



## **Condensed Interim Consolidated Financial Statements**

**FOR THE SIX MONTHS ENDED**

**JUNE 30, 2019**

**Unaudited – Prepared by Management**

**(Expressed in Canadian Dollars)**

### **Notice of No Auditor Review**

In accordance with National Instrument 51-102, the Company discloses that the accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada.

**COMMANDER RESOURCES LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(EXPRESSED IN CANADIAN DOLLARS)**

As at	June 30, 2019	December 31, 2018	January 1, 2018
		(Restated - Note 3)	(Restated - Note 3)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 1,058,232	\$ 1,687,263	\$ 379,422
Receivables	11,879	12,115	9,103
Prepaid expenses	42,066	58,158	20,300
Marketable securities (Note 4)	1,300,104	921,649	1,678,400
	<b>2,412,281</b>	<b>2,679,185</b>	<b>2,087,225</b>
<b>Non-current assets</b>			
Marketable securities (Note 4)	-	151,250	880,000
Reclamation bond (Note 5)	18,000	18,000	-
Equipment (Note 6)	72,343	58,613	-
Exploration and evaluation assets (Note 5)	310,449	239,749	264,966
	<b>400,792</b>	<b>467,612</b>	<b>1,144,966</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,813,073</b>	<b>\$ 3,146,797</b>	<b>\$ 3,232,191</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities (Note 8)	\$ 64,020	\$ 101,380	\$ 25,976
<b>EQUITY</b>			
Share capital (Note 7)	41,143,735	41,112,235	39,700,632
Reserves (Note 7)	867,116	865,673	214,124
Accumulated other comprehensive loss	(2,251,361)	(2,478,566)	(1,143,010)
Deficit	(37,010,437)	(36,453,925)	(35,565,531)
	<b>2,749,053</b>	<b>3,045,417</b>	<b>3,206,215</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,813,073</b>	<b>\$ 3,146,797</b>	<b>\$ 3,232,191</b>

Nature of operations and going concern (Note 1)  
Commitment (Note 9)  
Subsequent event (Note 14)

Approved on behalf of the Board of Directors on August 12, 2019:

"Eric Norton"

Director

"Brandon Macdonald"

Director

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**COMMANDER RESOURCES LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
		(Restated Note 3)		(Restated Note 3)
<b>EXPENSES</b>				
Accounting and audit (Note 8)	\$ 14,373	\$ 14,390	\$ 36,814	\$ 29,702
Administration	22,873	22,113	57,084	37,211
Amortization (Note 6)	2,288	115	4,016	115
Consulting (Note 8)	16,500	24,000	33,000	48,000
Legal	4,022	2,357	6,783	8,162
Filing fees and transfer agent	660	9,406	9,599	17,581
Investor and shareholder relations	36,353	35,771	112,780	67,316
Salary and benefits (Note 8)	38,735	26,776	79,036	53,624
Share-based compensation (Note 7)	47,603	-	49,468	-
Exploration and evaluation expenditures (Note 5)	140,730	10,330	193,061	10,330
Project evaluation	15,031	10,210	26,526	26,075
	<b>339,168</b>	155,468	<b>608,167</b>	298,116
<b>Other (income) expenses</b>				
Interest income	(2,095)	(872)	(4,155)	(1,410)
Foreign exchange loss ( gain)	990	(28)	525	(399)
Cost recoveries on exploration and evaluation assets (Note 5)	-	(46,250)	-	(81,250)
<b>Loss before taxes</b>	<b>338,063</b>	108,318	<b>604,537</b>	215,057
Income tax recovery	-	(10,448)	-	(10,448)
<b>Loss for the period</b>	<b>338,063</b>	97,870	<b>604,537</b>	204,609
<b>Other comprehensive loss</b>				
<i>Item that will not be reclassified to profit or loss</i>				
Change in fair value of marketable securities at FVOCI (Note 4)	(320,956)	843,660	(227,205)	(343,250)
<b>Loss and comprehensive loss for the period</b>	<b>\$ 17,107</b>	\$ 941,530	<b>\$ 377,332</b>	\$ (138,641)
<b>Basic and diluted loss per common share</b>	<b>\$ 0.01</b>	\$ 0.00	<b>\$ 0.02</b>	\$ 0.01
<b>Weighted average number of shares outstanding</b> - basic and diluted	<b>35,403,375</b>	24,468,982	<b>35,403,375</b>	24,468,982

*The accompanying notes are an integral part of the condensed interim consolidated financial statements.*

**COMMANDER RESOURCES LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	Share Capital		Reserves			Accumulated Other Comprehensive income (loss)	Deficit	Total
	Number of Shares	Total Share capital	Options	Warrants	Total Reserves			
<b>Balance, December 31, 2017</b>	23,060,514	\$ 39,700,632	\$ 214,124	\$ -	\$ 214,124	\$ (1,143,010)	\$ (35,565,531)	\$ 3,206,215
Private placement	12,240,258	1,591,234	-	489,610	489,610	-	-	2,080,844
Share issue costs - cash	-	(144,267)	-	-	-	-	-	(144,267)
Share issue costs - finder's warrants	-	(35,364)	-	35,364	35,364	-	-	-
Loss for the period	-	-	-	-	-	-	(204,609)	(204,609)
Fair value adjustment on marketable securities	-	-	-	-	-	343,250	-	343,250
<b>Balance, June 30, 2018 (Restated - Note 3)</b>	<b>35,300,772</b>	<b>\$ 41,112,235</b>	<b>\$ 214,124</b>	<b>\$ 524,974</b>	<b>\$ 739,098</b>	<b>\$ (799,760)</b>	<b>\$ (35,770,140)</b>	<b>\$ 5,281,433</b>
<b>Balance, December 31, 2018 (Restated - Note 3)</b>	35,300,772	\$ 41,112,235	\$ 340,699	\$ 524,974	\$ 865,673	\$ (2,478,566)	\$ (36,453,925)	\$ 3,045,417
Shares issued on acquisition of exploration and evaluation assets (Note 5 (b))	350,000	31,500	-	-	-	-	-	31,500
Share-based compensation	-	-	49,468	-	49,468	-	-	49,468
Reclassification on expiry of options	-	-	(48,025)	-	(48,025)	-	48,025	-
Loss for the period	-	-	-	-	-	-	(604,537)	(604,537)
Fair value adjustment on marketable securities	-	-	-	-	-	227,205	-	227,205
<b>Balance, June 30, 2019</b>	<b>35,650,772</b>	<b>\$ 41,143,735</b>	<b>\$ 342,142</b>	<b>\$ 524,974</b>	<b>\$ 867,116</b>	<b>\$ (2,251,361)</b>	<b>\$ (37,010,437)</b>	<b>\$ 2,749,053</b>

*The accompanying notes are an integral part of the condensed interim consolidated financial statements.*

**COMMANDER RESOURCES LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**(EXPRESSED IN CANADIAN DOLLARS)**

	For the six months ended June 30,	
	2019	2018
		(Restated-Note 3)
<b>Operating activities</b>		
Loss for the period	\$ (604,537)	\$ (204,609)
Items not affecting cash:		
Amortization	4,016	115
Share-based compensation	49,468	-
Cost recoveries on exploration and evaluation assets	-	(81,250)
Changes in non-cash working capital:		
Receivables and prepaid expenses	16,328	(36,388)
Accounts payable and accrued liabilities	(37,360)	(17,303)
	<b>(572,085)</b>	<b>(339,435)</b>
<b>Financing activities</b>		
Common shares issued	-	2,080,844
Share issue costs	-	(144,267)
	-	1,936,577
<b>Investing activities</b>		
Acquisition costs on exploration and evaluation assets	(39,200)	-
Exploration and evaluation assets - option receipts	-	35,000
Purchase of equipment	(17,746)	(6,930)
	<b>(56,946)</b>	<b>28,070</b>
<b>Change in cash and cash equivalents</b>	<b>(629,031)</b>	<b>1,625,212</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,687,263</b>	<b>379,422</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,058,232</b>	<b>\$ 2,004,634</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank - Canadian dollars	\$ 495,764	\$ 1,768,663
Cash at bank - Mexican pesos	22,198	14,753
Short-term deposits - Canadian dollars	540,270	221,218
<b>Cash and cash equivalents in Canadian dollars</b>	<b>\$ 1,058,232</b>	<b>\$ 2,004,634</b>

Supplemental cash flow information (Note 10)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

---

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Commander Resources Ltd. (“Commander” or the “Company”) was incorporated in Canada and its records and registered office are at Suite 1100 - 1111 Melville Street, Vancouver, British Columbia, V6E 3V6.

