

COMMANDER RESOURCES LTD.

FINANCIAL STATEMENTS

For The Three Months Ended

March 31, 2004

(Financial Statements Not Reviewed By An Auditor)

COMMANDER RESOURCES LTD.**Balance Sheets**

(Not Reviewed by an Auditor)

	March 31, 2004	December 31, 2003 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,383,520	\$ -
Cash, exploration funds (Note 12)	1,800,610	1,893,328
Marketable securities (Note 3)	893,353	928,353
Accounts receivable	39,888	171,766
Due from related parties (Note 8)	22,771	35,134
Prepaid expenses	112,607	21,280
Bid deposits (Note 4)	-	330,642
	<u>4,252,749</u>	<u>3,380,503</u>
Mineral properties (Note 5)	5,204,513	5,063,785
Property, plant and equipment (Note 6)	52,746	27,421
	<u>\$ 9,510,008</u>	<u>\$ 8,471,709</u>
LIABILITIES		
Current liabilities		
Cheques in excess of funds on deposit	\$ -	\$ 67,750
Accounts payable and accrued liabilities	80,133	46,300
	<u>80,133</u>	<u>114,050</u>
Future income taxes	520,447	553,455
	<u>600,580</u>	<u>667,505</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	20,973,352	19,630,960
Contributed surplus	9,449	9,449
Stock-based Compensation (Note 7 (d))	279,621	149,431
Deficit	(12,352,994)	(11,985,636)
	<u>8,909,428</u>	<u>7,804,204</u>
	<u>\$ 9,510,008</u>	<u>\$ 8,471,709</u>

Nature of Operations and Going Concern (Note 1)

Commitment (Note 9)

Subsequent Events (Note 13)

Approved by the Directors:

"Kenneth E. Leigh"

Kenneth E. Leigh

"William J. Coulter"

William J. Coulter

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

(Not Reviewed by an Auditor)

	For the Three Months Ended	
	March 31, 2004	March 31, 2003
Revenue		
Production interest	\$ 19,250	\$ 76,565
Mineral property transactions	228	-
	19,478	76,565
General and administrative expenses		
Audit and accounting	15,120	11,543
Amortization	3,423	973
Annual report and meeting	6,727	926
Consultants	11,450	6,969
Investor relations and promotion	59,751	17,274
Legal	3,898	571
Office and miscellaneous	23,631	17,239
Regulatory fees	9,149	2,185
Rent	5,344	11,988
Salaries and benefits	103,202	50,477
Stock-based compensation	166,885	-
Telephone	789	1,193
Transfer agent	4,161	3,640
	413,530	124,978
Loss before the undernoted	(394,052)	(48,413)
Investment income	8,273	11,319
Property investigation	(587)	(3,110)
Gain (loss) on sale of marketable securities	(14,000)	2,854
Loss before taxes	(400,366)	(37,350)
Future income taxes	33,008	-
Loss for the period	(367,358)	(37,350)
Deficit, beginning of period	(11,985,636)	(9,349,070)
Deficit, end of period	\$ (12,352,994)	\$ (9,386,420)
Basic and diluted loss per share	\$ (0.02)	\$ (0.00)
Weighted average number of shares outstanding	22,890,063	17,537,349

COMMANDER RESOURCES LTD.**Statements of Cash Flows**

(Not Reviewed by an Auditor)

	For the Three Months Ended	
	March 31, 2004	March 31, 2003
Cash provided from (used for):		
Operating activities		
Loss for the period	\$ (367,358)	\$ (37,350)
Items not involving cash:		
Amortization	3,423	973
Gain (loss) on sale of marketable securities	14,000	(2,854)
Stock-based compensation	166,885	-
Future income taxes	(33,008)	-
	(216,058)	(39,231)
Net change in non-cash working capital items		
Cash, exploration funds	92,718	-
Accounts receivable	131,878	143,819
Due from related parties	12,363	(30,600)
Prepaid expenses	(91,327)	(1,231)
Bid deposits	330,642	-
Accounts payable and accrued liabilities	26,691	1,610
	286,907	74,367
Investing activities		
Proceeds from sale of marketable securities	21,000	7,076
Purchase of marketable securities	-	(39,000)
Note receivable	-	(3,058)
Mineral property acquisition and exploration costs	(127,928)	(47,742)
Accounts payable and accrued liabilities related to mineral properties	7,141	(253,114)
Purchase of equipment	(28,748)	-
	(128,535)	(335,838)
Financing activities		
Shares issued for cash, net of issue costs	1,292,898	92,000
Increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, beginning of period	1,451,270	(169,471)
	(67,750)	1,343,690
Cash and cash equivalents, end of period	\$ 1,383,520	\$ 1,174,219

