



**COMMANDER  
RESOURCES LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

For the Six Months Ended  
June 30, 2012  
(Expressed in Canadian Dollars)  
(Unaudited – See Notice)



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

The accompanying unaudited condensed interim financial statements of Commander Resources Ltd. (“the Company”), for the six months ended June 30, 2012, were 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 Interim Statements of Operations**

(Expressed in Canadian dollars)

	Note	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2012	2011 (Consolidated)	2012	2011 (Consolidated)
<b>Expenses</b>					
Accounting and audit		\$ 27,511	\$ 41,160	\$ 53,871	\$ 81,920
Administration and others		38,576	59,773	95,127	120,058
Amortization		1,084	1,625	2,098	3,200
Consulting		12,200	39,891	33,200	61,313
Investor relations and promotion		27,921	44,466	101,012	110,378
Legal		17,202	7,250	19,683	17,952
Salaries and benefits		65,647	57,223	140,245	119,025
Share-based payments	14(c)	13,395	173,711	15,514	293,097
<b>Loss before other items</b>		<b>(203,536)</b>	<b>(425,099)</b>	<b>(460,750)</b>	<b>(806,943)</b>
<b>Other items</b>					
Exchange loss		3,655	(18,932)	(2,849)	(38,111)
Mineral property recovery		-	-	-	22,450
Gain on disposal of a controlling interest	10	-	-	3,186,676	-
Loss on investment in securities		-	(14,769)	-	(89,921)
Loss on investment in associated company	10	(35,812)	-	(78,282)	-
<b>Income (loss) before income taxes</b>		<b>(235,693)</b>	<b>(458,800)</b>	<b>2,644,795</b>	<b>(912,525)</b>
<b>Deferred tax recovery</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>129,000</b>
<b>Net Income (loss) for the period</b>		<b>\$ (235,693)</b>	<b>\$ (458,800)</b>	<b>\$ 2,644,795</b>	<b>\$ (783,525)</b>
<b>Income (loss) for the period attributable to:</b>					
Non-controlling interest		\$ -	\$ (35,691)	\$ (19,955)	\$ (14,052)
Common shareholders		(235,693)	(423,109)	2,664,750	(769,473)
		<b>\$ (235,693)</b>	<b>\$ (458,800)</b>	<b>\$ 2,644,795</b>	<b>\$ (783,525)</b>
<b>Earnings/(loss) per share - basic and diluted</b>		<b>\$ (0.002)</b>	<b>\$ (0.005)</b>	<b>\$ 0.026</b>	<b>\$ (0.008)</b>
<b>Weighted average number of common shares outstanding</b>		<b>99,909,032</b>	<b>95,904,894</b>	<b>99,900,790</b>	<b>93,437,413</b>

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Condensed Interim Statements of Comprehensive Income**

(Expressed in Canadian dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2012	2011	2012	2011
	(Consolidated)		(Consolidated)	
<b>Net income (loss) for the period</b>	\$ (235,693)	\$ (458,800)	\$ 2,644,795	\$ (783,525)
Fair value adjustment on available-for-sale securities	(62,261)	(37,981)	(558,326)	(94,046)
Transfer of comprehensive income related to Maritime to P&L	-	-	480,000	-
Transfer to income on sale of marketable securities	-	(4,467)	-	(4,467)
Other comprehensive loss	\$ (62,261)	\$ (42,448)	\$ (78,326)	\$ (98,513)
<b>Comprehensive income (loss) for the period</b>	\$ (297,954)	\$ (501,248)	\$ 2,566,469	\$ (882,038)
Comprehensive income (loss) for the period attributable to:				
Non-controlling interest	\$ -	\$ (35,691)	\$ (19,955)	\$ (14,052)
Common shareholders	(297,954)	(465,557)	2,586,424	(867,986)
<b>Comprehensive income (loss) for the period</b>	\$ (297,954)	\$ (501,248)	\$ 2,566,469	\$ (882,038)

**COMMANDER RESOURCES LTD.**  
(An Exploration Stage Company)  
**Condensed Interim Statements of Financial Position**  
(Expressed in Canadian dollars)

