



**COMMANDER
RESOURCES LTD.**

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the Three Months Ended
March 31, 2011
(Expressed in Canadian Dollars)
(Unaudited – See Notice)



Notice of No Auditor Review of the Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Commander Resources Ltd. (“the Company”), for the three months ended March 31, 2011, 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)

Condensed Consolidated Statements of Operations**For Three Months Ended March 31**

(Expressed in Canadian dollars)

(Unaudited - See Notice)

	Note	2011	2010
			(note 21)
Expenses			
Accounting and audit	\$	40,760	\$ 24,900
Amortization		1,575	2,483
Annual report and meeting		1,509	1,258
Consultants		21,422	18,422
Insurance		7,631	10,863
Investor relations and promotion		65,912	49,854
Legal		10,702	2,140
Office and miscellaneous		15,616	12,816
Regulatory and transfer agent fees		19,756	12,811
Rent and storage		15,777	16,978
Salaries and benefits		61,802	45,370
Share-based payments	17(c)	119,385	236,611
Loss before other items		(381,847)	(434,506)
Other items			
Interest income		46	13
Exchange loss		(19,179)	21
Property investigation		(43)	(548)
Mineral property recovery		22,450	-
Unrealized loss on derivative instruments		(75,152)	(16,096)
Loss before income taxes		(453,725)	(451,116)
Deferred tax recovery		129,000	-
Net loss for the period	\$	(324,725)	\$ (451,116)
Loss for the period attributable to:			
Non-controlling interest	\$	21,639	\$ -
Common shareholders		(346,364)	(451,116)
	\$	(324,725)	\$ (451,116)
Loss per share - basic and diluted	\$	(0.004)	\$ (0.005)
Weighted average number of common shares outstanding		90,942,516	90,207,516

See Accompanying Notes to the Condensed Consolidated Financial Statements

COMMANDER RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Statements of Comprehensive Loss
For Three Months ended March 31
(Expressed in Canadian dollars)
(Unaudited - See Notice)

	2011		2010	
				(note 21)
Net loss for the period	\$	(324,725)	\$	(451,116)
Unrealized gain (loss) on available-for-sale marketable securities		(56,065)		60,434
Other comprehensive income (loss)		(56,065)		60,434
Comprehensive loss for the period	\$	(380,790)	\$	(390,682)
Comprehensive loss attributable to:				
Non-controlling interest	\$	21,639	\$	-
Common shareholders		(402,429)		(390,682)
	\$	(380,790)	\$	(390,682)

See Accompanying Notes to the Condensed Consolidated Financial Statements

COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Condensed Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited - See Notice)

	Note	March 31, 2011	December 31, 2010 (note 21)	January 1, 2010 (note 21)
ASSETS				
Current assets				
Cash and cash equivalents	5	\$ 1,704,878	\$ 1,744,514	\$ 1,425,152
Marketable securities	6	459,229	515,294	321,066
Investment in warrants	8	20,889	96,041	66,600
Accounts receivable	9	99,806	112,607	120,481
Prepaid expenses	10	28,946	35,295	38,227
Field supplies		103,862	103,862	282,125
		2,417,610	2,607,613	2,253,651
Non-current assets				
Deposit and others	11	318,757	32,377	20,000
Exploration and evaluation assets	13	21,402,312	21,780,280	22,057,385
Property and equipment	14	17,349	18,578	10,555
		21,738,418	21,831,235	22,087,940
Total assets		\$ 24,156,028	\$ 24,438,848	\$ 24,341,591
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	15	\$ 205,338	\$ 426,316	\$ 244,980
Advance from optionee	16	328,561	-	-
Other liability	21(e)	-	327,750	-
		533,899	754,066	244,980
Non-current liabilities				
Deferred tax liabilities		1,674,609	1,475,859	1,472,945
		1,674,609	1,475,859	1,472,945
Total liabilities		2,208,508	2,229,925	1,717,925
EQUITY				
Equity attributable to owners of the parent				
Share capital	17	37,450,106	37,450,106	37,232,067
Share-based payments reserve		1,770,950	1,653,818	1,078,438
Deficit		(17,572,524)	(17,226,160)	(15,352,420)
Accumulated other comprehensive loss		(224,034)	(167,969)	(334,419)
		21,424,498	21,709,795	22,623,666
Non-controlling interest	12	523,021	499,128	-
Total equity		21,947,519	22,208,923	22,623,666
Total liabilities and equity		\$ 24,156,027	\$ 24,438,848	\$ 24,341,591

Nature of Operations and Going Concern (Note 1)

Commitments (Note 19)

Subsequent Events (Note 22)

Approved on behalf of the Board of Directors:

"Eric Norton"

Eric Norton

"Michael Byrne"

Michael W. Byrne

See Accompanying Notes to the Condensed Consolidated Financial Statements

COMMANDER RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Statements of Cash Flows
For Three Months ended March 31
(Expressed in Canadian dollars)
(Unaudited - See Notice)

	2011	2010
		(note 21)
Cash provided from (used for):		
Operating activities		
Net loss for the period	\$ (324,725)	\$ (451,116)
Items not involving cash:		
Amortization	1,575	2,483
Share-based payments	119,385	236,611
Unrealized loss on derivative instruments	75,152	16,096
Deferred income tax recovery	(129,000)	-
	(257,613)	(195,926)
Changes in non-cash working capital items:		
Accounts receivable	12,802	96,844
Prepaid expenses	6,350	20,993
Accounts payable and accrued liabilities	7,007	7,499
Advance from optionee	328,561	1,419,674
Cash provided by (used in) operating activities	97,107	1,349,084
Investing activities		
Deposit and others	(286,380)	(430,000)
Recoveries from exploration and evaluation assets	912,507	415,729
Acquisition and exploration costs for exploration and evaluation assets	(534,539)	(412,352)
Accounts payable and accrued liabilities related to exploration and evaluation assets	(227,985)	130,853
Purchase of equipment	(346)	(10,053)
Cash provided by investing activities	(136,743)	(305,823)
Financing activities		
Shares issued for cash, net of issue costs	-	44,400
Cash provided by financing activities	-	44,400
Increase (decrease) in cash and cash equivalents	(39,636)	1,087,661
Cash and cash equivalents, beginning of period	1,744,514	1,425,152
Cash and cash equivalents, end of period	\$ 1,704,878	\$ 2,512,813

Supplemental Cash Flow Information (note 20)

See Accompanying Notes to the Condensed Consolidated Financial Statements

COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Condensed Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited - See Notice)

	Share Capital		Share-Based Payments Reserve	Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Shareholders' Equity
	Shares	Amount					
Balance, January 1, 2010 (note 21)	90,207,516	\$ 37,232,067	\$ 1,078,438	\$ (15,352,420)	\$ (334,419)	\$ -	\$ 22,623,666
Net loss for the period				(451,116)			(451,116)
Unrealized gain on available-for-sale marketable securities, net of taxes					60,433		60,433
Shares issued for cash							
Exercise of options	382,000	44,400					44,400
Non-cash transactions							
Reclassification of option compensation on exercise of options		26,166	(26,166)				-
Share-based payments			236,611				236,611
Balance, March 31, 2010 (note 21)	90,589,516	\$ 37,302,633	\$ 1,288,883	\$ (15,803,536)	\$ (273,986)	\$ -	\$ 22,513,994
Non-controlling interest on acquisition						519,830	519,830
Net loss for the period				(1,422,624)		(102,404)	(1,525,028)
Unrealized gain on available-for-sale marketable securities, net of taxes					106,017		106,017
Shares issued for cash							
Exercise of options	353,000	85,250					85,250
Non-cash transactions							
Reclassification of option compensation on exercise of options		62,223	(62,223)				-
Share-based payments			427,158			81,702	508,860
Balance, December 31, 2010 (note 21)	90,942,516	\$ 37,450,106	\$ 1,653,818	\$ (17,226,160)	\$ (167,969)	\$ 499,128	\$ 22,208,923
Net loss for the period				(346,364)		21,639	(324,725)
Unrealized loss on available-for-sale marketable securities, net of taxes					(56,065)		(56,065)
Non-cash transactions							
Share-based payments			117,132			2,254	119,386
Balance, March 31, 2011	90,942,516	\$ 37,450,106	\$ 1,770,950	\$ (17,572,524)	\$ (224,034)	\$ 523,021	\$ 21,947,519

See Accompanying Notes to the Condensed Consolidated Financial Statements

1. Nature of Operations and Going Concern

Commander Resources Ltd. (the “Company” or “Commander”) 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. The Company has not earned significant revenues from its resource property interests and is considered to be in the exploration stage.

The Company’s condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities, and maintain its mineral interests. The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition, exploration and development of mineral properties, is dependent on the Company’s ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and continue to explore mineral property interests. There is no assurance that these plans will be successful.

For the quarter ended March 31, 2011, the Company reported a net loss of \$324,725 (2010 - \$451,116) and has a deficit of \$17,572,524 (December 31, 2010 - \$17,226,160). The Company also has working capital of \$1,883,710 (December 31, 2010 - \$1,853,547; January 1, 2010 - \$2,008,671).

2. Statement of Compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting*. These are the Company’s first condensed interim financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and, accordingly, First-time Adoption of International Financial Reporting Standards (“IFRS 1”) has been applied. These financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 21.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on June 8, 2011.

3. Summary of Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at December 31, 2010 except as noted below. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company’s audited Canadian GAAP annual financial statements for the year ended December 31, 2010.

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments and available for sale instruments.

3. Summary of Significant Accounting Policies (Continued)

The Company's significant accounting policies are outlined below:

(a) Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its 55.81% owned subsidiary, Maritime Resources Corp. ("Maritime") (note 12).

The interest of non-controlling shareholders is initially measured at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination.

All material intercompany transactions, balances, income and expenses are eliminated on consolidation. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Company.

(b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiary is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- i. Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- ii. Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- iii. Income and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange on the transaction date.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss for the period.

(c) Use of estimates

The preparation of financial statements in conformity with IFRS 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. Significant areas requiring the use of management estimates include the determination of environmental obligations, asset retirement obligations ("ARO"), accrued liabilities, the fair values of financial instruments, including derivatives and available for sale investments, impairment and rates of amortization for property and equipment, recoverability of exploration and evaluation assets, calculation of deferred income taxes and the variables used in the calculation of share-based payments. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. Summary of Significant Accounting Policies (Continued)

(c) Use of estimates (Continued)

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Depreciation rates

The estimated maximum useful lives of property and equipment are as follows:

Furniture & fixtures	5 years
Computer equipments	5 years
Leasehold improvements	Duration of the lease

(d) Cash and cash equivalents

Cash and cash equivalents include bank deposits and cashable highly-liquid investments that are readily convertible to known amounts of cash and have maturities of three months or less from the date acquired.

(e) Exploration and evaluation assets

All costs related to the acquisition of, exploration for and development of mineral properties, net of recoveries, are capitalized on a property-by-property basis. If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is abandoned, all related costs are written-off to operations. If after management review it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated fair value. A mineral property interest is reviewed at each statement of financial position date for impairment or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Interest on borrowings incurred to finance mining assets is capitalized until the asset is capable of carrying out its intended use.

From time to time the Company may acquire or dispose of a mineral property 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. Option payments are recorded as property costs or recoveries when the payments are made or received.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

(f) Property and equipment

Property and 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.

(i) Subsequent costs

The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

3. Summary of Significant Accounting Policies (Continued)

(f) Property and equipment (Continued)

(ii) Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(iii) Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

(g) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(h) Asset retirement obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property and equipment, or site closure or reclamation activities when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

3. Summary of Significant Accounting Policies (Continued)

(h) Asset retirement obligations (Continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the income statement.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the income statement in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged to the income statement as incurred.

At present, the Company has determined that it has no material asset retirement obligations to record in these financial statements.

(i) Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholders the income tax attributes of resource exploration costs financed by such shares. Flow-through common shares are recognized in equity based on the quoted price of the existing shares on the date of the issue. The difference between the amount recognized in common shares and the amount the investor pays for the shares is recognized as a deferred gain which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded as eligible expenditures are incurred, provided the Company has the intention to renounce the related tax benefits.

When flow-through expenditures are renounced, a portion of the deferred income tax assets that were not previously recognized, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statements of operations.

(j) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and non-employees. The board of directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

3. Summary of Significant Accounting Policies (Continued)

(k) Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Loss per share

Loss per share is calculated based on the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the year. 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.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(m) Field supplies

Field supplies consists 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.

(n) Financial instruments

(i) Financial assets

Financial assets are classified into one of four categories:

- fair value through profit or loss (“FVTPL”);
- held-to-maturity (“HTM”);
- available for sale (“AFS”); and,
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as FVTPL if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Summary of Significant Accounting Policies (Continued)

(n) Financial instruments (Continued)

(i) Financial assets (Continued)

(i) FVTPL financial assets (Continued)

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has classified cash and cash equivalents and investment in warrants as FVTPL financial assets.

(ii) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

(iii) AFS financial assets

Short-term investments and other assets held are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive income. Impairment losses, interest recognized using the effective interest method and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income is included in profit or loss for the period. The Company has classified marketable securities as AFS financial assets.

(iv) Investment in warrants

Warrants of publicly traded securities, which do not have a quoted price, are carried at an estimated fair value calculated using the Black-Scholes option pricing model. The warrants are considered a derivative financial instrument and consequently are classified as FVTPL and are measured at fair value. Resulting gains or losses are included in operations.

