

Management Discussion and Analysis
For the Six Months Ended June 30, 2004

Description of Business and Report Date

Commander Resources Ltd. ("the Company") is an exploration stage company engaged in the acquisition and exploration of prospective gold, nickel and base metal properties primarily in Canada. The Company is currently focusing its exploration activities on Baffin Island and to a lesser extent on properties in Labrador, Newfoundland, British Columbia and New Brunswick. 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 interim financial statements and the notes thereto for the six months ended June 30, 2004.

This interim Management Discussion and Analysis ("MD&A") is an update to the Company's annual MD&A for the year ended December 31, 2003. The information in this interim MD&A contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The forward-looking statements are only made as of the date of this interim MD&A, July 30th, 2004 (the "Report Date").

Highlights for the Quarter Ended June 30, 2004

- On April 14th, a Board Resolution was passed appointing Kenneth Leigh as CEO of the Company. William Coulter remains Chairman of the Board.
- On April 16th, Donner Minerals notified the Company that Falconbridge was terminating its option on the South Voisey Bay Joint Venture in which the Company has a 48% interest.
- On April 26th, the Company entered into an agreement with Alto Ventures Ltd. ("Alto Ventures") whereby the Company agreed to waive its Right of First Refusal for Cameco Corporation's ("Cameco") 70% interest in the Despinassy Gold Property, Quebec. In return, Alto Ventures agreed to provide the Company with 100,000 treasury shares of Alto Ventures and to carry the Company's 30% interest in the Property for \$150,000 in expenditures for 2 years.
- On May 18th, the Company reported that a strong geophysical conductor was identified on each of the Sally and Adlatok 1 properties in Labrador.
- Exploration work commenced on the Qimmiq, Bravo Lake and Dewar Lake Properties on Baffin Island, Nunavut, in late May. To June 30, 2004, approximately 2,800 line kilometres of airborne Magnetism and ElectroMagnetism were completed on Qimmiq and portions of Bravo Lake. In addition, selective ground geophysics and 18 diamond drill holes totalling about 1,300 metres were completed on Qimmiq during the period.

Management continues to seek quality partners for the Company's portfolio of copper-gold, gold and base metal properties. Currently, the Company is in discussion with potential partners regarding its British Columbia copper-gold properties and Labrador nickel properties.

Subsequent to the quarter end, on July 6, 2004, the Company reported assay results from the first nine drill holes of the 2004 drill program on the Malrok Zone, Qimmiq Project, Baffin Island, Nunavut. Intersections included 15.12 g/t Au over 3.0 metres in hole MND-04-04 and 8.41 g/t Au over 4.23 metres in hole MND-04-05. These intersections were 110 metres and 125 metres, respectively, down-dip from the 2003 channel samples and at depths of less than 30 metres from surface. A complete table of drill assay results may be found under Qimmiq Exploration Results.

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The Company originally budgeted \$2,300,000 for the 2004 exploration programs on Baffin Island. Mobilization costs for the project were higher than anticipated and additional coverage was included in the airborne survey. Subsequent to the period, management decided to increase the program budget by approximately \$1,000,000 to cover these added costs and to allow for additional drilling on the Malrok prospect area.

At June 30, 2004, the Company held mineral properties exclusively in Canada. Exploration activity and expenditures incurred on the Company's properties are tabulated and discussed in more detail below.

	Sarah Lake	Green Bay	Adlatok 1	Sally	Qimmiq	Dewar Lake	Bravo Lake	Other Properties	Total
Balance at December 31, 2003	\$ 1,136,260	\$ 599,997	\$ 109,621	\$ 56,890	\$ 293,385	\$ 126,480	\$ 100,783	\$ 2,640,369	\$ 5,063,785
Additions during the year:									
Acquisition costs:	-	-	-	-	7,143	-	-	12,800	19,943
Exploration costs:									
Administration	-	248	-	-	11,695	151	-	-	12,094
Drilling	-	-	-	-	710,355	3,266	6,532	200	720,353
Geochemistry	-	-	-	-	14,406	-	-	-	14,406
Geology	3,650	1,061	5,338	2,358	155,089	14,200	20,213	12,347	214,256
Geophysics -Airborne	-	-	-	-	204,137	-	68,046	28,800	300,983
Geophysics -Ground	1,000	-	-	-	58,219	1,257	6,700	2,359	69,535
Licences and fees	-	1,056	-	-	49,396	32,689	-	5,986	89,127
Mobilization/demob.	-	-	-	-	246,287	1,421	2,768	142	250,618
Permitting	-	-	-	-	2,482	-	-	-	2,482
Prospecting	-	-	-	-	4,024	-	1,095	-	5,119
Trenching	-	-	-	-	207	53	2,640	-	2,900
	4,650	2,365	5,338	2,358	1,456,297	53,037	107,994	49,834	1,681,873
Less:									
Recoveries	-	(3,163)	(2,282)	-	-	-	-	(2,050)	(7,495)
Net additions	4,650	(798)	3,056	2,358	1,463,440	53,037	107,994	60,584	1,694,321
Balance at June 30, 2004	\$ 1,140,910	\$ 599,199	\$ 112,677	\$ 59,248	\$ 1,756,825	\$ 179,517	\$ 208,777	\$ 2,700,953	\$ 6,758,106