The Company is in the business of acquisition, exploration and development of resource properties. Commander pursues the prospect generator model and focuses on building a portfolio of early stage exploration projects in Canada. For the ongoing exploration of the projects, the Company options interests in the projects to joint venture partners. This approach has allowed Commander to accumulate a royalty portfolio as well as generate cash resources from the property option payments and marketable security holdings.

These condensed interim consolidated financial statements (the “financial statements”) have been prepared on a going concern basis which assumes that the Company will be able to continue in operation for the foreseeable future and meet its obligations in the normal course of business. Commander and its subsidiaries are in the business of acquisition and exploration of mineral properties in Canada and Mexico. The Company has incurred ongoing losses and will continue to incur further losses in the course of exploring its mineral properties. At June 30, 2019, the Company had a deficit of \$37,010,437 (December 31, 2018 - \$36,453,925 (restated - Note 3)) and working capital of \$2,348,261 (December 31, 2018 - \$2,577,805). Commander has been relying on the issuance of share capital to fund its operations. Although the Company has been successful in the past in raising equity financing, there is no assurance that such financing will continue to be available with acceptable terms. These uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and comply with IAS 34, *Interim Financial Reporting*. These financial statements do not include all the information and notes to the annual financial statements as required by IFRS and should be read together with the Company’s audited consolidated financial statements for the year ended December 31, 2018.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments classified as fair value through profit or loss (“FVPL”), and fair value through other comprehensive income (“FVOCI”). Additionally, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Basis of consolidation**

These financial statements include the accounts of the Company and its wholly owned subsidiaries, BRZ Mex Holdings Ltd. (“BRZM”) and Minera BRG SA de CV (“Minera BRG”) (Note 5(a)). The Company consolidates these subsidiaries on the basis that it controls these subsidiaries. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

**Critical accounting estimates, assumptions and judgments**

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that impact the Company’s reported financial results. Estimates, assumptions and judgments are based on historical experiences and expectations of future events. Actual results could result in material differences from those estimates, assumptions and judgments.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

---

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

**New Accounting Standards**

**IFRS 16 - Leases**

IFRS 16 – *Leases* (“IFRS 16”) was issued by the IASB on January 13, 2016, and replaced IAS 17, *Leases*. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

There was no impact to the Company’s financial statements as a result of adopting this new standard, as the Company’s Vancouver office lease (Note 9) did not meet the right-of-use asset criteria in IFRS 16.

**New Interpretation IFRIC 23 - Uncertainty over Income Tax Treatments**

On June 7, 2017, the IASB issued IFRIC Interpretation 23 – *Uncertainty over Income Tax Treatments* (“IFRIC 23”). IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

There was no impact to the Company’s financial statements as a result of adopting this new standard.

**3. CHANGE IN ACCOUNTING POLICY**

During the six months ended June 30, 2019, with an effective date of January 1, 2019, the Company adopted a voluntary change in accounting policy, as permitted and accepted under IFRS 6 - *Exploration and Evaluation of Mineral Resources* (“IFRS 6”), with respect to exploration and evaluation (“E&E”) expenditures. Previously, as permitted under IFRS 6, the Company capitalized costs relating to both the acquisition and exploration of its E&E assets, net of recoveries received.

The Company’s new policy on accounting for E&E expenditures is to expense these costs until such time as the technical feasibility and commercial viability has been established that supports future development of the property, and such development receives appropriate board approvals.

The Company has determined that the voluntary change in accounting policy results in financial statements providing more reliable and relevant information. The change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets and is an accepted accounting practice in the mining industry. This change in accounting policy has been applied to all of the Company’s E&E activities for all properties.

Under the previous accounting policy, the Company was required to perform an impairment assessment on the carrying value of the E&E assets. As of December 31, 2017, impairment indicators were noted and resulted in an impairment charge that wrote off all capitalized exploration expenditures, leaving only certain historical acquisition costs capitalized. As a result, the carrying value of E&E assets as at December 31, 2017, totalled \$264,966 and there was no difference in the carrying value as at December 31, 2017, under the previous accounting policy, compared to the new accounting policy.



**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**3. CHANGE IN ACCOUNTING POLICY (CONTINUED)**

The Company's new significant accounting policy in respect of exploration and evaluation assets is as follows:

**Exploration and evaluation assets ("E&E assets")**

All direct costs related to the acquisition of exploration and evaluation assets are capitalized upon acquiring the legal right to explore a property. Exploration and evaluation costs are expensed as incurred while the Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. If and when the Company's management determines that economically extractable proven or probable mineral reserves have been established, the subsequent costs incurred to develop such property, including costs to further delineate the ore body will be capitalized.

When the Company receives proceeds in the form of cash and/or common shares from an option of interest or a partial sale in a property, the payments are credited against the carrying value of the property and the excess amount of the proceeds over the carrying value is recorded as a gain in profit or loss when received. When all of the interest in a property is sold, the accumulated E&E costs are written-off with any gain or loss recorded in profit or loss in the period the transaction occurs.

At each reporting date the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

As required by IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, the change in accounting policy has been made retrospectively and comparatives have been restated accordingly to all periods presented, as if the policy had always been applied.

The financial statement impact as at and for the year ended December 31, 2018 is as follows:

	As previously reported	Effect of change in accounting policy	As restated
<b>Consolidated statement of financial position</b>			
Exploration and evaluation assets	\$ 532,515	\$ (292,766)	\$ 239,749
Total assets	3,439,563	(292,766)	3,146,797
Deficit	(36,161,159)	(292,766)	(36,453,925)
Total equity	3,338,183	(292,766)	3,045,417
Total liabilities and equity	3,439,563	(292,766)	3,146,797

	As previously reported	Effect of change in accounting policy	As restated
<b>Consolidated statement of loss and comprehensive loss</b>			
Exploration and evaluation expenses	\$ -	\$ 335,141	\$ 335,141
Impairment on exploration and evaluation assets	42,375	(42,375)	-
Loss for the year	595,628	292,766	888,394
Comprehensive loss for the year	1,931,184	292,766	2,223,950
Basic and diluted loss per common shares	0.02	0.01	0.03

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**3. CHANGE IN ACCOUNTING POLICY (CONTINUED)**

The financial statement impact as at and for the year ended December 31, 2018 is as follows: (continued)

	As previously reported	Effect of change in accounting policy	As restated
<b>Consolidated statement of cash flows</b>			
Net loss for the year	\$ 595,628	\$ 292,766	\$ 888,394
Impairment on exploration and evaluation assets	42,375	(42,375)	-
Accounts payable and accrued liabilities	15,132	60,272	75,404
Operating activities	(595,710)	(274,869)	(870,579)
Expenditures on exploration and evaluation assets	(322,114)	287,331	(34,783)
Proceeds from government exploration credit	12,462	(12,462)	-
Investing activities	(33,026)	274,869	241,843

The financial statement impact as at **January 1, 2018** is as follows:

	As previously reported	Effect of change in accounting policy	As restated
<b>Consolidated statement of financial position</b>			
Exploration and evaluation assets	\$ 264,966	\$ -	\$ 264,966
Total assets	3,232,191	-	3,232,191
Deficit	(35,565,531)	-	(35,565,531)
Total equity	3,206,215	-	3,206,215
Total liabilities and equity	3,232,191	-	3,232,191