(v) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the period in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

3. Summary of Significant Accounting Policies (Continued)

(n) Financial instruments (Continued)

(i) Financial assets (Continued)

(vi) Impairment of financial assets (Continued)

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the bad debt account. Subsequent recoveries of amounts previously written off are credited against the bad debt account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

(vii) Derecognition of financial assets

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than fair value through profit or loss, which are expensed as incurred, are included in the initial carrying value of such instruments.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. Summary of Significant Accounting Policies (Continued)

(n) Financial instruments (Continued)

(ii) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified trade and other payables, short-term financial liabilities and long-term financial liabilities as other financial liabilities.

(ii) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

(o) Unit offerings

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the market trading price of the common shares at the time the units are priced, and any excess is allocated to warrants.

(p) Segment information

The Company conducts its business as a single segment being the mining business in Canada. All exploration and evaluation assets and equipment are situated in Canada.

3. Summary of Significant Accounting Policies (Continued)

(q) Accounting standards issued but not yet effective

The Company has not early adopted the following revised standards and is currently assessing the impact that these standards will have on the financial statements.

(i) IFRS 9 Financial instruments: classification and measurement

IFRS 9 as issued reflects the first phase of the International Accounting Standards Board (“IASB”) work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company’s financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

4. Financial Instruments and Risk Management

(a) Fair value

The Company has classified its financial instruments as follows:

Cash and cash equivalents – as fair value through profit or loss
Marketable securities – as available-for-sale
Accounts receivable – as loans and receivables
Due from related parties – as loans and receivables
Investment in warrants – as fair value through profit or loss
Accounts payable – as other financial liabilities.
Advance from optionee – as other financial liabilities

The following is the classification of the Company’s financial instruments:

	March 31, 2011	December 31, 2010	January 1, 2010
Financial assets			
Fair value through profit or loss:			
Cash and cash equivalents	\$ 1,704,878	\$ 1,744,514	\$ 1,425,152
Investment in warrants	20,889	96,041	66,600
Available for sale:			
Marketable securities	459,229	515,294	321,066
Loans and receivables:			
Accounts receivable	8,117	29,297	103,404
	\$ 2,193,113	\$ 2,385,146	\$ 1,916,222
Financial liabilities			
Other financial liabilities:			
Accounts payable	\$ 190,338	\$ 373,316	\$ 78,980
Advance from optionee	328,561	-	-
	\$ 518,899	\$ 373,316	\$ 78,980

4. Financial Instruments and Risk Management (Continued)

(a) Fair value (Continued)

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, and advance from optionee approximate their fair values because of the short term to maturity of these financial instruments.

The following table summarizes fair value measurement by level at March 31, 2011 for assets and liabilities measured at fair value on a recurring basis:

	Total	Level 1	Level 2	Level 3
Assets				
Marketable securities	\$ 459,229	\$ 459,229	\$ -	\$ -
Investment in warrants	\$ 20,889	\$ -	\$ 20,889	\$ -

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At March 31, 2011, the Company had cash and cash equivalents of \$1,704,878, and accounts payable and accrued liabilities of \$205,338. Most of the Company's accounts payable is due within 30 days.

(c) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents, accounts receivable and amounts due from related parties. This risk is minimized as cash and cash equivalents have been placed with major Canadian financial institutions. The Company performs on-going credit evaluations of its accounts receivable. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts.

Credit risk with respect to amounts due from related parties has been assessed as low by management as the Company has strong working relationships with the parties involved.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at one major Canadian financial institution. The Company's concentration of credit risk and maximum exposure at March 31, 2011 thereto is as follows:

	March 31, 2011	December 31, 2010
Cash	\$ 1,689,878	\$ 1,729,514
Term deposit maturing on July 22, 2011	15,000	15,000
Accounts receivable	8,117	29,297
	\$ 1,712,995	\$ 1,773,811

4. Financial Instruments and Risk Management (Continued)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a)** To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (b)** To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash and cash equivalents consist of cash held in bank accounts and a term deposit that earns interest at 0.5%. 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, 2011.

Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. Given the balance of the term deposit at the quarter-end, any fluctuations in the interest rate would lead to an immaterial change in net loss and comprehensive loss.

(ii) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has cash at banks denominated in US dollars. The foreign currency risk arises primarily as a result of the Company having US dollar denominated bank accounts. The financial position of the Company may vary at the time that a change in foreign currency rate occurs, causing the impact on the Company's results to differ from that shown above. For the quarter ended March 31, 2011, the impact of the fluctuation in exchange rates had been immaterial.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its marketable securities. Given the limited change in the fair market value of marketable securities in the past year, estimated fluctuations in the market value would lead to an immaterial change in net loss and comprehensive loss.

There were no changes in the Company's approach to risk management during the quarter ended March 31, 2011.

5. Cash and Cash Equivalents

As at March 31, 2011, the cash balance was \$1,704,878 (December 31, 2010 - \$1,744,514), including the Company's subsidiary, Maritime's, cash balance of \$714,837 (December 31, 2010 - \$958,056). Among Maritime's cash balance, \$399,028 (December 31, 2010 - \$622,308) were exploration funds raised through the issuance of flow-through shares. These exploration funds are required to be spent on mineral exploration related activities in Canada only. There was also an advance from the Company's joint venture partners amounted to \$328,561 which was to be used in the Company's Baffin Island project.

6. Marketable Securities

	As at March 31, 2011			As at December 31, 2010		
	Number of Shares	Cost	Market Value	Number of Shares	Cost	Market Value
Fjordland Exploration Inc.	1,517,647	\$ 211,353	\$ 265,588	1,517,647	\$ 211,353	\$ 349,059
Diamonds North Resources Ltd.	258,000	141,280	41,280	258,000	141,280	36,120
Uranium North Resources Corporation	333	333	93	333	333	60
Alto Ventures Ltd.	1,875,000	281,250	131,250	1,875,000	281,250	103,125
Bayswater Uranium Corp.	40	204	18	40	204	32
Global Gold Corporation	75,000	72,439	12,000	75,000	72,439	18,648
Pamlico Resources Ltd.	100,000	-	-	100,000	-	-
Stratabound Minerals Corp.	50,000	4,000	9,000	50,000	4,000	8,250
Total		\$ 710,859	\$459,229		\$ 710,859	\$ 515,294

7. Capital Management

The Company defines its capital as all components of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. 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 properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. 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 quarter ended March 31, 2011. The Company is not subject to externally imposed capital requirements.

8. Investment in Warrants

On June 4, 2009, the Company and Fjordland Exploration Inc. ("Fjordland") reached a settlement in respect to a shortfall on drilling by Fjordland on the Olympic and Rob properties as part of an option agreement between the parties dated August 2, 2006. Under the terms of the settlement, Fjordland issued 1,000,000 units consisting of one common share and one purchase warrant of Fjordland. Each warrant entitled the Company to purchase one common share at a price of \$0.16 until June 23, 2011.

The fair value of the warrants was estimated using the Black-Scholes option pricing model on receipt and recorded at \$68,200 as a recovery of exploration and evaluation assets. During the quarter ended March 31, 2011, the unrealized loss on the 1,000,000 warrants was \$75,152 (2010 – \$16,096), which has been recognized in the statements of operations.

9. Accounts Receivable

The accounts receivable mainly related to input tax credit paid by the Company receivable from the government, and other receivables.

Aging of past due, but not impaired

The following is an aging analysis of the accounts receivable:

	Neither past due nor impaired	Past due but not impaired			TOTAL
		31 - 60 days	61 - 90 days	> 90 days	
March 31, 2011	\$ 96,742	\$ -	\$ -	\$ 3,064	\$ 99,806
December 31, 2010	\$ 96,989	\$ -	\$ 11,013	\$ 4,605	\$ 112,607

10. Prepaid Expenses

The following is an analysis of the prepaid expenses:

	March 31, 2011		December 31, 2010	
Insurance	\$	11,446	\$	19,077
Trade shows and conferences		-		4,514
Software rental		5,064		-
Others		12,435		11,704
	\$	28,945	\$	35,295

11. Deposit and Others

As at March 31, 2011, deposit and others included a project advance of \$286,380 (December 31, 2010 - \$ Nil) and rent deposit of \$32,377 (December 31, 2010 - \$32,377).

12. Transaction with Maritime

Effective October 5, 2010, the Company received 12,000,000 common shares of Maritime in exchange for a 50% interest in the Green Bay Property, located in the King's Point area, Newfoundland. Maritime is responsible for funding all exploration expenditures and is committed to conducting \$750,000 of mineral exploration activities on the property by April 5, 2012 (note 13(b)).

As a result of the above transaction, the Company acquired a controlling interest of 55.81% of Maritime's issued and outstanding shares and has consolidated the results of Maritime from October 5, 2010, the date of acquisition. The Company has recorded the interest in the Green Bay Property at its carrying value as it has retained control of the property. Maritime is considered a subsidiary of Commander at this stage and its financial results are consolidated into Commander's financial statements. Additional information on Maritime, as a publicly listed company, is available on the Internet at the SEDAR website, www.sedar.com and Maritime's website, www.maritimeresourcescorp.com.

12. Transaction with Maritime (Continued)

The amount of non-controlling interest as at March 31, 2011 is as follows:

	Previously Reported	IFRS Adjustments	Adjusted Amount
Proportionate share of identifiable net assets of Maritime on acquisition	\$ 664,649	\$ (144,820)	\$ 519,829
Share of post acquisition loss for the period	(102,404)		(102,404)
Share of post acquisition option compensation	81,703		81,703
Balance at December 31, 2010	<u>\$ 643,948</u>	<u>\$ (144,820)</u>	499,128
Share of profit for the period			21,639
Share of option compensation for the period			2,254
Balance at March 31, 2011			<u>\$ 523,021</u>

Please refer to note 21(e) for explanations on the IFRS adjustments.

13. Exploration and Evaluation Assets

At March 31, 2011, exploration and evaluation assets are comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	Baffin, Nunavut		Green Bay, Newfoundland	Other Properties	Total
	Qimmiq	Bravo Lake			
Balance at December 31, 2010	\$ 9,968,740	\$ 2,558,864	\$ 769,268	\$ 8,483,408	\$ 21,780,280
Additions during the period:					
Acquisition costs	-	-	1,750	1,440	3,190
Exploration costs:					
Drilling	198,577	-	199,287	2,250	400,114
Geochemistry	1,147	-	-	436	1,583
Geology	54,399	4,905	23,967	39,988	123,259
Property	-	-	-	3,869	3,869
Other	2,363	-	26	134	2,523
	<u>256,486</u>	<u>4,905</u>	<u>223,280</u>	<u>46,677</u>	<u>531,348</u>
Less:					
Recoveries	(906,400)	(6,106)	-	-	(912,506)
Net additions	(649,914)	(1,201)	225,030	48,117	(377,968)
Balance at March 31, 2011	<u>\$ 9,318,826</u>	<u>\$ 2,557,663</u>	<u>\$ 994,298</u>	<u>\$ 8,531,525</u>	<u>\$ 21,402,312</u>

13. Exploration and Evaluation Assets (Continued)

(a) Baffin Island Properties, Nunavut

The Baffin Island Properties consist of two separate properties named Qimmiq and Bravo Lake. The Company owns 100% of the Qimmiq property, subject to an underlying agreement with Nunavut Tunngavik Inc. (“NTI”) and certain future considerations to BHP Billiton (“BHP Billiton”). The Company owns 100% of the Bravo Lake property subject to certain future considerations to Xstrata Nickel (“Xstrata”), a business unit of Xstrata Canada Corporation, as further described under the property headings below. The Company earned a 100% interest in the Bravo Lake property by exercising its right under a Purchase Letter between the parties dated May 1, 2008.

On September 3, 2009, as amended on November 19, 2009, the Company entered into a Farm-in and Joint Venture Agreement (“Agreement”) with AngloGold Ashanti Limited’s subsidiary, AngloGold Ashanti Holdings Plc (“AngloGold”), related to both the Qimmiq and Bravo properties (collectively, “Baffin Properties”). Pursuant to the Agreement, AngloGold may earn a 51% participating interest in the Baffin Properties by funding \$20 million by December 31, 2014, with an additional requirement to fund \$5.5 million of the \$20 million in exploration expenditures before December 31, 2010. The initial commitment included completion of a minimum of 3,000 metres of diamond drilling. Additional terms of the Agreement are as follows:

- The Company will manage the exploration for the initial two-year committed program period. In addition, AngloGold will pay a 10% management fee to the Company on all exploration expenditures incurred on the project during that period, which are treated as part of the exploration expenditures to be funded by AngloGold. Accordingly, these amounts have been presented as a recovery to the relevant property;
- AngloGold at its option, advanced a cash payment of \$575,000 to the Company so that the Company could exercise its right to purchase the remaining interest in the Bravo Lake (“Bravo Lake”) property to 100%, which is treated as part of the exploration expenditures to be funded by AngloGold. Accordingly, these amounts have been presented as a recovery to the relevant property in 2009; and
- Once AngloGold has vested a 51% interest in the Baffin Properties, a 51:49 joint venture will be formed between AngloGold and the Company. AngloGold may then elect within 60 days of vesting to increase its interest in the property to 70% by funding all on-going expenditures to complete a feasibility study within four years on at least one of the prospects on the Baffin Properties.