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Qimmiq, Baffin Island Nunavut

On June 18, 2003, the Company entered into an option agreement with BHP Billiton Diamonds Inc. ("BHP Billiton") to explore for gold and base metals on Nunavut Tunngavik Incorporated leases on Baffin Island, Nunavut. A four month exploration program commenced in late May 2004 and is on-going. The principal target on the property is gold mineralization hosted within a Proterozoic-age (1800 million years old) iron formation sequence; however, potential also exists on the property for Broken Hill-Type Zn-Ag deposits. The project includes detailed geological mapping, prospecting, airborne and ground Electromagnetic ("EM") and Magnetic ("Mag") geophysical surveys to follow up known surface gold occurrences and locate new gold and base metal prospects. A diamond drill program on two initial target areas – Malrok and Ridge Lake, is a major component of the program and is on-going.

Qimmiq Exploration Program

At June 30, 2004, Suisse Diamond Drilling, the Company's drill contractor completed about 1,400 metres of drilling consisting of 18 drill holes at depths varying from 70 to 150 metres. Subsequent to the period, an additional 1,600 metres (total 3,000 metres) of drilling in 16 drill holes (total 34 drill holes) was completed.

A 2,100 line kilometre helicopter airborne ElectroMagnetic ("EM") and Magnetic ("Mag") geophysical survey was flown by Fugro Airborne Survey Corp. The EM-Mag survey was flown on north-south lines spaced 150 metres apart. Two small areas of the survey block were flown on lines spaced 75 metres apart to provide better resolution. Preliminary data from the EM-Mag survey indicates that the iron formation can be mapped using the data.

A ground Horizontal Loop Electromagnetic Survey ("HLEM") geophysical survey was conducted to detail the iron formation on the Malrok Prospect area as a guide to the drilling program. The survey utilized a 50 metre cable which provided depth detection to a depth of 25 metres.

Table 1 – Proposed vs. Actual Expenditures for Qimmiq

	Proposed	Actual	Variance
Administration	\$ 10,000	\$ 11,695	\$ (1,695)
Drilling	1,500,000	887,765	612,235
Geochemistry	100,000	53,732	46,268
Geology	25,000	194,415	(169,415)
Geophysics -Airborne	240,000	204,137	35,863
Geophysics -Ground	100,000	98,047	1,953
Permitting	-	2,482	(2,482)
Prospecting	25,000	4,024	20,976
	\$ 2,000,000	\$ 1,456,297	\$ 543,703

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Qimmiq Exploration Results

Subsequent to the quarter end, on July 6, 2004, the Company reported results from the first nine drill holes of the 2004 drill program on the Malrok Zone. Drill core samples were processed by Eastern Analytical Services of Newfoundland. Check assays by gravimetric methods were done at Assayers Ltd., Vancouver, BC.

Hole #	Grid Co-ordinates					Sample Assays			
	East	North	Azimuth (geo)	Inclination (degree)		From (m)	To (m)	Interval Width (m)	Gold grade (g/t)
MND-04-01	1904	1510	320	-60		-	6.00	6.00	1.73 *
MND-04-02	1881	1486	320	-60		3.00	6.00	3.00	1.10 *
MND-04-03	1937	1463	320	-60		17.00	19.42	2.42	4.72
					Incl.	18.00	19.42	1.42	7.06
MND-04-04	1929	1424	320	-60		23.00	29.00	6.00	9.15
					Incl.	23.50	27.50	4.00	12.00
					Incl.	24.00	27.00	3.00	15.12
					Incl.	25.50	26.50	1.00	23.14
MND-04-05	1929	1424	Vertical	-90		24.10	28.33	4.23	8.41
					Incl.	26.00	28.33	2.33	12.07
MND-04-06	1934	1398	273	-60		35.72	36.07	0.35	9.40
MND-04-07	1927	1352	273	-60		37.83	42.83	5.00	1.13
					Incl.	37.83	39.33	2.00	1.60
MND-04-08	1950	1249	273	-60		No significant assays			
MND-04-09	1957	1250	93	-60		44.35	46.71	2.36	0.40