**4. MARKETABLE SECURITIES**

	June 30, 2019	December 31, 2018
<b>Common shares of public companies:</b>		
Fair value, beginning of period	\$ 1,072,899	\$ 2,558,400
Additions (Note 5(a), (d), (f))	-	161,865
Net proceeds from sales of marketable securities (Note 4(b))	-	(311,810)
Unrealized gain (loss) on marketable securities	227,205	(1,335,556)
Fair value, end of period	\$ 1,300,104	\$ 1,072,899
Current	\$ 1,300,104	\$ 921,649
Non-current (Note 4(a))	-	151,250
	\$ 1,300,104	\$ 1,072,899

Commander has determined that it does not hold significant influence in any of its investments in publicly traded companies. The fair values of the marketable securities are determined at each reporting date by referencing to the closing market prices of these common shares. Certain common shares with trade restriction dates more than a year from the reporting date are classified as non-current assets. All of the Company's marketable securities are classified as FVOCI because these investment are not held for trading.

a) *Aston Bay Holdings Ltd. ("Aston")*

On February 18, 2016, Aston issued 11,000,000 common shares to Commander with a fair value of \$2,640,000 for the acquisition of the Storm Property (Note 5(f)). The 11,000,000 common shares are held in a four-year escrow and will be released in four equal tranches of 2,750,000 shares on each anniversary date starting February 18, 2017 to 2020. At June 30, 2019, Commander held 8.49% (December 31, 2018 – 8.49%) of Aston's total outstanding common shares.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**4. MARKETABLE SECURITIES (CONTINUED)**

b) *Maritime Resources Ltd. (“Maritime”)*

*Option to Purchase Shares Agreement*

On April 6, 2016, an existing Option Agreement between the Company and Maritime was amended regarding the time frames and purchase prices of 8,000,000 Maritime shares that Maritime or its nominees had the option to purchase from the Company. The Option Agreement gave rise to a derivative liability that was determined to be at a nominal amount. Details of the amended agreement were as follows:

Optioned Shares (Tranches)	Time Frame and Conditions
<ul style="list-style-type: none"> <li>- Up to 2,000,000 shares; plus</li> <li>- 1,500,000 shares carried forward</li> </ul>	<ul style="list-style-type: none"> <li>- On or before February 28, 2017</li> <li>- At a price equal to \$0.25 per share.</li> <li>- <b>Tranche was not completed.</b></li> </ul>
<ul style="list-style-type: none"> <li>- Up to 2,000,000 shares; plus</li> <li>- Any shares carried forward from the previous tranche</li> </ul>	<ul style="list-style-type: none"> <li>- March 1, 2017 to August 31, 2017.</li> <li>- At a price equal to the greater of (i) \$0.31 per share, and (ii) 85% of the volume weighted average price of Maritime’s shares for the 10 trading days immediately preceding the date exercise.</li> <li>- <b>Tranche was not completed.</b></li> </ul>

On August 31, 2017, the Option Agreement expired and was no longer in force. The derivative liability was derecognized upon this expiry on August 31, 2017 at a value of \$nil.

In September 2018, 3,500,000 Maritime shares were sold at \$0.09 per share for net proceeds of \$311,810. At June 30, 2019, Commander’s ownership of Maritime outstanding shares was 1.82% (December 31, 2018 – 2.61%).

**5. EXPLORATION AND EVALUATION ASSETS**

During the six months ended June 30, 2019, the Company adopted a voluntary change in accounting policy with respect to expenditures on exploration and evaluation (“E&E”) assets (Note 3). Previously, the Company capitalized costs relating to both the acquisition, and exploration, of E&E assets, net of recoveries received.

The Company’s new accounting policy for E&E expenditures is to expense these costs until such time as the technical feasibility and commercial viability has been established that supports future development of the property, and such development receives appropriate board approvals.

At June 30, 2019, Commander’s cumulative expenditures on exploration and evaluation assets were as follows:

	BC				Yukon	Mexico	Labrador	Ontario	Other Properties	Total
	Oct Dome, Mt. Polley 5(a)	Henry Lee 5(b)	Burn 5(c)	Omineca 5(f)	Flume 5(a)	Pedro 5(a)	South Voisey’s Bay 5(d)	Sabin 5(e)		
<b>Balance, December 31, 2017</b>	\$ 2	\$ -	\$ -	\$ 1	\$ 1	\$ 1	\$ 264,957	\$ 1	\$ 3	\$ 264,966
Acquisition costs (i)	172	3,164	28,308	3,139	-	-	-	-	-	34,783
Option receipts - cash	-	-	-	-	(35,000)	-	(10,000)	-	-	(45,000)
Option receipts - shares	-	-	-	-	(93,115)	-	(50,000)	-	(18,750)	(161,865)
Changes in the year	-	-	-	-	(128,115)	-	(60,000)	-	(18,750)	(206,865)
Cost recoveries	-	-	-	-	128,115	-	-	-	18,750	146,865
<b>Balance, December 31, 2018 (restated Note 3)</b>	\$ 174	\$ 3,164	\$ 28,308	\$ 3,140	\$ 1	\$ 1	\$ 204,957	\$ 1	\$ 3	\$ 239,749
Acquisition costs - cash	-	25,000	2,400	-	-	-	-	11,800	-	39,200
Acquisition costs - shares	-	31,500	-	-	-	-	-	-	-	31,500
<b>Balance, June 30, 2019</b>	\$ 174	\$ 59,664	\$ 30,708	\$ 3,140	\$ 1	\$ 1	\$ 204,957	\$ 11,801	\$ 3	\$ 310,449

(i) Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

**Exploration and Evaluation Expenditures**

During the six months ended June 30, 2019, the Company's E&E expenditures were as follows:

	BC				Yukon	Mexico	Ontario	New Brunswick	Total
	Oct Dome 5(a)	Henry Lee 5(b)	Burn 5(c)	Omineca 5(f)	Flume 5(a)	Pedro 5(a)	Sabin 5(e)	Nepisiguit 5(f)	
<i>Exploration and evaluation expenditures:</i>									
Claim maintenance	2,362	1,925	1,925	-	-	9,562	9,985	-	25,759
Data compilation, mapping	-	5,550	2,000	-	1,375	-	22,500	-	31,425
Geological	-	5,088	3,062	2,100	-	14,845	19,688	10,938	55,721
Geophysics and survey	-	-	3,955	-	36,340	-	5,527	-	45,822
Field supplies	-	-	-	-	-	-	2,594	250	2,844
Travel	-	-	-	-	-	4,227	7,391	4,347	15,965
Assaying, soil sampling	-	-	-	-	-	4,595	10,930	-	15,525
<b>Total expenditures</b>	<b>\$ 2,362</b>	<b>\$ 12,563</b>	<b>\$ 10,942</b>	<b>\$ 2,100</b>	<b>\$ 37,715</b>	<b>\$ 33,229</b>	<b>\$ 78,615</b>	<b>\$ 15,535</b>	<b>\$ 193,061</b>

**a. Bearing Asset Acquisition**

On September 23, 2016, the Company acquired 100% of the issued and outstanding share capital of Bearing Resources Ltd.'s wholly owned subsidiaries, BRZ Mex Holdings Ltd. ("BRZM") and Minera BRG SA de CV ("Minera BRG") (the "Transaction"). Total consideration was \$678,900 consisting of: (i) \$18,900 in cash and (ii) 12,000,000 common shares of Commander with a fair value of \$660,000.

BRZM and Minera BRG together own a 100% interest in 4 mineral properties: three in Canada (October Dome, Mt. Polley, and Flume) and one in Mexico (Pedro).