	Note	June 30, 2012	December 31, 2011 (Consolidated)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 1,089,082	\$ 1,175,776
Investment in securities	5	189,881	268,207
Accounts receivable	7	39,209	173,715
Prepaid expenses		12,677	27,285
		1,330,849	1,644,983
<b>Non-current assets</b>			
Deposit and others	8	37,377	45,169
Exploration and evaluation assets	9	18,591,178	19,464,443
Investment in associated company	10	2,796,718	-
Property and equipment	11	11,413	13,857
		21,436,686	19,523,469
<b>Total Assets</b>		<b>\$ 22,767,535</b>	<b>\$ 21,168,452</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	12	\$ 29,041	\$ 352,953
<b>Non-current liability</b>			
Deferred tax liability	13	657,464	677,972
		686,505	1,030,925
<b>Shareholders' Equity</b>			
Share capital	14	38,929,431	38,916,681
Reserves		1,364,749	2,017,125
Accumulated other comprehensive loss		(446,417)	(368,091)
Deficit		(17,766,733)	(20,937,101)
		22,081,030	19,628,614
Non-controlling interest	10	-	508,913
		22,081,030	20,137,527
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 22,767,535</b>	<b>\$ 21,168,452</b>

Approved on behalf of the Board of Directors:

"Eric Norton"  
Eric Norton

"Brian Abraham"  
Brian Abraham

See Accompanying Notes to the Condensed Interim Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Condensed Interim Statements of Cash Flows**

(Expressed in Canadian dollars)

(Unaudited - See Notice)

	Note	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2012	2011	2012	2011
			(Consolidated)		(Consolidated)
<b>Cash provided from (used in):</b>					
<b>Operating activities</b>					
Net income (loss) for the period		\$ (235,693)	\$ (458,800)	\$ 2,644,795	\$ (783,525)
Items not involving cash:					
Amortization		1,084	1,625	2,098	3,200
Share-based payments		13,395	173,711	15,514	293,097
Loss on investment in securities		-	14,769	-	89,921
Write-off of assets		-	-	346	-
Deferred tax recovery		-	-	-	(129,000)
Share of loss in associated company	10	35,812	-	78,282	-
Gain on disposal of interest in former subsidiary	10	-	-	(3,186,676)	-
		<b>(185,402)</b>	<b>(268,695)</b>	<b>(445,641)</b>	<b>(526,307)</b>
Changes in non-cash working capital items:					
Accounts receivable		33,211	(43,838)	26,227	(31,037)
Prepaid expenses		6,731	7,507	13,600	13,857
Accounts payable and accrued liabilities		(49,169)	(14,670)	14,033	(7,663)
<b>Cash used in operating activities</b>		<b>(194,629)</b>	<b>(319,696)</b>	<b>(391,781)</b>	<b>(551,150)</b>
<b>Investing activities</b>					
Proceeds from sale of securities		-	23,529	-	23,529
Deposit and others		-	187,401	7,792	(98,979)
Advance from optionee		-	738,254	-	1,066,815
Expenditures on exploration and evaluation assets		(631,536)	(1,555,046)	(1,045,666)	(2,089,585)
Recoveries from exploration and evaluation assets		537,369	679,255	737,369	1,591,762
Change in working capital related to exploration and evaluation assets		(78,155)	22,798	(226,922)	(205,187)
Purchase of equipment		-	(1,865)	-	(2,211)
Reclassification of furniture and fixture		-	345	-	345
Sale of shares of former subsidiary	10	-	-	1,035,000	-
Cash surrendered on derecognition of former subsidiary	10	-	-	(202,486)	-
<b>Cash provided by (used in) investing activities</b>		<b>(172,322)</b>	<b>94,671</b>	<b>305,087</b>	<b>286,489</b>
<b>Financing activity</b>					
Shares and warrants issued for cash, net of issuance costs		-	1,954,717	-	1,954,717
<b>Cash provided by financing activity</b>		<b>-</b>	<b>1,954,717</b>	<b>-</b>	<b>1,954,717</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(366,951)</b>	<b>1,729,692</b>	<b>(86,694)</b>	<b>1,690,056</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>1,456,033</b>	<b>1,704,878</b>	<b>1,175,776</b>	<b>1,744,514</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 1,089,082</b>	<b>\$ 3,434,570</b>	<b>\$ 1,089,082</b>	<b>\$ 3,434,570</b>