As part of the Agreement, on November 19, 2009, Ashanti Goldfields Services Limited, a wholly owned subsidiary of AngloGold, subscribed for and was issued a total of 10,000,000 units of the Company for gross proceeds of \$1.2 million. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of \$0.24 until November 17, 2011. Under the Agreement, AngloGold is required to hold at least a 10% equity stake in the Company and has the right, subject to TSX Venture Exchange approval, to participate in future private placements in order to meet its equity commitment in the Company under this Agreement.

For the period ended March 31, 2011, total recoveries on the Baffin Island Properties from AngloGold amounted to \$912,506, including management fee of \$82,955 (2010 - \$395,327, including management fee of \$35,939).

(i) Qimmiq

On February 22, 2008, the Company and BHP Billiton (“BHP”) 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 on or before September 30, 2008. The deadline for this cash payment was subsequently extended to April 30, 2009 through a series of amending letters with the final letter dated February 25, 2009.

13. Exploration and Evaluation Assets (Continued)

(a) Baffin Island Properties, Nunavut

(i) Qimmiq (Continued)

On April 30, 2009, the Company exercised its right to accelerate its interest to 100% in the Property after BHP agreed to waive the \$400,000 cash payment required under the Option Acceleration Agreement. The Revised Agreement is now the only agreement between the Company and BHP pertaining to the Qimmiq Property.

Under the Revised Agreement, BHP retains the Right of First Refusal ("ROFR") to purchase all or any portion of the concentrates or other such mineral products produced only from non-gold resources on the Property. For the first four years of commercial production, BHP'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 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 Qimmiq Property. The Revised Agreement is subject to a variable net smelter return ("NSR") 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.

(ii) Bravo Lake

The Company currently owns 100% of the Bravo property. Previously, the Company operated the Bravo Lake property under a Letter Agreement with Xstrata since 2003. Under this agreement, the Company had the right to earn a 100% interest in the property by incurring \$8 million of exploration expenditures on the property by 2011. Xstrata held certain back-in rights to nickel, base metal or diamond deposits. There were no back-in rights to gold deposits. The property is subject to certain royalties payable to Xstrata 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. The property was expanded by staking in September 2009 with the addition of 42 mineral claims totalling 34,964 hectares.

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. In an amending letter dated November 13, 2008, the deadline for the unpaid balance of \$575,000 was extended to June 30, 2009 and further extended to December 31, 2009.

On December 7, 2009, the Company completed the purchase from Xstrata of a 100% interest in the Bravo property thereby eliminating all remaining earn-in expenditures and extinguishing Xstrata's back-in rights. Xstrata retains 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 also 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.

13. Exploration and Evaluation Assets (Continued)

(b) Green Bay, Newfoundland

The primary assets on the Green Bay Property are the Orion Gold Deposit (“Orion”) and the surrounding exploration lands. Orion is located 14 kilometres northwest of Springdale, Newfoundland.

The Company held a 100% interest in the Green Bay property, which includes Orion. Orion contains an Inferred Resource of 119,000 ounces of gold contained within 710,285 tonnes average grading 5.227 g/t Au using a 3 g/t cut-off grade, as defined in a 43-101 Technical Report published in July 2010.

On October 5, 2010, the Company entered into an Option Agreement with Maritime for the right to acquire a 50% interest in the Green Bay Property, located in the King's Point area, Newfoundland, by issuing to the Company 12,000,000 common shares. In addition, Maritime is responsible for funding all exploration expenditures and is committed to conducting \$750,000 of mineral exploration activities on the Property by April 5, 2012. The Option Agreement also provides Maritime the further option of increasing its ownership in the Property to 100% by issuing 5,000,000 additional common shares to the Company before the earlier of the date of commencement of commercial production and the expiry date of 5 years after the acquisition of the Initial Interest. In the event Maritime exercises the Second Option to acquire a 100% interest in the Property, the 100% interest of Maritime in the Property will be subject to a 2% NSR.

Once Maritime vests its Initial Interest and completes the committed expenditures, it may elect not to increase its interest to 100% in which event the parties agree that further exploration and development on the Green Bay Property will be operated under a 50/50 Joint Venture (“JV”) between the parties in accordance with standard industry terms. It is agreed that for the purposes of the JV, the deemed expenditures will be calculated based on the actual expenditures incurred by Maritime from the approval date to the date of its election to form a JV.

Furthermore it is agreed that at that time, the Company’s deemed expenditures shall be calculated at one and one-half times (150%) Maritime’s actual expenditures, but remain as a 50:50 JV. For greater clarity, should a JV be formed, The Company’s 50% interest will be carried until Maritime’s actual expenditures equal the Company’s deemed expenditures.

The exploration lands outside the current boundary of Orion shall be subject to a 2% NSR payable to the Company with Maritime having the right to acquire 50% of the NSR for \$1,000,000 at any time up to commercial production from the exploration lands.

13. Exploration and Evaluation Assets (Continued)

(c) 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, 2011 and December 31, 2010 are as follows:

	Ownership %	March 31, 2011	December 31, 2010
Labrador Properties			
Sadie	100.00	\$ 127,856	\$ 127,856
Sally	100.00	393,127	393,127
Sandy	100.00	15,145	11,462
Sarah Lake (i)	48.20	1,762,849	1,760,949
Nunavut			
Storm (ii)	100.00	138,998	116,144
Dewar Lake	-	516	516
Newfoundland			
Hermitage (iii)(a)	100.00	2,749,100	2,748,351
Strickland (iii)(b)	100.00	927,164	926,545
Cochrane Pond (iii)(c)	50.00	48,978	48,978
Others	100.00	92,563	92,563
Yukon			
Olympic, Rob (iv)	100.00	867,735	862,931
British Columbia			
Abe, Pal, Hal, Hunter and Takla (v)	100.00	111,644	110,923
Aten, Mate and Tut (v)	100.00	1,611	1,250
Tam (vi)	10.00	9,524	9,524
New Brunswick			
Nepisiguit/Stewart (vii)	100.00	1,132,287	1,130,978
Ontario			
Matheson	41.36	14,935	14,213
McVean	100.00	4,682	71
Sabin (viii)	100 - 58.50	132,811	127,027
Total Other Properties		\$ 8,531,525	\$ 8,483,408

(i) 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.

(ii) Storm Property, Nunavut

The Storm property, first acquired in 2008, consists of four permits covering 208,286 acres (84,291 ha) and is located on the northwest corner of Somerset Island adjacent to the Northwest Passage. The target is a large tonnage, high-grade sedimentary (carbonate) hosted copper deposit.

13. Exploration and Evaluation Assets (Continued)

(c) Other properties (Continued)

(iii) Hermitage Project, 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 the adjacent Couteau Lake Property, the option agreement allowing the Company to earn a 100% interest was extended by amending agreements such that the expiry date of the option is changed to April 2, 2010. The agreement is subject to a 2% NSR for the vendor with a buy-back of one-half of the NSR for \$1 million. In a letter dated May 3, 2010 and executed on May 17, 2010, the option was terminated with no further obligations to the Company.

(b) Strickland

The Strickland Property consists of 147 claims southwest of the Hermitage Property.

The Quinlan Option agreement, originally executed on August 16, 2006 to cover a small claim block surrounded by the Strickland Property, was terminated by the Company on June 24, 2009.

(c) Cochrane Pond

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 November 13, 2008, CPJV entered into a Royalty Agreement ("Agreement") with Global Gold Uranium LLC ("Global Gold Uranium"), a wholly owned subsidiary of Global Gold Corporation ("Global Gold") following termination of a previous option agreement between the parties. Under the Agreement, CPJV provided 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 is capped such that it will be reduced to 0.50% after the total royalty payments from production to Global Gold Uranium reach \$1 million.

(iv) Olympic & Rob, Yukon

The Olympic property is located north of Dawson City in the Yukon and has claims covering 4,431 hectares. 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 0.50% at any time for \$1 million.

(v) Abe, Pal, Hal, Hunter, Takla, 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.

13. Exploration and Evaluation Assets (Continued)

(c) Other properties (Continued)

(vi) Tam, 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.

(vii) Nepisiguit/Stewart, New Brunswick

The Company owns 100% of the properties located in the Bathurst Mining Camp of New Brunswick, subject to a 2.75% NSR retained by BHP. The NSR is subject to a buy-down to 1% NSR for \$1.5 million at any time.

On July 29, 2010, the Company announced that it had entered into an option agreement with Stratabound providing Stratabound the right to earn an initial 60% interest in the Company's Nepisiguit and Stewart properties.

Under the terms of the option, Stratabound has the right to earn an initial 60% participating interest in the Properties over a 5 year period by issuing to the Company 400,000 Stratabound shares and completing \$1,500,000 in eligible exploration expenditures. Stratabound would issue 50,000 common shares to the Company upon receipt of regulatory approval, and agrees to committed expenditures of \$150,000 on the Properties in the first year, of which \$50,000 must be expended by October 30, 2010. The first year's committed program must include at least 1,000 metres of diamond drilling.

Upon vesting its 60% interest, Stratabound may then, within 60 days, elect to increase its interest to 65% by incurring an additional \$1,000,000 in eligible expenditures over a two year period and issuing an additional 100,000 Stratabound shares to the Company.

Once a joint venture is formed the Company may elect at any time to convert its interest into a 1% NSR. Stratabound will have the option, for 12 months following the Company's election, to buy one-half of the royalty on either property for \$1,000,000, or to buy one-half of the royalty on both properties for \$2,000,000.

Stratabound will be the operator during the term of the option, and will be the initial operator pursuant to any joint venture agreement entered into by the parties thereafter.

The initial 50,000 common shares of Stratabound were received and are included in marketable securities.

(viii) Sabin, Ontario

The Sabin copper-zinc property is a large (114 claims) holding located in northwest Ontario. It is situated at the north end of the Sturgeon Lake Greenstone Belt which hosted the precious metal rich Mattabi and Lynn Lake VMS deposits. As the property is crossed by major paved highways and is only 8 km from the CN Mainline at Savant Lake, it can be worked year round. Historic work on this property discovered significant base metal and precious metal showings.

13. Exploration and Evaluation Assets (Continued)

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the properties may be diminished or negated.

Title to resource properties

Although the Company has taken steps to verify the title to resource properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Realization of assets

The resource properties comprise substantially all of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

14. Property and Equipment

	Furniture and fixtures		Computer equipment		Leasehold improvements		Total
Cost							
At January 1, 2010	\$	57,240	\$	169,950	\$	28,293	\$ 255,483
Additions		-		10,054		-	10,054
Disposals		-		-		-	-
At March 31, 2010		57,240		180,004		28,293	265,537
Additions		2,670		3,213		3,528	9,411
Disposals		-		-		(28,293)	(28,293)
At December 31, 2010		59,910		183,217		3,528	246,655
Additions		345		-		-	345
Disposals		-		-		-	-
At March 31, 2011	\$	60,255	\$	183,217	\$	3,528	\$ 247,000
Accumulated depreciation							
At January 1, 2010	\$	57,240	\$	161,753	\$	25,935	\$ 244,928
Additions		-		1,894		590	2,484
Disposals		-		-		-	-
At March 31, 2010		57,240		163,647		26,525	247,412
Additions		514		6,323		2,121	8,958
Disposals		-		-		(28,293)	(28,293)
At December 31, 2010		57,754		169,970		353	228,077
Additions		151		1,247		176	1,574
Disposals		-		-		-	-
At March 31, 2011	\$	57,905	\$	171,217	\$	529	\$ 229,651
Net Book Value							
At January 1, 2010	\$	-	\$	8,197	\$	2,358	\$ 10,555
At March 31, 2010	\$	-	\$	16,357	\$	1,768	\$ 18,125
At December 31, 2010	\$	2,156	\$	13,247	\$	3,175	\$ 18,578
At March 31, 2011	\$	2,350	\$	12,000	\$	2,999	\$ 17,349

15. Accounts Payable and Accrued Liabilities

The average credit period of purchases is 1 month. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The following is an aging analysis of accounts payable:

	Current	31 - 60 days	61 - 90 days	> 90 days	TOTAL
March 31, 2011	\$ 204,781	\$ 557	\$ -	\$ -	\$ 205,338
December 31, 2010	\$ 426,316	\$ -	\$ -	\$ -	\$ 426,316

16. Advance from Optionee

The Company's optionee, AngloGold, advanced \$1,241,067 to the Company for the Baffin properties including \$112,824 for management fees. During the three months ended March 31, 2011, \$829,551 of exploration expenses and \$82,955 of management fees were recovered leaving an advance balance of \$328,561.

17. Share Capital

(a) Authorized

Unlimited common shares without par value

(b) Shares issued

No share was issued during the quarter ended March 31, 2011.

(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 18,000,000 common shares. Vesting of stock options is made at the discretion of the board of directors at the time the options are granted.