Cash and cash equivalents is defined to include cash and cash equivalents less cheques in excess of funds on deposit.

Supplemental Cash Flow Information (Note 11)

COMMANDER RESOURCES LTD.

Notes to Financial Statements

March 31, 2004

(Not Reviewed by an Auditor)

1. Nature of Operations and Going Concern

The Company is in the process of actively exploring and developing its mineral properties and has not yet determined whether these properties contain mineral resources or ore reserves. The Company is considered to be in the exploration stage.

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

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

At March 31, 2004, the Company had incurred a deficit of \$12,352,994 and had working capital of \$4,172,616, which is sufficient to achieve the Company's planned business objectives for fiscal 2004. However, the Company may require additional financing, if the Company elects to expand its current 2004 exploration programs and/or property commitments.

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

2. Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(b) Basis of presentation

The accompanying interim financial statements have not been reviewed by an Auditor and are prepared in accordance with GAAP in Canada with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosure required by Canadian GAAP in the preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements are the same as those described in the annual financial statements and the notes thereto for the year ended December 31, 2003. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim financial statements should be read in conjunction with the Company's financial statements including the notes thereto for the year ended December 31, 2003.

(c) Certain comparative figures

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

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3. Marketable Securities

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, marketable securities were written down by \$Nil. The quoted market value of marketable securities at March 31, 2004 was \$2,087,035.

Included in marketable securities are 167,647 common shares of Fjordland Exploration Inc., a company related by virtue of a common director and 1,720,000 common shares of Diamonds North Resources Ltd., a company related by virtue of another common director.

4. Bid Deposits

In the prior fiscal year, the Company filed two applications with the Mining Recorder's Office for prospecting permits in Nunavut and was required to provide a cash deposit of \$330,642. The Company elected to withdraw the applications and received a refund of the deposit less the application fee.

5. Mineral Properties

At March 31, 2004, the Company held mineral properties exclusively in Canada. Expenditures incurred on the mineral properties are as follows:

	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	-	137	-	-	-	-	-	-	137
Drilling	-	-	-	-	-	-	-	200	200
Geology	2,957	1,080	3,074	1,254	40,523	11,503	15,751	8,585	84,727
Permitting	-	-	-	-	2,482	-	-	-	2,482
Property	-	150	-	-	184	32,689	-	704	33,727
Trenching	-	-	-	-	3,094	750	-	-	3,844
	2,957	1,367	3,074	1,254	46,283	44,942	15,751	9,489	125,117
Less:									
Recoveries	-	-	(2,282)	-	-	-	-	(2,050)	(4,332)
Net additions	2,957	1,367	792	1,254	53,426	44,942	15,751	20,239	140,728
Balance at March 31, 2004	\$ 1,139,217	\$ 601,364	\$ 110,413	\$ 58,144	\$ 346,811	\$ 171,422	\$ 116,534	\$ 2,660,608	\$ 5,204,513

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Notes to Financial Statements

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5. Mineral Properties (continued)

(a) Sarah Lake Joint Venture, Labrador

The Company owns a 48% interest in the Sarah Lake Joint Venture, which was formed in 1998. An option was granted to Falconbridge Limited ("Falconbridge") in 2001, requiring Falconbridge to incur \$4,000,000 in exploration expenditures by 2006 to earn a 50% joint venture interest. Subsequent to the period, on April 16th, 2004, Donner Minerals, the operator of the joint venture, informed the Company that Falconbridge had elected to terminate the option.

