a depth of 89 metres within the lower gold-bearing sulphide iron formation unit down-dip from a high-grade surface outcrop containing 15.4 g/t gold over 1.9 metres. Holes drilled 50 to 80 metres to the west and north of 05-35 intersected the same thick gold-bearing lower iron formation at shallower depths with gold grades ranging from 2.8 g/t to 5.4 g/t gold. Additional drill holes were successful in extending the gold system for more than 600 metres in strike length with good results from the same lower sulphide iron formation in an area where a hole drilled in 2004 contained 17.48 g/t gold over 2.15 metres. In 2006 drill hole 06-50, located 50 metres to the southwest of hole 05-35, intersected 10.17 g/t gold over 4.45 metres, including 15.96 g/t gold over 2.85 metres at a depth of 105 metres. Hole 06-55, drilled a further 50 metres to the southwest intersected 8.79 g/t gold over 1.80 metres, defining a southwest plunging high-grade gold shoot. Hole 06-62 drilled as a 150 metre step-out to the southwest of RLD-05-44 (15.13 g/t gold over 1.67 metres) intersected 2.02 g/t gold over 2.09 metres indicating that the system is open to the west, southwest and south in that area.

Two new gold mineralized zones were discovered in 2006, the Brent Shear Zone and the Gabbro Shear Zone. The Brent Shear zone, located five kilometres southwest of Ridge Lake consists of a 1,400 metres long shear zone with well developed quartz veining that contains arsenopyrite and pyrrhotite. Surface grab samples returned up to 113.95 g/t gold with 21 of 66 samples assaying greater than 5 g/t gold. Two test holes, drilled 100 metres apart, confirmed the gold potential of the shear zone. The best result was 6.41 g/t gold over 1.0 metre. At Ridge Lake, a second, similar shear zone, located 1.8 kilometres west of 2005 drill hole RLD-05-35 contained 3-5 %, disseminated, medium to coarse grained arsenopyrite over a strike length of 250 metres. Six grab samples from this zone contained 1.34 to 9.23 g/t gold. This target was not drill tested.

In 2007, three (3) holes for 460 metres were drilled on Ridge Lake East, four (4) holes for 497 metres on the Brent Zone, and two (2) holes for 415 metres on the Peninsula Prospect. At the Peninsula prospect, two holes drilled two kilometres apart along a previously untested six-kilometre portion of the property intersected a gold-bearing iron formation similar to the high-grade gold zone at Ridge Lake. One of the holes intersected 3.59 g/t over 1.27 metres, including 8.16 g/t over 0.50 metres confirming the potential of this area. An additional shear zone with modest gold values was discovered at Brent.

#### **Hebert Trend**

Prospecting in 2007 discovered a new, potentially significant mineralized trend called "Hebert" that covers a seven kilometre by two-kilometre area consisting of quartz veins carrying arsenopyrite, pyrrhotite, and minor galena. Fifty-three one-metre long surface channel samples were collected from a small portion of the trend. Results ranged from 0.99 g/t gold to 5.14 g/t gold over one metre. Two sections of channel samples outlined continuous gold mineralization with 2.18 g/t gold over 3 metres and 1.12 g/t gold over 4 metres. Grab samples from the veins carried 13.65 g/t gold, 14.81 g/t gold, 15.16 g/t gold and 6.55 g/t gold.

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#### **Bravo Lake Property, Nunavut**

On August 21, 2003, the Company entered into an option agreement with Falconbridge Limited (now named Xstrata Canada Corporation, "Xstrata") on twelve Nunavut Exploration Permits on Baffin Island, Nunavut. In the fall of 2005, the Company staked nineteen (19) 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).

##### **Durette – 2369 Area**

At the Durette Showing eight rock chip samples assayed > 5 g/t gold including values of 41.1 g/t gold and 46.95 g/t gold. The target iron formation was traced for approximately one kilometre. At the 2369 prospect results of up to 7.5 g/t gold were received from the iron formation near the axis of a large syncline and up to 9.5 g/t gold from samples along the southern limb of the syncline. The iron formation was traced intermittently for several kilometres and may be continuous with the Durette Showing sequence.

Significant arsenopyrite and intense silicification were associated with gold values in the samples collected. Presence of a large synclinal fold, secondary folds and varied bedding attitudes are evidence for structural complexity and potential thickening of the iron formation.