A summary of the Company's outstanding stock options as at March 31, 2011, December 31, 2010 and January 1, 2010, and changes during the respective periods are as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at January 1, 2010	6,864,000	\$0.252
Granted	2,073,500	\$0.350
Exercised	(382,000)	\$0.120
Outstanding at March 31, 2010	8,555,500	\$0.280
Granted	600,000	\$0.255
Exercised	(353,000)	\$0.240
Outstanding at December 31, 2010	8,802,500	\$0.280
Granted	2,020,000	\$0.185
Outstanding at March 31, 2011	10,822,500	\$0.262

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for the grants for the three months ended March 31, 2011 as follows:

Number of shares granted		2,020,000
Exercise price	\$	0.185
Grant date share price	\$	0.190
Risk-free interest rate		2.76%
Expected dividend yield		0
Expected stock price volatility		99%
Expected option life in years		5
Grant date fair value	\$	0.139

17. **Share Capital (Continued)**

(c) **Stock options (Continued)**

The following is a breakdown of the share-based payments charged to operations on options vested for the three months ended March 31:

	2011	2010
Accounting and audit	\$ 1,105	\$ 6,132
Consultants	56,761	133,797
Investor relations	8,481	7,207
Salaries and benefits	53,038	89,475
	\$ 119,385	\$ 236,611

The following summarizes information about stock options outstanding as at March 31, 2011:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
282,000	\$0.39	May 7, 2011	0.10
646,500	\$0.30	June 19, 2011	0.22
400,000	\$0.87	January 2, 2012	0.76
200,000	\$0.41	May 8, 2012	1.11
1,196,500	\$0.36	June 7, 2012	1.19
70,000	\$0.19	December 21, 2012	1.73
760,000	\$0.18	February 7, 2013	1.86
200,000	\$0.21	June 24, 2013	2.24
280,000	\$0.10	October 17, 2013	2.55
700,000	\$0.10	February 20, 2014	2.90
1,394,000	\$0.10	May 12, 2014	3.12
200,000	\$0.39	January 19, 2015	3.81
1,778,500	\$0.35	January 27, 2015	3.83
95,000	\$0.35	January 27, 2015	3.83
500,000	\$0.27	May 25, 2015	4.15
100,000	\$0.18	October 6, 2015	4.52
2,020,000	\$0.19	February 11, 2016	4.87
10,822,500			2.91

At March 31, 2011, the Company had 8,752,500 options exercisable with a weighted average exercise price of \$0.28 and a weighted average remaining contractual life in years of 2.45.

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

The Company had 5,000,000 warrants outstanding at March 31, 2011, December 31, 2010, and January 1, 2010 with an exercise price of \$0.24, expiring November 17, 2011.

18. Related Party Transactions

At March 31, 2011, marketable securities included 258,000 common shares (December 31, 2010 – 258,000 common shares) of Diamonds North Resources Ltd., a company related by a director in common.

(a) Trading transactions

The Company's related parties consist of companies controlled by executive officers and directors. The Company incurred the following fees and expenses in the normal course of operations in connection with those companies for the three months ended March 31, 2011 and 2010 as follows:

	2011	2010
Accounting	\$ 18,000	\$ -
Consulting	16,500	9,000
Geological consulting	29,960	11,025
Rent	16,750	16,978
	<u>\$ 81,210</u>	<u>\$ 37,003</u>

These transactions were recorded at fair value, being the amount agreed upon by the related parties.

There were \$4,397 due from related parties as at March 31, 2011 (December 31, 2010 - \$4,362) for office expense reimbursements and expense advance. There were no amounts outstanding due to related parties as at March 31, 2011 (December 31, 2010 - \$Nil).

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2011 and 2010 were as follows:

	2011	2010
Accounting	\$ 18,000	\$ -
Consulting	16,500	9,000
Geological consulting	29,960	11,025
Salaries and benefits	74,783	61,390
Share-based payments	94,882	178,950
	<u>\$ 234,125</u>	<u>\$ 260,365</u>

The compensation includes trading transactions disclosed in Note 18(a) above.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended March 31, 2011 and 2010.

19. Commitments

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 approximate annual minimum lease commitments are as follows:

Leases		Total
2011	\$	32,102
2012		44,788
2013		47,095
2014		48,441
2015		32,294
Total	\$	204,720

20. Supplemental Cash Flow Information

	For Three Months Ended March 31			
Significant non-cash, investing and financing activities	2011		2010	
Financing activity:				
Fair value of options exercised	\$	-	\$	26,165
Other cash flow information:				
Exploration and evaluation assets accrued in accounts payable and accrued liabilities	\$	121,230	\$	200,819

21. IFRS

As stated in note 2, these are the Company's first condensed interim consolidated financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS. An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

IFRS 1 sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its transitional financial statements at January 1, 2010:

(a) Business combinations

The Company has elected under IFRS 1 to not apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS.

21. IFRS (Continued)

(b) Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP.

(c) Assets and liabilities of subsidiaries and associates

In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary or associate adopting IFRS, the assets and the liabilities of the subsidiary or associate are to be included in the consolidated financial statements at the same carrying amounts as in the financial statements of the subsidiary or associate. The Company's subsidiary, Maritime, adopted IFRS with a transition date of April 1, 2010.

(d) Share-based payments

When a share-based payment award vests in instalments over the vesting period (graded vesting), each instalment is accounted for as a separate arrangement under IFRS. Under Canadian GAAP, an entity can elect to recognize graded vesting equity instruments as separate arrangements, like IFRS. Alternatively, unlike IFRS, an entity can elect to treat the equity instruments as a pool and determine fair value using the average life of the instruments, provided that compensation then is recognized on a straight line basis, subject to at least the value of the vested portion of the award being recognized at each reporting date.

The Company currently accounts for each instalment under graded vesting as a separate arrangement in accordance with IFRS.

Under Canadian GAAP, a recognized asset, cost, or sales discount should not be reversed if a stock option that the counterparty has the right to exercise expires unexercised.

The Company has elected to change its accounting policy to transfer the value of the unexercised expired options to deficit as allowed under IFRS. Previously under Canadian GAAP the Company had no such policy. The value of the unexercised options as at January 1, 2010 amounted to \$965,352 was transferred to deficit.

(e) Flow-through shares

Canadian GAAP – Flow-through shares were recorded at their face value, net of related issuance costs. On the date the tax credits were renounced, a future tax liability was recognized as a cost of issuing the shares.

IFRS – Flow-through shares are recognized based on the quoted price of the existing shares on the date of the issue. The difference between the amount recognized in common shares and the amount the investor pays for the shares is recognized as a liability which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded as eligible expenditures are incurred, provided the Company has the intention to renounce the related tax benefits. The tax portion of the 5,000,000 flow-through shares issued on October 1, 2010 by the Company's subsidiary amounted to \$327,750. Of the \$327,750, the portion belonging to the Company amounted to \$182,930, and the portion belonging to the non-controlling interest amounted to \$144,820. The amount of gain on acquisition was accordingly adjusted (note 12).

21. IFRS (Continued)

The January 1, 2010, March 31, 2010, and December 31, 2010 Canadian GAAP statements of financial position has been reconciled to IFRS as follows:

Note	January 1, 2010			March 31, 2010			December 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS									
Current assets									
Cash and cash equivalents	\$ 1,425,152	\$	\$ 1,425,152	\$ 2,512,813	\$	\$ 2,512,813	\$ 1,744,514	\$	\$ 1,744,514
Marketable securities	321,066		321,066	381,498		381,498	515,294		515,294
Investment in warrants	66,600		66,600	50,504		50,504	96,041		96,041
Accounts receivable	120,481		120,481	23,639		23,639	112,607		112,607
Prepaid expenses	38,227		38,227	447,234		447,234	35,295		35,295
Field supplies	282,125		282,125	282,125		282,125	103,862		103,862
	2,253,651	-	2,253,651	3,697,813	-	3,697,813	2,607,613	-	2,607,613
Non-current assets									
Deposit	20,000		20,000	20,000		20,000	32,377		32,377
Exploration and evaluation assets	22,057,385		22,057,385	22,054,008		22,054,008	21,780,280		21,780,280
Property and equipment	10,555		10,555	18,125		18,125	18,578		18,578
	22,087,940	-	22,087,940	22,092,133	-	22,092,133	21,831,235	-	21,831,235
Total assets	\$ 24,341,591	\$ -	\$ 24,341,591	\$ 25,789,946	\$ -	\$ 25,789,946	\$ 24,438,848	\$ -	\$ 24,438,848
LIABILITIES AND EQUITY									
Current liabilities									
Accounts payable and accrued liabilities	\$ 244,980	\$	\$ 244,980	\$ 383,332	\$	\$ 383,332	\$ 426,316	\$	\$ 426,316
Advance from optionee	-		-	1,419,674		1,419,674	-		-
Other liability	21(e)		-	-		-	-	327,750	327,750
	244,980	-	244,980	1,803,006	-	1,803,006	426,316	327,750	754,066
Non-current liabilities									
Deferred tax liabilities	1,472,945		1,472,945	1,472,945		1,472,945	1,475,859		1,475,859
	1,472,945	-	1,472,945	1,472,945	-	1,472,945	1,475,859	-	1,475,859
Total liabilities	1,717,925	-	1,717,925	3,275,951	-	3,275,951	1,902,175	327,750	2,229,925
EQUITY									
Equity attributable to owners of the parent									
Share capital	37,232,067		37,232,067	37,302,632		37,302,632	37,450,106		37,450,106
Contributed surplus	21(d)	965,352	(965,352)	-	965,352	(965,352)	-	965,352	(965,352)
Share-based payments reserve		1,078,438		1,078,438		1,288,884	1,653,818		1,653,818
Deficit	21(d)&(e)	(16,317,772)	965,352	(15,352,420)	(16,768,888)	965,352	(15,803,536)	(18,008,582)	782,422
Accumulated other comprehensive loss		(334,419)		(334,419)		(273,985)	(167,969)		(167,969)
Total equity attributable to owners of the parent	22,623,666	-	22,623,666	22,513,995	-	22,513,995	21,892,725	(182,930)	21,709,795
Non-controlling interest	21(e)		-	-		-	643,948	(144,820)	499,128
	22,623,666	-	22,623,666	22,513,995	-	22,513,995	22,536,673	(327,750)	22,208,923
Total liabilities and equity	\$ 24,341,591	\$ -	\$ 24,341,591	\$ 25,789,946	\$ -	\$ 25,789,946	\$ 24,438,848	\$ -	\$ 24,438,848

21. IFRS (Continued)

The Canadian GAAP income statements and statements of comprehensive income for the three months ended March 31, 2010 and year ended December 31, 2010 have been reconciled to IFRS as follows:

	Note	For three months ended March 31, 2010			For the year ended December 31, 2010		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses							
Accounting and audit		\$ 24,900	\$	\$ 24,900	\$ 107,276	\$	\$ 107,276
Amortization		2,483		2,483	11,443		11,443
Annual report and meeting		1,258		1,258	7,827		7,827
Consultants		18,422		18,422	92,789		92,789
Insurance		10,863		10,863	38,602		38,602
Investor relations and promotion		49,854		49,854	165,411		165,411
Legal		2,140		2,140	21,428		21,428
Office and miscellaneous		12,816		12,816	74,987		74,987
Regulatory and transfer agent fees		12,811		12,811	33,735		33,735
Rent and storage		16,978		16,978	79,138		79,138
Salaries and benefits		45,370		45,370	230,966		230,966
Share-based payments		236,611		236,611	745,471		745,471
Loss before other items		(434,506)	-	(434,506)	(1,609,073)	-	(1,609,073)
Other items							
Interest income		13		13	1,635		1,635
Exchange loss		21		21	(451)		(451)
Property investigation		(548)		(548)	(1,906)		(1,906)
Write-down of mineral properties		-		-	(784,776)		(784,776)
Gain on acquisition	21(e)	-		-	551,051	(182,930)	368,121
Unrealized gain (loss) on derivative instruments		(16,096)		(16,096)	29,441		29,441
Loss before income taxes		(451,116)	-	(451,116)	(1,814,079)	(182,930)	(1,997,009)
Deferred income tax recovery		-		-	20,865		20,865
Net loss for the period		\$ (451,116)	\$ -	\$ (451,116)	\$ (1,793,214)	\$ (182,930)	\$ (1,976,144)
Loss for the period attributable to:							
Non-controlling interest		\$ -	\$	\$ -	\$ (102,404)	\$	\$ (102,404)
Common shareholders	21(e)	(451,116)		(451,116)	(1,690,810)	(182,930)	(1,873,740)
		\$ (451,116)	\$ -	\$ (451,116)	\$ (1,793,214)	\$ (182,930)	\$ (1,976,144)
Loss per share - basic and diluted		\$ (0.005)	\$ -	\$ (0.005)	\$ (0.020)	\$ -	\$ (0.022)
Loss per share - diluted		\$ (0.005)	\$ -	\$ (0.005)	\$ (0.020)	\$ -	\$ (0.022)
Weighted average number of common shares outstanding		90,207,516		90,207,516	90,709,946		90,709,946

21. IFRS (Continued)

The Canadian GAAP statements of comprehensive income (loss) for the three months ended March 31, 2010 and year ended December 31, 2010 have been reconciled to IFRS as follows:

	Note	For three months ended March 31, 2010			For the year ended December 31, 2010		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Net loss for the period	21(e)	\$ (451,116)	\$	\$ (451,116)	\$ (1,793,214)	\$ (182,930)	\$ (1,976,144)
Unrealized gain on available-for-sale marketable securities		60,434		60,434	190,229		190,229
Transfer to income on sale of marketable securities		-		-	-		-
Deferred income tax recovery		-		-	(23,779)		(23,779)
Other comprehensive income		60,434	-	60,434	166,450	-	166,450
Comprehensive loss for the period		\$ (390,682)	\$ -	\$ (390,682)	\$ (1,626,764)	\$ (182,930)	\$ (1,809,694)
Total comprehensive loss attributable to:							
Non-controlling interest		\$ -	\$	\$ -	\$ (102,404)	\$	\$ (102,404)
Common shareholders		(390,682)	-	(390,682)	(1,524,360)	(182,930)	(1,707,290)
		\$ (390,682)	\$ -	\$ (390,682)	\$ (1,626,764)	\$ (182,930)	\$ (1,809,694)