Supplemental Cash Flow Information (Note 17)

See Accompanying Notes to the Condensed Interim Financial Statements

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

**Condensed Consolidated Interim Statements of Changes in Equity**

(Expressed in Canadian dollars)

	Share Capital		Reserves			Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total Shareholders' Equity
	Shares	Amount	Warrants	Share-Based Payments	Deficit			
<b>Balance at January 1, 2012</b>	<b>99,892,548</b>	<b>\$ 38,916,681</b>	<b>\$ 211,843</b>	<b>\$ 1,805,282</b>	<b>\$ (20,937,101)</b>	<b>\$ (368,091)</b>	<b>\$ 508,913</b>	<b>\$ 20,137,527</b>
Net income for the period					2,644,795			2,644,795
Unrealized loss on available-for-sale marketable securities						(558,326)		(558,326)
Transfer of comprehensive income related to Maritime						480,000		480,000
Share-based payments				15,514				15,514
Transfer of share-based payments expired				(525,573)	525,573			-
Elimination of NCI on derecognition (Note 10)				(142,317)			(508,913)	(651,230)
Shares issued on acquisition of exploration and evaluation assets (Note (13b))	150,000	12,750						12,750
<b>Balance at June 30, 2012</b>	<b>100,042,548</b>	<b>\$ 38,929,431</b>	<b>\$ 211,843</b>	<b>\$ 1,152,906</b>	<b>\$ (17,766,733)</b>	<b>\$ (446,417)</b>	<b>\$ -</b>	<b>\$ 22,081,030</b>

	Share Capital		Reserves			Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total Shareholders' Equity
	Shares	Amount	Warrants	Share-Based Payments	Deficit			
<b>Balance at January 1, 2011</b>	<b>90,942,516</b>	<b>37,450,106</b>	<b>-</b>	<b>1,653,818</b>	<b>(17,226,160)</b>	<b>(167,969)</b>	<b>499,128</b>	<b>22,208,923</b>
Net loss for the period					(769,473)		(14,052)	(783,525)
Unrealized loss on available-for-sale marketable securities						(94,046)		(94,046)
Transfer to income on sale of marketable securities						(4,467)		(4,467)
Transfer of share-based payments expired				(178,427)	178,427			
Share-based payments				289,657			3,440	293,097
Shares issued for cash								
Private placement	8,500,032	2,040,008						2,040,008
Share issuance cost		(85,291)						(85,291)
Other liability on flow-through share premium		(345,299)						(345,299)
Shares issued on acquisition of exploration and evaluation assets	150,000	21,000						21,000
<b>Balance at June 30, 2011 (Consolidated)</b>	<b>99,592,548</b>	<b>\$ 39,080,524</b>	<b>\$ -</b>	<b>\$ 1,765,048</b>	<b>\$ (17,817,206)</b>	<b>\$ (266,482)</b>	<b>\$ 488,516</b>	<b>\$ 23,250,400</b>

See Accompanying Notes to the Condensed Interim Financial Statements

## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

For the Six Months Ended June 30, 2012 and 2011

(Expressed in Canadian dollars)

(Unaudited – See Notice)

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

Commander Resources Ltd. (the “Company” or “Commander”) is 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 mineral property interests and is considered to be in the exploration stage.

The address of the Company’s corporate office and principal place of business is #1100 - 1111 Melville Street, Vancouver, British Columbia, Canada.

These condensed interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has relied on the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of shares to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

For the six months ended June 30, 2012, the Company reported a net income of \$2,644,795; excluding one-time gain of \$3,186,676, loss for the six months ended June 30, 2012 was \$541,881 (2011 – net loss of \$783,525) and as of June 30, 2012 has a deficit of \$17,766,733(December 31, 2011 - \$20,937,101). The Company also has working capital of \$1,301,808 (December 31, 2011 - \$1,292,030).

### **2. Summary of Significant Accounting Policies**

#### **(a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s financial statements as at and for the year ended December 31, 2011. Accordingly accounting policies applied are the same as those applied in the Company’s annual financial statements which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **(b) Principles of consolidation and deconsolidation**

For the six months ended June 30, 2012, the condensed interim financial statements include the accounts of the Company and its former subsidiary, Maritime Resources Corp. (“Maritime”) up to February 15, 2012 (Note 10). The comparative figures of 2011 on these condensed interim financial statements included consolidation of Maritime’s accounts.