Further work completed in 2005 included extensive chip and channel sampling along a 500 metre strike length. Forty samples exceeded 1 g/t gold, with ten of these samples ranging from 11 to 47 g/t gold. The best channel sample results were 29.8 g/t gold over 2.0 metres and 18.0 g/t gold over 2 metres.

Diamond drilling on the Durette prospect in 2006 produced initial results of 9.61 g/t gold over 1.56 metres at a depth of 14.30 metres within a 19 metre thick highly silicified iron formation which appears to be thickening to the northwest. This trend is open and continues to the west under cover for 300 metres and into the area where a surface sample collected in 2005 assayed 17 g/t gold.

In 2007, five (5) holes totalling 550.5 metres drilled along a 500-metre long EM conductor tested the area of mineralization intersected in DUR-06-03 (2006). The 2007 drilling intersected thick intervals of silicate iron formation (SIF) ranging from 5 to 30 metres thick and carrying variable amounts of arsenopyrite and pyrrhotite. A high grade assay of 15.23 g/t gold was intersected over 0.83 metres within a 7.02 metre interval grading 2.08 g/t gold in hole Dur-07-09, the easternmost hole drilled at Durette. The gold-bearing intersections (DUR-07-07, 08, 09 and 10) occur over a strike length of 225 metres and within 40 metres of surface and are open at depth and along strike. This zone is completely open to the east, where the Durette gold zone trends into a large, shallow lake and the conductor is continuous to the last line at lakeshore.

The offset portion of the Durette conductor continues for a further 1500 metres to the west. This offset has not been tested by drilling and is largely covered by overburden. A separate discrete conductor, located one kilometre to the southwest of Durette is 900 metres in length and associated with previously reported surface gold values grading up to 9.5 g/t gold (2369) from prospecting samples.

#### **Hermitage Uranium Project, Newfoundland**

The Hermitage Uranium Project is located north of the port town of Burgeo in southern Newfoundland and is intersected by Highway 480 and a major power-line. In 2005, the Company assembled approximately 99,200 acres (40,000 hectares) of land in southern Newfoundland covering a strike length of more than 100 kilometres through two separate option agreements and 1,600 claims staked on-line. The property is now 447,300 acres (180,400 hectares) in size covering a strike length of 144 kilometres. The Project includes the contiguous Hermitage Property, Strickland Property and Cochrane Pond Property. In addition, the Company now owns 100 % of the adjacent Hermitage East and Hermitage West properties which were previously owned by Bayswater.

The property area is 90-95 % covered by thin overburden, on the order of a few metres to ten metres, with limited outcrop exposure. Detailed ground follow-up of airborne survey data included prospecting, mapping, magnetic surveying, alpha track surveying, soil sampling, and channel sampling on specific uranium showing areas and airborne anomalies. A preliminary diamond drill program, consisting of 4,569 metres in 31 holes, tested six target areas between November 2006 and May 2007.

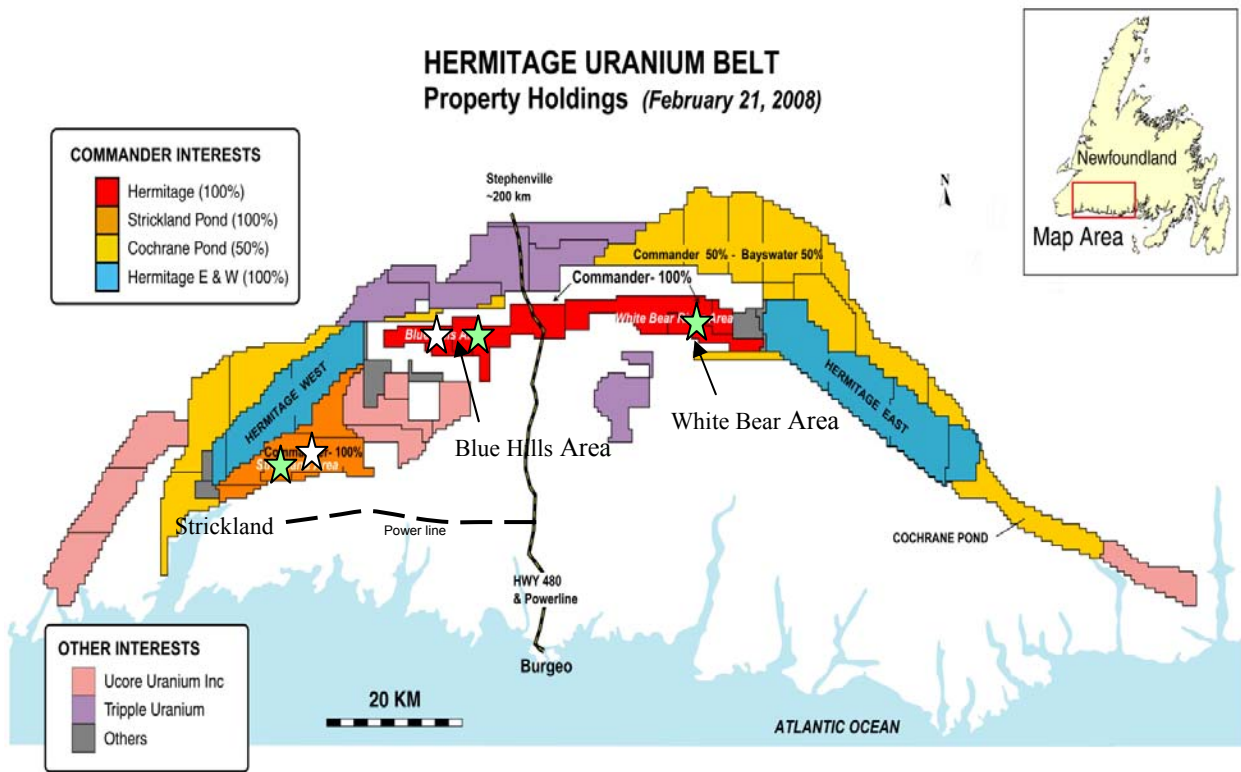
**Management Discussion and Analysis**  
**For the Period Ended March 31, 2008**

