



**COMMANDER  
RESOURCES LTD.**

## **INTERIM REPORT**

For the Three Months Ended  
March 31, 2009 and 2008

(See Notice)





**COMMANDER  
RESOURCES LTD.**

**COMMANDER RESOURCES LTD.**

Notice

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

The accompanying unaudited interim financial statements of Commander Resources Ltd. (“the Company”), for the three months ended March 31, 2009, have been prepared by management and have not been the subject of a review by the Company’s independent auditor.

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Balance Sheets**

As at March 31, 2009 and December 31, 2008

(Unaudited - See Notice)

(expressed in Canadian dollars)

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 4)	\$ 711,626	\$ 960,486
Marketable securities (Note 5)	155,827	172,513
Accounts receivable	40,707	70,390
Due from related parties (Note 12(a))	2,606	11,819
Prepaid expenses	20,055	41,217
Field supplies (Note 7)	131,193	131,193
Recoverable deposits (Note 8)	-	-
	<b>1,062,014</b>	<b>1,387,618</b>
Mineral properties (Note 9)	22,339,261	22,206,949
Property and equipment (Note 10)	19,193	22,272
	<b>\$ 23,420,468</b>	<b>\$ 23,616,839</b>
<b>LIABILITIES</b>		
Current liability		
Accounts payable and accrued liabilities	\$ 164,816	\$ 180,867
Future income taxes (Note 16)	1,440,365	1,440,365
	<b>1,605,181</b>	<b>1,621,232</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	35,956,180	36,573,769
Contributed surplus	586,576	230,695
Option compensation	1,317,269	1,662,513
Deficit	(15,647,051)	(16,090,369)
Accumulated other comprehensive income/(loss)	(397,687)	(381,001)
	<b>21,815,287</b>	<b>21,995,607</b>
	<b>\$ 23,420,468</b>	<b>\$ 23,616,839</b>

Nature of Operations and Going Concern (Note 1)

Commitment (Note 13)

Subsequent Events (Note 17)

Approved by the Directors:

*"Kenneth E. Leigh"*

Kenneth E. Leigh

*"Michael W. Byrne"*

Michael W. Byrne

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Statements of Operations**

(Unaudited - See Notice)

(expressed in Canadian dollars)

	<b>For Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>General and administrative expenses</b>		
Accounting and audit	\$ 22,400	\$ 32,915
Administration and other fees	(583)	-
Amortization	3,079	4,681
Annual report and meeting	4,524	1,766
Consultants	9,388	10,500
Insurance	11,162	11,368
Investor relations and promotion	29,978	74,756
Legal	962	5,460
Office and miscellaneous	11,684	40,311
Regulatory and transfer agent fees	10,725	8,151
Rent and storage	22,571	25,933
Salaries and benefits	35,727	68,202
Stock-based compensation	10,637	3,390
<b>Loss before the undernoted</b>	<b>(172,254)</b>	<b>(287,433)</b>
Investment income	576	11,154
Property investigation	(2,593)	(758)
Write-down of mineral properties	-	(8,792)
Mineral property recovery	-	561,257
Flow-through charges	-	(43,505)
Gain on sale of marketable securities	-	213,645
<b>Loss before taxes</b>	<b>(174,271)</b>	<b>445,568</b>
<b>Future income tax recovery (Note 16)</b>	<b>617,589</b>	<b>410,312</b>
<b>Net profit for the period</b>	<b>443,318</b>	<b>855,880</b>
<b>Deficit, beginning of period</b>	<b>(16,090,369)</b>	<b>(16,030,480)</b>
<b>Deficit, end of period</b>	<b>\$ (15,647,051)</b>	<b>\$ (15,174,600)</b>
<b>Loss per share - basic</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Earnings/(loss) per share - diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding</b>	<b>79,572,516</b>	<b>69,866,526</b>
<b>Weighted average number of shares outstanding - Diluted</b>	<b>86,910,444</b>	<b>83,477,092</b>
<b>Breakdown of Non-Cash Stock-Based Compensation</b>		
For the Three Months Ended March 31		
(expressed in Canadian dollars)		
	<b>2009</b>	<b>2008</b>
Accounting	\$ 668	\$ -
Consultants	4,010	3,390
Investor relations	557	-
Salaries and benefits	5,402	-
<b>Total Stock-Based Compensation</b>	<b>\$ 10,637</b>	<b>\$ 3,390</b>

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Statements of Comprehensive Loss**

(Unaudited - See Notice)

(expressed in Canadian dollars)

	<b>For Three Months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Net profit for the period</b>	\$ 443,318	\$ 855,880
Unrealized loss of available for sale investments	(16,686)	(134,304)
Transfer to income of realized gains on sale of investments	-	(49,755)
<b>Comprehensive income for the period</b>	\$ 426,632	\$ 671,821

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Statements of Cash Flows**

(Unaudited - See Notice)

(expressed in Canadian dollars)

	<b>For Three Months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash provided from (used for):</b>		
<b>Operating activities</b>		
Net income for the period	\$ 443,318	\$ 855,880
Items not involving cash:		
Amortization	3,079	4,681
Gain on sale of marketable securities	-	(213,645)
Stock-based compensation	10,637	3,390
Write-down of mineral properties	-	8,792
Future income tax recovery	(617,589)	(410,312)
	<b>(160,555)</b>	<b>248,786</b>
Changes in non-cash working capital items:		
Accounts receivable	29,683	47,727
Government grant receivable	-	100,000
Due from related parties	9,213	402
Prepaid expenses	21,162	30,922
Recoverable deposits	-	7,200
Accounts payable and accrued liabilities	(84)	75,923
<b>Cash used in operating activities</b>	<b>(100,581)</b>	<b>510,960</b>
<b>Investing activities</b>		
Proceeds from sale of marketable securities	-	322,890
Mineral property acquisition and exploration costs	(132,312)	(469,595)
Accounts payable and accrued liabilities related to mineral properties	(15,967)	(479,569)
<b>Cash used in investing activities</b>	<b>(148,279)</b>	<b>(626,274)</b>
<b>Financing activity</b>		
Shares issued for cash, net of issue costs	-	-
<b>Cash provided by financing activities</b>	<b>-</b>	<b>-</b>
<b>Decrease in cash and cash equivalents</b>	<b>(248,860)</b>	<b>(115,314)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>960,486</b>	<b>2,100,436</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 711,626</b>	<b>\$ 1,985,122</b>

Supplemental Cash Flow Information (Note 15)

See Accompanying Notes to the Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Statements of Shareholders' Equity**

(expressed in Canadian dollars)

	Share Capital		Contributed	Option		Accumulated	Total
	Shares	Amount	Surplus	Compensation	Deficit	Other Comprehensive Income (loss)	Shareholders' Equity
<b>Balance, December 31, 2007</b>	<b>69,849,660</b>	<b>\$ 34,803,607</b>	<b>\$ 69,400</b>	<b>\$ 1,672,798</b>	<b>\$ (16,030,480)</b>	<b>\$ 118,122</b>	<b>\$ 20,633,447</b>
Net loss for the year					(59,889)		(59,889)
Other Comprehensive income (loss)							
Unrealized loss on available-for-sale investments, net of taxes						(449,368)	(449,368)
Transfer to income of realized gain on sale of investments						(49,755)	(49,755)
Shares issued for cash							
Private placement	9,300,000	2,202,000					2,202,000
Agent's compensation	251,856	52,890					52,890
Share issue costs		(117,766)					(117,766)
Non-cash transactions							
Income tax effect on flow-through share renunciation		(410,312)					(410,312)
Reclassification of option compensation on expiry of options			161,295	(161,295)			-
Property acquisition	171,000	43,350					43,350
Stock-based compensation				151,010			151,010
<b>Balance, December 31, 2008</b>	<b>79,572,516</b>	<b>\$ 36,573,769</b>	<b>\$ 230,695</b>	<b>\$ 1,662,513</b>	<b>\$ (16,090,369)</b>	<b>\$ (381,001)</b>	<b>\$ 21,995,607</b>
Net profit for the period					443,318		443,318
Other Comprehensive income (loss)							
Unrealized loss on available-for-sale investments, net of taxes						(16,686)	(16,686)
Non-cash transactions							
Income tax effect on flow-through share renunciation		(617,589)					(617,589)
Reclassification of option compensation on expiry of options			355,881	(355,881)			-
Stock-based compensation				10,637			10,637
<b>Balance, March 31, 2009</b>	<b>79,572,516</b>	<b>\$ 35,956,180</b>	<b>\$ 586,576</b>	<b>\$ 1,317,269</b>	<b>\$ (15,647,051)</b>	<b>\$ (397,687)</b>	<b>\$ 21,815,287</b>

See Accompanying Notes to the Financial Statements



## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Financial Statements

For the Periods Ended March 31, 2009 and 2008

(expressed in Canadian dollars)

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

Commander Resources Ltd. (the "Company") is in the process of actively exploring and developing its mineral properties and has not yet determined whether these properties contain mineral resources that are economically recoverable ("reserves"). The Company considers itself to be an exploration stage company

At March 31, 2009, the Company has an accumulated deficit of \$15,647,051 (2008 – \$16,090,369) and has working capital of \$897,198 (2008 – \$1,206,751) which management believes is sufficient to achieve the Company's currently planned business objectives for fiscal 2009. The Company will need to complete further financings for additional drilling and exploration activities as required, and for future operations.