As part of the acquisition, the Company also acquired royalty interests as follows:

- Jay East Royalty with Precipitate Gold Corp. (now Golden Predator Mining Corp.) – 2% NSR with a right for the Company to buy down to 1% for \$1,000,000.
- VF Royalty with Aben Resources Ltd. - 2% NSR with a right for the Company to buy down to 1% for \$1,500,000 and \$15,000 annual advance royalty payments beginning March 1, 2018.
- Boundary Zone Royalty with Imperial Metals Corp. - 90% interest in a royalty (Glengarry 10%) of \$2.50 per tonne milled for first 400,000 tonnes, thereafter, \$1.25/tonne milled. This second rate can be bought down/reduced by the Company to \$0.62 per tonne milled for \$1,000,000.

**i) October Dome, BC**

In 2018, the Company completed magnetic surveying and data compilation on the property. The data was incorporated into the project database for subsequent work programs. During the six months ended June 30, 2019, Commander spent \$2,362 in claim maintenance (2018 - \$nil).

**Reclamation bond**

In July 2018, Bearing Lithium Corp. (formerly Bearing Resources) assigned to the Company the right to its reclamation bond with the BC government on the October Dome and Mt. Polley properties for cash consideration of \$18,000.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

**ii) Flume, Yukon**

During the six months ended June 30, 2019, the Company incurred \$37,715 (2018 - \$nil) in data compilation, and geophysics and surveying by completing a study of historical exploration data of the Flume property.

**iii) Pedro, Mexico**

During the six months ended June 30, 2019, the Company incurred \$33,229 (2018 - \$8,805) in claim maintenance, mapping, geological consulting and assaying.

**b. Henry Lee Property, BC**

The Company has a 100% interest in these copper projects.

On March 1, 2019, the Company entered into a purchase agreement to acquire a 100% interest in two mineral claims adjacent to the Company's Henry Lee property. The total consideration was \$56,500 (\$25,000 in cash and 350,000 shares at \$0.09 per share for \$31,500 (issued in March 2019)).

The vendor retains a 1% net smelter return royalty ("NSR") and is entitled to receive a one-time advance royalty payment of \$1,000,000 upon the commencement of commercial production.

**c. Burn Property, BC**

The Burn property was acquired by map-staking in October 2018 and further expanded in November 2018. In 2018, a soil sampling program was carried out and analyzed for gold.

Subsequent to the period ended June 30, 2019, the Company entered on July 25, 2019, an earn-in agreement with Freeport-McMoRan Mineral Properties Canada Inc. ("Freeport") allowing Freeport to earn a 75% interest in the Burn property per the following schedule (Note 14):

<b>Earn-in Option</b>	<b>Commitment Timeline</b>	<b>Cash</b>	<b>Exploration</b>
First Option (51%)	Earn-in agreement signed on July 25, 2019	\$25,000 (received)	\$ -
	On or before July 25, 2020	\$35,000	\$ -
	On or before July 25, 2021	\$50,000	\$ -
	On or before July 25, 2022	\$50,000	\$ -
	On or before July 25, 2023	\$100,000	\$1,000,000
Second Option (24%)	On or before July 25, 2024	\$100,000	\$ -
	On or before July 25, 2025	\$100,000	\$ -
	On or before July 25, 2026	\$100,000	\$1,500,000
<b>Total interest (75%)</b>	<b>Total cash and exploration amounts</b>	<b>\$560,000</b>	<b>\$2,500,000</b>

Upon earning a 51% interest, Freeport may elect to spend an additional \$1,500,000 in exploration expenditures and make three annual payments of \$100,000. The completion of the earn-in conditions will result in a Joint Venture of 75% for Freeport and 25% for the Company. If either party dilutes to less than a 10% interest, that interest would be replaced with a 1% net smelter return royalty ("NSR"). The Company is the project operator until Freeport earns a 51% interest.

The Company commenced field work in the last week of July 2019.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

**d. South Voisey’s Bay, Labrador**

In September 2014, the Company signed an option agreement with Fjordland Exploration Inc., (“Fjordland”) granting Fjordland an option to earn a 75% interest in the South Voisey’s Bay property. During the option period Commander received from Fjordland a total of \$350,000 which had been fully expended on the property. In August 2015, the option agreement was terminated and in December 2015, both parties agreed that Fjordland had earned a 15% interest in the project, which was transferred to Fjordland by the Company in March 2016.

On June 5, 2017, the Company and Fjordland entered into a Letter of Intent (“LOI”) whereby Fjordland has the option to acquire the remaining 85% interest per the below earn-in schedule. As at June 30, 2019, Fjordland has earned a 35% interest in the property.

<b>Earn-in Option</b>	<b>Completion Date</b>	<b>Cash</b>	<b>Common Shares</b>	<b>Exploration</b>
First Option (20%) (completed)	On or before July 26, 2017	\$ -	200,000 (received, fair valued at \$28,000)	\$ -
	On or before October 31, 2017	\$ -	-	\$600,000
Second Option (40%)	On or before July 26, 2018	\$10,000 (received)	250,000 (received, fair valued at \$50,000)	\$ -
	On or before July 26, 2019	\$15,000 (subsequently received)	300,000 (subsequently received)	\$ -
	On or before July 26, 2020	\$25,000	350,000	\$ -
	On or before October 31, 2021	\$40,000	400,000	\$2,400,000
Third Option (25%)	On or before October 31, 2024	\$200,000	3,000,000	\$5,000,000
	<b>Total</b>	<b>\$290,000</b>	<b>4,500,000</b>	<b>\$8,000,000</b>

Upon Fjordland earning a 100% interest, Commander will retain a 2% NSR. Fjordland has the right to buy 1% of the NSR for \$5,000,000 in cash or \$2,500,000 in cash and \$2,500,000 in common shares of Fjordland. Upon Fjordland’s commencement of commercial production, Commander will receive a \$10,000,000 advance royalty payment.

During the year ended December 31, 2017, the Company performed an impairment assessment of the South Voisey’s Bay project based on the terms of the LOI with Fjordland. The assessment determined that the project’s carrying value was lower than the recoverable amount, which is the greater of the its value in use (“VIU”) and its fair value less cost to sell (“FVLCS”). The recoverable amount was determined to be the FVLCS. In calculating the FVLCS, the Company used significant assumptions and estimates as follows: i) discount rate of 15%, ii) probability-weighted cash flows from the option payments, and iii) probability-weighted fair values of Fjordland’s common shares to be received, with an estimated share price of \$0.35. As a result, the Company recognized an impairment loss of \$1,933,200 in profit or loss during the year ended December 31, 2017.

During the period/year ended June 30, 2019 and December 31, 2018, the Company reassessed the carrying value of the project by reviewing the probability-weighted fair values of Fjordland’s common shares to be received. The Company determined that no additional impairment indicators were present as at June 30, 2019 and December 31, 2018.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

---

**5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

**e. Sabin, Ontario**

Commander's ownership interests on the property vary from 58.5% to 100%. In March 2017, Commander entered into a conditional agreement with Roughrider Exploration Inc. ("Roughrider") allowing Roughrider to acquire a 100% interest in the Sabin property. On May 31, 2017, Roughrider decided not to proceed with the agreement. During the due diligence period in 2017, Roughrider expanded the property by 2,983 hectares and transferred to Commander for a cash consideration of \$13,829 which was written off at December 31, 2017.

During the six months ended June 30, 2019, the Company completed a rock sampling program, a follow-up of the 2018 VTEM Plus airborne electromagnetic and magnetic survey which identified a significant number of high priority conductors throughout the Sabin property.

**f. Other Properties**

**Nepisiguit, New Brunswick**

The Company owns 100% of the properties subject to a 2.75% NSR retained by the Optionor. The NSR is subject to a buy-down to 1% NSR for \$1,500,000. In 2018, the Company initiated a data compilation in preparation for a NI 43-101 compliant technical report.