The interest of non-controlling shareholders was 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.

When the Company ceases to control a subsidiary, assets, liabilities and non-controlling interests of the subsidiary are derecognized at their carrying amounts at the date when control is lost. Investment retained in the former subsidiary at its fair value is recognized and any gain or loss resulted from the deconsolidation is recorded to statement of operations.



## **COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

For the Six Months Ended June 30, 2012 and 2011

(Expressed in Canadian dollars)

(Unaudited – See Notice)

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### **2. Summary of Significant Accounting Policies (Continued)**

#### **(c) Significant accounting estimates and judgments**

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(d) Sources of estimation uncertainty**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) the inputs used in measuring share-based compensation included in the loss for the period;
- ii) the provision for the income tax expense included in the loss for the period (nil for current period) and the composition of deferred income tax liabilities included in the condensed interim statements of financial position.

#### **(e) Segmented information**

The Company conducts its business as a single operating segment, being the mining business in Canada. All mineral properties and equipment are situated in Canada.

### **3. 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

Investment in securities – as available-for-sale

Accounts receivable – as loans and receivables

Accounts payable – as other financial liabilities.

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

## COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

For the Six Months Ended June 30, 2012 and 2011

(Expressed in Canadian dollars)

(Unaudited – See Notice)

### 3. Financial Instruments and Risk Management (Continued)

#### (a) Fair value (Continued)

The following table summarizes fair value measurement by level at June 30, 2012 and December 31, 2011 for financial assets and liabilities measured at fair value on a recurring basis:

	Total	Level 1	Level 2	Level 3
<b>June 30, 2012</b>				
Investment in securities	\$ 189,881	\$ 189,881	\$ -	\$ -
<b>December 31, 2011</b>				
Investment in securities	\$ 268,207	\$ 268,207	\$ -	\$ -

#### (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 June 30, 2012, the Company had cash and cash equivalents of \$1,089,082 and accounts payable and accrued liabilities of \$29,041. Most of the Company's accounts payable are 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 other than Harmonized Sales Tax ("HST") and government funding receivable. 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.

The Company's concentration of credit risk and maximum exposure at June 30, 2012 and December 31, 2011 is as follows:

	June 30, 2012	December 31, 2011
Cash and cash equivalents	\$ 1,089,082	1,175,776
Accounts receivable	3,192	4,698
	<b>\$ 1,092,274</b>	<b>1,180,474</b>

#### (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

The Company's cash and cash equivalents consist of cash and term deposits held in bank accounts. 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 June 30, 2012.

## COMMANDER RESOURCES LTD.

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

For the Six Months Ended June 30, 2012 and 2011

(Expressed in Canadian dollars)

(Unaudited – See Notice)

### 3. Financial Instruments and Risk Management (Continued)

#### (d) Market risk (Continued)

##### (ii) Foreign currency risk

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. For the period ended June 30, 2012, the impact of the fluctuation in exchange rates was 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 due to 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 investment in securities. A change in the fair value by 10% would increase or decrease comprehensive loss by \$14,988.

There were no changes in the Company's approach to risk management during the period ended June 30, 2012.

### 4. Cash and Cash Equivalents

	June 30, 2012		December 31, 2011	
Cash	\$	1,089,082	\$	865,836
Cash (flow-through funds for exploration)		-		309,940
	\$	1,089,082	\$	1,175,776

As at June 30, 2012, the cash balance includes only Commander's accounts while the balance at December 31, 2011 included Maritime's cash of \$134,402. The balance of the Company's flow-through funds are required to be spent on mineral exploration related activities in Canada only.

### 5. Investment in Securities

There were no transactions in investment in securities during the six months ended June 30, 2012. The Company had fair market valued investment in securities as follows:

	June 30, 2012		December 31, 2011	
Cost	\$	672,338	\$	672,338
Unrealized loss		(482,457)		(404,131)
	\$	189,881		268,207

### 6. Capital Management

There were no changes in the Company's approach to capital management during the six months ended June 30, 2012. The Company is not subject to externally imposed capital requirements.