Uranium mineralization is interpreted to be predominantly stratabound hosted by sandstone and felsic volcanic rocks of Ordovician age (450 million years) in the southwest portion of the Gander Tectonic Zone of Newfoundland, intruded and underlain by radiogenic granite bodies and cut by the regional Hermitage flexure structural zone.

Work to date on the property has confirmed that:

- Uranium occurs in bedrock beneath a thin veneer of overburden - the property is 90 % overburden covered;
- Uranium-bearing boulders are locally derived with indicated movement of only 100 to 500 metres;
- The property is located in an excellent logistical location within the right geological setting for the development of uranium resources;
- Both grade and width potential are indicated from the first pass drilling - 60 % of the holes hit uranium; and,
- The mineralized intervals are open away from the areas drilled and have the opportunity for increase in thickness and/or grade along strike.

Several techniques that may help to define mineralized trends include radon gas (track edge) surveys, ground spectrometer surveys and soil sampling in conjunction with ground magnetics. Trends identified with these techniques are several hundred metres in length and are open due to lack of coverage.



## Management Discussion and Analysis

### For the Period Ended March 31, 2008

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#### Hermitage and Strickland Properties

On March 16, 2005, the Company entered into an option agreement with a private consortium based in Newfoundland to earn a 100 % interest in the Blue Hills and White Bear River uranium properties over a four year term by making cash payments of \$82,200, issuing 201,000 common shares, a warrant, and completing \$1,000,000 in exploration work. The agreement is subject to a 2 % of Net Smelter Returns Royalty for the vendors with a buy-back of one-half of the royalty for \$1.0 million.

On April 22, 2005, the Company completed a second option agreement to earn a 100 % interest in the Couteau Lake property from prospector Lai Lai Chan over a four-year term by making total cash payments of \$60,000, issuing 150,000 common shares, and completing \$300,000 in exploration work. The agreement is subject to a 2 % Net Smelter Returns Royalty for the vendor with a buy-back of one-half of the royalty for \$1.0 million.

In the fall of 2005, the Company acquired an additional 1,600 claims (99,200 acres, 40,000 hectares) covering the Hermitage Flexure and tying together the Blue Hills and White Bear River properties within the Blue Hills and White Bear option agreement.

On June 26, 2006, the Company staked 147 claims on the Strickland Property totalling 9,100 acres (3,675 hectares) located to the south of Bayswater's Hermitage West property.