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. 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.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for mineral property interests is dependent on several factors:

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

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

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are stated in Canadian dollars.

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

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

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

Cash and cash equivalents include cash held and short-term investments with original maturities or redemption provisions of three months or less from the date of acquisition. Of the \$711,626 in cash and cash equivalents, \$111,462 were set aside as restricted funds for future contingencies.

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Financial Statements

For the Periods Ended March 31, 2009 and 2008

(expressed in Canadian dollars)

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

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

Investments other than derivatives are classified as available-for-sale, and are carried at quoted market value, where applicable, or at an estimate of fair value. Resulting unrealized gains or losses, net of applicable income taxes, are reflected in other comprehensive income or loss, while realized gains or losses are included in operations.

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

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

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

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

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

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

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

Property and equipment consisting of office furniture and computer equipment are recorded at cost less accumulated amortization. Amortization is recorded using the straight-line method over five years. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

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

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

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Financial Statements

For the Periods Ended March 31, 2009 and 2008

(expressed in Canadian dollars)

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

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

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

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

Resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. The future income tax liability associated with the flow-through shares is recognized by the Company when qualified resource expenditures are renounced. Share capital is reduced and future income tax liability is increased by the tax effect related to the renounced resource expenditures. Where available, the Company offsets future income tax liabilities with future income tax assets not previously recognized, resulting in the recognition of a future income tax recovery.

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

The Company accounts for stock-based compensation using a fair value-based method with respect to all stock-based payments to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged to operations, with the offset credit to contributed surplus, over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company does not incorporate an estimated forfeiture rate for options that will not vest, but rather accounts for actual forfeitures as they occur.

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

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

#### **(k) Loss per share**

Earnings or loss per share is calculated based on the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Financial Statements

For the Periods Ended March 31, 2009 and 2008

(expressed in Canadian dollars)

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

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

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 January 1, 2009. The Company does not expect this new section has any significant impact on its financial statements.

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

##### **(i) 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 generally accepted accounting principles 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 generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning January 1, 2011. The transition date will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010 and earlier where applicable. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

### **3. Financial Instruments**

#### **(a) Fair value**

The fair values of the Company's cash and cash equivalents, accounts receivable, due from related parties, and accounts payable and accrued liabilities approximate their carrying amounts due to the immediate or short-term to maturity of these financial instruments. In accordance with the new standards, the Company has classified its financial instruments as follows:

Cash and cash equivalents – as held-for-trading  
Marketable securities – as available for sale  
Accounts receivable – as loans and receivables  
Due from related parties – as loans and receivables  
Accounts payable and accrued liabilities – as other liabilities

#### **(b) Interest rate risk**

The Company's cash and cash equivalents consist of cash held in bank accounts and term deposits that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2009. Future cash flows from interest income on cash and cash equivalents will be nominally affected by interest rate fluctuations.

## COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Notes to Financial Statements

For the Periods Ended March 31, 2009 and 2008

(expressed in Canadian dollars)

### 3. Financial Instruments (continued)

#### (c) Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. In regards to the accounts receivable, the Company is not exposed to significant credit risk as the majority are from governmental agencies.

#### (d) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company is also exposed to the financial risk related to the fluctuation of the market prices of its marketable securities.

#### (e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has cash and cash equivalents at March 31, 2009 in the amount of \$711,626 (2008 - \$960,486) in order to meet short-term business requirements. At March 31, 2009, the Company had accounts payable and accrued liabilities of \$164,816 (2008 - \$180,867).

### 4. Cash and Cash Equivalents

As at March 31, 2009, included in the cash and cash equivalents balance, was an amount of \$111,462 classified as restricted funds for future contingencies to be reviewed by the board on a quarterly basis. There was also an amount of \$Nil (2008 - \$43,134) for exploration funds which were raised through the issuance of flow-through shares. The exploration funds are required to be spent on mineral exploration related activities in Canada only (Note 16).

### 5. Marketable Securities

	As at March 31, 2009					As at December 31, 2008				
	Number of Shares	Cost	Close Price	Market Value	Year-to-Date Unrealized Gain/(Loss) Before Tax	Number of Shares	Cost	Close Price	Market Value	Year-to-Date Unrealized Gain/(Loss) Before Tax
Fjordland (FEX.V)	517,647	\$ 101,353	\$ 0.055	\$ 28,471	\$ 10,353	517,647	\$101,353	\$ 0.035	\$ 18,118	\$ (168,235)
Diamonds North (DDN.V)	258,000	141,280	0.155	39,990	(37,410)	258,000	141,280	0.300	77,400	(116,100)
Uranium North (UNR)	333	333	0.085	28	(2)	333	333	0.090	30	(137)
Alto Ventures (ATV.V)	1,875,000	281,250	0.035	65,625	-	1,875,000	281,250	0.035	65,625	(215,625)
Bayswater (BAY.V)	29,400	15,000	0.095	2,793	588	29,400	15,000	0.075	2,205	(21,903)
GBL Gold Corp (GBGD.OB)	75,000	72,439	0.252	18,920	9,785	75,000	72,439	0.122	9,135	(24,213)
Pamlico Resources Ltd. (PGP)	100,000	-	-	-	-	100,000	-	-	-	-
<b>Total</b>		<b>\$ 611,655</b>		<b>\$ 155,827</b>	<b>\$ (16,686)</b>		<b>\$611,655</b>		<b>\$ 172,513</b>	<b>\$ (546,213)</b>

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Financial Statements

For the Periods Ended March 31, 2009 and 2008

(expressed in Canadian dollars)

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### **6. Capital and Risk Management**

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has no source of revenues; as such the Company is dependent upon external financings or the sale of assets (or an interest therein) to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2009. The Company is not subject to externally imposed capital requirements.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be significantly affected by interest rate risk, foreign currency risk and price risk. In particular, interest rate risk is remote as the interest rates on the Company's short-term investments are fixed with an interest rate range between 2.2% to 2.7%. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk. Commodity price risk could affect the Company. In particular, the Company's future profitability and viability of development depends upon world market of precious metals. As of March 31, 2009, the Company was not a producing entity. As a result, commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

At March 31, 2009, if the market prices of the marketable securities had decreased 10% with all other variables held constant, the comprehensive income for the quarter would have been \$15,582 lower. Conversely, if the market prices of the marketable securities had increased by 10% with all other variables held constant, the comprehensive income for the quarter would have been \$15,582 higher.

### **7. Field Supplies**

Field supplies consist of fuel and other supplies which were stored in a facility in the hamlet of Clyde River and Resolute Bay, Nunavut, and stated at the lower of cost and net realizable value.

### **8. Recoverable Deposits**

During the year ended December 31, 2008, the Company reclassified the amount of bonds in lieu of work on its Newfoundland projects to mineral properties to better reflect the nature of the payment. The balance of the recoverable deposits has been recorded as \$Nil at March 31, 2009 (2008 - Nil).