### 7. Accounts Receivable

The accounts receivable mainly related to HST input tax credits and government funding refundable to the Company. The following is an aging summary for the outstanding balance as of June 30, 2012 and December 31, 2011:

	Current		31 - 60 days		61 - 90 days		> 90 days		TOTAL	
June 30, 2012	\$	38,962	\$	-	\$	-	\$	247	\$	39,209
December 31, 2011	\$	173,715	\$	-	\$	-	\$	-	\$	173,715

**COMMANDER RESOURCES LTD.**

(An Exploration Stage Company)

Notes to Condensed Interim Financial Statements

For the Six Months Ended June 30, 2012 and 2011

(Expressed in Canadian dollars)

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**8. Deposit and Others**

As at June 30, 2012, deposits and others included a rent deposit of \$32,377 and a reclamation deposit of \$5,000. The reclamation deposit represents collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company.

**9. Exploration and Evaluation Assets**

Exploration and evaluation assets are comprised of properties located in Canada. Expenditures incurred on mineral properties as at December 31, 2011 and June 30, 2012 were as follows:

	Qimmiq	Bravo Lake	Stump Lake	Glenmorangie	Sabin	Storm	Other	Green Bay	
	Baffin, Nunavut		BC	Yukon	Ontario	Nunavut	Properties	Newfoundland	Total
Note	9(a)			9(b)		9(c)	9(d)	10	
<b>Balance at December 31, 2011</b>	<b>\$ 9,243,700</b>	<b>\$ 2,554,797</b>	<b>\$ 562,806</b>	<b>\$ 405,687</b>	<b>\$ 141,900</b>	<b>\$ 930,260</b>	<b>\$ 4,344,966</b>	<b>\$ 1,280,327</b>	<b>\$ 19,464,443</b>
Additions during the period:									
Acquisition costs	-	-	-	27,750	-	-	-	-	27,750
Exploration costs:									
Drilling	(21,049)	-	206,396	(96)	-	-	800	2,016	188,067
Environmental	-	105,000	1,700	-	-	-	-	-	106,700
Geochemistry	4,818	2,065	41,228	163	-	-	-	-	48,274
Geology	339,110	19,666	53,941	20,212	52,689	5,600	32,712	11,587	535,517
Geophysics	-	(489)	16,000	-	-	-	-	-	15,511
Property	116,565	613	3,461	7,727	3,869	(4,896)	4,664	-	132,003
Other	554	293	2,823	-	-	-	542	382	4,594
	439,998	127,148	325,549	28,006	56,558	704	38,718	13,985	1,030,666
Less:									
Recoveries	(397,369)	(140,000)	-	-	-	(100,000)	-	-	(637,369)
Net additions	42,629	(12,852)	325,549	55,756	56,558	(99,296)	38,718	13,985	421,047
Derecognition of Green Bay Property								(1,294,312)	(1,294,312)
<b>Balance at June 30, 2012</b>	<b>\$ 9,286,329</b>	<b>\$ 2,541,945</b>	<b>\$ 888,355</b>	<b>\$ 461,443</b>	<b>\$ 198,458</b>	<b>\$ 830,964</b>	<b>\$ 4,383,684</b>	<b>\$ -</b>	<b>\$ 18,591,178</b>

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

For the six months ended June 30, 2012, total recoveries on the Baffin Properties from AngloGold Ashanti ("AngloGold") amounted to \$537,369 (2011 - \$1,585,655). The recoveries included AngloGold's final settlement for the joint venture program as it withdrew from its Farm-in and Joint Venture agreement with the Company and discontinued exploration program on Baffin Island in March 2012. The Company now retains 100% interest of the property.

**(b) Glenmorangie, Yukon**

For the six months ended June 30, 2012, the Company issued 150,000 shares and paid \$15,000 cash payment for the Glenmorangie property to meet the second year commitment under the option agreement negotiated in June 2011. The option agreement allows the Company 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.

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**9. Exploration and Evaluation Assets (Continued)****(c) Storm Property, Nunavut**

During the six months ended June 30, 2012, the Company received the second cash payment of \$100,000 under the terms of the option agreement which the Company entered into with Aston Bay Ventures Ltd. (“Aston Bay”) in 2011. The option agreement allows Aston Bay to earn an initial 50.1 percent interest in the Storm property with a minimum of \$2 million spending on the property per year over three years

Subsequent to the period end June 30, 2012, the Option Agreement was amended to provide Aston Bay more flexibility with respect to the timing and size of their Initial Public Offering (“IPO”) (Note 18(a)).