#### Hermitage Property

##### White Bear

At least six uranium showings (HE-2, Doucette, HE-1, #3, HE-9, HE-18A, and HE-1A) are located within a four kilometre x seven kilometre overburden-covered area. The He2 target area consists of a 500 metre diameter airborne radiometric anomaly within which clusters of angular sedimentary boulders carried uranium values up to 3.1 % U<sub>3</sub>O<sub>8</sub> in composite chip samples. At Doucette, located three kilometres east of He2, the target is highlighted by uranium values in angular magnetite-bearing boulders ranging up to 1.3 % U<sub>3</sub>O<sub>8</sub> (in composite chip samples). The He1A target consists of numerous uranium-bearing boulders, nine of which assayed between 0.10 and 0.28 % U<sub>3</sub>O<sub>8</sub> in composite chip samples. At the site of airborne radiometric anomaly He-18A, two small angular boulders assayed 0.35 % U<sub>3</sub>O<sub>8</sub> and 0.07 % U<sub>3</sub>O<sub>8</sub>. These boulders, considered to be close to source, are geologically similar to the He-2 prospect. All of these targets have coincident radon gas anomalies.

The Company drilled six (6) holes (898 metres) in 2007 in the He2 target area and seven (7) holes (1,232 metres) in the Doucette target area. Two holes at Doucette and one hole at He2 returned values up to 0.11 % U<sub>3</sub>O<sub>8</sub>. At He2, a radon gas anomaly extends for more than one kilometre northeast along strike from the current drilling. The magnetic pattern indicates that permissive rock units at Doucette extend for several kilometres to the east from the drilled area. Anomalous values up to 0.02 % U<sub>3</sub>O<sub>8</sub> at He1A prospect came from two holes drilled 50 to 150 metres up-ice from uranium bearing boulders. In several other drill holes, intervals ranging from one to four metres thick carried anomalous uranium values.

The Company completed a follow-up program of trenching, soil sampling, track-edge surveying and geophysics in the fall designed to expand and better define uranium zones intersected in the first stage drill program and to develop targets for wider intervals of better uranium grades.

##### Blue Hills

On the Blue Hills area seven (7) holes (993 metres) drilled on the Main Showing intersected low levels of uranium mineralization hosted in a thick sequence of brecciated felsic volcanics associated with strong silica and sericite alteration. A fault may have offset the more significant portion of the mineralized zone tested at surface.

#### Strickland Property

Drilling in late 2006 intersected anomalous radiometric zones on the ST-129 and Troy's Pond prospects. At Troy's Pond, the best hole intersected, 0.045 % U<sub>3</sub>O<sub>8</sub> or 1.0 pound per tonne U<sub>3</sub>O<sub>8</sub> over 4.3 metres within a broader zone 15.5 metres wide grading 0.021 % U<sub>3</sub>O<sub>8</sub> within 40 metres of surface. The other two holes at Troy's Pond intersected anomalous uranium values (65 ppm to 275 ppm U<sub>3</sub>O<sub>8</sub>) over 0.5 to 1.5 metres. At the ST-129 prospect, narrow intervals of anomalous uranium

## **Management Discussion and Analysis**

### **For the Period Ended March 31, 2008**

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included 0.084 % U<sub>3</sub>O<sub>8</sub> over 0.5 metres, 0.053 % over 0.3 metres, 0.03 % U<sub>3</sub>O<sub>8</sub> over 0.5 metres and 0.023 % U<sub>3</sub>O<sub>8</sub> over 0.8 metres. These intervals occurred within wider zones of anomalous uranium mineralization.

#### **Quinlan Option**

On August 16, 2006, the Company announced that it had entered into an option agreement with prospectors E. and R. Quinlan to purchase claims surrounded by the Strickland Property. The Company may earn a 100 % interest in the claims through cash payments totalling \$43,000 and by issuing 160,000 common shares of the Company over a four-year period. The vendors will retain a 2 % NSR, half of which the Company may buy back at any time for \$1 million. Payments and share issuances are current through August 2008.

In 2006, the Company's prospecting crew located a strong radiometric occurrence in a brecciated and highly altered and sheared host rock in the approximate area where Shell Minerals reported 0.19 % U<sub>3</sub>O<sub>8</sub> in the 1980's. A new area of mineralized sub-crop found about 500 metres west of this showing contain at least four separate uranium-bearing stratigraphic units within a 12-15 metre wide zone that extends over an 800 metre long structure/contact zone. Twenty grab samples were collected from first pass prospecting, all anomalous in uranium, including three samples greater than 0.10 % U<sub>3</sub>O<sub>8</sub> and eight greater than 0.02 % U<sub>3</sub>O<sub>8</sub>.

#### **Murphy Option**

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 3,212 acre Murphy property strategically located east and contiguous with the Company's Hermitage Property. The first year obligations attributable to the Company included a cash payment of \$12,500 (paid) and issuance of 80,000 shares of the Company to Bayswater (issued), and funding \$50,000 in exploration expenditures.