During the six months ended June 30, 2019, a site visit was carried out to compile data on the Nepisiguit property.

**Omineca, BC**

The Company owns 100% of the property located within the Quesnel Trough of BC. In 2017, the Company conducted reconnaissance geological mapping and soil sampling.

In December 2018, the Company received a BC mining exploration tax credit of \$12,462 relating to the project's 2017 qualifying exploration expenditures. The exploration tax credit was recorded as a reduction to the exploration and evaluation assets in 2018.

**Baffin, Nunavut**

In May 2017, Commander entered into an option agreement with ValOre Metals Corp. ("ValOre", formerly Kivalliq Energy Corporation) allowing ValOre to acquire a 100% interest in the Baffin property which includes six mineral claims and the signed 2017 Mineral Exploration Agreement ("MEA") with NTI on two blocks within Inuit Owned Land parcel BI-35 ("IOL BI-35").

In March 2018, ValOre had fulfilled its terms of the option agreement, resulting in ValOre vesting a 100 % interest in the property. Commander retains a 0.25% to 0.5% NSR on the Baffin optioned land. In addition, as part of a data purchase agreement, ValOre granted Commander a 0.25% NSR on ValOre's Baffin mineral tenures contiguous to Commander's Baffin optioned lands as well as future milestone payments triggered by a feasibility study and production. Financial terms of the option agreement may be adjusted up until the date of the first royalty payment to reflect the possible impact of any past commercial arrangement or interests.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

**Storm Property, Nunavut**

On February 18, 2016, Aston Bay issued 11,000,000 common shares to Commander with a fair value of \$2,640,000 for the acquisition of the Storm Property. A gain of \$1,951,462 was recognized on the sale transaction. The Aston shares are held in a four-year escrow until February 18, 2020 (see Note 4(a)).

Commander retains a 0.875% Gross Overriding Royalty (“GOR”) after the property is brought into production. Aston has the right to buy down the GOR from 0.875% to 0.4% for \$4,000,000.

**Olympic and Rob, Yukon**

The Company owns 100% interest in the Olympic and Rob properties subject to a 1% NSR registered to Blackstone Ventures Inc. on the Rob property. The NSR may be reduced to 0.5% at any time for \$1,000,000. The carrying value was historically written off as the project lies within a proposed environmentally protected area. In December 2018, the Yukon government extended its relief from assessment work due to the uncertainties surrounding the Peel Watershed plan. The claims are in good standing to December 31, 2020.

**Tam, BC**

The Company is entitled to a 1.5% NSR on the property. Teck Resources Ltd. and its partner, Lorraine Copper Corp., now own 100% of the property subject to a 3% NSR, which is subject to a buy-down to 1% for \$2,000,000. An annual advance royalty payment of \$25,000 is payable to the Company which began on December 31, 2012 and is capped at \$250,000. As at June 30, 2019, the Company has received a total of \$175,000 in advance royalty payments which are recorded as royalty income.

**6. EQUIPMENT**

<b>Cost</b>	<b>Computer Equipment</b>	<b>Office Furniture</b>	<b>Field Equipment</b>	<b>Total</b>
Balance at December 31, 2018	\$ 6,930	\$ -	\$ 55,254	\$ 62,184
Addition	1,926	15,820	-	17,746
<b>Balance at June 30, 2019</b>	<b>\$ 8,856</b>	<b>\$ 15,820</b>	<b>\$ 55,254</b>	<b>\$ 79,930</b>
<b>Accumulated amortization</b>				
Balance at December 31, 2018	\$ (808)	\$ -	\$ (2,763)	\$ (3,571)
Amortization	(725)	(528)	(2,763)	(4,016)
<b>Balance at June 30, 2019</b>	<b>\$ (1,533)</b>	<b>\$ (528)</b>	<b>\$ (5,526)</b>	<b>\$ (7,587)</b>
<b>Net book value</b>				
Balance at December 31, 2018	\$ 6,122	\$ 6,122	\$ 52,491	\$ 58,613
<b>Balance at June 30, 2019</b>	<b>\$ 7,323</b>	<b>\$ 15,292</b>	<b>\$ 49,728</b>	<b>\$ 72,343</b>



**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**7. SHARE CAPITAL**

**Authorized** – unlimited number of common shares without par value

**Shares issued**

On March 15, 2019, 350,000 common shares with a fair value of \$31,500 were issued on the acquisition of two additional mineral claims adjacent to the Company's Henry Lee property (Note 5 (b)).

On May 18, 2018, 12,240,258 units were issued at \$0.17 per unit for gross proceeds of \$2,080,844. Each unit consisted of one common share and one share purchase warrant with each warrant entitling the holder to purchase an additional common share at \$0.25 per share until May 18, 2020. Finders' fees were incurred on the financing as follows: 1) \$105,650 in cash commission; and 2) 517,883 finders' warrants were issued with a fair value of \$35,364, entitling the holder to purchase an additional common share at \$0.25 per share until May 18, 2020. Other share issue costs of \$38,617 were incurred relating to legal and regulatory filings.

The Company uses the residual value method with respect to the measurement of the fair values allocated to common shares and share purchase warrants attached to units associated with private placements. As such, the gross proceeds of \$2,080,844 were allocated as follows: \$1,591,234 to share capital and \$489,610 to reserves.

**Warrants**

The fair value of the finders' warrants issued on May 18, 2018 was calculated using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free interest rate of 2.03%, expected volatility of 129.68% and zero expected dividend yield. A summary of the Company's warrant activity as at June 30, 2019 and December 31, 2018 and for the period/year then ended is as follows:

	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
	<b>Number</b>	<b>Weighted average Exercise Price</b>	<b>Number</b>	<b>Weighted average Exercise Price</b>
Outstanding, beginning of period	<b>12,758,141</b>	<b>\$0.25</b>	-	\$ -
Issued - share purchase warrants	-	-	12,240,258	0.25
Issued - finders' warrants	-	-	517,883	0.25
Outstanding, end of period	<b>12,758,141</b>	<b>\$0.25</b>	<b>12,758,141</b>	<b>\$0.25</b>

As at June 30, 2019, the Company has warrants outstanding and exercisable as follows:

<b>Expiry date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Weighted average remaining contractual life (in year)</b>
May 18, 2020	12,758,141	\$ 0.25	0.88

**Stock options**

The Company adopted a 10% rolling stock option plan at the 2018 Annual General and Special Meeting. Stock options granted to directors, employees and consultants have a term of up to ten years and the exercise price and the vesting period are determined by the Board of Directors at the time of the option grant.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**7. SHARE CAPITAL (CONTINUED)**

**Option grant**

On June 12, 2019, the Company granted to directors, officers and consultants a total of 760,000 stock options at an exercise price of \$0.07 per share for five years until June 12, 2024.

**Share-based compensation**

The fair value of the stock options granted on June 12, 2019 was calculated using a Black-Scholes pricing model with the following assumptions:

	<b>Six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
Risk-free interest rate	<b>1.39%</b>	-
Expected annual volatility	<b>155.31%</b>	-
Expected life (years)	<b>5</b>	-
Expected dividend yield	<b>0.00%</b>	-
Forfeiture rate	<b>0.00%</b>	-
Weighted average fair value of option	<b>\$ 0.064</b>	\$ -

During the six months ended June 30, 2019, the Company recognized share-based compensation of \$49,468 (June 30, 2018 - \$nil).

The Company's outstanding stock options at June 30, 2019 and December 31, 2018 were as follows:

	<b>June 30, 2019</b>		<b>December 31, 2018</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
Balance, beginning of period	<b>2,840,000</b>	<b>\$0.23</b>	1,954,000	\$0.25
Granted	<b>760,000</b>	<b>0.07</b>	886,000	0.17
Expired	<b>(374,000)</b>	<b>(0.25)</b>	-	-
Balance, end of period	<b>3,226,000</b>	<b>\$0.19</b>	2,840,000	\$0.23

During the six months ended June 30, 2019, 374,000 stock options with an exercise price of \$0.25 expired and their fair values of \$48,025 were reclassified to deficit from reserves.