**(d) 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 June 30, 2012 and December 31, 2011:

	Ownership %	Metal	June 30, 2012	December 31, 2011
<b>Labrador Properties</b>				
Sally	100.00	Nickel	\$ 393,241	\$ 393,241
Sandy	100.00	Nickel	32,996	27,482
Sarah Lake	48.20	Nickel	1,775,093	1,766,060
<b>Yukon</b>				
Olympic, Rob	100.00	Copper-Gold-Uranium	876,800	874,258
<b>British Columbia</b>				
Aten, Mate and Tut	100.00	Copper - Gold	11,924	8,712
Omineca	100.00	Copper - Gold	123,458	113,275
Tam	10.00	Copper	9,524	9,524
<b>New Brunswick</b>				
Nepisiguit/Stewart	100.00	Copper-Zinc	1,133,613	1,126,894
<b>Ontario</b>				
Matheson	41.20	Gold	15,685	15,685
McVean	100.00	Gold	11,350	9,835
<b>Total Other Properties</b>			<b>\$ 4,383,684</b>	<b>\$ 4,344,966</b>

**10. Deconsolidation of Maritime**

The Company commenced consolidating the results of Maritime from October 5, 2010, which the Company received 12 million common shares of Maritime in exchange for a 50% interest in the Green Bay Property, located in the King's Point area, Newfoundland (Note 2(b)). Under the agreement, 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. Maritime fulfilled the required expenditure commitment as of December 31, 2011.

On January 31, 2012, the Company sold its remaining 50% interest in the Green Bay Property to Maritime in exchange of 5 million of Maritime's common shares, as provided in the 2010 agreement.

On February 15th, 2012, the Company sold 4,500,000 common shares of Maritime to Rambler Metals and Mining Canada Ltd through a private transaction at a price of \$0.23 per share for gross cash proceeds of \$1,035,000. As a result, the Company held 12,500,000 shares of Maritime, representing 47% of Maritime's issued and outstanding common shares. The Company also retains a 2% NSR on future production from portions of the Green Bay Property, which is now wholly owned by Maritime.

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### 10. Deconsolidation of Maritime (Continued)

The Company reviewed the elements of control over Maritime in accordance with IAS 27 – *Consolidated and Separate Financial Statements*. The Company determined that it ceased control of Maritime as it held less than 50% interest and therefore no longer needed to consolidate Maritime into its financial statements as at February 15, 2012. The following facts were taken into consideration:

- On February 15, 2012, the ownership of common shares in Maritime decreased to approximately 47% from 55% at December 31, 2011.
- The company holds minority representation and has no veto power on the Board of Directors of Maritime.
- There are no contracts signed between these two companies that would result in one company being dependent over the other.
- The Company's ownership will likely continue to decline as Maritime continues to raise capital on the TSX Ventures.

Accordingly, the Company discontinued to consolidate the financial results of Maritime and applied the equity accounting method to account for the investment in Maritime after February 15, 2012 in accordance with IAS 27. The Company derecognized the carrying amounts of assets, liabilities and non-controlling interest and recognized its remaining investment in Maritime at its fair value as of the date of deconsolidation.

As a result, the Company recorded a gain on deconsolidation of Maritime of \$3,186,676 in "other items" of its condensed interim statement of operations and a cash decrease of \$202,486 in "investment activities" of its condensed interim statement of cash flows for the six months ended June 30, 2012.

As at June 21, 2012, the Company's interest of Maritime dropped further to 42% after Maritime's completion of a private placement financing. The value of investment in Maritime as at June 30, 2012 was \$2,796,718, which was determined by the fair value of Maritime's 12.5 million common shares on the date of deconsolidation, net of the Company's share of loss of Maritime for the six months ended June 30, 2012 after the deconsolidation.

