

FINANCIAL STATEMENTS

For the Nine Months Ended
September 30, 2005

(See Notice)

COMMANDER RESOURCES LTD.
Notice

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited interim financial statements of Commander Resources Ltd. (“the Company”), for the nine months ended September 30, 2005, have been prepared by management and have not been the subject of a review by the Company’s independent auditor.

COMMANDER RESOURCES LTD.
Balance Sheets

	September 30, 2005	December 31, 2004 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 99,324	\$ 749,464
Cash, exploration funds (Note 12)	-	488,500
Marketable securities (Note 3)	613,229	893,353
Accounts receivable	132,382	41,001
Due from related parties (Note 8)	2,860	18,980
Prepaid expenses	27,459	39,889
Field supplies (Note 4)	84,175	173,152
Deposits	95,845	-
	1,055,274	2,404,339
Mineral properties (Note 5)	11,244,840	8,708,501
Property, plant and equipment (Note 6)	62,769	70,323
	\$ 12,362,883	\$ 11,183,163
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 535,950	\$ 96,151
Future income taxes	685,671	859,577
	1,221,621	955,728
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	24,760,919	23,502,262
Contributed surplus	17,043	9,449
Stock-based compensation (Note 7 (e))	1,097,149	746,157
Deficit	(14,733,849)	(14,030,433)
	11,141,262	10,227,435
	\$ 12,362,883	\$ 11,183,163

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

“Victor A. Tanaka”
Victor A. Tanaka

COMMANDER RESOURCES LTD.
Statements of Operations and Deficit
(Unaudited – See Notice)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Revenue				
Production interest	\$ -	\$ -	\$ -	\$ 19,250
Mineral property transactions	-	-	-	63,016
	-	-	-	82,266
General & administrative expenses				
Administration	4,500	-	13,500	-
Amortization	5,203	4,635	15,084	12,547
Annual report and meeting	-	646	14,624	8,188
Audit and accounting	21,727	16,628	53,762	45,315
Consultants	10,017	15,450	39,801	47,335
Insurance	8,865	20,250	23,115	20,250
Investor relations and promotion	32,026	34,619	140,761	160,480
Legal	5,361	13,113	14,859	16,331
Office and miscellaneous	12,162	14,780	41,259	63,732
Regulatory and transfer agent fees	4,352	6,331	20,538	25,827
Rent and storage	17,784	9,024	59,400	17,572
Salaries and benefits	46,325	88,375	145,623	280,532
Stock-based compensation	258,342	110,007	368,310	670,250
	426,664	333,858	950,636	1,368,359
Loss before the undernoted	(426,664)	(333,858)	(950,636)	(1,286,093)
Investment income	2,490	4,548	8,672	22,288
Property investigation	(17,521)	(5,679)	(55,870)	(5,851)
Gain/loss on sale of marketable securities	111,623	-	150,519	(14,000)
Write down of marketable securities	(1,000)	-	(9,000)	-
Write down of mineral properties	-	(169,438)	(21,007)	(169,438)
Loss before taxes	(331,072)	(504,427)	(877,322)	(1,453,094)
Future income taxes	323,406	140,401	173,906	553,455
Loss for the period	(7,666)	(364,026)	(703,416)	(899,639)
Deficit, beginning of period	(14,726,183)	(12,521,249)	(14,030,433)	(11,985,636)
Deficit, end of period	\$ \$(14,733,849)	\$ \$(12,885,275)	\$ \$(14,733,849)	\$ \$(12,885,275)
Basic and diluted loss per share	\$ \$(0.00)	\$ \$(0.01)	\$ \$(0.02)	\$ \$(0.04)
Weighted average number of shares outstanding	36,208,162	25,967,914	32,828,431	24,453,301