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Financial Statements

For the periods ended March 31, 2009 and 2008

(expressed in Canadian dollars)

**9. Mineral Properties**

At March 31, 2009, the Company's mineral properties are comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	<b>Baffin, Nunavut</b>		<b>Other Properties</b>	<b>Total</b>
	Qimmiq	Bravo Lake		
Balance at December 31, 2008	\$ 9,924,937	\$ 2,443,415	\$ 9,838,597	<b>\$ 22,206,949</b>
Additions during the period:				
Acquisition costs:	-	50,000	-	<b>50,000</b>
Exploration costs:				
Drilling	-	-	748	<b>748</b>
Geochemistry	-	-	-	-
Geology	30,446	646	42,906	<b>73,998</b>
Geophysics	-	-	-	-
Mobilization/demobilization	-	-	-	-
Property	-	429	9,187	<b>9,616</b>
Prospecting	-	-	-	-
Trenching/line cutting	-	-	-	-
Administration and other, net	2,880	720	-	<b>3,600</b>
	<b>33,326</b>	<b>1,795</b>	<b>52,841</b>	<b>87,962</b>
Less:				
Recoveries	-	-	(5,650)	<b>(5,650)</b>
Write down	-	-	-	-
	-	-	(5,650)	<b>(5,650)</b>
Net additions	33,326	51,795	47,191	<b>132,312</b>
<b>Balance at March 31, 2009</b>	<b>\$ 9,958,263</b>	<b>\$ 2,495,210</b>	<b>\$ 9,885,788</b>	<b>\$ 22,339,261</b>

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

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For the periods ended March 31, 2009 and 2008

(expressed in Canadian dollars)

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

#### **Acquisitions**

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

#### **Environmental expenditures**

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

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

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

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

The Company entered into an Agreement dated May 6, 2008 with Global Resources Corporation Pty Ltd. ("GRC"), a private Australian company providing GRC the option to earn a 100% interest in the non-gold mineral rights of the Baffin Island Properties (gold, diamond and uranium dominant resources are excluded from this agreement) in exchange for 10% of the total number of issued shares in a Newco following a planned initial public offering ("IPO"). In addition, GRC agreed to pay \$1,425,000 cash to the Company, including \$25,000 cash upon signing (paid), \$50,000 cash on or before July 15, 2008 (paid), \$200,000 cash on or before October 15, 2008 (deferred), and \$1.15-million cash within 10 days of successfully listing the IPO (deferred) and to complete a minimum \$500,000 exploration program on the Baffin Island Properties by December 31, 2009 (deferred). The Agreement was terminated on April 21, 2009.

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

The Company has been operating under an option agreement with BHP Billiton to explore for gold on 50,000 hectares of Nunavut Tunngavik Incorporated ("NTI") leases on Baffin Island, Nunavut. Under the original option agreement, the Company had the right to earn 50% of BHP Billiton's exploration rights by expending \$4 million by 2007, 80% interest by expending an aggregate \$10 million, prior to recoveries, by 2012 and a 100% interest by delivering a feasibility study by December 31, 2014.

Under the original agreement, BHP Billiton retained certain back-in rights for non-gold deposits 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. BHP Billiton retained no back-in rights to gold deposits.



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### 9. Mineral Properties (continued)

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

##### (i) Qimmiq (continued)

On February 22, 2008, the parties signed an Option Acceleration Agreement ("Revised Agreement"), providing the Company the option to accelerate its rights to earn a 100% interest in the Qimmiq Property by paying the lump sum of \$400,000 in cash to BHP Billiton on or before September 30, 2008. The deadline for this cash payment was subsequently extended to January 31, 2009, again to February 28, 2009 and again to April 30, 2009 through amending letters dated September 21, 2008, January 30, 2009, February 25, 2009. Under the Revised Agreement, should the Company elect to proceed, BHP Billiton would retain 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 would apply to 50% of the non-gold concentrates; the other 50% of the non-gold concentrates 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 retain 100% control over the sale and marketing of all gold concentrates or gold products produced from the Property. The Revised Agreement is subject to a variable net smelter return gold royalty ranging from 1% to 3% based on gold prices (royalties are now held by International Royalty Corporation) and the terms and conditions of the underlying NTI agreements, which include a 12% royalty to NTI on net profits payable on production.

On April 30, 2009, the Company exercised its right to accelerate its interest to 100% in the Property after BHP Billiton agreed to waive the \$400,000 cash payment required under the Option Acceleration Agreement.

##### (ii) Bravo Lake

The Company has an option agreement with Xstrata Nickel to explore for gold, diamonds, and other metals on the Bravo Lake Property that originally consisted of 12 Prospecting Permits. The Company has the right to earn a 100% interest in the property by incurring \$8 million of exploration expenditures on the property by 2011. The Company has incurred approximately \$2.5 million in exploration expenditures up to March 31, 2009. Under the agreement, if a nickel and/or base metal mineral discovery is made, Xstrata Nickel may exercise a back-in option on the mineral discovery to acquire up to an aggregate 75% interest. If a diamond resource discovery is made, Xstrata Nickel may exercise a back-in option to acquire up to an aggregate 50% interest. There are no back-in rights to a gold discovery. The property is subject to certain royalties payable to Xstrata Nickel including a sliding scale NSR from 1% to 3% on gold production, a 2% NSR on nickel production, a 1.5% NSR on (non-nickel) base metal production, and a 2% gross overriding royalty on diamond production.

On May 1, 2008, the Company entered into a Purchase Letter with Xstrata providing the Company the option to accelerate its ownership in the Bravo Property to 100% for total cash payments to Xstrata of \$750,000 by December 31, 2008, including \$50,000 on signing (paid), \$75,000 on or before July 15, 2008 (paid), \$200,000 on or before October 15, 2008, and \$425,000 on or before December 31, 2008. In an amending letter dated November 13, 2008, the deadline for the remaining cash payments was extended to \$50,000 by February 28, 2009 (further extended to and paid on March 9, 2009) and \$575,000 by June 30, 2009 (further extended to December 31, 2009). If the Company elects not to accelerate the option, the existing Letter Agreement will remain in effect and the work commitments in 2008 as required under the original option agreement will be carried forward to 2009.

If the Company proceeds with this option, Xstrata would retain a ROFR 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 would apply to 50% of the concentrates; the other 50% of the concentrates available for the Company to support or facilitate mine financing terms and other project capitalization and Xstrata shall retain a ROFR to match such financing terms. Xstrata retains the royalties provided under the original Letter Agreement but under the Purchase Letter, 50% of the royalties may be purchased by the Company for \$1 million at any time up to commencement of commercial production.

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**9. Mineral Properties** (continued)**(b) Other properties**

The Company owns several other properties in Canada in which it holds interests ranging from 10% to 100%. The Company has granted options on some of these properties. The carrying values of those properties included under Other Properties at March 31, 2009 and December 31, 2008 are as follows:

	Ownership %	March 31, 2009	December 31, 2008
<b>Labrador Properties</b>			
Adlatok I (i)	72.696	\$ 746,151	\$ 745,387
Sadie (ii)	100.000	127,856	127,856
Sally (iii)	100.000	391,232	391,232
Sango River	100.000	8,345	8,345
Sarah Lake (iv)	48.200	1,728,486	1,727,835
<b>Nunavut</b>			
Storm (v)	100.00	92,829	88,745
Dewar Lake	-	516	-
<b>Newfoundland</b>			
Hermitage (vii)	100.00	2,726,605	2,716,668
Strickland (vii)	100.00	922,411	921,880
Cochrane Pond (vii)	50.00	48,734	48,723
Green Bay (xi)	100.00	513,342	492,882
Others	100.00	133,571	133,571
<b>Yukon</b>			
Olympic, Rob (viii)	100.00	1,016,606	1,010,143
<b>British Columbia</b>			
Abe and Pal (ix)	100.00	110,536	109,633
Aten, Mate and Tut (ix)	100.00	1,210	1,210
Haw	100.00	13,035	13,034
Tam (x)	10.00	44,524	49,524
<b>New Brunswick</b>			
Nepisiguit/Stewart (xii)	100.00	1,124,941	1,121,669
<b>Ontario</b>			
Matheson	41.36	14,213	14,213
McVean	100.00	-	-
Sabin	100 - 58.50	120,645	116,047
<b>Yukon</b>			
Rein	100.00	-	-
<b>Total Other Properties</b>		<b>\$ 9,885,788</b>	<b>\$ 9,838,597</b>

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(expressed in Canadian dollars)

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

#### **(b) Other properties** (continued)

##### **(i) Adlatok 1, Labrador**

The Company has a 72.7% interest in the Adlatok 1 property.

##### **(ii) Sadie, Labrador**

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

##### **(iii) Sally, Labrador**

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

##### **(iv) Sarah Lake, Labrador**

The Company owns a 48.2% interest in the Sarah Lake property. Donner Metals Ltd. ("Donner Metals") owns 51.8% and is the operator of the property.

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

The Company acquired three prospecting permits on February 1, 2008 for a \$15,000 cash deposit. The permits are good for a five-year term and the \$15,000 deposit is refundable on completion of an equivalent amount of exploration work in the first two years.

##### **(vi) Despinassy, Quebec**

On January 10, 2008, the Company reported that it had entered into a letter of intent (LOI) to sell its 24.5% participating interest in the property to majority partner Alto Ventures. On March 4, 2008, under the terms of the LOI, the Company received a lump-sum cash payment of \$375,000 and 1,875,000 common shares of Alto Ventures at a fair value of \$281,250. The Company retains 1% NSR royalty on 83 claims and 0.25% on the other 30 claims. Alto Ventures retains the right to buy down the NSR on the 83 claims to 0.5% for \$500,000.