The Company's share of optional obligations following the first year included additional cash payments of \$175,000, issuing to Bayswater shares in the Company equal to 450,000 shares of Bayswater over three years and contributing \$450,000 in exploration expenditures over four years. The underlying owner retained a 10 percent property interest carried to commercial production with an option to convert the interest to a 3 percent net smelter return royalty (NSR) prior to production. The NSR included a buy-down provision to 2 percent for \$2 million.

Bayswater and Commander completed approximately \$34,000 of the required \$50,000 expenditures and elected not to proceed with the option. The shortfall in the required expenditures was paid to the vendor in cash.

#### **Hermitage East and West**

On November 3, 2005, the Company entered into an agreement with Bayswater Uranium ("Bayswater") and Pathfinder Resources Ltd. ("Pathfinder") amalgamated in August 2006) in conjunction with the acquisition by Bayswater of 1,429 claims aggregating 35,725 hectares to the east and west of the Company's property. In consideration, the Company received a 2 % NSR on all commodities produced from the claims staked by Bayswater and was issued 150,000 common shares of pre-merger Pathfinder for providing to Pathfinder certain geological and technical information that was used by Pathfinder in staking the Hermitage East and West properties. Bayswater is a related party to the Company by virtue of a director in common.

In 2007, Bayswater elected to discontinue its project work on the property and in accordance with the agreement, assigned all of the claims to the Company with a minimum of one years assessment work filed and approved by the government.

## **Results of Operations**

### ***- Current Quarter Results***

During the quarter ended March 31, 2008, the majority of the Company's activities related primarily to drilling operations on the Baffin Island gold project in Nunavut. The mineral property expenditures increased by a total of \$195,753. The Company also incurred total general and administrative expenses of \$287,433 of which \$3,390 was non-cash stock based compensation.

**Management Discussion and Analysis**  
For the Period Ended March 31, 2008

**- Three Months Ended March 31, 2008 compared with the Three Months Ended March 31, 2007**

The Company had no revenues for the periods ended March 31, 2008 and 2007. General and administrative expense of \$287,433 (2007 - \$385,645) represented a \$98,212 decrease over the comparative fiscal period. The decrease was mostly attributable to the \$56,575 decrease in salaries and benefits. Other notable changes include:

- Consulting expense of \$13,890 (2007 - \$32,718) decreased in the three months ended March 31, 2008.
- Investor relations and promotion expense of \$74,756 was about the same as last year. A breakdown is as follows:

|  | For the Three Months Ended |                      |
|--|----------------------------|----------------------|
|  | <b>Mar. 31, 2008</b>       | <b>Mar. 31, 2007</b> |
| Conferences and trade shows              | \$ 41,797                  | \$ 31,345            |
| Consulting, wages and benefits           | 19,024                     | 22,385               |
| Media                                    | 4,368                      | 6,843                |
| Promotion and advertising                | 9,567                      | 14,649               |
| <b>Total Investor Relations Expenses</b> | <b>\$ 74,756</b>           | <b>\$ 75,222</b>     |

- Salaries and benefits expense of \$68,202 (2007 - \$124,777).
- Accounting and audit expense decreased to \$32,915 in the three months ended March 31, 2008, compared to \$50,899 in the same period of 2007.
- Office and miscellaneous expenses were \$40,311 in the three months ended March 31, 2008, compared to \$27,283 in 2007.

For the three months ended March 31, 2007, the Company's profit after tax was \$855,880 (2007 - \$931,963) resulting largely from the future income tax recovery of \$410,312 (2007 - \$1,303,631), mineral property recovery of \$561,257 (2007 - Nil), and gain on sale of marketable securities of \$213,645 (2007 - Nil). The Company did not pay cash dividends during the period.