21. IFRS (Continued)

The following is the reconciliation of the statements of cash flows the three months ended March 31, 2010 and year ended December 31, 2010:

	Note	For three months ended March 31, 2010			For the year ended December 31, 2010		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Cash provided from (used for):							
Operating activities							
Net loss for the period		\$ (451,116)	\$	\$ (451,116)	\$ (1,793,214)	\$ (182,930)	\$ (1,976,144)
Items not involving cash:							
Amortization		2,483		2,483	11,443		11,443
Share-based payments		236,611		236,611	745,471		745,471
Unrealized loss (gain) on derivative instruments		16,096		16,096	(29,441)		(29,441)
Write-down of mineral properties		-		-	784,776		784,776
Deferred income tax recovery		-		-	(20,865)		(20,865)
Gain on acquisition	21(e)	-		-	(551,051)	182,930	(368,121)
		(195,926)	-	(195,926)	(852,881)	-	(852,881)
Changes in non-cash working capital items:							
Accounts receivable		96,844		96,844	(88,281)		(88,281)
Prepaid expenses		20,993		20,993	2,932		2,932
Field supplies		-		-	178,263		178,263
Accounts payable and accrued liabilities		7,499		7,499	(97,913)		(97,913)
Advance from optionee		1,419,674		1,419,674	-		-
Cash provided by (used in) operating activities		1,349,084	-	1,349,084	(857,880)	-	(857,880)
Investing activities							
Deposit		(430,000)		(430,000)	(12,377)		(12,377)
Recoveries from exploration and evaluation assets		415,729		415,729	6,533,840		6,533,840
Acquisition and exploration costs for exploration and evaluation assets		(412,352)		(412,352)	(7,045,511)		(7,045,511)
Accounts receivables related to mineral properties		-		-	96,155		96,155
Accounts payable and accrued liabilities related to exploration and evaluation assets		130,853		130,853	279,249		279,249
Purchase of equipment		(10,053)		(10,053)	(19,464)		(19,464)
Cash acquired on acquisition		-		-	1,174,263		1,174,263
Net asset acquired on acquisition, net of cash acquired		-		-	41,437		41,437
Cash provided by (used in) investing activities		(305,823)	-	(305,823)	1,047,592	-	1,047,592
Financing activities							
Shares issued for cash, net of issue costs		44,400		44,400	129,650		129,650
Cash provided by financing activities		44,400	-	44,400	129,650	-	129,650
Increase in cash and cash equivalents		1,087,661	-	1,087,661	319,362	-	319,362
Cash and cash equivalents, beginning of period		1,425,152		1,425,152	1,425,152		1,425,152
Cash and cash equivalents, end of period		\$ 2,512,813	\$ -	\$ 2,512,813	\$ 1,744,514	\$ -	\$ 1,744,514

22. Subsequent Events

a) Private Placement

The Company announced on April 11, 2011 to raise approximately \$2,040,000 to finance exploration on the Company's projects in Canada. The financing consisted of a non-brokered private placement of 8,500,000 units (the "Units") priced at \$0.24 per Unit. Each unit consists of one flow-through common share and one-half non flow-through share purchase warrant. Each whole non flow-through share purchase warrant entitles the holder to purchase one common share at a price of \$0.30 for two years following the closing.

On May 3, 2011, the Company closed the first tranche of the non-brokered private placement for a gross proceed of \$1,353,200, with 5,638,332 units issued. The second tranche was closed on May 19, 2011 for \$686,808, with 2,861,700 units issued. All the securities issued were subject to a four month hold period since closing date.

The proceeds from the financing will be used as to approximately \$1.5 million for exploration on the Company's Storm Copper Project in Nunavut and the balance on the Company's Olympic property, Yukon and Sabin property, Ontario.

b) Exploration Agreements

- a. On June 1, 2011, the Company entered into an Exploration and Development Alliance with London and Newfoundland based Rambler Metals and Mining plc. The Alliance will see the sharing of technical expertise for the exploration and development of two main properties in the Green Bay area of Newfoundland and Labrador. Both projects are in the advanced exploration stage. The highlights of the agreement include completing an economic assessment on reopening the Hammerdown mine and evaluating the mine potential of the Orion Deposit as a potential feed source for Nugget Pond.
- b. On June 2, 2011, the Company negotiated an option agreement, for a package of claims located in the Little Highland River Valley, Watson Lake mining district in the Yukon. The package of 127 claims is owned by a prospector syndicate based out of Whitehorse. In addition, the Company has added another 150 claims to the area, for a total package of 277 claims, covering approx. 5,800 ha over a 20 km strike extent. The project area will be known as the Glenmorangie property.

Under the terms of the option agreement, the Company has an option to earn a 100% interest in the Property through the staged issue of 840,000 shares, staged cash payments of \$147,000 and a total exploration expenditure of \$500,000 over four years. The NSR terms are 2% plus an advance smelter return of \$12,000 per year, with an option to buy down to 1% NSR, each half per cent costing \$1 million. The first year's commitment calls for \$125,000 of exploration, issuance of 300,000 shares and cash payments of \$27,000. The agreement is subject to Board and TSX Venture Exchange approval.

- c) On May 7, 2011, 282,000 unexercised stock options were expired.



**COMMANDER
RESOURCES LTD.**

Management Discussion and Analysis

For the Period Ended
March 31, 2011

Commander Resources Ltd.
Management Discussion and Analysis
For the Three months Ended March 31, 2011

Description of Business

Commander Resources Ltd. ("Commander") is a company engaged in the acquisition and exploration of prospective gold, base metal, and uranium properties primarily in Canada. Commander is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol CMD.

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", "estimate", "expect" and similar expressions are intended to identify such forward-looking statements. Readers are cautioned that these statements, which describe Commander's proposed plans, objectives, and budgets, may differ materially from actual results.

The following discussion and analysis of the financial position and results of operations for Commander is dated June 8, 2011 (the "Report Date") and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the notes thereto for the three months ended March 31, 2011 prepared in accordance with International Financial Reporting Standards ("IFRS"), and the audited consolidated financial statements and the notes thereto for the year ended December 31, 2010.

Summary of Activities and Results

Highlights for the three months ended March 31, 2011 included:

1. Commander started the 2011 program of work at the Baffin gold project. It has finalized the plans and budget for this year's program with its partner AngloGold Ashanti.
2. Commander also started the drilling work on the Green Bay project through its 55% owned subsidiary, Maritime Resources Corp. ("Maritime"). A minimum of 4,000 metres drilling has been planned to test for extended potential at the Orion Gold Deposit, located near Kings Point, Newfoundland.
3. Commander was advised that joint venture partner Stratabound Minerals Corp. ("Stratabound") has encountered significant intervals of high grade copper mineralization at the Stewart copper prospect on Commander's Nepisiguit property, Bathurst district, New Brunswick.
4. Commander has reviewed the Storm Copper property and decided to activate a work program there for this summer.
5. Teck Resources Limited has made a final property payment on the Tam-Misty porphyry copper-gold property in the Omineca mining district. Final payments totalling \$300,000 were received for this property in early January of which Commander received \$30,000 for its 10% ownership of this property.

Highlights of Subsequent Events:

1. In May 2011, Commander closed a non-brokered private placement of 8,500,032 units, priced at \$0.24 per unit and raised a gross proceed of approximately \$2,040,000.
2. Commander announced its plans for the upcoming 2011 field season. Commander will have a very active year with work occurring on up to six of its properties. The focus of the activities will be on Commander's copper and gold holdings, with a program being planned on the Storm copper project in Nunavut.
 - Programs to be funded by Commander's partners:
 - a. AngloGold Ashanti at Baffin Island gold
 - b. Maritime at the Orion gold project in Newfoundland
 - c. Stratabound Resources at the Nepisiguit base metals project in New Brunswick.
 - Programs to be funded by Commander:
 - a. Storm copper property in Nunavut
 - b. Olympic copper-gold property in Yukon
 - c. Sabin base metals property in Ontario.

Commander Resources Ltd.
Management Discussion and Analysis
For the Three months Ended March 31, 2011

3. Commander appointed Mr. Stephen Potts, P.Geo to the position of Vice President, Exploration. Mr. Potts brings more than 20 years of experience in the exploration and mining industry to the Company. He has acted most recently as a consulting geologist, managing exploration programs in the White Gold area in Yukon, BC, and northwestern Ontario. He had previously held positions as the Environmental Project Manager and Drilling Manager for Phoenix Enterprises Ltd. He was Chief Geologist for Lonrho Platinum in South Africa for seven years and prior to that was an underground geologist in the Witwatersrand gold mining district, based near Johannesburg.
4. Early June 2011, Commander optioned and staked the Glenmorangie property in the Little Highland River Valley, Watson Lake mining district in the Yukon – total package of 277 claims, covering approx. 5,800 ha over a 20 km strike extent.
5. Commander and Maritime entered into an Exploration and Development Alliance with London and Newfoundland based Rambler Metals and Mining plc. The Alliance will see the sharing of technical expertise for the exploration and development of two main properties in the Green Bay area of Newfoundland and Labrador. Both projects are in the advanced exploration stage. The highlights of the agreement include completing an economic assessment on reopening the Hammerdown mine and evaluating the mine potential of the Orion Deposit as a potential feed source for Nugget Pond.

Nepisiguit-Stewart Property, New Brunswick

Commander’s joint venture partner Stratabound has encountered significant intervals of high grade copper mineralization at the Stewart copper prospect on Commander’s Nepisiguit property, Bathurst district, New Brunswick. Hole STW-10-1 intersected 3.5 metres grading 2.07% copper. Hole STW-10-2 cut 89.5 meters grading 0.75% copper with high grade intervals up to 3.1% copper over 4 meters, and significant gold, silver and cobalt credits. Detailed drill results and descriptions from hole STW- 10-2 are given below.

Four holes, totaling 1,064 metres, were drilled by Stratabound. The first two holes were collared about 125 metres southwest of previously drilled hole NB-97-8 (1.04% copper over 25.5m), and 35 metres southwest of hole NB-97-10 (1.24% copper over 27.2m, including 13.25m grading 2.57%). Hole STW-10-2, drilled from the same location as STW-10-1 but with a steeper inclination, was intended to hit the NB-97-10 zone at about 185 metres down hole. At 137m the rods became stuck and the hole was abandoned before reaching the intended target. However, the drill hole intersected a substantial copper-cobalt-silver sulphide zone from surface down to 90 metres with the following assay results:

Drill hole	From (metres)	To (metres)	Length (metres)	Copper (%)	Cobalt (%)	Gold (g/t)	Silver (g/t)
STW-10-2	0.5	90	89.5*	0.75	0.018	0.11	6.26
including	0.5	11	10.5	1.86	0.019	0.27	12.1
including	0.5	5	4.5	2.35	0.020	0.37	17.11
and	8	11	3	2.34	0.024	0.31	13.43
	62	90	28	1.12	0.029	0.18	10.97
including	72	90	18	1.46	0.037	0.23	14.85
including	72	76	4	3.13	0.040	0.55	30.21
and	84	90	6	1.86	0.069	0.30	17.22

** Includes 14 metres of un-assayed material (26m-33m and 12m-19m) which have been assigned assay values of zero.*

The lengths tabulated above are measured core intervals. The mineralization is contorted and generally transposed parallel to the local foliation. Core angles suggest the apparent widths are exaggerated, but the mineralized structural controls are not yet understood and true thicknesses are unknown.

The sulphides are present within strongly chloritized quartz-feldspar crystal tuff (“quartz augen schist”) of the Nepisiguit Falls Formation. This unit has long been known to host base metal deposits in the Bathurst Mining Camp, including Stratabound’s Captain deposit, located 4 km to the south. The Stewart mineralization resembles that at Captain, occurring as stringer-type pyrite-chalcopyrite veins, disseminations, and splashes. Accessory amounts of silver, gold and zinc accompany the copper and cobalt.

Commander Resources Ltd.
Management Discussion and Analysis
For the Three months Ended March 31, 2011

A third hole was drilled 700 metres south of holes STW-10-1 and 2, along the MaxMin/MEGATEM/IP conductor. It intersected strongly chloritized tuffs and disseminations and blebs of pyrite-pyrrhotitechalcopyrite but returned no significant assay values. Hole STW-10-4 was collared 150 metres west of holes 1 and 2, cutting similar rocks with minor sulphides present from 230m - 254m, including 10 metres with 13% to 17% total sulphides, returning low copper and cobalt values.

The program included geophysical surveys over approximately 20% of the Nepisiquit property which delineated a strong HLEM (MaxMin) anomaly at least 1,200 metres in length, coincident with IP chargeability and MEGATEM anomalies. The Stewart prospect is located along the same IP trend associated with Stratabound's Captain copper-cobalt deposit, situated 4.8 km to the south.