##### **(vii) Hermitage Uranium Properties, Newfoundland**

###### **(a) Hermitage**

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

On April 22, 2005, the Company completed a second option agreement to earn a 100% interest in the Couteau Lake Property over a four-year term by making total cash payments of \$60,000, issuing 150,000 common shares, and completing \$300,000 in exploration work. Of this, \$60,000 in cash has been paid and 150,000 common shares have been issued and approximately \$133,000 of exploration work has been completed. The agreement is subject to a 2% NSR for the vendor with a buy-back of one-half of the NSR for \$1 million. The Company was granted a deferral of the 2008 expenditures to April 22, 2009 by the underlying property owner. In a Second Amending Agreement, dated March 31, 2009, the parties agreed to extend the expiry date for the option to April 2, 2010, with no expenditure obligations in 2009.

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

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(expressed in Canadian dollars)

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

#### **(b) Other properties** (continued)

##### **(vii) Hermitage Uranium Properties, Newfoundland**

###### **(b) Strickland**

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

On August 16, 2006, the Company announced that it had entered into an option agreement ("Quinlan Option") to purchase a small claim block located in the middle of the Company's wholly owned Strickland Property. The Company has the right to earn a 100% interest in the claims through cash payments totalling \$43,000 and by issuing 160,000 shares of the Company over a four-year period. The vendors will retain a 2% NSR, one-half of which may be bought by the Company at any time for \$1 million. On December 8, 2008, the Quinlan Option was amended such that a portion of the cash payment due on the second anniversary of the option agreement was deferred until August 31, 2009. As such, \$3,000 was paid and 40,000 shares were issued to Quinlan prior to December 31, 2008 and, should the Company elect to proceed with the final year of the option, a cash payment of \$26,000 will be made on or before August 31, 2009. To date, the Company has made cash payments totalling \$17,000 and has issued 100,000 common shares.

###### **(c) Hermitage East and West**

The Company currently owns 100% of the properties.

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

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

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

On November 13, 2008, CPJV entered into a new agreement with Global Gold Uranium replacing the agreement of April 13, 2007, in which the CPJV agreed to sell to Global Gold Uranium a 1% royalty on sales of uranium products extracted from the property in consideration for a cash payment of US\$50,000 to CPJV. The royalty will be reduced to 0.5% after the total royalty payments to Global Gold Uranium reach \$1 million.

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

#### **(b) Other properties** (continued)

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

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

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

On May 1, 2008, the Company entered into an agreement with GRC, a privately held Australian company, providing GRC the option to earn an initial 50% interest in the property. Under the agreement, GRC was provided the right to earn a participating interest in the property with the stipulation that the terms of this agreement, except for a \$20,000 initial cash payment that was paid, would not be in effect until GRC successfully completed a planned IPO. Since GRC failed to complete the IPO by October 31, 2008, as required, the agreement was terminated.

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

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

In February 2007, the Company entered into an agreement with Geoinformatics Exploration Canada Limited ("GXL") providing GXL the option to earn a participating interest in the properties. The option allowed GXL the right to earn an initial 60% interest by completing \$4,500,000 in exploration expenditures over four years and by paying to the Company \$300,000 in cash of which \$50,000 in cash and \$750,000 in work expenditures was the commitment for 2007. In 2007, GXL elected not to proceed with the option and returned the property to the Company with five years of assessment work filed.

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

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

Under an agreement dated February 13, 2006 between the underlying owners and Teck Cominco Limited ("Teck Cominco"), the Company received a cash payment of \$2,500. In addition, the Company is entitled to a 1.5% NSR of which \$250,000 is payable as an advance royalty starting on December 31, 2012. This royalty is subject to a buy-down provision that, if exercised, would pay \$1 million to the Company.

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

The Company holds a 100% interest in the Green Bay property, which includes the Orion gold deposit.

##### **(xii) Nepisiguit/Stewart, New Brunswick**

The Company owns 100% of the property subject to a 2.75% NSR retained by BHP Billiton. The NSR is subject to a buy-down to 1% NSR for \$1.5 million at any time.

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**9. Mineral Properties** (continued)**(b) Other properties** (continued)**(xiii) St. George's Bay, Newfoundland**

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

The Company elected not to proceed with the option prior to the second term and returned the property in good standing to Vulcan.

**(xiv) Murphy, Newfoundland**

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

Bayswater and the Company elected not to proceed with the option at the end of 2007.

**10. Property and Equipment**

	<b>March 31, 2009</b>		
	Cost	Accumulated Depreciation	Net Book Value
Furniture and fixtures	\$ 57,240	\$ 56,999	\$ 241
Computer equipment	169,200	156,143	13,057
Leasehold improvements	28,293	22,398	5,895
	<b>\$ 254,733</b>	<b>\$ 235,540</b>	<b>\$ 19,193</b>

	<b>December 31, 2008</b>		
	Cost	Accumulated Depreciation	Net Book Value
Furniture and fixtures	\$ 57,240	\$ 56,919	\$ 321
Computer equipment	169,200	154,323	14,877
Leasehold improvements	28,293	21,219	7,074
	<b>\$ 254,733</b>	<b>\$ 232,461</b>	<b>\$ 22,272</b>

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

Unlimited common shares without par value

**(b) Shares issued**

There was no common shares issued during the three months ended March 31, 2009.

**(c) Stock options**

Options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant. Under the Company's Stock Option Plan, the Company may grant stock options for the purchase of up to 13,980,000 common shares. Vesting of stock options is made at the discretion of the board of directors at the time the options are granted. At March 31, 2009, the Company had stock options outstanding for the purchase of 6,712,000 common shares with an average remaining contractual life of 2.99 years, of which 5,534,500,000 stock options are exercisable at March 31, 2009.

	Number of Shares	Weighted Average Exercise Price
<b>Outstanding at December 31, 2007</b>	<b>5,627,169</b>	<b>\$0.42</b>
Granted	2,020,000	\$0.15
Exercised	-	-
Expired or cancelled	(885,169)	\$0.29
<b>Outstanding at December 31, 2008</b>	<b>6,762,000</b>	<b>\$0.36</b>
Granted	700,000	\$0.10
Exercised	-	-
Expired or cancelled	(750,000)	\$0.54
<b>Outstanding at March 31, 2009</b>	<b>6,712,000</b>	<b>\$0.44</b>

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

The following summarizes information about stock options outstanding at March 31, 2009:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price
679,000	\$0.56	May 18, 2009	0.01	
40,000	\$0.40	September 6, 2009	0.00	
200,000	\$0.40	September 21, 2009	0.01	
363,000	\$0.25	July 19, 2010	0.07	
282,000	\$0.39	May 7, 2011	0.09	
646,500	\$0.30	June 19, 2011	0.21	
400,000	\$0.87	January 2, 2012	0.16	
200,000	\$0.41	May 8, 2012	0.09	
1,196,500	\$0.36	June 7, 2012	0.57	
80,000	\$0.19	December 21, 2012	0.04	
770,000	\$0.18	February 7, 2013	0.44	
200,000	\$0.21	June 24, 2013	0.13	
955,000 *	\$0.10	October 17, 2013	0.65	
700,000 *	\$0.10	February 20, 2014	0.51	
<b>6,712,000</b>			<b>3.00</b>	<b>\$0.31</b>

\* These options are not fully exercisable at March 31, 2009.

There were 5,534,500 options exercisable at March 31, 2009 with a weighted average exercise price of \$0.44 and a weighted average remaining contractual life in years of 2.63.

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:

	Three Months Ended March 31, 2009	Year Ended December 31, 2008
Risk-free interest rate	2.08%	3.15%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	107.00%	88.41%
Expected option life in years	5.00	5.00
Weighted average grant date fair value	\$ 0.043	\$ 0.078



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### 11. Share Capital (continued)

#### (d) Warrants and agent's warrants

At March 31, 2009, the Company had outstanding warrants and agent's warrants for the purchase of an aggregate 625,928 common shares as follows:

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Outstanding Dec. 31, 2008</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>Outstanding at Mar. 31, 2009</b>
\$0.40	July 10, 2009	80,250	-	-	-	80,250
\$0.40	July 22, 2009	545,678	-	-	-	545,678
		<b>625,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>625,928</b>

The weighted average exercise price of the outstanding 625,928 warrants is \$0.40.