(b) Green Bay, Newfoundland

The Company holds a 100% interest in the Green Bay property. In the prior fiscal year, the Company sold four claim blocks within the Green Bay property (mineral exploration license 4870) to Richmond Mines Inc. ("Richmont"). In consideration, Richmont shall pay to the Company a royalty of \$25 for each ounce of gold produced from license 4870.

(c) Adlatok 1, Labrador

The Company owns a 59.5% interest in the Adlatok 1 property.

(d) Sally, Labrador

The Company owns a 100% interest in the Sally property.

(e) Qimmiq, Nunavut

The Company has an option agreement with BHP Billiton Diamonds Inc. ("BHP Billiton") to explore for gold on 50,000 hectares of Nunavut Tunngavik Incorporated leases on Baffin Island, Nunavut. Under the option agreement, the Company may earn 50% of BHP Billiton's exploration rights by expending \$4 million by 2007, 80% by expending an aggregate \$10 million by 2012 and a 100% interest by delivering a feasibility study to BHP Billiton by December 31, 2014. The option agreement is subject to a floating net smelter return royalty from 1% to 3% based on gold prices, payable to BHP Billiton and a 12% royalty on net profits payable on production from the Nunavut Tunngavik Incorporated leases. If a mineral discovery is made, excluding gold, BHP Billiton may exercise a back-in option on the mineral discovery allowing BHP Billiton to re-acquire up to an aggregate of a 75% interest for a period of up to ten years after the Company has earned a 100% interest in the property.

(f) Dewar Lake, Nunavut

The Company has an option agreement with BHP Billiton Diamonds Inc. ("BHP Billiton") to explore for gold on sixteen Nunavut Exploration Permits covering just under 400,000 hectares on Baffin Island, Nunavut. Under the option agreement, the Company may earn a 100% interest in BHP Billiton's exploration rights and interest by incurring \$200,000 in expenditures on the property by December 31, 2005. The option agreement is subject to a floating net smelter return royalty from 1% to 3% based on gold prices, payable to BHP Billiton. If a mineral discovery is made, excluding gold, BHP Billiton may exercise a back-in option on the mineral discovery allowing BHP Billiton to re-acquire up to an aggregate of a 75% interest for a period of up to ten years after the Company has earned a 100% interest in the property.

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5. Mineral Properties (continued)

(g) Bravo Lake, Nunavut

The Company has an option agreement with Falconbridge Limited ("Falconbridge") to explore for gold, diamonds and other metals on twelve Nunavut Exploration Permits covering over 720,000 acres all on Baffin Island, Nunavut. These Falconbridge permits adjoin the BHP Billiton properties optioned in June. The Company may earn a 100% interest in Falconbridge's exploration rights and interest on Baffin Island by incurring \$8 million of exploration expenditures on the property by 2011.

If a nickel and/or base metal mineral discovery is made, Falconbridge can exercise a back-in option on the mineral discovery allowing Falconbridge to re-acquire up to an aggregate of a 75% interest. If a diamond resource discovery is made, Falconbridge may exercise a back-in option on the mineral discovery allowing Falconbridge to re-acquire up to an aggregate of a 50% interest.

The option agreement is subject to the following royalties payable to Falconbridge:

- on gold, a sliding scale net smelter return royalty from 1% to 3% based on gold prices;
- on nickel production, a 2% net smelter return royalty;
- on diamonds, a 2% gross overriding royalty; and
- on base metal production, a 1.5% net smelter return royalty.

(h) Big Hill, Newfoundland

In February, 2004 the Company completed an option agreement with Black Bart Prospecting Inc. whereby the Company may acquire a 100% interest in the Big Hill property, consisting of four claims in the Baie Verte Electoral District, Newfoundland. Under the terms of the agreement, the Company paid \$7,000 in cash, issue an aggregate of 200,000 common shares over four years (20,000 shares issued) and expend a total of \$480,000 in exploration expenses on the property over four years. The option is subject to a 2.5% net smelter return royalty with a 1.5% buy back provision.