The EM responses at Stewart are stronger and longer than at the Captain deposit, and have not been adequately explained by the predominantly stringer and disseminated mineralization encountered to date. A gravity survey is planned to investigate whether massive sulphide mineralization may be present below the intersected stringer network.

Stratabound can acquire up to 65% interest in this large (800 hectare) claim group from Commander over a period of five years or less.

Stratabound has Quality Control and Quality Assurance protocols in place for drill core that include blank samples, duplicate samples, certified standards and third party check samples.

Orion Gold Project, Newfoundland

Commander's joint venture partner Maritime treated as a subsidiary has provided an update on the 2011 drill program at the Orion gold project, located near Springdale, Newfoundland. The current drill campaign has intersected high grade gold intervals in extensions of the previously identified Discovery and Main Vein zones, as shown in the table below.

Key Intersections:

Drill Hole Number	Name	From - To (metres)	Total (metres)	Average g/t Gold
11-89	Discovery Vein	390.10 to 392.20	2.10	7.47
	<i>(including)</i>	390.95 to 392.20	1.25	10.16
	Main Vein	432.80 to 434.00	1.20	16.58
	<i>(including)</i>	433.10 to 433.70	0.60	32.51
11-87	Discovery Vein	303.20 to 304.05	0.85	1.99
	Main Vein	320.55 to 320.90	0.35	3.93
11-88	No Significant Values			

The high grade gold intervals reported above were assayed by both fire assay and metallic assay techniques to capture possible irregular gold distribution. As all assays varied by less than 15%, the assays shown in the table are the weighted average of the two techniques. True thickness of all intersections reported above is estimated at 91% of drilled interval length.

The Hole 11-89 intersections extend both the Discovery and Main Veins over 50 metres along strike to the southwest where previous interpretation was thought that the veins terminated. These vein systems are now open in this direction for a further 200 metres, substantially increasing the opportunity to increase gold resources at Orion. Drilling is continuing in this direction.

These results are the highest grades that have yet been encountered at Orion where the mineralization of the veins is similar to those at the nearby Hammerdown deposit. Drilling by Maritime commenced on February 24, 2011 and to date five holes have been completed for a total of approximately 2,300 metres. The Orion deposit is located 2 kilometres from the formerly producing Hammerdown mine, which operated from 2000 to 2004, producing 315,000 tonnes of ore grading an average of 16 g/t gold. The intent of the current program is to examine the Orion prospect for a possible extension of Hammerdown type ore and to expand the defined resource at Orion.

This drill program has been assisted financially by the Government of Newfoundland and Labrador through its Junior Exploration Assistance Program at the Department of Mines.

Quality Assurance and Quality Control ("QA/QC") Procedures for the Orion Project:

Maritime is presently drilling at the Orion project utilizing a diamond drill rig with NQ-sized core being recovered. The drilling is conducted by Springdale Forest Resources Inc. The core is logged, photographed and then split in half using a diamond core saw. Samples are collected on intervals ranging from 30 to 80 cm core length. Half the core is retained off-site at a secure storage facility and the other half is sampled, secured in sealed, labelled bags and then delivered to Eastern Analytical Ltd lab in Springdale, NL. The entire sample is crushed to 95% passing 2 millimetres, split and pulverized to 95% passing 150 mesh, split again, and a 150 gram sample sent for assay. Gold assays are determined by fire assay with an AA finish, and over limit assays are determined by fire assay with a gravimetric (metallic) finish. Maritime systematically inserts certified standard samples, duplicate samples and blank samples in a non-sequential order in all batches of samples sent to Eastern Analytical as a means of quality control. Additionally, Eastern Analytical has stringent internal QA/QC protocols. Upon completion of the 2011 assaying 5% to 10% of the core sample pulps from 2011 drilling program will be submitted to another certified lab for check assaying.

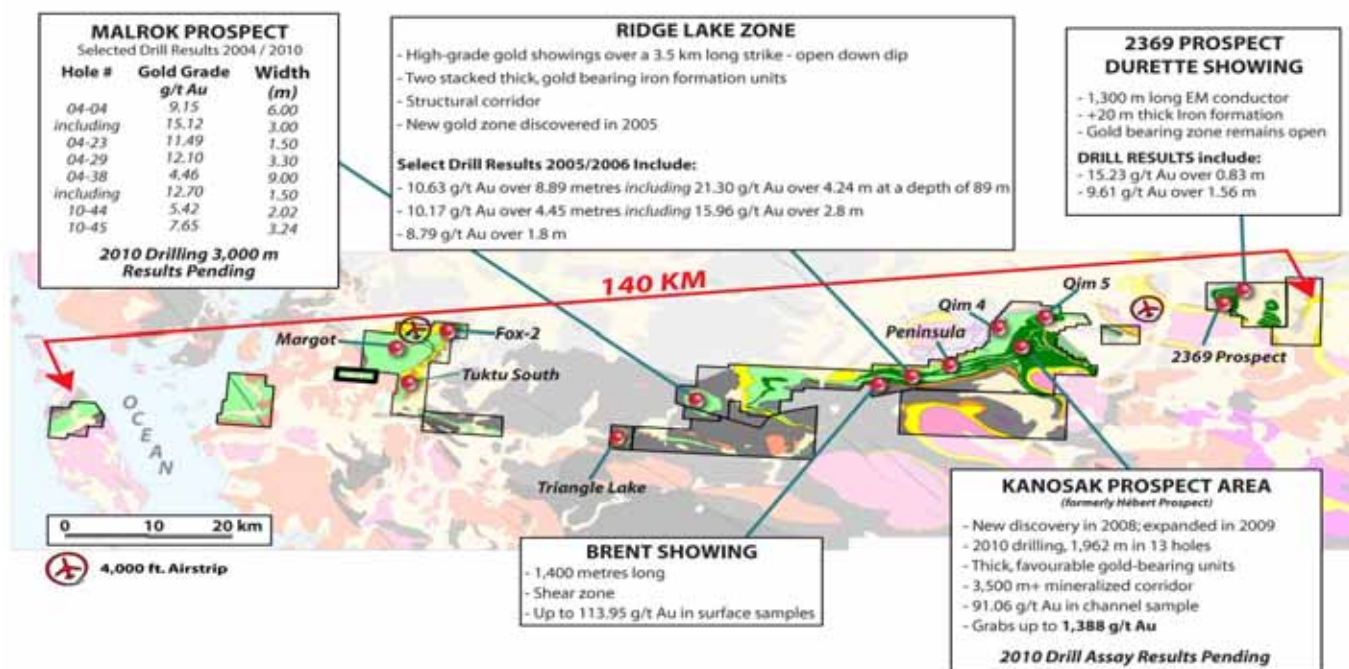
Active Projects

Baffin Island Gold Project, Nunavut

The Baffin Gold Project represents a district-scale gold belt with similar geological and genetic origins to the large Homestake district in South Dakota and the Morro Velho gold deposit in Brazil. To date the Baffin Project has yielded numerous gold prospect areas occurring over a strike length in excess of 100 kilometres. The property includes high-grade gold occurrences in at least 3 separate iron formation units, within shear zones and in 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, where multiple shallow gold drill intercepts require follow-up. The Brent Shear Zone and the Kanosak Prospect Area are gold targets outside of the iron formation units. Kanosak was first found in 2007, expanded and enhanced by work completed in 2008, and further expanded with new discoveries in 2009. The first drilling program in 2010 consisted of 1,962 metres in 13 holes. Assays for these holes are awaited.

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, one with an operational 4,000 foot airstrip. Commander engaged GeoVector Management Inc. of Ottawa to manage the field program in 2006, 2007, 2008, 2009 and 2010.

BAFFIN ISLAND GOLD PROJECT



The major prospects that constitute the Baffin project and recent work by Commander are described as follows:

Qimmiq Property

Malrok, Ridge Lake, Brent, and Kanosak are located on the Qimmiq property along with several of the other gold prospect areas. In 2009, work was only completed on the Kanosak prospect area. In 2010, diamond drilling was completed on the Malrok Zone (3,597.5 metres in 19 holes) and the Kanosak prospect (1,962 metres in 13 holes).

Malrok

Diamond drilling at Malrok in 2004 (3,617 metres in 39 holes) and in initial 2010 drilling (3,597.5 metres in 19 holes – results waited for 10 holes) confirm the continuity of the iron formation with potential for high-grade gold zones. The Malrok zone is composed of structurally-thickened silicate iron formation units 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 gold zone at Malrok is exposed at surface; the current drill data indicates that the zone is open to expansion along a predominant southeast or easterly plunge direction.

A summary of the diamond drilling in 2010 at the Malrok prospect can be found in the “Highlights” section above and will be further discussed in subsequent reports once all data has been received and interpreted.

Ridge Lake

The Ridge Lake Zone, located 30 kilometres east of Malrok, contains a 3.5 kilometre strike length of gold-bearing iron formation. Previous shallow drilling targeting a 1.3 kilometre portion of the trend defined a structurally-thickened gold-rich iron formation that is host to 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. Detailed structural interpretation, re-logging of drill core and surface mapping will be completed in 2010 to define the next phase of drilling.

Kanosak (formerly named the Hébert Prospect Area)

The Kanosak Prospect Area was first discovered by prospecting in 2007 and expanded with new discoveries in 2008. The discovery was further expanded and enhanced by the 2009 follow-up program. The area, consisting of Kanosak Main, Kanosak South (formerly Hebert South) and Kanosak North (formerly Traciane) outlines a 3.5 kilometre long, 300-400 metre wide structural corridor that remains open to further expansion (refer to Map below for location). Two additional showings, the “Frankie” and “Southeast” showings are located 2 kilometres east and 3.5 kilometres southeast, respectively, from the Kanosak Main gold zone. Both prospects host quartz-arsenopyrite-scorodite vein systems.

Channel and grab sample results from quartz-arsenopyrite vein sets and intervening stratabound semi-massive gold-bearing arsenopyrite gossans over portions of this corridor included a high percentage of high gold values. Gold mineralization extends from high grade quartz veins into altered arsenopyrite-bearing sedimentary units. The combination of gold in closely-spaced vein sets and in the adjacent wall rocks greatly improves the potential to delineate a large scale body of mineralization on this part of the Baffin gold project. In addition, similarities in vein orientation, style, alteration and gold mineralization confirm that the Kanosak Prospect, which is at least 3.5 km in strike length and 300 m wide, is part of one large gold mineralized system that remains open to extension both to the northeast and southwest.

Gold-bearing quartz veins penetrate the gently dipping sedimentary rock package to an unknown depth. Limited outcrop exposure of favourable arsenopyrite-bearing units constrains the amount of sampling that can be done on surface. However, where these units are exposed, significant gold values occur in wall rock adjacent to veins.

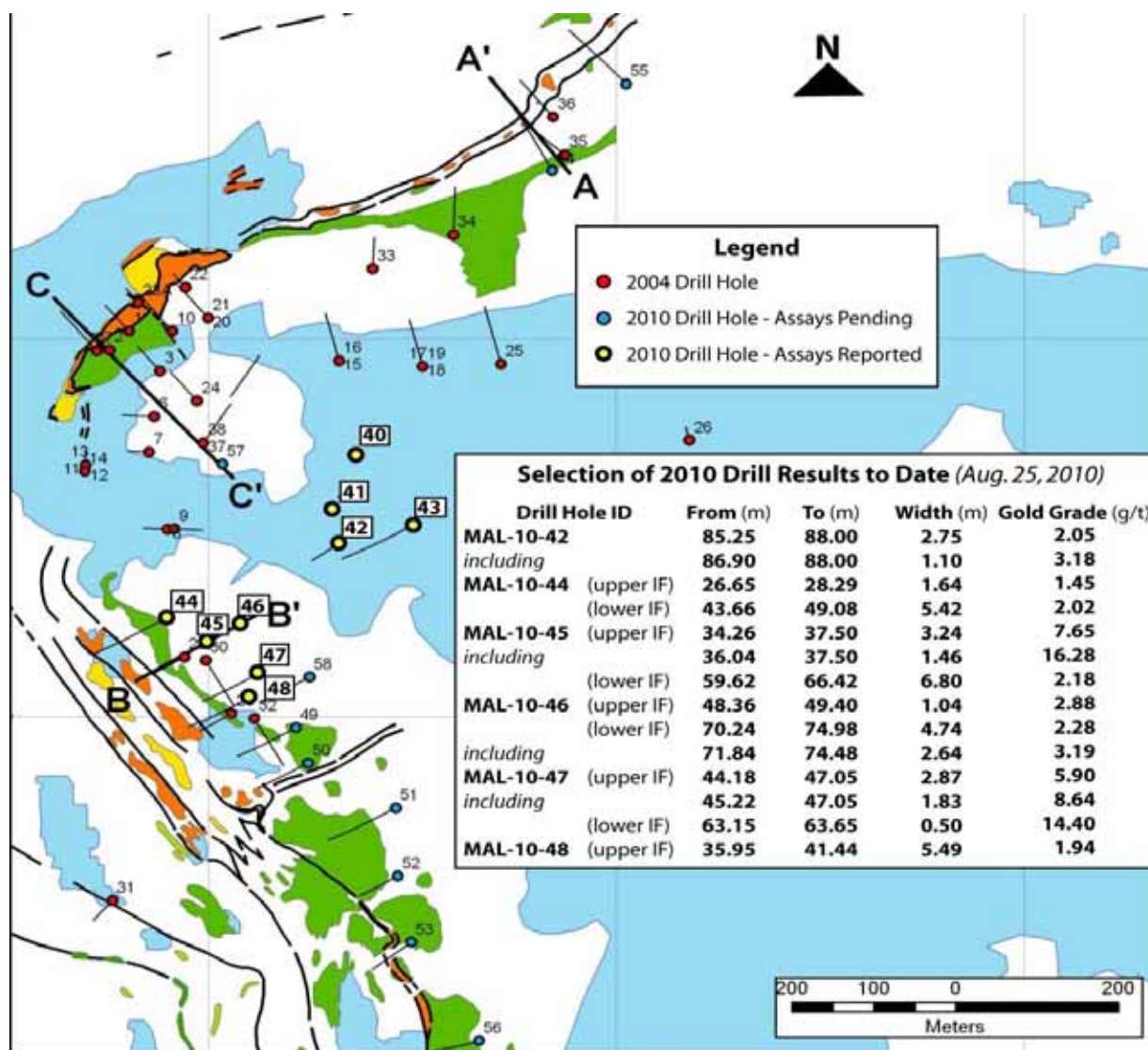
There appears to be a close correlation between increased gold values and higher arsenopyrite content in both quartz veins and metasedimentary wall rocks. This provides Commander with a very useful guide for drill targeting since arsenopyrite can be detected by a geophysical survey technique known as Induced Polarization (IP). A test IP survey over the Kanosak Main zone completed in 2009 detected a 300 m long x 350 m wide anomaly coincident with all gold intervals. This IP anomaly is open

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 For the Three months Ended March 31, 2011

beyond the survey coverage area. A single test line IP over the southern end of the Kanosak North showing revealed a 200 metre wide chargeability anomaly, commencing at the edge of the vein system and extending eastward under overburden.