*Holes MND-04-01 and MND-04-02 were not considered representative as they were sited on exposed iron formation with an unknown amount of erosion. Additionally, core recovery of the first one to two metres of each hole consisted only of rubble.

Holes MND-04-01 to MND-04-07 were designed to test the down-dip potential of the surface gold mineralization discovered during the 2003 channel sampling program. Holes MND-04-08 and MND-04-09 were geological step-out holes drilled on lake ice to intersect the iron formation about 200 metres south of the area of the 2003 channel sampling. All holes were drilled on a combination of geological and geophysical targets with NQ diameter core. The true thickness of the iron formation is 80-90% of the drilled width.

Dewar Lake, Nunavut

On June 18, 2003, the Company entered into an option agreement with BHP Billiton to explore for gold and base metals on sixteen Nunavut Prospecting Permits located on Baffin Island, Nunavut. Following the 2003 program, the property was reduced to three Prospecting Permits.

Dewar Lake Exploration Program

The Company proposed a \$100,000 exploration program for 2004 as outlined in the table below. The program will concentrate on prospecting and sampling the "ST" prospect and identifying new gold prospects. The Company has incurred \$3,266 in pre-drilling costs although drilling may not be done this year. Split between geochemistry, geology and geophysics is \$32,689 relating to a bond placed in lieu of work which may be recovered on the filing of assessment work. The amount was not part of the original budget but is included as an actual cost to the exploration program.

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Table 2 – Proposed vs. Actual Expenditures for Dewar Lake

	Proposed	Actual	Variance
Administration	\$ 5,000	\$ 151	\$ 4,849
Drilling	-	3,266	(3,266)
Geochemistry	15,000	-	15,000
Geology	25,000	25,569	(569)
Geophysics	10,000	12,681	(2,681)
Prospecting	45,000	11,370	33,630
	<u>\$ 100,000</u>	<u>\$ 53,037</u>	<u>\$ 46,963</u>

Dewar Lake Exploration Results

The Company is in the early stage of the program and does not have any exploration results to report.

Bravo Lake, Nunavut

In August 21, 2003, the Company entered into an option agreement with Falconbridge Limited (“Falconbridge”) to explore for gold, diamonds and other metals on twelve Nunavut Exploration Permits on Baffin Island, Nunavut. For 2004, management plans to follow up the 2003 results from the “Triangle Lake” prospect and the “2369” prospect. The property was covered by approximately 700 line kilometres airborne ElectroMagnetic and Magnetic geophysical survey in the Spring of 2004. Ground geophysics, detailed geological mapping and prospecting will be used to follow-up anomalies in order to prioritize targets for drilling either in 2004 or 2005.

Bravo Lake Exploration Program

The Company proposed a \$200,000 exploration program as outlined in the table below.

Table 3 – Proposed vs. Actual Expenditures for Bravo Lake

	Proposed	Actual	Variance
Administration	\$ 5,000	\$ -	\$ 5,000
Drilling	-	6,532	(6,532)
Geochemistry	20,000	-	20,000
Geology	20,000	20,213	(213)
Geophysics -Airborne	60,000	68,046	(8,046)
Geophysics -Ground	50,000	12,108	37,892
Prospecting	45,000	1,095	43,905
	<u>\$ 200,000</u>	<u>\$ 107,994</u>	<u>\$ 92,006</u>

The Company is in the early stage of the program and does not have any exploration results to report.

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Adlatok 1, Labrador

The Adlatok 1 project, which adjoins the Company's Sarah Lake Property, consists of 100 claims. The Company is the operator and has a 59.5% interest in the project.

Adlatok 1 Exploration Program

For 2004, a large loop electromagnetic survey was proposed to identify potential nickel targets for drill testing.

Sally, Labrador

The Sally project, which adjoins the Company's Sarah Lake Property, is 100% owned by the Company and consists of 36 claims. The Property lies adjacent to Adlatok 1.