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

Under an option agreement on the Blue Hills and White Bear, Hermitage Newfoundland project, the Company issued a warrant to the optionors to purchase 250,000 common shares exercisable at a price of \$1.00 per share. The warrant is exercisable only if a Mineral Reserve (as defined by CIM Classification under National Instrument 43-101) with a gross value of at least \$500 million is defined. The warrants expired unexercised on February 14, 2008 when the Company exercised its option and vested at 100% in the Property.

### 12. Related Party Transactions

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

- (a) The Company shares certain administrative and other costs with four other companies related by virtue of directors in common. Included in due from related parties as at March 31, 2009 is an aggregate of \$2,606 (2008 - \$11,819) owed by those companies. The amounts due is without interest at stated terms of repayment.
- (b) During the three months ended March 31, 2009, the Company paid or accrued \$1,172 (2008 - \$8,601) in legal fees, share issuance costs and mineral properties costs to a law firm in which a director of the Company is a partner. Of this amount, \$Nil (2008 - \$Nil) is included in accounts payable and accrued liabilities.
- (c) Included in marketable securities as at March 31, 2009 are 258,000 (2008 - 258,000) common shares of Diamonds North Resources Ltd., a company related by virtue of a director in common.
- (d) Accounts payable includes \$2,016 due to companies related by common directors.

Related party transactions are recorded at the exchange amount and have no interest or stated terms of repayment.

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### 13. Commitment

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

### 14. Segmented Information

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

### 15. Supplemental Cash Flow Information

	For Three Months Ended March 31	
	2009	2008
Significant non-cash operating, investing and financing activities:		
<b>Investing activities:</b>		
Marketable securities received for mineral property	\$ -	\$ 281,250
Shares issued for mineral property	-	16,200
Accounts payable included in the mineral property	-	125,997
	<b>\$ -</b>	<b>\$ 423,447</b>
<b>Financing activities:</b>		
Income tax effect on flow-through share renoucement	\$ (617,589)	\$ (410,312)
Shares issued for mineral property	-	(16,200)
	<b>\$ (617,589)</b>	<b>\$ (426,512)</b>
<b>Other cash flow information:</b>		
Interest received	\$ 576	\$ 11,154

### 16. Income Taxes

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

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances, which have not been spent as at March 31, 2009 and which are allotted for such expenditures. As at March 31, 2009, the amount of flow-through proceeds remaining to be expended is \$Nil (2008 - \$43,134).

## COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Notes to Financial Statements

For the periods ended March 31, 2009 and 2008

(expressed in Canadian dollars)

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### 17. Subsequent Events

- (a) On May 6, 2009, the Company reported that it had exercised its right to accelerate its interest to 100% in the Qimmiq Property from BHP Billiton Diamonds Inc. (“BHP Billiton Diamonds”) after the parties agreed to waive the \$400,000 cash payment required under the Option Acceleration Agreement announced January 14, 2008 and finalized February 22, 2008.

Vesting follows re-negotiation of an Option Acceleration Agreement, which initially provided the Company the right to accelerate its right to earn a 100% interest in the property by making a single cash payment of \$400,000 to BHP Billiton Diamonds by September 30, 2008. After several extensions to the agreement, BHP Billiton Diamonds agreed to waive the cash payment required to accelerate the option. The Acceleration Agreement eliminates all other earn-in requirements that were part of the original option agreement and entirely eliminates BHP Billiton Diamonds’ back-in rights.

BHP Billiton Diamonds retains certain rights, including a Right of First Refusal (“ROFR”) to purchase all or any portion of the concentrates or other such mineral products that may be produced from non-gold resources on the Property. BHP Billiton Diamonds’ ROFR shall apply only to 50% of non-gold concentrates during the first four years of commercial production; 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. BHP Billiton Diamonds 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 Diamonds will not retain a ROFR or any other rights to gold concentrates or gold products that may be produced from the Property. Certain royalties on the Property are held by International Royalty Corporation and will remain attached to the Property.

- (b) On May 12, 2009, the Company reported that David Watkins, director of the company, was appointed chairman of the board in place of William J. Coulter effective May 12, 2009. Mr. Coulter will continue as a director of the company. The company also reported the grant of 1,706,000 incentive stock options to directors, officers, employees and consultants of the company under its stock option plan, in accordance with the company's compensation policy and to replace expired options. The options are exercisable for five years at a price of \$0.10 per share.





**COMMANDER  
RESOURCES LTD.**

**Interim Report  
Management Discussion and Analysis**

For the Three Months Ended  
March 31, 2009

## **Management Discussion and Analysis**

For the Three Months Ended March 31, 2009

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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. Currently, the Company focused its activities on a nickel property in Labrador, a gold project on Baffin Island, Nunavut and a newly acquired copper project on Somerset Island, Nunavut. 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 is dated May 25, 2009 (the “Report Date”) and should be read in conjunction with the financial statements and the notes thereto for the three months ended March 31, 2009 prepared in accordance with Canadian generally accepted accounting principles.

### **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.

### **Summary for the Three Months Ended March 31, 2009**

Due to the economic downturn that started in 2008 and continuing weakness in the junior resource market, no field exploration was conducted by the Company during the three months ending March 31, 2009. The focus of your managements efforts in the quarter were on cost-cutting measures and marketing your Company’s portfolio projects to prospective partners or buyers. The objective is to sell or partner several of our assets in order to reduce risk and provide aggressive and adequate funding to maximize the value of our properties to our shareholders.

#### *Storm Copper(zinc), Nunavut*

During the quarter, the Company filed a National Instrument 43-101 technical report on the Storm property staked in 2008. The report qualifies and confirms historical copper and zinc assay data generated by Teck Resources Ltd. (formerly Teck Cominco) and Xstrata Plc (formerly Noranda) in the early 1990’s and highlights potential to discover copper and zinc deposits with economically significant size and grade. The technical report was completed by Scott Wilson Roscoe Postle Associates Inc. (Scott Wilson RPA). The property, owned 100% by the Company, covers a 62,320-hectare land position.

The technical report concluded that:

- Four zones discovered to date have high-grade copper intercepts suggesting the possibility for pipe-like feeder zones with high-grade keels and are associated with broad areas of stratabound mineralization.
- The 4100N zone, the largest of the four known zones based on existing information, offers considerable room for expansion and possible development as an open-pittable or low-cost underground deposit if sufficient tonnes and grade are outlined. The 4100N zone extends over an area of at least 1,000 m x 400 m and is open to the north, east and west with potential for deep extensions. Widely spaced drill holes all encountered copper mineralization of varying grades in a predictable stratigraphic position.
- Scott Wilson RPA could not make a resource estimate on the 4100N Zone based on the CIM classification system because the spacing between drill holes is too wide.
- An aggressive exploration program of geophysics and drilling is warranted to define and expand the known zones and explore for new centres of mineralization.

High-grade zinc mineralization also occurs in the Seal deposit on the western end of the property on tidewater. Drilling to date has defined mineralization over 400 m long, 50 m to 100 m wide and 12 m to 20 m thick. The average grade of the deposit is 7% Zn to 8% Zn and 23 g/t Ag to 27g/t Ag. Intervals within the zone contain up to 33% Zn and 140 g/t Ag. A historic “geological resource” of 2 Mt grading 8% Zn and 30 g/t Ag was estimated from the drilling by Teck Cominco geologists in 1997. Scott Wilson RPA cautions that there is no data available to independently verify the historical resource. Consequently, while it is indicative of the potential extent of mineralization, it should not be relied upon. The limits of the Seal Zinc deposit appear to have been defined, but there is potential for this type of mineralization to occur elsewhere on the property.

## Management Discussion and Analysis

### For the Three Months Ended March 31, 2009

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#### *Orion Gold Deposit, Newfoundland*

The Company owns 100% of the Orion Gold Deposit, Newfoundland, discovered and drill tested by about 50 diamond drill holes in the mid-1990's. Based on the drilling completed by the Company's predecessor, Major General Resources in the 1990's, the Orion Deposit contains a potential resource ranging from 300,000 tonnes grading 8 g/t gold (approx. 80,000 contained ounces) to 740,000 tonnes grading 5 g/t gold (approx. 120,000 contained ounces). In the current gold market, the Company believes there is significant potential to attract a development partner to advance the project and realize value for its shareholders.