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. At Kanosak South, which is located close to one kilometre south of Kanosak Main, channel samples from a series of quartz veins included 373.90 grams per tonne gold over 0.25 metres, 241.30 grams per tonne gold over 0.25 metres and 104.50 grams per tonne gold over 0.30 metres. Grab sample results included high values up to 442 grams per tonne gold. At Kanosak North, located 1.5 kilometres north of Kanosak Main, channel samples in quartz veins over a 100 metre outcrop exposure included 66.84 grams per tonne gold over 0.38 metres, 31.49 grams per tonne gold over 0.85 metres and 96.51 grams per tonne gold over 0.20 metres.

A summary of the current 2010 drilling on the Kanosak prospect can be found in the quarterly “Highlights” section above.



Other Properties

Storm Copper Property

The Storm copper project is being activated for the first time since being acquired in 2008. The property consists of four permits covering 208,286 acres (84,291 ha) and is located on the northwest corner of Somerset Island adjacent to the Northwest Passage. The target is a large tonnage, high-grade sedimentary (carbonate) hosted copper deposit.

Significantly, the main copper prospects are only 20 km from tidewater, with access to shipping routes to European and Asian markets. Exploration carried out by Teck Resources (formerly Cominco Ltd.) in the 1990's, including 66 diamond drill holes, indicated the presence of extensive high grade copper mineralization hosted in several near surface zones over a 7 km x 2 km structure cutting favourable Paleozoic carbonate rocks. The main controlling structure is 15 kilometres long. Drill intercepts from the previously discovered zones yielded results of up to 5.09% copper over 53 metres and 0.96% copper over 98 metres. The largest zone so far measures 1000 m x 400 m and is open to expansion. With the current and forecast price of copper now several times higher than in the 1990's, the type of target has shifted from small tonnage, high grade deposits to a large tonnage, mid-grade deposit.

The program for 2011 is intended to consist of remapping and sampling of the main showing areas, prospecting and sampling the main 15 km structural corridor for new copper occurrences and refining the geological targets for drill-testing. Particular attention will focus on alteration zones and identifying the main controlling structures through targeted ground geophysical and geochemical surveys. Historical drill core that has been stored on the property will be re-logged and sampled with the new target type in mind. An airborne EM-Mag survey may be flown after the completion of ground-work, and a sealift will be shipped with materials being placed to support an aggressive and efficient drill program in 2012.

Olympic Property

The Olympic copper-gold property is located north of Dawson City in the Yukon and has claims covering 4,431 hectares. The property covers a very large (+10 km) hematite breccia complex with numerous copper and copper-gold showings which are similar in style and age to the Olympic Dam deposit in Australia. Two deep seated magnetic blocks have recently been identified which underlie the western portion of the breccia complex based on airborne EM-Mag surveys. Although some drilling has been completed at Olympic, these new targets have not been evaluated or tested.

The planned 2011 program will consist of geological mapping, prospecting and sampling as well as a 15 km IP survey. This work will define the targets for possible drill testing in 2012.

Sabin Property, Ontario

The Sabin copper-zinc property is a large (114 claims) holding located in northwest Ontario. It is situated at the north end of the Sturgeon Lake Greenstone Belt which hosted the precious metal rich Mattabi and Lynn Lake VMS deposits. As the property is crossed by major paved highways and is only 8 km from the CN Mainline at Savant Lake, it can be worked year round. Historic work on this property discovered significant base metal and precious metal showings.

Work on Sabin in 2011 will consist of detailing several large geochemical/geophysical targets on highly altered felsic volcanics. As Sabin has never been explored for gold, Commander's 2011 program plans to evaluate the Rainy River style of mineralization on the property for its gold potential.

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. With the discovery of the new Kanosak Prospect area on the adjacent Qimmiq Property and Commander's new partnership with AngloGold on the Baffin Island project, the Bravo Property was expanded by staking in 2009. Base metal (Zn, Pb) and silver potential exists on the Tuktuk claim group on the far western portion of the property.

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Transaction with Maritime

Effective October 5, 2010, Commander received 12,000,000 common shares of Maritime Resources Corp. in exchange for a 50% interest in the Green Bay Property, located in the King's Point area, Newfoundland. Maritime is responsible for funding all exploration expenditures and is committed to conducting \$750,000 of mineral exploration activities on the property by April 5, 2012. As of Report Date, 3,000,000 common shares have been released from escrow and become free trading shares, while the remaining 9,000,000 shares will be released over the next five quarters.

As a result of the above transaction, Commander acquired a controlling interest of 55.81% of Maritime's issued and outstanding shares and has continued to consolidate the results of Maritime.

The amount of non-controlling interest as at March 31, 2011 is as follows:

Proportionate share of identifiable net assets of Maritime on acquisition	\$	519,829
Share of post acquisition loss for the period		(102,404)
Share of post acquisition option compensation		81,703
Balance at December 31, 2010		<u>499,128</u>
Share of profit for the period		21,639
Share of option compensation for the period		2,254
Balance at March 31, 2011	\$	<u><u>523,021</u></u>

Results of Operations

The condensed interim consolidated financial statements of Commander to which this MD&A relates were prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB). These are Commander's first IFRS condensed interim consolidated financial statements and IFRS 1, First Time Adoption of IFRS has been applied, as they are part of the period covered by Commander's first IFRS consolidated financial statements for the year ending December 31, 2011. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

Commander's condensed interim consolidated financial statements were prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP) until December 31, 2010. An explanation of how the transition from Canadian GAAP to IFRS has affected the reported consolidated statements of income, comprehensive income, financial position, and cash flows of Commander is provided in note 21 to the March 31, 2011 interim statements. This note includes information on the provisions of IFRS 1 and the exemptions that Commander elected to apply, reconciliations of equity, net income and comprehensive income for comparative periods and equity at the date of transition, January 1, 2010.

- Three Months Ended March 31, 2011 Results

During the quarter ended March 31, 2011, the mineral property expenditures on the Baffin Island Gold Project amounted to \$261,391. These expenditures were then significantly recovered from the advances provided by AngloGold. The largest mineral property expenditures during the quarter were the drilling costs of \$198,577 on the Qimmiq property of Baffin Island. Expenditures on the Green Bay property amounted to \$225,030 of which \$199,287 were for drilling. Spending on other properties was \$48,117. More information is available in the Mineral Property Expenditure Table on page 15.

Commander incurred total general and administrative expenses of \$381,847 of which \$119,385 was non-cash share-based payments.

- Three months Ended March 31, 2011 compared with the Three months Ended March 31, 2010

During the quarter ended March 31, 2011, Commander's activities focused primarily on the Baffin Island Gold Project exploration, Nunavut and the Green Bay Property. Commander had no revenue for the three months ended March 31, 2011. General and administrative expenses decreased by \$52,659 to \$381,847 compared to \$434,506 in 2010 mainly attributable to a decrease of \$117,226 in non-cash share-based payments. Please note that Commander started to consolidate Maritime's financials in the fourth quarter of 2010.

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Many increases in expenses of Commander this quarter compared to the same period of 2010 are due to the consolidation of Maritime which was not included in Commander's financials during the first three quarters of 2010. Some notable changes are analyzed below:

- Accounting and audit increased by \$15,860 to \$40,760 (2010 - \$24,900) due to the consolidation of the accounting and audit expense of Commander's subsidiary, Maritime. Commander did not have the subsidiary during the same period last year.
- Consulting expense of \$21,422 (2010 - \$18,422) increased by \$3,000 in the three months ended March 31, 2011, mainly due to incorporating the expenses of Maritime in the consolidated financial statements.
- Investor relations and promotion expenses were \$65,912 increased from \$49,854 in 2010. Consulting, media and other expenses increased during the three months as follows:

	2011		2010	
Conferences and trade shows	\$	19,075	\$	25,307
Consulting, wages and benefits		22,464		16,400
Media		13,175		3,682
Administration		4,719		-
Promotion and advertising		6,479		4,465
Total Investor Relations Expenses	\$	65,912	\$	49,854

- Salaries and benefits expense increased to \$61,802 compared to \$45,370 in 2010 as a result of overlapping salaries due to senior management transition.
- Legal fees increased to \$10,702 as compared with \$2,140 during the same period last year due to incorporating Commander's subsidiary into the consolidated financial statements this year.
- Office and miscellaneous expenses were \$15,616 in the three months ended March 31, 2011, compared to \$12,816 in 2010. The increase was primarily due to Commander consolidating Maritime's expenditures this year.

For the three months ended March 31, 2011, Commander's loss after tax was \$324,725 (2010 - \$451,116) and loss attributable to common shareholders was \$346,364 (2010 - \$451,116). The decrease in loss was largely due to the decrease in share-based payments to \$119,385 (2010 - \$236,611), mineral properties recovery of \$22,450 (2010 - \$Nil) and deferred income tax recovery of \$129,000 (2010 - \$Nil).

Summary of Quarterly Results

	In accordance with								
	Canadian GAAP			IFRS					
	Jun. 30 2009 Q2	Sept. 30 2009 Q3	Dec. 31 2009 Q4	Mar. 31 2010 Q1	June 30 2010 Q2	Sept. 30 2010 Q3	Dec. 31 2010 Q4	Mar. 31 2011 Q1	
Mineral property costs deferred, net	\$ (485,577)	\$ (32,219)	\$ 235,920	\$ (3,377)	\$ (73,092)	\$ (59,498)	\$ (141,138)	\$ (377,968)	
G&A (incl. share-based payments)	\$ 167,136	\$ 236,885	\$ 214,940	\$ 434,506	\$ 432,631	\$ 326,211	\$ 415,725	\$ 381,847	
Share-based payments expense	\$ (25,726)	\$ (74,273)	\$ (59,183)	\$ (236,611)	\$ (206,561)	\$ (91,093)	\$ (211,206)	\$ (119,385)	
Adjusted G&A (less share-based payments)	\$ 141,410	\$ 162,612	\$ 155,757	\$ 197,895	\$ 226,070	\$ 235,118	\$ 204,519	\$ 262,462	
Income (loss)	\$ (636,679)	\$ (234,046)	\$ 200,004	\$ (451,116)	\$ (439,881)	\$ (332,606)	\$ (569,611)	\$ (324,725)	
Income (loss) per share									
-basic	\$ (0.010)	\$ (0.003)	\$ 0.002	\$ (0.005)	\$ (0.015)	\$ (0.014)	\$ (0.006)	\$ (0.004)	
-diluted	\$ (0.010)	\$ (0.003)	\$ 0.002	\$ (0.005)	\$ (0.015)	\$ (0.014)	\$ (0.006)	\$ (0.004)	
Weighted avg. common shares									
-basic	79,572,516	79,591,538	84,665,907	90,207,516	90,589,516	90,881,701	90,942,516	90,942,516	
-diluted	79,572,516	79,591,538	84,665,907	90,207,516	90,589,516	90,881,701	90,942,516	90,942,516	

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Non-IFRS Financial Measures

Since the adoption of the accounting standard for share-based payments, Commander'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 Commander. Commander has included "adjusted general and administrative expense" without the share-based payments expense to be more reflective of normal operations. This financial measure does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other corporations or entities.

Liquidity and Capital Resources

At March 31, 2011, Commander had \$1,704,878 in cash and cash equivalents.

Commander has relied on equity financings to meet its cash requirements. In 2009, Commander's Farm-in and Joint Venture Agreement with AngloGold created both immediate equity financing of \$1.2 million and funding of \$20 million in exploration expenditures by December 31, 2014.