**Summary of Quarterly Results**

|  | <b>Jun. 30<br/>2006<br/>Q2</b> | <b>Sept. 30<br/>2006<br/>Q3</b> | <b>Dec. 31<br/>2006<br/>Q4</b> | <b>Mar. 31<br/>2007<br/>Q1</b> | <b>Jun. 30<br/>2007<br/>Q2</b> | <b>Sep. 30<br/>2007<br/>Q3</b> | <b>Dec. 31<br/>2007<br/>Q4</b> | <b>Mar. 31<br/>2008<br/>Q1</b> |
|--|--------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Mineral expenditures, net</b>           | \$ 1,304,625                   | \$ 2,364,244                    | \$ 427,780                     | \$ 649,722                     | \$ 929,021                     | \$ 1,916,730                   | \$ 560,247                     | \$ 195,753                     |
| <b>G&amp;A (incl. stock comp.)</b>         | \$ 270,891                     | \$ 221,310                      | \$ 262,973                     | \$ 385,645                     | \$ 326,123                     | \$ 435,566                     | \$ 477,957                     | \$ 287,433                     |
| <b>Stock comp. expense</b>                 | \$ 48,274                      | \$ 48,274                       | \$ (96,548)                    | \$ 106,899                     | \$ 58,626                      | \$ 247,634                     | \$ 255,013                     | \$ 3,390                       |
| <b>Adjusted G&amp;A (less stock comp.)</b> | \$ 222,617                     | \$ 173,036                      | \$ 359,521                     | \$ 278,746                     | \$ 267,497                     | \$ 187,932                     | \$ 222,944                     | \$ 284,043                     |
| <b>Income (loss)</b>                       | \$ 310,561                     | \$ (396,405)                    | \$ (1,209,454)                 | \$ 931,963                     | \$ (292,977)                   | \$ (391,285)                   | \$ (1,318,082)                 | \$ 855,880                     |
| <b>Income (loss) per share</b>             |                                |                                 |                                |                                |                                |                                |                                |                                |
| -basic                                     | \$ 0.01                        | \$ -                            | \$ (0.02)                      | \$ 0.02                        | \$ (0.00)                      | \$ (0.01)                      | \$ (0.02)                      | \$ 0.01                        |
| -diluted                                   | \$ 0.01                        | \$ -                            | \$ (0.02)                      | \$ 0.01                        | \$ (0.00)                      | \$ (0.01)                      | \$ (0.02)                      | \$ 0.01                        |
| <b>Weighted avg. common shares</b>         |                                |                                 |                                |                                |                                |                                |                                |                                |
| -basic                                     | 47,699,912                     | 55,106,372                      | 57,034,643                     | 61,682,789                     | 62,199,648                     | 62,326,737                     | 67,768,616                     | 69,917,308                     |
| -diluted                                   | 61,802,491                     | 55,106,372                      | 57,034,643                     | 72,115,281                     | 62,199,648                     | 62,326,737                     | 67,768,616                     | 83,477,092                     |

## **Management Discussion and Analysis**

### **For the Period Ended March 31, 2008**

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The Company's main exploration projects are on Baffin Island, Nunavut in Canada's far north and in southern Newfoundland. The Baffin project is subject to seasonal working conditions with the main exploration occurring during the spring and summer to early fall periods; therefore, a larger proportion of the expenditures are usually incurred during the second and third quarters.

Since the adoption of the CICA accounting standard for stock-based compensation, the Company's general and administrative quarterly expense has fluctuated significantly. The granting and vesting of stock options is at the discretion of the Board of Directors and the resulting expense does not reflect the normal operations of the Company. The Company has included "adjusted general and administrative expense" without the stock-based compensation expense to be more reflective of normal operations.

#### **Liquidity**

At March 31, 2008, the Company had \$2,457,436 in working capital, which is sufficient to complete the Company's planned business objectives for 2008. The Company is currently actively exploring on its Hermitage uranium, Baffin Island gold project and Labrador nickel properties.

The Company does not have operating cash flow and has relied on equity financings to meet its cash requirements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financings will be favourable.

#### **Capital Resources**

The Company has active option agreements under which the Company is required to meet certain obligations during fiscal 2008 to keep the options in good standing:

- On the Bravo Lake property in Nunavut, as at December 31, 2007, the Company's cumulative exploration expenditures were \$2,116,233, which was sufficient to meet the minimum of \$2,000,000 in aggregate exploration expenditures requirements before December 31, 2007. Expenditures of approximately \$850,000 are required by the end of fiscal 2008.
- On the newly acquired St. George's Bay property in Newfoundland, the Company was required to expend a minimum of \$100,000 before March 1, 2008. As at the date of this report, this minimum expenditure had been met and the option was dropped.
- On the Murphy option in Newfoundland, the Company was required to complete \$50,000 in exploration expenditures by December 6, 2007. As at the date of this report, approximately \$34,000 of this obligation had been spent. The option was dropped and the shortfall in the required expenditures was paid to the vendor in cash.
- On the Couteau Lake option agreement, which covers a small portion of the western portion of the Hermitage property, aggregate expenditures required on the property covered by this agreement are \$180,000 by April 22, 2008. Expenditures to December 31, 2007 total \$133,000.