Sally Exploration Program

For 2004, a large loop electromagnetic survey was proposed to identify potential nickel targets for drill testing. The Company is seeking a partner to advance the Property.

Results of Operations

-For the Three Months Ended June 30, 2004

Included in prepaid expenses was a \$96,603 loan receivable from the Company's drill contractor, Suisse Diamond Drilling ("Suisse"). The loan bears interest at Bank of Montreal prime lending rate plus 3% and is to be repaid by applying 50% of the invoices rendered by Suisse against the loan until the amount is repaid. Due to the anticipated short-term nature of the loan receivable, the Company has not classified this amount as a separate line item on the balance sheet. As at July 30, 2004, 55% of this loan had been repaid and it is anticipated that full repayment will occur before the end of the next quarter.

Mineral property transaction revenue of \$62,788 relates to a one-time transaction with third parties related to an ongoing property transaction. The Company anticipates that an agreement will be finalized before year end.

Stock-based compensation expense of \$393,358 was related to the vesting of stock options granted in 2003 (\$32,400) and the 808,000 stock options granted on May 19, 2004 (\$360,958). This compensation is a non-cash expense and is a result of the new CICA accounting standard adopted in the fourth quarter of fiscal 2003.

From the Company's statement of cash flow for the three months ended June 30, 2004, cash and cash equivalents decreased \$124,109 to \$1,259,411. Cash requirements for the Company's \$1,553,593 in mineral property acquisition and exploration was largely funded through a \$1,067,545 decrease in cash for exploration (flow through funds) and a \$560,422 increase in accounts payable related to mineral properties. Subsequent to the quarter, these payables were paid.

-The Three Months Ended June 30, 2004 compared with the Three Months Ended March 31, 2004

During the current quarter, the Company did not receive revenue from the production interest in the Hammerdown/Rumbullion Gold Deposit compared to \$19,250 received in the previous quarter. The previous quarter included the final payment from the sale of the Hammerdown/Rumbullion Gold Deposit to Richmond Mines Inc.

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Consulting expense of \$20,435 (Q1 2004 - \$11,450) for the current quarter included additional costs for a part-time corporate consultant who was assisting the new President with corporate communications.

Salaries and benefits expense of \$88,955 (Q1 2004 - 103,202) was a decrease from the previous quarter largely due to a signing bonus paid during the previous quarter to the new President to facilitate vacating his former position early.

In the previous quarter, there was a \$14,000 loss on sale of marketable securities which related to the disposition of 70,000 common shares, described in greater detail under the Related Party Transactions section below.

-The Six Months Ended June 30, 2004 compared with the Six Months Ended June 30, 2003

Revenues for the six month ended June 30, 2004 were \$82,266 (2003 - \$189,415) which included \$19,250 in production interest and \$63,016 in mineral property transactions. The Company's \$19,250 (2003 - \$189,415) production interest revenue represented the final payment from the Hammerdown/Rumbullion Gold Deposit compared to six months of production revenue received in 2003. Mineral property transaction revenue of \$63,016 (2003 - \$Nil) is part of an on-going property transaction that should be finalized before year-end.

General and administrative expense of \$1,034,501 (2003 - \$253,792) represented a \$780,709 increase over the comparative fiscal period. The increase was largely due to \$560,243 (2003 - \$Nil) stock-based compensation expense. The remaining increase was largely attributed to investor relations and promotion, office and miscellaneous, and salaries and benefits.

Investor relations and promotion expense was \$125,861 (2003 - \$25,155) representing a \$100,706 increase over 2003. During the period, the Company attended trade shows in Vancouver, Calgary, Toronto, New York and London. In addition, new corporate brochures were printed at a cost of \$7,995 and a media video/interview segment was commissioned at a cost of \$18,579.

Rent expense of \$8,548 (2003 - \$24,673) represented a \$16,125 decrease from 2003. On March 1st, 2004, the Company moved into a new office located at 510 – 510 Burrard Street, Vancouver, B.C. and received free rent until July 1st to cover the Company's moving and other relocation costs. Office and miscellaneous expense of \$44,917 (2003 - \$22,963) included several one-time costs associated with the move.

For the six months ended June 30, 2004, the Company's loss before taxes was \$948,667 (2003 - \$44,320). A future income tax credit of \$413,054 (2003 - \$Nil) was recorded to reflect the renunciation of flow-through expenditures during the period. The resulting loss for the period was \$535,613 (2003 - \$44,320).