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

(Unaudited – See Notice)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Cash provided from (used for):				
Operating activities				
Loss for the period	\$ (7,666)	\$ \$(364,026)	\$ \$(703,416)	\$ \$(899,639)
Items not involving cash:				
Amortization	5,203	4,635	15,084	12,547
Gain/loss on sale of marketable securities	(111,623)	-	(150,519)	14,000
Stock-based compensation	258,342	110,007	368,310	670,250
Future income taxes	(323,406)	(140,401)	(173,906)	(553,455)
Write down of marketable securities	1,000	-	9,000	-
Write down of mineral properties	-	169,438	21,007	169,438
	(178,150)	(220,347)	(614,440)	(586,859)
Net change in non-cash working capital items :				
Accounts receivable	(50,334)	(27,011)	(91,381)	7,611
Due from related parties	(39)	(1,407)	16,120	27,661
Prepaid expenses	42,665	114,896	12,430	1,531
Field supplies	62,977	(173,152)	88,977	(173,152)
Deposits	15,716	-	(95,845)	330,642
Accounts payable and accrued liabilities	(22,103)	99,723	(57,489)	126,506
	(129,268)	(207,298)	(741,628)	(266,060)
Investing activities				
Proceeds from sale of marketable securities	316,498	-	440,643	21,000
Mineral property acquisition and exploration costs	(1,535,399)	(1,923,323)	(2,548,276)	(3,604,844)
Accounts payable and accrued liabilities related to mineral properties	245,735	(157,659)	497,288	409,904
Cash, exploration funds	908,443	733,065	488,500	1,893,328
Purchase of equipment	(1,471)	(14,204)	(7,529)	(60,057)
	(66,194)	(1,362,121)	(1,129,374)	(1,340,669)
Financing activities				
Shares issued for cash, net of issue costs	-	1,110,880	1,220,862	2,475,351
Increase (decrease) in cash and cash equivalents				
	(195,462)	(458,539)	(650,140)	868,622
Cash and cash equivalents, beginning of period	294,786	1,259,411	749,464	(67,750)
Cash and cash equivalents, end of period	\$ \$99,324	\$ \$800,872	\$ \$99,324	\$ \$800,872

Supplemental Cash Flow Information (Note 11)

COMMANDER RESOURCES LTD.

Notes to Financial Statements

September 30, 2005

(Unaudited – See Notice)

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 September 30, 2005, the Company had working capital of \$519,324 which was insufficient to achieve the Company's revised business objectives for fiscal 2005. Subsequent to September 30, 2005, the Company received additional financing to allow completion of its 2005 business objectives. See Subsequent Events Note 13(c).

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, 2004. 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, 2004.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

September 30, 2005

(Unaudited – See Notice)

2. Significant Accounting Policies (continued)

(c) Consolidation of Variable Interest Entities

The CICA issued Accounting Guideline 15, “Consolidation of Variable Interest Entities,” which became effective for fiscal years beginning on or after November 1, 2004. This guideline addresses the application of consolidation principles to entities that are subject to control on a basis other than ownership based on voting equity. The Company adopted the accounting guideline on January 1, 2005 and the adoption did not have any impact on these financial statements.

(d) Certain comparative figures

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

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. The quoted market value of marketable securities at September 30, 2005 was \$975,096.

Included in marketable securities are 167,647 common shares of Fjordland Exploration Inc., a company related by virtue of a common director and 1,162,500 common shares of Diamonds North Resources Ltd., a company related by virtue of another common director.

4. Field Supplies

In fiscal 2004, the Company pre-purchased field supplies for the upcoming 2005 Baffin Island exploration program. The supplies consist of fuel, propane, and other supplies which are stored in a facility in the Hamlet of Clyde River, Nunavut. As at September 30, 2005, the remaining amount of field supplies totalled \$84,175.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

September 30, 2005

(Unaudited – See Notice)

5. Mineral Properties

At September 30, 2005, the Company held mineral properties exclusively in Canada. Expenditures incurred on the mineral properties are as follows:

	Sarah Lake	Green Bay	Adlatok 1	Big Hill (1)	Blue Hill, Couteau, White Bear	Stewart (1)	Sally	Qimmiq	Dewar Lake	Bravo Lake	Other Properties	Total
Balance at												
December 31, 2004	\$ 1,141,926	\$ 435,516	\$ 117,915	\$ 103,797	\$ -	\$ 417,502	\$ 57,519	\$ 3,368,627	\$ 243,772	\$ 504,977	\$ 2,316,950	\$ 8,708,501
Additions during the year:												
Acquisition costs:	-	-	-	13,800	30,420	-	-	-	-	-	1,590	45,810
Exploration costs:												
Administration	-	82	-	347	31	440	-	26,873	2,367	5,965	962	37,067
Drilling	-	1,312	-	137,120	-	75,744	-	976,577	202	7,449	-	1,198,404
Geochemistry	-	-	-	132	10,811	-	-	19,396	5	6,624	3,254	40,222
Geology	7,763	470	6,448	17,288	45,453	6,899	2,554	261,449	9,917	148,535	38,539	545,315
Geophysics -Ground	-	-	200	475	1,259	2,690	200	251,542	360	28,856	539	286,121
Licences and fees	3,431	150	3,800	-	-	-	900	47,230	-	2,957	34,027	92,495
Mobilization/demob.	-	-	-	-	8,491	-	-	306,136	7,450	11,906	-	333,983
Permitting	-	-	-	-	330	-	-	3,203	161	1,520	2,831	8,045
Prospecting	-	-	-	-	31,641	-	-	385	-	11,849	29,407	73,282
Trenching/line cutting	-	-	-	537	3,090	-	-	4,079	-	3,422	-	11,128
	11,194	2,014	10,448	155,899	101,106	85,773	3,654	1,896,870	20,462	229,083	109,559	2,626,062
Less:												
Recoveries	-	(395)	-	-	-	(19,500)	-	(48,330)	(14,673)	-	(31,628)	(114,526)
Write down	-	(21,007)	-	-	-	-	-	-	-	-	-	(21,007)
	-	(21,402)	-	-	-	(19,500)	-	(48,330)	(14,673)	-	(31,628)	(135,533)
Net additions	11,194	(19,388)	10,448	169,699	131,526	66,273	3,654	1,848,540	5,789	229,083	79,521	2,536,339
Balance at												
September 30, 2005	\$ 1,153,120	\$ 416,128	\$ 128,363	\$ 273,496	\$ 131,526	\$ 483,775	\$ 61,173	\$ 5,217,167	\$ 249,561	\$ 734,060	\$ 2,396,471	\$ 11,244,840

(1) Included in "Other Properties" in 2004.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

September 30, 2005

(Unaudited – See Notice)

5. Mineral Properties (continued)

(a) Sarah Lake Joint Venture, Labrador

The Company owns a 48% interest in the Sarah Lake Joint Venture with partner, Donner Minerals, operator of the joint venture, owning 52%.

(b) Green Bay, Newfoundland

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

(c) Adlatok 1, Labrador

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

(d) Big Hill, Newfoundland

In February 2004, the Company finalized an option agreement with Black Bart Prospecting Inc. under which 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 and agreed to issue an aggregate of 260,000 common shares 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.

(e) Blue Hills and White Bear, Newfoundland

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 Uranium properties over a four year term by making cash payments of \$82,200, issuing 201,000 common shares and completing \$1,000,000 in exploration work. Of this, \$7,500 and 21,000 common shares were due on signing of the final option agreement. On April 13, 2005, the Company issued a warrant to the optionors to purchase 250,000 common shares exercisable at a price of \$1.00 per share. The warrant is exercisable only if a Mineral Reserve (as defined in National Instrument 43-101) of at least \$500 million is defined. The warrant will expire on the earlier of the date the Company exercises the option or March 4, 2009. The agreement is subject to a 2% of Net Smelter Returns Royalty for the vendors with a buy-back of 1% of the royalty for \$1 million.

On March 29, 2005, the Company entered into a separate option agreement to earn a 100% interest in the Couteau Lake Property from a prospector over a four year term by making total cash payments of \$60,000, issuing 150,000 common shares and completing \$300,000 in exploration work. Of this, \$7,000 in cash and 20,000 common shares were due on signing of the final option agreement. The first year expenditure commitment is \$40,000. The agreement is subject to a 2% of Net Smelter Returns Royalty for the vendor with a buy-back of 1% of the royalty for \$1 million.