A review of the historical data has determined that there may be sufficient drilling and data in place to qualify the current resource. However, presently, in accordance with NI 43-101, the potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource as defined in NI 43-101. The Company intends on commissioning an independent NI 43-101 technical report to qualify the historical resource data. Exploration potential to expand the resource exists at depth and along strike to the northeast. Maps, sections and summary geological information regarding this deposit will be posted on the Company's website shortly. The Orion gold deposit is ideally located for potential near term development, four kilometres from a paved highway and directly connected by a good gravel road. Power is available at the recently closed Hammerdown Mine two kilometres away. Nearby, the Nugget Pond gold mill, which processed all of Hammerdown ore (315,000 tonnes grading 16.1 g/t gold), with 98% gold recovery, is currently processing gold ore, the source of which is closing after stockpiles are depleted. Local communities in the area have a total population in excess of 15,000 people, with many experienced miners and construction workers. The Nugget Pond mill and Tailings Pond are fully permitted, a fact that may greatly reduce permitting time for an underground mining operation. Capital and operating costs may also be lower, as roads, power, workforce and milling facilities are all in place.

#### Basis for Historical Resource Determination

Two dominant vein systems and one minor vein comprise the resource base of Orion. The historical resources were calculated by the Company utilizing polygons along longitudinal section. Polygons were digitally prepared utilizing drill intercepts with boundaries equidistant to surrounding drill holes. Holes were drilled mainly on 50 metre spaced lines with down section intercepts averaging close to 40 metres. Minimum mining widths of 1.2 metres were assigned to each block; volumes were digitally calculated. Densities of 2.75 grams per cubic centimetre were assigned, same as at nearby Hammerdown as ore mineralogy is similar. Early resource estimates at Hammerdown utilized the same drill spacing and database, which closely reflected final ore reserve figures.

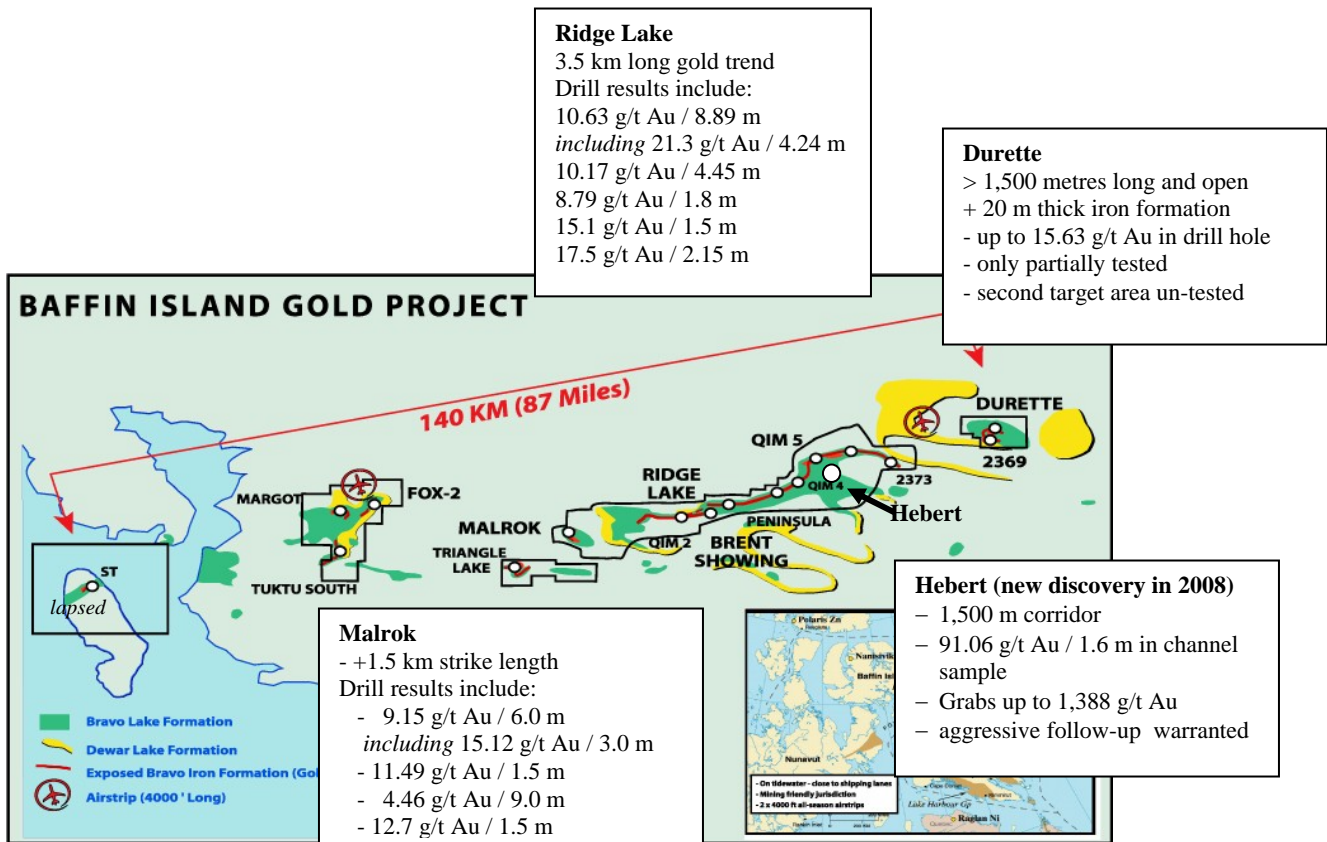
**Management Discussion and Analysis**  
 For the Three Months Ended March 31, 2009

**Main Properties**

**Baffin Island Gold Project, Nunavut**

17 gold prospect areas occur over a strike length in excess of 100 kilometres which include high-grade gold values in at least 3 separate iron formation units, within shear zones and quartz veins in younger granodiorite, gabbro, and metasedimentary 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 and Ridge Lake. The Brent Shear Zone, and the Hébert trend represent gold targets outside of the iron formation units. The Hébert Zone was expanded and enhanced by work completed in 2008, but was not drill-tested. Further and more detailed surface sampling and geophysics is required prior to drilling.

The project area has access to tidewater and is dotted with deep lakes providing access to water throughout the year. There are two “Distant Early Warning” (DEW line) radar stations located on the Property, each with an operational 4,000 foot airstrip. The Company engaged GeoVector Management Inc. of Ottawa to manage the field program in 2006, 2007 and 2008.





### **Qimmiq Property**

Malrok, Ridge Lake, Brent, and the Hébert zones are located on the Qimmiq property along with several of the other gold prospect areas. In 2008, work was only completed on the Hébert prospect area.

#### **Malrok**

Diamond drilling at Malrok in 2004 (3,617 metres in 39 holes) 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 2 kilometres. The horizon varies in thickness from approximately 0.5 to greater than 9 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. Further drilling is required to evaluate the potential of this target area. No work was completed on Malrok in 2008.

#### **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. A total of 6,720.24 metres in 65 diamond drill holes between 2004 and 2007 covered a 1.3 kilometre length of the trend targeting the upper 100 metres or so of the succession. The drilling to date has defined a gold-rich iron formation that is structurally thickened and is host to locally high-grade southwesterly plunging higher grade shoots. Better drill intercepts from these shoots included 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 down-dip from a high-grade surface outcrop containing 15.4 g/t gold over 1.9 metres. Other notable intercepts included 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, 8.79 g/t gold over 1.80 metres, and 17.48 g/t gold over 2.15 metres. The mineralized system remains open and is at the stage where detailed close-spaced drilling is necessary to define the main gold shoots and identify the larger tonnage potential. No work was completed on Ridge Lake in 2008.

#### **Hébert Trend**

Prospecting in 2007 discovered a new, potentially significant mineralized trend called "Hébert". 53 one-metre long surface channel samples were collected in 2007 from a small portion of the trend. Results ranged from 0.99 g/t gold to 5.14 g/t gold over one metre. In 2007, 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. A follow-up program in 2008 focused on channel sampling and prospecting of the Hébert trend to assess the significance of the discovery. The Company completed a limited 3 week field program with the following outcome:

- A 1.5 kilometre long, 300-400 metre wide structural corridor was identified;
- Channel sampling results of narrow quartz-arsenopyrite vein sets and intervening stratabound semi-massive gold-bearing arsenopyrite gossans over a 200 metre portion of this corridor included several high values, the best of which contained 91.06 g/t gold over 1.6 metres (including 446.6 g/t gold over 0.3 metres).
- Rock chip/grab sampling returned some high values including 1,388 g/t gold, 861 g/t gold, 720 g/t gold, 213.5 g/t gold and 660.3 g/t gold.
- Less than 5% of the structural corridor was prospected; numerous narrow quartz vein sets and gossans observed throughout this large area have not yet been evaluated, but are now a high priority.
- 25% of 91 channel samples and 30% of 126 grab samples assayed in excess of 5 g/t gold; 7% of channel samples and 17% of grab samples assayed in excess of 30 g/t gold.
- Considerable size potential is demonstrated by the density of mineralized quartz veins over a large area, the large number of gold showings discovered, the presence of gold within the metasedimentary rocks and the percentage of samples that contain significant gold values.