During the period, the Company did not pay cash dividends to shareholders and does not anticipate paying cash dividends during the balance of fiscal 2004.

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Summary of Quarterly Results, the Three Months Ended:

	Sept. 30 2002	Dec. 31 2002	Mar. 31 2003	Jun. 30 2003	Sept. 30 2003	Dec. 31 2003	Mar. 31 2004	Jun. 30 2004
Mineral expenditures, net	\$ 134,722	\$ 140,471	\$ 47,742	\$ 124,912	\$ 619,428	\$ 73,699	\$ 127,928	\$ 1,553,593
Revenues	\$ 155,063	\$ 90,621	\$ 76,565	\$ 112,850	\$ 107,190	\$ 81,360	\$ 19,478	\$ 62,788
G&A (incl. stock comp.)	\$ 132,433	\$ 144,004	\$ 124,978	\$ 128,814	\$ 145,355	\$ 332,928	\$ 413,530	\$ 620,971
Stock comp. expense	\$ 587	\$ 1,089	\$ -	\$ -	\$ -	\$ 163,919	\$ 166,885	\$ 393,358
G&A (less stock comp.)	\$ 131,846	\$ 142,915	\$ 124,978	\$ 128,814	\$ 145,355	\$ 169,009	\$ 246,645	\$ 227,613
Income (loss)	\$ 18,750	\$ (166,258)	\$ (37,350)	\$ (6,970)	\$ (83,012)	\$ (2,502,509)	\$ (367,358)	\$ (168,255)
Income (loss) per share								
-basic and diluted	\$ -	\$ (0.01)	\$ -	\$ -	\$ (0.01)	\$ (0.14)	\$ (0.02)	\$ (0.01)
Weighted avg. common shares outstanding								
-basic and diluted	16,702,058	16,860,039	17,537,349	17,633,619	17,677,629	18,004,378	22,890,063	24,485,287

The Company's predominant exploration project on Baffin Island, Nunavut is subject to seasonal conditions and as such the majority of the Company's exploration expenditures will be incurred during the second and third quarters of 2004. The Company's net mineral expenditures for the current quarter were \$1,553,593 which included the airborne and drill program conducted on the Qimmiq Project on Baffin Island.

General and administrative expenses for the three most recent quarters were high due to the stock-based compensation expense of \$393,358 (Q1 2004 - \$166,885; Q4 2003 - \$163,919). This compensation is a non-cash expense and is a result of the new CICA accounting standard adopted in the fourth quarter of fiscal 2003. Adjusted general and administrative expenses without stock-based compensation expense were \$227,613 (Q1 2004 - \$246,645; Q4 2003 - \$169,009) which is more representative of the Company's normal operations. For the last two quarters, higher general and administrative expenses reflected increased investor relations activity in promoting the company's activities and overlap cost for the transition of the new President.

Liquidity

At June 30, 2004, the Company had \$2,523,038 in working capital, which was sufficient to achieve the Company's original budgeted exploration programs for fiscal 2004. After evaluating the preliminary mobilization and start-up costs and the drilling progress on Baffin Island, management elected to increase the exploration budget by about \$1,000,000. This increase will be funded by the \$1.1 million dollar flow-through financing announced after the quarter end. See Subsequent Events.

The Company does not have sufficient revenue to cover operating costs and relies on equity financings to meet its cash requirements. In February, 2,388,888 warrants were exercised for proceeds of \$1,206,388 and during the current quarter an additional 38,000 warrants were exercised for proceeds of \$26,600. In addition 588,165 stock options have been exercised for proceeds of \$131,483. See Subsequent Events.

Capital Resources

The Company does not have any pre-arranged equity financings other than the non-brokered private placement as described in the Subsequent Events. Future sources of equity financing may be available through brokered and non-brokered private placements during the normal course of business. The Company does not have any debt facility or arrangements in place.

In addition to the mineral property commitments disclosed in the 2003 Annual MD&A, the Company entered into an option agreement with Black Bart Prospecting Inc. on the Big Hill property in Newfoundland. To maintain the option agreement in good standing, the Company must spend a minimum of \$30,000 (met) by July 31st, 2004. Subsequent to the quarter, the Company elected to continue into the second year of the option agreement and issued 40,000 common shares to Black Bart Prospecting Inc. The second year expenditure commitment is \$75,000 before July 31, 2005.