(f) Stewart, New Brunswick

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

COMMANDER RESOURCES LTD.

Notes to Financial Statements

September 30, 2005

(Unaudited – See Notice)

5. Mineral Properties (continued)

(g) Sally, Labrador

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

(h) 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 gold royalty ranging 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.

(i) Dewar Lake, Nunavut

The Company has earned a 100% interest in sixteen Nunavut Exploration Permits from BHP Billiton Diamonds Inc. (“BHP Billiton”) covering just under 400,000 hectares on Baffin Island, Nunavut by incurring \$200,000 in expenditures on the property. BHP Billiton retains a net smelter return royalty ranging from 1% to 3% based on gold prices. 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.

(j) 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.

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

September 30, 2005

(Unaudited – See Notice)

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

The Company holds interests ranging from 30% to 100% in several Canadian properties. The Company has granted options on some of these properties. The carrying values of those properties included under Other Properties at September 30, 2005 are as follows:

	2005
British Columbia	
Abe & Pal	\$ 95,907
Tam	61,518
Aten, Link, Mate & Tut	22,970
New Brunswick	
Nepisiguit	863,448
Nunavut	
Talik	59,340
Newfoundland and Labrador	
Sadie	10,502
Ontario	
Dorothy	55,619
Matheson	14,213
McVean	8,558
Sabin	88,465
Quebec	
Despinassy	88,325
Yukon	
Olympic, Rob	1,027,249
Rein	357
	\$ 2,396,471

6. Property, Plant and Equipment

	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	\$ 57,240	\$ 49,638	\$ 7,602
Computer equipment	138,724	105,956	32,768
Leasehold improvements	28,293	5,894	22,399
	\$ 224,257	\$ 161,488	\$ 62,769

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

September 30, 2005

(Unaudited – See Notice)

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

Unlimited common shares without par value.

(b) Issued and outstanding common shares

	Number of Shares	Amount
Balance, December 31, 2004	30,757,590	\$ 23,502,262
Issued for cash and other consideration:		
Private placement, net of issue costs (Note 7(c))	5,297,833	1,207,163
Exercise of options, for cash	70,000	13,700
Exercise of options, stock-based compensation		9,724
For mineral property	101,000	28,070
Balance, September 30, 2005	36,226,423	\$ 24,760,919

(c) Private Placement

On June 22, 2005, the Company completed a private placement of 5,093,667 flow-through common shares at a price of \$0.24 per share. The securities are subject to a four month hold period and may not be traded until October 21, 2005. Finders' fees paid consisted of \$7,980 in cash and 204,166 common shares.

See Subsequent Events 13(c).

(d) 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 6,155,518 common shares. Vesting of options is made at the discretion of the board of directors at the time the options are granted. As at September 30, 2005, the Company had stock options outstanding for the purchase of 3,585,335 common shares with an average remaining contractual life of 3.49 years, of which 3,585,335 stock options had vested and were exercisable.

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

September 30, 2005

(Unaudited – See Notice)

7. Share Capital (continued)**(d) Stock Options** (continued)

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	2,839,335	\$0.41
Granted	833,000	\$0.26
Exercised	(70,000)	\$0.20
Expired	(17,000)	\$0.56
Outstanding at September 30, 2005	3,585,335	\$0.39

The following summarizes information about stock options outstanding at September 30, 2005:

Number of Shares	Exercise Price	Expiry Date
179,332	\$0.23	September 11, 2006
430,337	\$0.20	January 23, 2008
221,666	\$0.26	August 20, 2008
5,000	\$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
791,000	\$0.56	May 18, 2009
100,000	\$0.40	September 6, 2009
200,000	\$0.40	September 21, 2009
50,000	\$0.34	January 24, 2010
783,000	\$0.25	July 19, 2010
3,585,335		

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

September 30, 2005

(Unaudited – See Notice)

7. Share Capital (continued)**(e) Stock-Based Compensation**

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 September 30, 2005:

Risk-free interest rate	2.52%
Expected dividend yield	-
Expected stock price volatility	116.98%
Expected option life in years	3.15

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.