## Management Discussion and Analysis

### For the Three Months Ended March 31, 2009

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Highlights from the 2008 channel sampling include:

Channel ID	Vein Set	Composite Sample Length across vein (m)	Gold Grade (g/t)
C-3	V10	1.50	6.63
C-4	V7	1.50	11.95
C-5	V7	1.00	22.83
C-10	V5	1.60	91.06
Including		0.30	446.40
C-12	V5	7.00	2.18
Including		3.00	4.94
C-25	V6	1.50	19.81
C-27	V11	0.70	15.67
C-28	V3	0.50	30.21
C-29	V4	0.55	51.07

During the 2008 program, 91 individual samples were taken from 29 channels cut perpendicular across 11 exposed vein sets and adjacent, locally mineralized bedrock. Where possible, channels were spaced at 2-15 metre intervals along individual veins and extended into the host rock shoulders on either side of the veins. The bulk of detailed channel sampling was focused on a 200 metre x 100 metre area where a series of 9 steeply-dipping near-parallel vein sets, spaced approximately 5-20 metres apart with individual veins ranging from 0.1 to 0.8 metres wide, are hosted by sedimentary rocks that locally contain disseminated arsenopyrite and minor gold mineralization. Of the 91 channel samples, 36 were cut from quartz veins and 55 were cut in the hosting sediments, either from shoulders or in areas of higher concentrations of arsenopyrite.

In addition to the channel samples, 126 rock chip/grab samples were collected from small outcrops and felsenmeer (frost-heaved blocks close to an outcrop source). 39% of the samples assayed in excess of 2 g/t gold, 30% assayed in excess of 5 g/t gold and 17.5% of the samples assayed in excess of 30 g/t gold. An additional 14 single saw-cut chip samples were collected including a series of five 30-40 cm samples, which averaged 221.14 g/t gold taken from a 10 cm wide vein exposed on an outcrop face and close to 3 channel samples that ran 11.95 g/t gold over 1.5 metres, 2.75 g/t gold over 1.53 metres and 22.83 g/t gold over 1.0 metre.

The 1.5 kilometre corridor contains steeply-dipping quartz-arsenopyrite veins and minor stratabound semi-massive gold-bearing arsenopyrite gossans hosted by an inter-bedded sequence of greywacke and micro-conglomerate that dips 15 to 25 degrees to the east. The majority of samples were collected from an 800 metre x 400 metre area where outcrop exposure is about 30%; only 15% of this area has been evaluated. Numerous vein sets occur that require detailed sampling and mapping. The 1.5 kilometre strike length is only limited by outcrop exposure; this strong structure may well extend further in both north and south directions.

Where observed, coarse gold occurs most commonly along partings or boundaries of coarse arsenopyrite contained within quartz veins and to a lesser extent within the quartz veins themselves and within arsenopyrite in the hosting sedimentary rocks. There is an apparent silver-bismuth-lead association with the gold mineralization. An outcrop of potassic altered granite is exposed near the western margin of the corridor; it is highly fractured and cavity filled and may be related to the gold mineralization event. The mineralized corridor is parallel to an interpreted series of thrust faults, an ideal structural setting to allow emplacement of this type of quartz vein system.

#### Other Prospects

The Brent Shear zone, located 5 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. 8 holes totalling 994.79 metres were drilled in 2006 and 2007. 2 holes in 2006, 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. An additional shear zone with modest gold values was discovered at Brent.

## Management Discussion and Analysis

### For the Three Months Ended March 31, 2009

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At the Peninsula prospect, located about 6 kilometres east of the Ridge Lake zone, 2 holes were drilled in 2007 2 kilometres apart along a previously untested 6 kilometre portion of the property. Both holes 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.

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

The main gold potential on the Bravo property exists on the far eastern group of claims that were originally covered by the 2369 prospecting permit. The main showing area is referred to as Durette. The gold potential on the balance of the Bravo property is considered to be low. Base metal (Zn, Pb) and silver potential exists on the Tuktu claim group on the far western portion of the property. A limited ground geophysical survey was completed in 2008 over the Tuktu claims for assessment purposes.

#### **Durette – 2369 Area**

Diamond drilling on the Durette prospect in 2006 and 2007 produced modest results, the best being 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 (hole DUR-06-03). 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, 5 holes totalling 550.5 metres drilled along a 500-metre long EM conductor tested the area of mineralization intersected in DUR-06-03. 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 1,500 metres to the west. This offset has not been tested by drilling and is largely covered by overburden. A separate discrete conductor, located 1 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.

#### **Other Properties**

##### **Storm Project (copper, zinc), Nunavut**

In the Spring of 2008, the Company acquired a significant new copper and zinc property located on northwest Somerset Island, Nunavut, approximately 150 kilometres south of the commercial airport and service centre of Resolute Bay on neighbouring Cornwallis Island. The property consists of the *Storm Copper Zone* that includes 4 near-surface, high-grade centres of copper mineralization, within a 7 kilometre-long mineralized structural corridor, and the *Seal Zinc Zone*, which is adjacent to tidewater.

The Company was awarded 3 prospecting permits valid for a term of 5 years. The total cost of the acquisition was approximately \$15,000, which will be refunded upon completion of an equivalent amount of exploration work within the first 2 years. The entire property covers about 154,000 acres (62,320 hectares) extending from tidewater inland for about 40 kilometres.

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 6 years as the credits ran out. The Company's acquisition of the property was confirmed on April 1, 2008.

All of the geological information currently in hand, 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 retained Scott Wilson Roscoe Postle Associates Inc. to complete a National Instrument 43-101 technical report to qualify the historical work and assay data. This report was completed and filed in early 2009

## Management Discussion and Analysis

### For the Three Months Ended March 31, 2009

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#### *Storm Copper Zone*

4 zones of copper mineralization, named 2200N, 2750N, 3500N and 4100N 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. Chalcocite and bornite are the dominant copper sulphides.

- 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, and 1.16% Cu over 52.2 metres, including 3.27% Cu over 10.2 metres.
- The 2750N zone, exposed at surface over at least 200 metres of strike, includes historical drill intersections of 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).
- The 2200N zone, exposed at surface over 500 metres of strike, includes drill intercepts of 2.46 % Cu over 26 metres starting at surface (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.
- The 3500N zone, exposed at surface over a 300-metre strike length, includes 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.

#### *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-filled 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.

## **Results of Operations**

### ***- First Quarter Results***

During the quarter ended March 31, 2009, the majority of the Company's activities related primarily to geology work at the Qimmiq and Green Bay properties. The mineral property expenditures increased by a net of \$132,312. The Company incurred total general and administrative expenses of \$172,254 of which \$10,637 was non-cash stock-based compensation.

### ***- Three Months Ended March 31, 2009 compared with the Three Months Ended March 31, 2008***

The Company had no revenues for the three months ended March 31, 2009 and 2008. General and administrative expense of \$172,254 (2008 - \$287,433) represented a \$115,179 decrease over the comparative fiscal period last year. The decrease was mostly attributable to the \$44,778 decrease in investor relations, \$32,475 decrease in salaries and benefits, and \$28,627 decrease in office and miscellaneous. Other notable changes include:

- Consulting expense of \$9,388 (2008 - \$10,500) decreased in the three months ended March 31, 2009.
- Investor relations and promotion expense of \$29,978 decreased from \$24,756 in 2008. A breakdown is as follows:

**Management Discussion and Analysis**  
For the Three Months Ended March 31, 2009

	For the Three Months Ended	
	Mar. 31, 2009	Mar. 31, 2008
Conferences and trade shows	\$ 8,356	\$ 41,797
Consulting, wages and benefits	16,378	19,024
Media	3,492	4,368
Administration	146	-
Promotion and advertising	1,606	9,567
<b>Total Investor Relations Expenses</b>	<b>\$ 29,978</b>	<b>\$ 74,756</b>

- Salaries and benefits expense decreased to \$35,727 compared to \$68,202 in 2008.
- Accounting and audit expense decreased to \$22,400 in the three months ended March 31, 2009, compared to \$32,915 in 2008.
- Office and miscellaneous expenses were \$11,684 in the three months ended March 31, 2009, compared to \$40,311 in 2008.
- Regulatory and transfer agent fees increased from \$8,151 last year to \$10,725 for the three months ended March 31, 2009.