Off-Balance Sheet Arrangements

There were no significant changes in Off-Balance Sheet Arrangements from the 2003 Annual MD&A.

Related Party Transactions

Included in marketable securities are 1,720,000 common shares of Diamonds North Resources Ltd. ("Diamonds North"), a company related by a common director, Bernard Kahlert. Diamonds North was incorporated in British Columbia for the purpose of the arrangement and split of assets of Major General Resources Ltd., predecessor of the Company. As part of the Company's 2002 reorganization, the Company granted the President of Diamonds North an option to purchase 70,000 shares of Diamonds North at a price of \$0.30 per share for a two-year period, which expired on March 18, 2004. During the quarter, the President of Diamonds North exercised the entire option.

The Company shares certain administrative costs with four other companies related by virtue of common directors. Included in accounts receivable is an aggregate of \$6,066 owed by those companies for shared administrative expenses.

A Personal Law Corporation owned by Maynard Brown, an officer of the Company, provided legal services to the Company. During the period, the Company paid or accrued legal fees to the related party in the aggregate of \$537.

Critical Accounting Estimates

There was no significant change in Critical Accounting Estimates from the 2003 Annual MD&A.

Changes in Accounting Policies

During the period, the Company adopted the CICA EIC 146 "Flow-Through Shares" which defines when a company should recognize the tax effect related to the renounced deductions and requires the recognition of previously unrecorded future income tax assets caused by the renouncement of expenditures relating to flow-through shares. The adoption of the EIC 146 resulted in future income tax credits of \$413,054.

Financial Instruments

Marketable securities are carried at the lower of cost or quoted market value. When market value is below cost, any unrealized loss is charged to income. During the quarter, no amount was charged to income. The quoted market value of marketable securities at June 30, 2004 was \$1,665,853.

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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.

From the statement of operation, a breakdown of "Investor Relations and Promotion" expense:

Administration	\$	1,752
Conferences and trade shows		63,124
Consulting		1,875
Media		31,733
Promotion and advertising		27,377
	<u>\$</u>	<u>125,861</u>

As at the Report Date, the Company had 26,698,783 issued common shares outstanding and the following unexercised stock options, warrants and agents' options:

-Stock Options

Expiry Date	Exercise Price	Number of Shares
December 14, 2004	\$0.23	27,665
September 11, 2006	\$0.23	179,332
December 19, 2007	\$0.17	50,000
January 23, 2008	\$0.20	430,004
August 20, 2008	\$0.26	241,666
September 10, 2008	\$0.45	5,000
December 18, 2008	\$0.50	75,000
January 21, 2009	\$0.53	700,000
February 19, 2009	\$0.64	50,000
May 18, 2009	\$0.56	808,000
		<u>2,566,667</u>

-Warrants

Expiry Date	Exercise Price	Number of Shares
December 2, 2004	\$0.70	1,827,000
December 2, 2004	\$0.70	23,800
December 10, 2004	\$0.70	1,635,000
December 10, 2004	\$0.70	54,600
		<u>3,540,400</u>

-Agents' Options

Expiry Date	Exercise Price	Number of Shares
December 2, 2004	\$0.70	119,500
December 10, 2004	\$0.70	77,700
		<u>197,200</u>

Subsequent Events

- a) On August 6, 2004, the Company completed a non-brokered private placement of 1,920,000 flow-through common shares at \$0.60 per share of which 1,620,000 flow-through common shares were issued on August 4, 2004 and 300,000 flow-through common shares were issued on August 6, 2004. Finders' fees of \$54,936 were paid in cash. The shares are subject to a four month hold period and may not be traded until December 5, 2004 and December 7, 2004 respectively.
- b) Subsequent to June 30, 2004, the Company elected to proceed to the second term of the Big Hill, Newfoundland option agreement and issued 40,000 common shares to Black Bart Prospecting Inc. An interpretation of a recently completed Induced Polarization ("IP") survey and groundwork from 2003 has outlined a prospective gold anomaly that is ready for drill testing. The 2003 groundwork outlined a 250 to 300 metres long gold soil anomaly with gold values ranging from 27 to 657 ppb gold. The IP survey outlined a 350 metres long chargeability anomaly coincident with the gold soil anomaly and extending a further 100 metres to the northeast.
- c) Subsequent to June 30, 2004, the Company issued 80,000 common shares for proceeds of \$19,000 pursuant to the exercise of stock options.