Fair value upon deconsolidation	\$	2,875,000
Share of loss of Maritime for the period		<u>(78,282)</u>
<b>Balance at June 30, 2012</b>	<b>\$</b>	<b><u>2,796,718</u></b>

### 11. Property and Equipment

The Company had the following breakdown of property and equipment at June 30, 2012 and December 31, 2011:

<b>Net Book Value</b>	<b>Furniture &amp; Fixtures</b>	<b>Computer Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
At June 30, 2012	\$ 1,133	\$ 8,164	\$ 2,116	\$ 11,413
At December 31, 2011	\$ 1,636	\$ 9,752	\$ 2,469	\$ 13,857

### 12. Accounts Payable and Accrued Liabilities

The average credit period of purchases is one month. The following is an aging analysis of accounts payable:

	<b>Current</b>	<b>31 - 60 days</b>	<b>61 - 90 days</b>	<b>&gt; 90 days</b>	<b>TOTAL</b>
June 30, 2012	\$ 28,751	\$ 192	\$ -	\$ 98	\$ 29,041
December 31, 2011	\$ 337,785	\$ -	\$ 15,168	\$ -	\$ 352,953

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### 13. Income Taxes

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

### 14. Share Capital

#### (a) Authorized

Unlimited common shares without par value

#### (b) Shares issued

On June 20, 2012, 150,000 shares were issued for the acquisition of the Glenmorangie property (Note 9(b)).

#### (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.

During the period ended June 30, 2012, the Company granted 1,835,000 incentive stock options, exercisable with a weighted exercise price of \$0.10 and 1,711,500 options expired with a weighted exercise price of \$0.49 (2011 – 2,420,000 options granted, exercisable at a price \$0.18 and 928,500 options expired with a weighted exercise price of \$0.33).

A summary of the Company's outstanding stock options as at January 1 and June 30, 2011 and 2012 are as follows:

	Number of Options	Weighted Average Exercise Price	
<b>Outstanding at January 1, 2011</b>	<b>8,802,500</b>	\$	<b>0.28</b>
Granted	2,420,000	\$	0.18
Expired	(928,500)	\$	0.33
<b>Outstanding at June 30, 2011</b>	<b>10,294,000</b>	\$	<b>0.25</b>
Expired	(223,000)	\$	0.28
<b>Outstanding at December 31, 2011</b>	<b>10,071,000</b>	\$	<b>0.25</b>
Granted	1,835,000	\$	0.10
Expired	(1,711,500)	\$	0.49
<b>Outstanding at June 30, 2012</b>	<b>10,194,500</b>	\$	<b>0.19</b>

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 periods ended June 30, 2012 and 2011 as follows:

	2012		2011	
Exercise price	\$	0.102	\$	0.183
Grant date share price	\$	0.082	\$	0.187
Forfeiture rate		0.00%		0.00%
Expected dividend yield		0.00%		0.00%
Expected stock price volatility		94.00%		99%
Expected option life in years		4.38		5
Risk-free interest rate		1.26%		2.77%
Grant date fair value	\$0.051	\$		0.137

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**14. Share Capital (Continued)****(c) Stock options (Continued)**

Expected volatility was determined based on the historical movements in the closing price of the Company's stocks for a length of time to the expected life of each option.

The following tables summarize information about stock options outstanding as at June 30, 2012:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Weighted Average Remaining Contractual Life in Years</b>
50,000	\$ 0.19	December 21, 2012	
100,000	\$ 0.13	January 19, 2013	
740,000	\$ 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	
1,351,000	\$ 0.10	May 12, 2014	
200,000	\$ 0.39	January 19, 2015	
1,818,500	\$ 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	
1,735,000	\$ 0.10	June 12, 2017	
<b>10,194,500</b>	<b>\$0.19</b>		<b>2.86</b>

Among the 1,0194,500 outstanding options as at June 30, 2012, 8,384,500 options were exercisable with a weighted average exercise price of \$0.21 and a weighted average remaining contractual life in years of 2.45.

The following is a breakdown of the share-based payments charged to operations on options vested for the periods ended June 30, 2012 and 2011:

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Accounting and audit	\$ 391	\$ 1,361	\$ 391	\$ 2,466
Consultants	6,378	65,333	6,378	122,094
Investor relations	404	6,952	2,523	15,433
Salaries and benefits	6,222	100,065	6,222	153,104
	<b>\$ 13,395</b>	<b>\$ 173,711</b>	<b>\$ 15,514</b>	<b>\$ 293,097</b>

**(d) Warrants**

As at June 30, 2012, the Company had 4,250,015 warrants outstanding with an exercise price of \$0.30, expiring May 2013. These warrants were issued in May 2011 in relation to a private placement. There was no change to the status of the warrants during the six months ended June 30, 2012.