For the three months ended March 31, 2009, the Company's profit after tax was \$443,318 (2008 – \$855,880). The reduction in profit was resulting largely from the future income tax recovery of \$617,589 (2008 - \$410,312), and mineral property recovery of \$Nil (2008 – \$561,257). The Company did not pay cash dividends during the year.

**Summary of Quarterly Results**

	Jun. 30 2007 Q2	Sep. 30 2007 Q3	Dec. 31 2007 Q4	Mar. 31 2008 Q1	Jun. 30 2008 Q2	Sep. 30 2008 Q3	Dec. 31 2008 Q4	Mar. 31 2009 Q1
<b>Mineral property costs, net</b>	\$ 929,021	\$ 1,916,730	\$ 560,247	\$ 195,753	\$ 612,841	\$ 1,651,255	\$ (96,916)	\$ 132,312
<b>G&amp;A (incl. stock comp.)</b>	\$ 326,123	\$ 435,566	\$ 477,957	\$ 287,433	\$ 300,238	\$ 255,147	\$ 190,545	\$ 172,254
<b>Stock comp. expense</b>	\$ 58,626	\$ 247,634	\$ 255,013	\$ 3,390	\$ 57,535	\$ 72,115	\$ 17,970	\$ 10,637
<b>Adjusted G&amp;A (less stock comp.)</b>	\$ 267,497	\$ 187,932	\$ 222,944	\$ 284,043	\$ 250,337	\$ 184,913	\$ 172,575	\$ 161,617
<b>Income (loss)</b>	\$ (292,977)	\$ (391,285)	\$ (1,318,082)	\$ 855,880	\$ (294,334)	\$ (248,947)	\$ (372,488)	\$ 443,318
<b>Income (loss) per share</b>								
-basic	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ 0.01	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.01
-diluted	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ 0.01	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.01
<b>Weighted avg. common shares</b>								
-basic	62,199,648	62,326,737	67,768,616	69,917,308	69,969,122	77,809,926	79,542,081	79,572,516
-diluted	62,199,648	62,326,737	67,768,616	83,477,092	69,969,122	77,809,926	79,542,081	86,910,444

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.

## **Management Discussion and Analysis**

### **For the Three Months Ended March 31, 2009**

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#### **Liquidity**

At March 31, 2009, the Company had \$897,198 in working capital. There was no exploration funds which were raised through the issuance of flow-through shares included in the cash and cash equivalents balance. The exploration funds are required to be spent on mineral exploration related activities in Canada only. The Company also classifies \$111,462 in its cash and cash equivalents as restricted funds for future contingencies. This amount will be reviewed by the board of directors on a quarterly basis. The Company believes it has sufficient funds to complete the planned business objectives for 2009.

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 2009 to keep the options in good standing:

- On the Bravo Lake property in Nunavut, as at December 31, 2008, the Company's cumulative exploration expenditures were \$2,443,415, which was sufficient to meet the minimum of \$2,000,000 in aggregate exploration expenditures requirements before December 31, 2007. Expenditures of approximately \$400,000 were required under the original option agreement by the end of fiscal 2008. Since the terms of the agreement between the Company and Xstrata, reported May 12, 2008 were met, no expenditures were required in 2008 and the Company's interest in the property was fully vested at 100%.
- 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. The parties to the agreement agreed to extend the expiry date for the option to April 2, 2010. There are no obligations for expenditures in 2009.

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

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

#### **Related Party Transactions**

At March 31, 2009, marketable securities included 258,000 common shares of Diamonds North Resources Ltd., a company related by a director in common.

The Company shares certain administrative and other costs with 4 other companies related by virtue of directors in common. Included in accounts receivable is an aggregate of \$2,606 owed by those companies.

During the three months ended March 31, 2009, the Company paid or accrued \$1,172 in legal fees, share issuances and mineral properties costs to a law firm in which a director of the Company 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 addition, management has adopted language from these provisions and incorporated them into the Company's Code of Business Conduct and Ethics.

Accounts payable to companies related by directors in common on March 31, 2009 amounted to \$2,016. Related party transactions are recorded at the carrying amount and have no interest or stated terms of repayment.

#### **Proposed Transactions**

None.

## **Management Discussion and Analysis**

### **For the Three Months Ended March 31, 2009**

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#### **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**

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

In February 2008, the CICA issued Handbook Section 3064 "Goodwill and Intangible Assets" replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for years beginning on or after October 1, 2008. The Company does not expect this new section has any significant impact on its financial statements.

##### **(b) Future accounting changes**

###### **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. The Company is in the process of assessing the impact of this new section on its financial statements.

**Financial Instruments**

**(c) Fair value**

The fair values of the Company's cash and cash equivalents, accounts receivable, due from related parties, and accounts payable and accrued liabilities approximate their carrying amounts due to the immediate or short-term to maturity of these financial instruments. In accordance with the new standards, the Company has classified its financial instruments as follows:

Cash and cash equivalents – as held-for-trading  
Marketable securities – as available for sale  
Accounts receivable – as loans and receivables  
Due from related parties – as loans and receivables  
Accounts payable and accrued liabilities – as other liabilities

**(b) Interest rate risk**

The Company's cash and cash equivalents consist of cash held in bank accounts and term deposits that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2009. Future cash flows from interest income on cash and cash equivalents will be nominally affected by interest rate fluctuations.

**(c) Credit risk**

The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. In regards to the accounts receivable, the Company is not exposed to significant credit risk as the majority are from governmental agencies.

**(d) Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company is also exposed to the financial risk related to the fluctuation of the market prices of its marketable securities.

**(e) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has cash and cash equivalents at March 31, 2009 in the amount of \$711,626 (2008 - \$960,486) in order to meet short-term business requirements. At March 31, 2009, the Company had accounts payable and accrued liabilities of \$164,816 (2008 - \$180,867).



**Management Discussion and Analysis**  
For the Three Months Ended March 31, 2009

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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](http://www.sedar.com).

As at the Report Date, the Company had 79,572,516 issued common shares outstanding and the following unexercised stock options and warrants:

- Stock Options

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
40,000	\$0.40	September 6, 2009
200,000	\$0.40	September 21, 2009
363,000	\$0.25	July 19, 2010
282,000	\$0.39	May 7, 2011
646,500	\$0.30	June 19, 2011
400,000	\$0.87	January 2, 2012
200,000	\$0.41	May 8, 2012
1,196,500	\$0.36	June 7, 2012
80,000	\$0.19	December 21, 2012
770,000	\$0.18	February 7, 2013
200,000	\$0.21	June 24, 2013
955,000	\$0.10	October 17, 2013
700,000	\$0.10	February 20, 2014
1,706,000	\$0.10	May 12, 2014
<b>7,739,000</b>		

- Warrants

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
80,250	\$0.40	July 10, 2009
545,678	\$0.40	July 22, 2009
<b>625,928</b>		

## Management Discussion and Analysis

For the Three Months Ended March 31, 2009

### Mineral Property Expenditure Table

	Baffin, Nunavut		Other Properties	Total
	Qimmiq	Bravo Lake		
Balance at December 31, 2008	\$ 9,924,937	\$ 2,443,415	\$ 9,838,597	\$ 22,206,949
Additions during the period:				
Acquisition costs:	-	50,000	-	50,000
Exploration costs:				
Drilling	-	-	748	748
Geochemistry	-	-	-	-
Geology	30,446	646	42,906	73,998
Geophysics	-	-	-	-
Mobilization/demobilization	-	-	-	-
Property	-	429	9,187	9,616
Prospecting	-	-	-	-
Trenching/line cutting	-	-	-	-
Administration and other, net	2,880	720	-	3,600
	33,326	1,795	52,841	87,962
Less:				
Recoveries	-	-	(5,650)	(5,650)
Write down	-	-	-	-
	-	-	(5,650)	(5,650)
Net additions	33,326	51,795	47,191	132,312
<b>Balance at March 31, 2009</b>	<b>\$ 9,958,263</b>	<b>\$ 2,495,210</b>	<b>\$ 9,885,788</b>	<b>\$ 22,339,261</b>





# COMMANDER RESOURCES LTD.

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## HEAD OFFICE

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## OFFICERS & DIRECTORS

Kenneth E. Leigh, M.Sc.  
*President, Chief Executive Officer  
and Director*

David Watkins, M.Sc.  
*Chairman and Director*

Bernard H. Kahlert, P.Eng.  
*Vice President, Exploration and Director*

William J. Coulter, B.A.Sc.  
*Director*

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

Michael W. Byrne, C.A.  
*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, 2009)

Shares Authorized: Unlimited  
Shares Issued: 79,572,516

## REGISTRAR & TRUST AGENT

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Suite 1600, The Oceanic Plaza  
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V6C 3X1

## AUDITOR

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