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5. Mineral Properties (continued)**(i) Other Properties**

The Company owns several other properties in Canada in which it holds interests ranging from 30% to 100%. The Company has granted options on some of these properties. The carrying values of those properties included under Other Properties at March 31, 2004 are as follows:

	2004
British Columbia	
Abe & Pal	\$ 25,080
Tam	60,021
New Brunswick	
Rio	855,947
Stewart	425,552
Nunavut	
Talík	24,812
Newfoundland and Labrador	
Big Hill	48,078
Sadie	980
Ontario	
Dorothy	25,732
Matheson	14,185
McVean	8,558
Sabin	79,826
Quebec	
Despinassy	104,835
Yukon	
Olympic, Rob	986,673
Rein	329
	\$ 2,660,608

6. Property, Plant and Equipment

	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 55,074	\$ 46,029	\$ 9,045
Computer equipment	108,575	85,477	23,098
Leasehold improvements	21,499	896	20,603
	\$ 185,148	\$ 132,402	\$ 52,746

COMMANDER RESOURCES LTD.**Notes to Financial Statements**

March 31, 2004

(Not Reviewed by an Auditor)

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

100,000,000 common shares without par value.

(b) Issued and outstanding common shares

	Number of Shares	Amount
Balance, December 31, 2003	21,623,730	\$ 19,630,960
Issued for cash:		
Exercise of warrants	2,388,888	1,206,388
Issued for cash and other consideration:		
Exercise of options, for cash	390,499	86,510
Exercise of options, stock-based compensation		36,694
For mineral property	20,000	12,800
Balance, March 31, 2004	24,423,117	\$ 20,973,352

(c) Stock Options

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. Under the Company's Stock Option Plan, the Company may grant options for the purchase of up to 2,766,666 common shares. Vesting of options is made at the discretion of the board of directors at the time the options are granted. At March 31, 2004, the Company had stock options outstanding for the purchase of 2,036,333 common shares with an average remaining contractual life of 4.11 years, of which 1,461,333 stock options are exercisable at March 31, 2004.

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2003	1,676,832	\$0.22
Granted	750,000	\$0.54
Exercised	(390,499)	\$0.22
Outstanding at March 31, 2004	2,036,333	\$0.35

COMMANDER RESOURCES LTD.**Notes to Financial Statements**

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(Not Reviewed by an Auditor)

7. Share Capital (continued)

The following summarizes information about stock options outstanding at March 31, 2004:

Number of Shares	Exercise Price	Expiry Date
45,665	\$0.23	December 14, 2004
179,332	\$0.23	September 11, 2006
29,999	\$0.23	January 10, 2007
50,000	\$0.17	December 19, 2007
574,671	\$0.20	January 23, 2008
316,666	\$0.26	August 20, 2008
15,000	\$0.45	September 10, 2008
75,000	\$0.50	December 18, 2008
700,000	\$0.53	January 21, 2009
50,000	\$0.64	February 19, 2009
2,036,333		

(d) Stock-Based Compensation

In the fourth quarter of fiscal 2003, the Company adopted the CICA released amendments to Section 3870, "Stock Based Compensation and Other Stock-based Payments," which requires an expense to be recognized in the financial statements for all forms of employee stock-based compensation, including stock options. Prior to the adoption, the Company disclosed the effects of accounting for stock-based compensation only to directors and employees as compensation expense, using the fair-value based method, as pro-forma information in the share capital note. In the prior year, the pro-forma disclosed stock-based compensation expense for the three months ended March 31, 2003 was \$113,911.

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions at March 31, 2004:

Risk-free interest rate	2.80%
Expected dividend yield	-
Expected stock price volatility	104.72%
Expected option life in years	3.30

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 period.