At June 30, 2019, the Company's outstanding and exercisable stock options were as follows:

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price</b>	<b>Weighted average remaining contractual</b>
July 17, 2020	520,000	520,000	\$ 0.25	1.04
March 16, 2021	800,000	800,000	\$ 0.25	1.71
June 9, 2021	260,000	260,000	\$ 0.25	1.94
July 12, 2023	886,000	873,500	\$ 0.17	4.03
June 12, 2024	760,000	710,000	\$ 0.07	4.95
	<b>3,226,000</b>	<b>3,163,500</b>		<b>3.02</b>

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

**8. RELATED PARTY TRANSACTIONS**

**Services**

During the six months ended June 30, 2019, office rent of \$21,343 (2018 - \$19,950) was paid to a company related by way of a common director. No amount was due to this related party at June 30, 2019.

**Compensation of Key Management**

Key management includes the Company's directors, the President and Chief Executive Officer ("CEO"), VP Exploration, VP Corporate Development, Chief Financial Officer and Corporate Secretary. Their remuneration was as follows:

	Nature of Compensation	Six months ended June 30,	
		2019	2018
President and Chief Executive Officer	Salary and benefits	\$ 79,036	\$ 53,624
Vice President, Exploration	Consulting and project evaluation	50,837	27,513
Vice President, Corporate Development	Consulting	15,000	15,000
Corporate Secretary	Consulting	18,000	18,000
Chief Financial Officer	Accounting	28,800	24,000
		<b>\$ 191,673</b>	<b>\$ 138,137</b>

As at June 30, 2019, included in accounts payable was \$nil due to the related parties (December 31, 2018 - \$5,070 due to the CEO).

**9. COMMITMENT**

The Company has a commitment of \$58,765 for its Vancouver office lease expiring on August 31, 2020.

**10. SUPPLEMENTAL CASH FLOW INFORMATION**

	Six months ended June 30,	
	2019	2018
Fair value of shares issued for exploration and evaluation assets (Note 5(b))	\$ 31,500	\$ -
Marketable securities received on exploration and evaluation assets (Note 5(a))		46,250
Reclassification of fair value on expired options from reserves to deficit (Note 7)	48,025	-
Other cash flow information:		
Interest received	4,155	1,410
Income tax recovery	-	10,448

**11. SEGMENT INFORMATION**

The Company operates in one single reportable segment, being the acquisition and exploration of resource properties. At June 30, 2019, the carrying value of the Company's non-current assets were:

- \$400,791 (December 31, 2018 - \$467,611 (restated - Note 3)) located in Canada; and
- \$1 (December 31, 2018 - \$1) located in Mexico.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

---

## 12. CAPITAL MANAGEMENT

The Company defines its capital as all components of equity. The Company manages its capital structure by maintaining adequate funds to support the acquisition and exploration of minerals assets. The Board of Directors does not establish a 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. There were no changes in the Company's approach to capital management for the six months ended June 30, 2019. The Company is not subject to externally imposed capital requirements.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Fair value

The Company has classified its financial instruments as follows:

- Cash and cash equivalents – as amortized cost
- Marketable securities – as FVOCI
- Receivables and reclamation bond – as amortized cost
- Accounts payable and accrued liabilities – as other financial liabilities and amortized cost

The carrying values of receivables, reclamation bond, accounts payable and accrued liabilities approximate their fair values due to 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. The Company's marketable securities are classified as a level 1 financial asset. The fair value hierarchy is as follows:

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).

### Liquidity risk

Liquidity risk is the risk that the Company's financial assets are insufficient in meeting its financial obligations as they become due. The Company manages this risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure there is sufficient liquidity to meet the obligations. At June 30, 2019, the Company had cash and cash equivalents of \$1,058,232 to settle its current liabilities of \$64,020. The Company has sufficient liquidity to settle its obligations for the next 12 months. It will require additional funding if the business plan changes and the operations grow (Note 1).

### Credit risk

Credit risk is the risk that if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is equal to the carrying value of cash and cash equivalents and receivables. Receivables primarily comprise GST receivable. To minimize the credit risk, Commander deposits its cash and cash equivalents with a high credit-rating financial institution.

### Price risk and foreign currency risk

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. The Company is exposed to price risk with respect to its marketable securities. A 10% change in the share prices would affect their fair values and comprehensive loss (income) by approximately \$130,010.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2019**  
**(EXPRESSED IN CANADIAN DOLLARS)**

---

**14. SUBSEQUENT EVENT**

Subsequent to the six months ended June 30, 2019, on July 25, 2019, the Company entered into an option agreement with Freeport-McMoRan Mineral Properties Canada Inc. (“Freeport”) granting Freeport the option to earn up to a 75% interest in the Company’s Burn property in Smithers, BC by making staged option payments totaling \$560,000 in cash and spending \$2,500,000 in exploration expenditures (Note 5(c)).



## **Management's Discussion and Analysis**

For the Six Months Ended

June 30, 2019

---

**FORWARD-LOOKING STATEMENTS**

This Management Discussion and Analysis ("MD&A") contains forward-looking information within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators that involve risks and uncertainties.

Such forward-looking statements include statements of the Company's future plans, estimation of mineral resources, government regulations of the mining industry, requirements for operational funding, environmental risks, and anticipated timing of completion of property dispositions or acquisitions. These known or unknown risks and uncertainties could cause actual performance of the Company to differ materially from results implied by such forward-looking information. These uncertainties include future commodity pricing, capital market access, global economy and politics, government regulations, environmental restrictions, exploration results, permitting timelines, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

This MD&A has been prepared based on available information up to the date of this report, August 12, 2019 (the "Report Date") and should be read in conjunction with the Company's condensed interim consolidated financial statements for the six months ended June 30, 2019. The financial information disclosed in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with International Accounting Standard, IAS 34, *Interim Financial Reporting*. Additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website [www.commandersources.com](http://www.commandersources.com).

**DESCRIPTION OF BUSINESS**

Commander Resources Ltd. ("Commander") is in the business of acquisition, exploration and development of resource properties. The Company pursues the prospect generator model and focuses on building a portfolio of early stage exploration projects in Canada. For the ongoing exploration of the projects, Commander options to joint-venture partners. The approach has allowed the Company to accumulate a royalty portfolio as well as generating cash resources from the property option payments and share holdings.

Robert Cameron, P.Geo., President and Chief Executive Officer and a Qualified Person under National Instrument 43-101, has reviewed and approved the technical information presented in this MD&A.

**CHANGE IN ACCOUNTING POLICY**

During the six months ended June 30, 2019, with an effective date of January 1, 2019, the Company adopted a voluntary change in accounting policy, as permitted and accepted under IFRS 6 - *Exploration and Evaluation of Mineral Resources* ("IFRS 6"), with respect to exploration and evaluation ("E&E") expenditures. Previously, as permitted under IFRS 6, the Company capitalized costs relating to both the acquisition and exploration of its E&E assets, net of recoveries received.

The Company's new policy on accounting for E&E expenditures is to expense these costs until such time as the technical feasibility and commercial viability has been established that supports the future development of the property, and such development receives appropriate board approvals.

The Company has determined that the voluntary change in accounting policy results in financial statements providing more reliable and relevant information. The change in accounting policy is consistent with the accounting conceptual framework for the recognition of assets and is an accepted accounting practice in the mining industry. This change in accounting policy has been applied to all of the Company's E&E activities for all properties.

Under the previous accounting policy, the Company was required to perform an impairment assessment on the carrying value of the E&E assets. As of December 31, 2017, impairment indicators were noted and resulted in an impairment charge that wrote off all capitalized exploration expenditures, leaving only certain historical acquisition costs capitalized. As a result, the carrying value of E&E assets as at December 31, 2017, was \$264,966. There is no difference in the carrying value as at December 31, 2017, under the previous accounting policy, compared to the new accounting policy.

In accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* (“IAS 8”), the change in accounting policy has been made retrospectively and comparatives have been restated accordingly to all periods presented, as if the policy had always been applied.

## **QUARTER HIGHLIGHTS and SUBSEQUENT EVENT**

### EXPLORATION ACTIVITIES

#### **Sabin Property, Ontario**

In June 2019, the Company completed a rock sampling program which was the initial follow-up of the recently completed VTEM Plus airborne electromagnetic and magnetic survey which identified a significant number of high priority conductors throughout the property.

The rock sampling comprised selective grab samples of bedrock of which 30 samples were chosen for analysis and 126 samples for whole rock and trace element analysis to aid in alteration studies. Of the 30 rocks analyzed 10 were over limit and had to be re-analyzed by assay techniques. Of note are the two samples from the Kash Zone which comprises a nine-kilometre trend defined by variable strength conductors, low resistivity and magnetic highs. The best sample from Kash returned 5.1 g/t Au, 123 g/t Ag and 3.1 % Cu from a small exposure on the edge of a swamp from quartz, biotite, garnet schist with disseminated chalcopyrite. Similarly rocks from the Golsil zone were very high in silver and sample 1588601 returned 2.9 g/t Au, 484 g/t Ag and 7.2 % Cu.

#### **Burn Property, BC**

Subsequent to the period ended June 30, 2019, on July 25, 2019, the Company entered into an earn-in agreement with Freeport-McMoRan Mineral Properties Canada Inc. (“Freeport”) allowing Freeport to earn up to a 75% interest in the Burn property by making a total cash payment of \$560,000 and spending \$2,500,000 in exploration expenditures.

The 75% interest can be earned in 2 stages:

- 1) Initial 51% interest – cash payment of \$25,000 (received) upon the execution of the earn-in agreement  
cash payment of \$35,000 by July 25, 2020  
cash payment of \$50,000 by July 25, 2021  
cash payment of \$50,000 by July 25, 2022  
cash payment of \$100,000 by July 25, 2023 and  
by spending \$1,000,000 in exploration expenditures by July 25, 2023
- 2) Upon vesting a 51% interest, Freeport may elect to earn an additional 24% interest by spending \$1,500,000 in exploration expenditures and making three annual payments of \$100,000.

The completion of the earn-in conditions will result in a Joint Venture of 75% for Freeport and 25% for Commander. If either party dilutes to less than a 10% interest, that interest would be replaced with a 1% net smelter return royalty. The Company is the project operator until Freeport vests a 51% interest. Field work began in the last week of July 2019.

### EXPLORATION AND EVALUATION ASSETS

#### **CANADA**

##### ***October Dome Property, BC***

The October Dome gold property is located in the “Quesnel Trough” in central BC, near the town of Likely. The October Dome property is located 10km north of Imperial Metals Corporation’s (“Imperial”) Mt. Polley porphyry copper gold mine property and 7 km to the southeast of Barkerville Gold Mines Ltd.’s QR skarn gold mine property. The October Dome claims are subject to net smelter return (“NSR”) royalties of between 1.5% and 2%. In 2013 a 1,086-metre (six holes) diamond drill program targeted the northern end of a four-kilometre-long gold and arsenic soil anomaly that is coincident with an induced polarization (IP) chargeability anomaly. Holes OD-5 through OD-7 encountered diorite and monzonite intrusions within hornfelsed sediments and propylitized basalts. Hole OD-6 encountered a 15-metre core length of massive magnetite skarn with semi-massive pyrite layers accompanied by chalcopyrite, epidote and garnet at



the sediment/basalt contact. A nine-metre section of this skarn assayed 0.7 gram per tonne gold, including a three-metre length that returned 1.3 g/t Au. For full details of the drill program reference should be made to Bearing Resources news release dated December 3, 2013.

In November 2018, Commander completed magnetic surveys and data compilation on the October Dome property. Magnetic susceptibility measurements were collected from historical core drilled on the property as an aid to interpret the ground magnetic survey that was previously undertaken. This data was incorporated into the project database and will be used in subsequent work programs. Key targets on the property focused area are gold-bearing magnetite skarns.

#### **Mt. Polley Property, BC**

The Mt. Polley property is located adjacent to Imperial's Mt. Polley open-pit copper gold mine, which is approximately 100 km northeast of Williams Lake, BC. The claims are subject to a NSR of up to 2%. The Mt. Polley properties had previously included an additional area adjacent to that was sold to Imperial and over which the Company also retains a royalty on an adjacent parcel of land (~37 hectares) near Imperial's Boundary Zone. The royalty is \$2.50 per tonne for the first 400,000 tonnes of material milled and the \$1.25 per tonne for all tonnes milled in excess of 400,000 tonnes. The royalty per tonne in excess of 400,000 tonnes milled can be reduced to \$0.62 per tonne by Imperial making a payment of \$1 million. The Company is entitled to 90% of the royalty payments.

#### **Henry Lee Property, BC**

This property was acquired 100% based on regional compilations of government geoscience data and are targeting porphyry copper-style deposits. In September 2018, the Company completed preliminary mapping and sampling of soils and rocks. 3 lines spaced 200 metres apart with samples were collected at 100 m intervals, a single silt sample and the collection of 10 rocks. The soil sample results outline a sporadic elevated copper in soil anomaly (>200 ppm Cu) over the 600 metres covered by the sampling. A solitary silt sample located a further 400 metres to the north returned 545 ppm copper suggesting a possible additional extension to the area of anomalous copper. The sampling was discontinuous due to a series of large swamps.

Analytical work was performed by Bureau Veritas Commodities Canada Ltd., an internationally recognized analytical services provider. Rocks were crushed, split and pulverized with a subset of 250 g rock sieved to 200 mesh and analysed for gold by fire assay fusion Au by ICP-ES 30 and soils and silts were analysed by selecting an 80-mesh subsample and analyses by 4 Acid digestion and Ultratrace ICP-MS analysis. The Company plans additional work in 2019 including soil sampling and geological mapping.

On March 1, 2019, the Company entered into a purchase agreement to acquire a 100% interest in two mineral claims adjacent to Commander's Henry Lee property. The total consideration was \$56,500 (\$25,000 in cash and 350,000 shares at \$0.09 per share for \$31,500). The vendor retains a 1% net smelter return royalty and is entitled to receive a one-time royalty payment of \$1,000,000 upon the commencement of commercial production.

#### **Burn Property, BC**

The Burn property was acquired by map-staking in October 2018 and further expanded in November 2018 following a one-day field visit. The property covers a large prominent gossan which is underlain by extensive pyrite rich phyllic alteration of quartz, biotite feldspar porphyry reflective of a potential porphyry copper system. Ten rock samples were collected of which 3 were greater than 200 ppm copper and one sample that returned 0.11% copper.

Analytical work was performed by Bureau Veritas Commodities Canada Ltd., an internationally recognized analytical services provider. Rocks were crushed, split and pulverized with a subset of 250 g rock sieved to 200 mesh and analysed for gold by fire assay fusion Au by ICP-ES 30.

On July 25, 2019, the Company and Freeport entered into an earn-in agreement granting Freeport to acquire up to a 75% interest in the Burn property by making a total cash payment of \$560,000 and spending \$2,500,000 in exploration expenditures. Further details refer to "Quarter Highlights and Subsequent Event".

*Flume Property, Yukon*

On March 6, 2017, Commander entered into an option agreement with K2 Gold Corporation ("K2") granting K2 the option to acquire a 100% interest in the property. In August 2018, K2 terminated the option agreement. As K2 had only partially met its 2018 exploration commitment of \$200,000, on September 25, 2018, it issued 285,283 common shares to the Company to settle the remaining outstanding commitment of \$65,615. The common shares were issued at a value of \$0.23 per share. During the optioning period (March 2017 to August 2018), the Company received option payments from K2 a total of \$188,115 with \$60,000 in cash and 485,283 K2's common shares fair-valued at \$128,115.