#### **Off-Balance Sheet Arrangements**

The Company has not entered into any Off-Balance Sheet Arrangements.

#### **Related Party Transactions**

At March 31, 2008, marketable securities included 258,000 common shares of Diamonds North Resources Ltd., a company related by a director in common, Bernard Kahlert; 517,647 common shares of Fjordland Exploration Inc. ("Fjordland") and 29,400 common shares of Bayswater, companies related by a director in common, Victor Tanaka.

The Company shares certain administrative and other costs with four other companies related by virtue of directors in common. Included in accounts receivable is an aggregate of \$11,763 owed by those companies.

During the three months ended March 31, 2008, the Company paid or accrued \$8,601 in legal fees, share issuances and mineral properties costs to a law firm in which a director of the Company, Brian Abraham, is a partner.

Given that the Company's directors and officers are engaged in a wide range of activities in the junior resource industry, the Company operates under the Conflict of Interest provisions found within the Business Corporations Act of British Columbia. In

## **Management Discussion and Analysis**

### **For the Period Ended March 31, 2008**

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addition, management has adopted language from these provisions and incorporated them into the Company's Code of Business Conduct and Ethics.

The Company has entered into an agreement with Bayswater and a Letter of Intent with Fjordland, companies related by a director in common, Victor Tanaka. In both cases, Mr. Tanaka disclosed his potential conflict of interest and abstained from voting on the approval of these matters.

Accounts payable includes \$7,863 due to companies related by directors in common. Related party transactions are recorded at the carrying amount and have no interest or stated terms of repayment.

#### **Proposed Transactions**

None.

#### **Critical Accounting Estimates**

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

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

Another significant accounting estimate relates to accounting for stock-based compensation. The Company uses the Black-Scholes Option Pricing Model. 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/vested during the year.

#### **Changes in Accounting Policies**

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

##### **(a) Comprehensive Income**

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

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

##### **(b) Financial Instrument – recognition and measurement**

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



## Management Discussion and Analysis

### For the Period Ended March 31, 2008

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and losses are included in net income in the period which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income until the instrument is derecognized or impaired. As a result of the adoption of these standards, the Company has made the following classifications:

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

#### (c) Hedges

Section 3865 “Hedges” is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the existing Accounting Guideline 13 “Hedging Relationships” and Section 1650 “Foreign Currency Translation”, by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. At March 31, 2008, the Company had no hedging relationship.

#### (d) 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.

#### (e) 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 instrument, 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.

#### (f) 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.

#### (d) Future accounting changes

- (i) Good Will and Intangible Assets

## **Management Discussion and Analysis**

### **For the Period Ended March 31, 2008**

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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.

#### ( 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.

#### **Financial Instruments**

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

Marketable securities are carried at fair market value. The market value of marketable securities at March 31, 2008 was \$584,422.

#### **Other MD&A Requirements**

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

As at the Report Date, the Company had 69,930,660 issued common shares outstanding and the following unexercised stock options and warrants:

- Stock Options

**Management Discussion and Analysis**  
For the Period Ended March 31, 2008

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| <b>Number of Shares</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|-------------------------|-----------------------|--------------------|
| 161,666                 | \$0.26                | August 20, 2008    |
| 700,000                 | \$0.53                | January 21, 2009   |
| 50,000                  | \$0.64                | February 19, 2009  |
| 692,000                 | \$0.56                | May 18, 2009       |
| 40,000                  | \$0.40                | September 6, 2009  |
| 200,000                 | \$0.40                | September 21, 2009 |
| 383,000                 | \$0.25                | July 19, 2010      |
| 282,000                 | \$0.39                | May 7, 2011        |
| 656,500                 | \$0.30                | June 19, 2011      |
| 415,000                 | \$0.87                | January 2, 2012    |
| 200,000                 | \$0.41                | May 8, 2012        |
| 1,280,000               | \$0.36                | June 7, 2012       |
| 125,000                 | \$0.23                | October 12, 2009   |
| 120,000                 | \$0.19                | December 21, 2012  |
| 865,000                 | \$0.18                | February 7, 2013   |
| <b>6,170,166</b>        |                       |                    |

- Warrants

| <b>Number of Shares</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|-------------------------|-----------------------|--------------------|
| 1,150,000               | \$0.40                | Oct 26, 2008       |
| <b>1,150,000</b>        |                       |                    |

As part of the private placement that occurred in late October 2007, for the 2,300,000 non flow-through units, the Company also granted a half warrant for each non flow-through common unit to purchase 1,150,000 shares at a price of \$0.40 per share prior to October 26, 2008.