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7. Share Capital (continued)

(e) Warrants

The following summarizes information about warrants outstanding at March 31, 2004:

Exercise Price	Expiry Date	Outstanding at December 31, 2003	Issued	Exercised	Expired	Outstanding at March 31, 2004
\$0.505	February 28, 2004	2,388,888	-	2,388,888	-	-
\$0.70	December 2, 2004	1,865,000	-	-	-	1,865,000
\$0.70	December 2, 2004	23,800	-	-	-	23,800
\$0.70	December 10, 2004	1,635,000	-	-	-	1,635,000
\$0.70	December 10, 2004	54,600	-	-	-	54,600
		5,967,288	-	2,388,888	-	3,578,400

(f) Agents' Options

The following summarizes information about Agent's Options outstanding at March 31, 2004:

Exercise Price	Expiry Date	Outstanding at December 31, 2003	Issued	Exercised	Expired	Outstanding at March 31, 2004
\$0.70	December 2, 2004	119,500	-	-	-	119,500
\$0.70	December 10, 2004	77,700	-	-	-	77,700
		197,200	-	-	-	197,200

8. Related Party Transactions

In addition to the marketable securities disclosed in Note 3, the Company has the following related party transactions and balances:

- (a) The Company shares certain administrative costs with four other companies related by virtue of common directors. Included in accounts receivable is an aggregate of \$22,771 owed by those companies for shared administrative expenses.
- (b) The Company paid or accrued legal fees in the aggregate of \$537 to a personal law corporation owned by an officer of the Company.

9. Commitment

The Company entered into an agreement for the lease of new office premises for a six year period expiring on June 30, 2010. The Company moved into the premises on March 1, 2004. The cost of the entire premises is shared amongst several companies in proportion to the area occupied. Some of the companies are related by virtue of common directors. The Company's proportionate share of minimum annual rental payments under this arrangement is approximately \$66,000.

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10. Segmented Information

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

Revenues for the period were derived from a production interest, which was earned in Canada.

11. Supplemental Cash Flow Information

Significant non-cash operating, investing and financing activities:

Investing activities:

Shares issued for mineral property	\$	12,800
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Investing activities:

Stock-based compensation	\$	36,694
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Other cash flow information:

Interest received	\$	3,407
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12. Income Taxes

Flow-through shares are issued by a company that incurs certain resource expenditures and renounces them for tax purposes allowing the expenditures to flow-through to the subscriber who purchased the shares. Subscribers may in turn claim expenditures as a deduction on their personal or corporate tax returns.

The total amount of funds raised through the issuance of flow-through shares must be spent on qualified mineral exploration. The proceeds of flow-through financing are restricted in use for Canadian Exploration Expenditures ("CEE") under Canadian Income Tax Legislation. The flow-through gross proceeds less the qualified expenditures made to date, represent the funds received from flow-through share issuances which have not been spent as at December 31, 2003 and which are held in trust for such expenditures. As at March 31, 2004 the amount of flow-through proceeds remaining to be expended is \$1,800,610.

13. Subsequent Events

(a) On April 26, 2004, the Company reported that Cameco Corporation ("Cameco"), the Company's Joint Venture Partner on the Despinassy, Quebec Project, entered into an Agreement with Alto Ventures Ltd. (Alto ventures") for Cameco's 70% interest in the Project. The Company waived it's right of first refusal under the Joint Venture in consideration for the following:

- 100,000 common shares of Alto Ventures at a deemed price of \$0.10 per share;
- Alto Ventures shall carry the Company's 30% Joint Venture obligations to a maximum of \$150,000; and
- the Company retains the right of first refusal under the Joint Venture should Alto Ventures withdraw the Agreement with Cameco.

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13. Subsequent Events (continued)

- (b) On May 19, 2004, the Company granted 808,000 stock options to directors, officers, employees and consultants of the Company under its stock option plan. The options are exercisable for five years at \$0.56 per share and are subject to the policies of the TSX Venture Exchange.

On May 27, 2004, the Company granted 10,000 stock options to an employee of the Company under its stock option plan. The options are exercisable for five years at \$0.62 per share and are subject to the policies of the TSX Venture Exchange.

- (c) Subsequent to March 31, 2004, the Company issued 10,000 common shares for proceeds of \$4,500 pursuant to the exercise of stock options.