On May 19, 2011, Commander completed a non-brokered private placement of 8,500,032 units priced at \$0.24 per unit to raise \$2,040,008 to finance exploration on Commander's projects in Canada. Each unit consists of one flow-through common share and one-half non flow-through share purchase warrant. Each whole non flow-through share purchase warrant entitles the holder to purchase one common share at a price of \$0.30 for two years following the closing.

Although Commander has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that Commander will be able to obtain adequate financing in the future or that the terms of such financings will be favourable.

There is no significant commitment for capital expenditure.

Off-Balance Sheet Arrangements

Commander has not entered into any Off-Balance Sheet Arrangements.

Related Party Transactions

At March 31, 2011, marketable securities included 258,000 common shares of Diamonds North Resources Ltd., a company related by a director in common.

(a) Trading transactions

Commander's related parties consist of companies controlled by executive officers and directors. Commander incurred the following fees and expenses in the normal course of operations in connection with companies controlled by key management and directors for the three months ended March 31, 2011 and 2010:

	2011	2010
Accounting	\$ 18,000	\$ -
Consulting	16,500	9,000
Geological consulting	29,960	11,025
Rent	16,750	16,978
	\$ 81,210	\$ 37,003

These transactions were recorded at fair value, being the amount agreed upon by the related parties.

There were \$4,397 due from related parties as at March 31, 2011 (December 31, 2010 - \$4,362) for office expense reimbursements and expense advance. There were no amounts outstanding due to related parties as at March 31, 2011 (December 31, 2010 - \$Nil).

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(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2011 and 2010 were as follows:

		2011		2010
Accounting	\$	18,000	\$	-
Consulting		16,500		9,000
Geological consulting		29,960		11,025
Salaries and benefits		74,783		61,390
Share-based payments		94,882		178,950
	\$	234,125	\$	260,365

The compensation includes trading transactions disclosed above.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended March 31, 2011 and 2010.

Proposed Transactions

There were no proposed transactions.

Disclosure Controls and Internal Controls Over Financial Reporting

Commander's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for Commander.

In accordance with the requirements of Multilateral Instrument 52-109, Certification and Disclosure in Commander's annual and interim filings, evaluations of the design and operating effectiveness of disclosure controls and procedures and the design effectiveness of internal control over financial reporting were carried out under the supervision of the CEO and CFO as of the end of the period covered by this report.

The CEO and CFO have concluded that the design and operation of disclosure controls and procedures were adequate and effective to provide reasonable assurance that material information relating to Commander would have been known to them and by others within those entities. The CEO and CFO have also concluded that Commander's internal controls over financial reporting are designed effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

While there were no changes that occurred for the most recent fiscal period that have materially affected Commander's internal control procedures, the CEO and CFO will continue to attempt to identify areas to improve controls and intend to incorporate such improvement over the next fiscal period.

Critical Accounting Estimates

The most significant accounting estimates for Commander relates to the carrying value of its exploration and evaluation 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 Commander'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 exploration, 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.

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Another significant accounting estimate relates to accounting for share-based payments and derivative instruments. Commander uses the Black-Scholes Option Pricing Mode to estimate the fair value of share-based payments and warrants. 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 Commander's stock options granted/vested during the period.

New Accounting Policies

The following new accounting standards have been adopted by Commander:

The condensed interim financial statements have, accordingly, prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting. These are Commander's first condensed interim financial statements prepared in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. They do not include all of the information required for full annual financial statements.

Commander has not early adopted the following revised standards and is currently assessing the impact that these standards will have on the financial statements.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of Commander's financial assets. Commander will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

Financial Instruments

Commander is exposed to liquidity risk as it may have difficulty in obtaining funds to meet financial obligations as they become due. As at March 31, 2011, Commander had cash and cash equivalents in the amount of \$1,704,878. Accounts payable and accrued liabilities as at March 31, 2011 amounted to \$205,338. Commander believes that it has sufficient funds to complete the planned business objectives for 2011.

Commander is exposed to credit risk with respect to its cash and cash equivalents, accounts receivable and due from related parties. This risk is minimized as the cash and cash equivalents have been placed with major Canadian financial institutions. Commander performs on-going credit evaluations of its accounts receivable. The maximum exposure to loss arising from accounts receivable is equal to their carrying amounts. Credit risk with respect to amounts due from related parties has been assessed as low by management as Commander has strong working relationships with the parties involved.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. As at March 31, 2011, if the market prices of the marketable securities had decreased 10 percent with all other variables held constant, the net loss for the period would have been \$48,011 higher. Conversely, if the market prices of the marketable securities had increased 10 percent with all other variables held constant, the net loss for the period would have been \$48,011 lower.

The following table illustrates the classification of the Commander's financial instruments carried at fair value within the fair value hierarchy at March 31, 2011:

	Total	Level 1	Level 2	Level 3
Assets				
Marketable securities	\$ 459,229	\$ 459,229	\$ -	\$ -
Investment in warrants	\$ 20,889	\$ -	\$ 20,889	\$ -

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Other MD&A Requirements

Additional information relating to Commander, including Commander's most recent Annual Information Form, is available on SEDAR at www.sedar.com and Commander's website, www.commanderresources.com. Additional information on Maritime is available on the Internet at the SEDAR website, www.sedar.com and Maritime's website, www.maritimeresourcescorp.com.

With the 8,500,032 shares raised through private placement in May 2011, Commander had 99,442,548 issued common shares outstanding as at the report date as follows:

	Number of Shares		Amount
Balance, January 1, 2010	90,207,516	\$	37,232,067
Issued for cash:			
Exercise of options, for cash	382,000		44,400
Issued for other consideration:			
Exercise of options, stock-based payments			26,165
Balance, March 31, 2010	90,589,516	\$	37,302,632
Issued for cash:			
Exercise of options, for cash	353,000		85,250
Issued for other consideration:			
Exercise of options, stock-based payments			62,224
Balance, December 31, 2010 and March 31, 2011	90,942,516	\$	37,450,106
Issued for cash:			
Private placement	8,500,032		1,966,208
Balance, June 8, 2011	99,442,548	\$	39,416,314

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The Company also has the following unexercised stock options and warrants outstanding as at the report date:

- Stock Options

Number of Shares	Exercise Price	Expiry Date
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
70,000	\$0.19	December 21, 2012
760,000	\$0.18	February 7, 2013
200,000	\$0.21	June 24, 2013
280,000	\$0.10	October 17, 2013
700,000	\$0.10	February 20, 2014
1,394,000	\$0.10	May 12, 2014
200,000	\$0.39	January 19, 2015
1,778,500	\$0.35	January 27, 2015
95,000	\$0.35	January 27, 2015
500,000	\$0.27	May 25, 2015
100,000	\$0.18	October 6, 2015
2,020,000	\$0.19	February 11, 2016
400,000	\$0.17	April 6, 2016
10,940,500		

- Warrants

Number of Shares	Exercise Price	Expiry Date
5,000,000	\$0.24	November 17, 2011
4,250,015	\$0.30	May 3, 2013
9,250,015		

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Mineral Property Expenditure Table

	Baffin, Nunavut		Green Bay, Newfoundland	Other Properties	Total
	Qimmiq	Bravo Lake			
Balance at December 31, 2010	\$ 9,968,740	\$ 2,558,864	\$ 769,268	\$ 8,483,408	\$ 21,780,280
Additions during the period:					
Acquisition costs	-	-	1,750	1,440	3,190
Exploration costs:					
Drilling	198,577	-	199,287	2,250	400,114
Geochemistry	1,147	-	-	436	1,583
Geology	54,399	4,905	23,967	39,988	123,259
Property	-	-	-	3,869	3,869
Other	2,363	-	26	134	2,523
	256,486	4,905	223,280	46,677	531,348
Less:					
Recoveries	(906,400)	(6,106)	-	-	(912,506)
Net additions	(649,914)	(1,201)	225,030	48,117	(377,968)
Balance at March 31, 2011	\$ 9,318,826	\$ 2,557,663	\$ 994,298	\$ 8,531,525	\$ 21,402,312

IFRS

Commander started reporting using IFRS during the current quarter. Commander has completed the quantification of financial statement impacts.

First-time Adoption of International Financial Reporting Standards

IFRS 1 sets forth guidance for the initial adoption of IFRS. Commander had restated its comparative fiscal 2010 financial statements for annual and interim periods to be consistent with IFRS. In addition, Commander had reconciled equity and net earnings from the previously reported fiscal 2010 GAAP amounts to the restated 2010 IFRS amounts.

IFRS generally requires that first-time adopters retrospectively apply all IFRS standards and interpretations in effect as at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and optional exemptions to this general principle.

Commander had used the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3, *Business Combinations*, prospectively from the Transition Date;
- to apply the requirements of IFRS 2, *Share-based Payments*, to equity instruments granted which had not vested as of the Transition Date; and
- to elect not to comply with IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, for changes in such liabilities that occurred before the Transition Date.

Changes to estimates previously made are not permitted. The estimates previously made by Commander under GAAP are not revised for application of IFRS except where necessary to reflect any changes resulting from differences in accounting policies.

Impact of Adoption of IFRS on Financial Reporting

While GAAP is in many respects similar to IFRS, conversion will result in differences in recognition, measurement, and disclosure in the financial statements. The following financial statement areas are significantly impacted:

Business combinations

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Commander has elected under IFRS 1 to not apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS.

Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. Commander has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP.

Assets and liabilities of subsidiaries and associates

In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary or associate adopting IFRS, the assets and the liabilities of the subsidiary or associate are to be included in the consolidated financial statements at the same carrying amounts as in the financial statements of the subsidiary or associate. Commander's subsidiary, Maritime, adopted IFRS with a transition date of April 1, 2010.

Share-based payments

When a share-based payment award vests in instalments over the vesting period (graded vesting), each instalment is accounted for as a separate arrangement under IFRS. Under Canadian GAAP, an entity can elect to recognise graded vesting equity instruments as separate arrangements, like IFRS. Alternatively, unlike IFRS, an entity can elect to treat the equity instruments as a pool and determine fair value using the average life of the instruments, provided that compensation then is recognised on a straight line basis, subject to at least the value of the vested portion of the award being recognised at each reporting date.

Commander currently accounts for each instalment under graded vesting as a separate arrangement in accordance with IFRS.

Under Canadian GAAP, a recognized asset, cost, or sales discount should not be reversed if a stock option that the counterparty has the right to exercise expires unexercised.

Commander has elected to change its accounting policy to transfer the value of the unexercised expired options to deficit as allowed under IFRS. Previously under Canadian GAAP Commander had no such policy. The value of the unexercised options as at January 1, 2010 amounted to \$965,352 was transferred to deficit.

Flow-through shares

Canadian GAAP – Flow-through shares were recorded at their face value, net of related issuance costs. On the date the tax credits were renounced, a future tax liability was recognized as a cost of issuing the shares.

IFRS – Flow-through shares are recognized based on the quoted price of the existing shares on the date of the issue. The difference between the amount recognized in common shares and the amount the investor pays for the shares is recognized as a liability which is reversed into earnings as eligible expenditures are incurred. The deferred tax impact is recorded as eligible expenditures are incurred, provided Commander has the intention to renounce the related tax benefits. The tax portion of the 5,000,000 flow-through shares issued on October 1, 2010 by Commander's subsidiary amounted to \$327,750. Of the \$327,750, the portion belonging to Commander amounted to \$182,930, and the portion belonging to the non-controlling interest amounted to \$144,820. The amount of gain on acquisition was accordingly adjusted.

IFRS Impact on Our Organization

Commander has adopted IFRS effective January 1, 2011. For further details, please refer to notes 2 and 21 of the March 31, 2011 condensed interim consolidated financial statements.

Commander has obtained an understanding of IFRS from training of its finance personnel and evaluated the impact of the conversion on its accounting systems. Commander expects that the impact of the conversion on its accounting systems to be minimal. There were no changes to Interim Condensed Financial Reporting as a result of change to IFRS.

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In addition, Commander has evaluated its internal and disclosure control processes as a result of its conversion to IFRS, assess the impacts of adopting IFRS on its contractual arrangements to identify any material compliance issues such as its debt covenants and other commitments and consider the impacts the transition will have on its internal planning process and compensation arrangements.



HEAD OFFICE

Commander Resources Ltd.
11th Floor, 1111 Melville Street
Vancouver, British Columbia
Canada V6E 3V6

TEL: (604) 685-5254

TOLL FREE: 1-800-667-7866

Email: info@commanderresources.com

OFFICERS & DIRECTORS

Eric W. Norton, P.Eng.
President, Chief Executive Officer

David Watkins, M.Sc.
Chairman and Director

Bernard H. Kahlert, P.Eng.
Vice President, Corporate Development and Director

Kenneth Leigh, MSc.
Director

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

Brian Abraham, LLB., P.Geo.
Director

Michael W. Byrne, C.A.
Director

Steve Potts, P.Geo.
Vice President, Exploration

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, 2011)

Shares Authorized: Unlimited
Shares Issued: 90,942,516

REGISTRAR & TRUST AGENT

CIBC Mellon Trust Company
Suite 1600, The Oceanic Plaza
1066 West Hastings Street
Vancouver, British Columbia
V6C 3X1

AUDITOR

Smythe Ratcliffe LLP
7th Floor, Marine Building
355 Burrard Street
Vancouver, British Columbia
V6C 2G8

LEGAL COUNSEL

Tupper Jonsson & Yeadon
Suite 1710 – 1177 West Hastings Street
Vancouver, British Columbia
V6E 2