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### 15. Related Party Transactions

#### (a) 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 periods ended June 30, 2012 and 2011 as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2012	2011	2012	2011
Accounting	\$ 15,500	\$ 18,000	30,500	\$ 36,000
Consulting	12,200	33,000	33,200	49,500
Geological consulting	-	25,850	6,300	55,810
Legal	2,073	3,123	7,593	3,169
Office rent and administrative	21,583	19,752	42,308	37,970
	\$ 51,356	\$ 99,725	\$ 119,901	\$ 182,449

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

At June 30, 2012, accounts receivable included \$263 (December 31, 2011 - \$254) from Diamonds North Resources ("Diamond North"), a company related by a director in common, and \$477 (December 31, 2011 - \$Nil) from Maritime for administrative and office expenses.

At June 30, 2012, accounts payable included \$1,356 due to Diamond North for administrative and office expenses (December 31, 2011 - \$2,158).

At June 30, 2012, investment in securities included 258,000 common shares of Diamonds North (December 31, 2011 - 258,000).

#### (b) Compensation of key management personnel

The remuneration, including stock-based compensations, of directors and other key management personnel during the periods ended June 30, 2012 and 2011 were as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Accounting	\$ 15,500	\$ 18,000	\$ 30,500	\$ 36,000
Consulting	12,200	33,000	33,200	49,500
Geological consulting	-	25,850	6,300	55,810
Salaries and benefits	111,159	100,903	225,950	175,686
Share-based payments	11,347	147,023	11,347	241,906
	\$ 150,206	\$ 324,776	\$ 307,297	\$ 558,902

### 16. 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.

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**16. Commitments (Continued)**

The approximate annual minimum lease commitments are as follows:

<b>Lease</b>	<b>Total</b>
2012	\$ 24,717
2013	50,889
2014	52,343
2015	34,895
<b>Total</b>	<b>\$ 162,844</b>

**17. Supplemental Cash Flow Information**

<b>Significant non-cash, investing and financing activities</b>	<b>For Three Months Ended June 30</b>		<b>For Six Months Ended June 30</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Investing activities:</b>				
Shares issued for exploration and evaluation assets	\$ 12,750	\$ 21,000	\$ 12,750	\$ 21,000
Exploration and evaluation assets in accounts payable and accrued liabilities	2,424	144,028	2,424	144,028
	<b>\$ 15,174</b>	<b>\$ 165,028</b>	<b>\$ 15,174</b>	<b>\$ 165,028</b>
<b>Financing activities:</b>				
Other liability on FT share premiums	\$ -	\$ 345,299	\$ -	\$ 345,299
	<b>\$ -</b>	<b>\$ 345,299</b>	<b>\$ -</b>	<b>\$ 345,299</b>
<b>Other cash flow information:</b>				
Interest received	\$ 1,402	\$ 23	\$ 2,278	69

**18. Subsequent Event**

- a) On July 23, 2012, Commander reported that the Option Agreement with Aston Bay has been amended to provide Aston Bay more flexibility with respect to the timing and size of their IPO. Under the terms of the original agreement Aston Bay was required to spend \$6 million dollars, consisting of a minimum of \$2 million per year over three years, and to complete a public listing by December 31, 2012 in order to earn an initial interest of 50.1% in the Storm Copper Property (Note 9(c)).

Under the amended agreement, Aston Bay will be required to spend \$6 million over 4 years, with a minimum of \$1 million in each of the first 2 years, and complete a public listing by March 31, 2013. Aston Bay will issue 1 million shares to Commander by August 31, 2012 and an additional 0.5 million shares by December 31, 2015. In the original agreement Aston Bay was required to deliver 1 million shares by December 31, 2014. These issuances are in addition to the 2 million shares that were received by Commander upon signing the Option Agreement.

- b) On July 31, 2012, 100,000 stock options granted to an IR consultant, exercisable at \$0.13, were cancelled after the termination of service.