(f) Warrants

The following summarizes information about warrants outstanding at September 30, 2005:

Exercise Price	Expiry Date	Outstanding at December 31, 2004	Issued	Exercised	Expired	Outstanding at September 30, 2005
\$0.70	October 27, 2005	35,000	-	-	-	35,000
\$0.45/ \$0.50	December 8, 2005 /2006	2,500,000	-	-	-	2,500,000
		2,535,000	-	-	-	2,535,000

8. Related Party Transactions

In addition to the marketable securities disclosed in Note 3 and the commitment disclosed in Note 9, 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 \$2,860 owed by those companies for shared administrative expenses.
- (b) Included in accounts payable is \$13,166 owed to Diamonds North Resources Ltd., a company related by virtue of a common director, relating to shared office premises and administrative staff.
- (c) The Company paid or accrued legal fees in the aggregate of \$2,152 to a law firm in which a director of the Company is a partner. Included in accounts payable and accrued liabilities is \$417 owed to the firm.

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

September 30, 2005

(Unaudited – See Notice)

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 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 basic rental payments under this arrangement is approximately \$68,600.

10. Segmented Information

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

Revenues for the comparative fiscal 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 received for mineral property	\$ 19,000
Shares issued for mineral property	\$ (28,070)

Financing activities:

Stock-based compensation	\$ 9,724
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Other cash flow information:

Interest received	\$ 8,483
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12. Income Taxes

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

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation.

COMMANDER RESOURCES LTD.

Notes to Financial Statements

September 30, 2005

(Unaudited – See Notice)

13. Subsequent Events

- a) On October 4, 2005, the Company reported an agreement with prospector Lorne Warren that provides the Company with a 10% Carried Interest in approximately 8400 hectares of mineral claims in the Omineca area of BC and 50% of any royalties granted to Lorne Warren under any subsequent third party agreement on the property. In exchange for the interest, the Company has agreed to transfer title and all associated data for three legacy claims (the TAM claims) totalling 75 hectares owned 100% by the Company which lie within the boundary area of the property and cover a key portion of the Boundary copper deposit.
- b) On October 12, 2005, the Company reported an agreement with BHP Billiton World Exploration Inc. (“BHP Billiton”) on the Company’s 100% owned Nepisiguit zinc property, located in the Bathurst area of New Brunswick. Prior to this agreement, BHP Billiton retained the right to earn back a 55% interest in the property and retained a 2% Net Smelter Returns Royalty (“NSR”) with no buy-down provision. Under a new royalty agreement which replaces the existing agreement between the parties, the Company is providing BHP Billiton with a 2.75% NSR subject to a buy-down provision for the Company of 1.75% NSR for \$1.5 million at any time. In exchange for the royalty, BHP Billiton has agreed to waive its 55% earn-back right and will therefore have no future right to earn a participating interest in the property.
- c) On October 21, 2005, the Company completed a non-brokered private placement and issued 2,283,650 flow-through common shares at \$0.35 per flow-through share and 1,089,575 non flow-through Units at \$0.33 per Unit. Each Unit consisting of one common share and one-half non-transferable share purchase warrant, with each whole warrant is exercisable into one common share to October 20, 2006 at a price of \$0.45 per common share. The securities have a hold period and may not be traded until February 21, 2006. Finder’s fees of \$2,082 were paid in cash.
- d) On November 1, 2005, the Company reported the discovery of a new high grade uranium showing prompting Company to acquire an additional 1,600 claims totalling 40,000 hectares covering a major geological belt known as the “Hermitage Flexure”. The Hermitage Flexure ties together the Blue Hills and White Bear River uranium properties located in southern Newfoundland.
- e) On November 3, 2005, the Company reported that it will receive a finder’s fee from Pathfinder Resources Ltd. (“Pathfinder”) in conjunction with the acquisition by Pathfinder of 1,429 claims aggregating 35,725 hectares in southern Newfoundland. The finder’s fee payable to the Company, upon receipt of regulatory approval, will consist of 150,000 common shares of Pathfinder and a 2% Royalty on all commodities produced from the claims staked by Pathfinder.