Subsequent to March 31, 2008, 5,054,750 warrants exercisable at a price of \$0.50 expired on May 15, 2008.

Subsequent to March 31, 2008, 1,235,650 Agent's warrants exercisable at a price of \$0.50 expired on May 15, 2008.

At March 31, 2008, the Company held mineral properties exclusively in Canada. Exploration activity and expenditures incurred on the Company's properties are detailed in the Mineral Property Expenditure Table on the following page. The Company's principal project is located in Canada's far north which poses an inherent risk associated with exploring due to the remoteness from populated areas, lack of surface infrastructure, and availability of skilled labour, fuel and supplies. Exploration is dependent on air transportation, fixed wing, and helicopter, which are susceptible to bad weather. The unpredictability of the weather can cause unavoidable delays in carrying out a planned exploration program resulting in cost overruns.

## Management Discussion and Analysis

For the Period Ended March 31, 2008

### Mineral Property Expenditure Table

|                              | CMD Major Properties |              |                         |            |           |              |                  |               |
|------------------------------|----------------------|--------------|-------------------------|------------|-----------|--------------|------------------|---------------|
|                              | Baffin, Nunavut      |              | Newfoundland Properties |            |           | Labrador     | Other Properties | Total         |
|                              | 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     | \$ 19,844,016 |
| Additions during the period: |                      |              |                         |            |           |              |                  |               |
| Acquisition costs:           | -                    | -            | 56,200                  | -          | -         | -            | 120,550          | 176,750       |
| Exploration costs:           |                      |              |                         |            |           |              |                  |               |
| Drilling                     | 26,646               | 8,930        | 4,178                   | -          | -         | -            | -                | 39,754        |
| Geochemistry                 | 7,237                | -            | 1,456                   | -          | -         | -            | -                | 8,693         |
| Geology                      | 1,615                | 11,713       | 25,208                  | 3,165      | 660       | 13,358       | 24,750           | 80,469        |
| Geophysics                   | -                    | -            | -                       | 61,426     | -         | 21,553       | 1,000            | 83,979        |
| Mobilization/demob.          | -                    | -            | -                       | -          | -         | -            | -                | -             |
| Property                     | 5,683                | -            | -                       | -          | -         | -            | 3,045            | 8,728         |
| Prospecting                  | -                    | -            | -                       | -          | -         | -            | -                | -             |
| Trenching/line cutting       | -                    | -            | 490                     | -          | -         | -            | 1,100            | 1,590         |
| Administration and Others    | -                    | -            | 1,370                   | -          | -         | -            | -                | 1,370         |
|                              | 41,181               | 20,643       | 32,702                  | 64,591     | 660       | 34,911       | 29,895           | 224,583       |
| Less:                        |                      |              |                         |            |           |              |                  |               |
| Recoveries                   | -                    | -            | (200)                   | -          | -         | (13,200)     | (88,394)         | (101,794)     |
| Write down                   | -                    | -            | -                       | -          | -         | -            | (103,786)        | (103,786)     |
|                              | -                    | -            | (200)                   | -          | -         | (13,200)     | (192,180)        | (205,580)     |
| Net additions                | 41,181               | 20,643       | 88,702                  | 64,591     | 660       | 21,711       | (41,735)         | 195,753       |
| Balance at                   |                      |              |                         |            |           |              |                  |               |
| March 31, 2008               | \$ 9,232,430         | \$ 2,136,876 | \$ 2,703,709            | \$ 923,335 | \$ 92,607 | \$ 1,756,013 | \$ 3,194,799     | \$ 20,039,769 |



# COMMANDER RESOURCES LTD.

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## OFFICERS & DIRECTORS

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*Vice President, Exploration and Director*

Brian Abraham, LLB., P.Geo.  
*Director*

David Watkins, M.Sc.  
*Director*

Michael Chen, CPA, MBA  
*Chief Financial Officer*

Janice Davies  
*Corporate Secretary*

## LISTINGS

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

## CAPITALIZATION

(as at March 31, 2008)

Shares Authorized: Unlimited  
Shares Issued: 69,930,660

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