In June 2019, the Company completed a review and reinterpretation of historical exploration data of the Flume property conducted by SRK Consulting Inc ("SRK"). The Company plans additional work in 2019 including soil sampling and geological mapping and ground review of targets highlighted by the SRK study.

*South Voisey's Bay Property, Labrador*

The South Voisey's Bay property (29,400 hectares) is located in central Labrador approximately 80 km due south of the operating Voisey's Bay nickel mine and covers parts of the Pants Lake gabbro complex in the South Voisey's Bay area. The Pants Lake Complex contains host rocks with alteration and nickel mineralization styles that are similar to the Voisey's Bay hosts. Prior to June 5, 2017, the property ownership was: Commander and 85% and Fjordland Exploration Inc. ("Fjordland") 15%.

On June 5, 2017, Commander and Fjordland entered into a Letter of Intent ("LOI") whereby Fjordland has the option to acquire the remaining 85% interest in the project by making a total cash payment of \$290,000, issuing a total of 4,500,000 Fjordland shares and spending \$8,000,000 in exploration expenditures. Upon Fjordland vesting a 100% interest, Commander will retain a 2% NSR. Fjordland has the right to buy back 1% of the NSR for either \$5,000,000 in cash or \$2,500,000 in cash plus \$2,500,000 in Fjordland's common shares. When commercial production starts, Fjordland will make an advance royalty payment of \$10,000,000 to Commander.

In October 2017, Fjordland completed its first 20% earn-in option by spending \$600,000 in exploration. As such, its vested interest in the property increased to 35%.

In October 2017, Fjordland completed a drill program of 1,469 metres which tested six shallow UTEM geophysical targets. The best results were from holes 17-2 which returned 0.8 metres grading 0.63% nickel, 0.30% copper and 0.1% cobalt and hole 17-6 which returned 3.9 metres grading 0.37% nickel, 0.27% copper and 0.1 % cobalt.

Fjordland's 2018 exploration program was completed in August and comprised 1,253.2 metres of core drilling in 11 holes along with property wide geological mapping. The 2018 drilling program was designed to test the role of structure in controlling magma emplacement, and sulphide accumulation. Several drill holes were selected to test conductive structures interpreted from reprocessing of historical geophysical data that occur close to structures interpreted from satellite images and geological mapping. Overall results were low with higher grades being associated with basal accumulations of sulphides over narrow thicknesses. The intersections comprise clots and semi-massive sulphide comprised primarily of pyrrhotite with minor pentlandite and chalcopyrite occurring at or near the base of gabbro sills.

Geological and structural mapping and property-wide prospecting programs were also completed during the 2018 field operation.

During the year ended December 31, 2017, the Company performed an impairment assessment of the South Voisey's Bay project based on the terms of the LOI with Fjordland. The assessment determined that the project's carrying value was lower than the recoverable amount, which is the greater of the its value in use ("VIU") and its fair value less cost to sell ("FVLCS"). The recoverable amount was determined to be the FVLCS. In calculating the FVLCS, the Company used significant assumptions and estimates as follows: i) discount rate of 15%, ii) probability-weighted cash flows from the option payments, and iii) probability-weighted fair values of Fjordland's common shares to be received, with an estimated share price of \$0.35. As a result, the Company recognized an impairment loss of \$1,933,200 in profit or loss during the year ended December 31, 2017.

During the period/year ended June 30, 2019 and December 31, 2018, the Company reassessed the carrying value of the project by reviewing the probability-weighted fair values of Fjordland's common shares to be received. The Company determined that no additional impairment indicator was present as at June 30, 2019 and December 31, 2018.

#### *Sabin Property, Ontario*

The property is located at the north margin of the mineral-rich Sturgeon Lake Greenstone belt of Archean metavolcanic and metasedimentary rocks in the Wabigoon Sub-Province of the Superior Province, 400 km northwest of Thunder Bay, about 10 kilometres north of the community of Savant Lake, Ontario. The property is known to host a VMS base-precious metal deposit called the Marchington Zone.

In October 2018, the Company completed an airborne versatile time domain electromagnetic survey (VTEM) on the property. The airborne survey consisted of 370-line kilometres of electromagnetic and magnetic surveying by Geotech Ltd., using its latest generation VTEM plus system. The survey results were delivered in January 2019. Commander's geophysical consultant, Brian Bengert, P.Geo., has interpreted the data and identified a significant number of high priority conductors throughout the property and as well as areas just outside the original claim block. As a consequence, the Company staked additional claims to expand the property to 9,870 hectares to cover these new targets as well as prospective geology to the west. Processing of the results is ongoing with a program of modelling specific conductor picks to refine potential drill targets. A program of geological mapping, alteration studies and ground follow-up of identified conductors is planned for 2019.

During the six months ended June 30, 2019, the Company completed a rock sampling program, a follow-up of the 2018 VTEM Plus airborne electromagnetic and magnetic survey which identified a significant number of high priority conductors throughout the Sabin property. For further details, refer to "Quarter Highlights and Subsequent Event".

#### *Omineca Property, BC*

The property is located in North Central BC within the prolific copper-gold producing Quesnel terrane.

Previous work on the Omineca project included reconnaissance prospecting, mapping and geochemical sampling, which identified high copper and gold soil geochemistry within the Abe property in a porphyry copper-gold setting. An overlapping anomalous zone of >1,000 ppm Cu (0.1%) in soils and up to 250 ppb Au in soils (0.25 g/t Au) covers over 1.8 km in extent. Anomalous gold values (>50 ppb) extend a further 1.5 km beyond this zone.

A compilation of historical work was undertaken during the first half of 2017. Additional claims were added to the property to cover possible extensions of the soil anomaly to the south of the existing targets. Reconnaissance geological mapping and soil sampling was completed in August 2017. A total of 8 rock and 58 soil samples were collected to delineate the southern boundary of Au in soils in historical soil data. This program succeeded in extending the Au in soil anomaly another 1 km along strike to a combined size of 1 x 5 km area with > 100 ppb Au which is open to the south and east. A vein sampled in this area returned 20.9 g/t Au.

In September 2018, a program of geological mapping and prospecting of the eastern gold/copper soil anomaly was completed. This eastern portion of the larger soil anomaly is associated with propylitic and fe-carbonate alteration of diorite and volcanic with local magnetite stockworks. Analytical results for 57 rocks samples comprised grab samples from talus (transported) and bedrock were received in December 2018. Of the 57 samples analysed 6 samples returned values greater than 1,000 ppm copper.

The analytical work was performed by Bureau Veritas Commodities Canada Ltd., an internationally recognized analytical services provider. Rocks were crushed, split and pulverized with a subset of 250 g rock sieved to 200 mesh and analysed for gold by fire assay fusion Au by ICP-ES 30.

The mapping and prospecting costs of \$24,812 incurred in 2018 (2017 - \$33,138) were written off in profit of loss of 2017 as no significant exploration work was planned on the project.

In December 2018, the Company received a BC mining exploration tax credit of \$12,462 relating to the project's 2017 qualifying exploration expenditures. The exploration tax credit was recorded as a reduction to the exploration and evaluation assets in 2018.

#### *Rebel Property, BC*

In November 2016, the Company acquired the Rebel zinc and lead property by way of staking. The 1,620-hectare Rebel property occurs on the southern end of the Kechika trough, a geological feature that is host to numerous sedimentary exhalative (sedex) zinc-lead-silver-boron deposits and showings and covers the Rebel prospect.

Compilation of available public domain data shows a 1.7-kilometre lead-in-soil (40-part-per-million cut-off) anomaly that is partially coincident with the massive pyrite and ferricrete outcrops. Reported assays from the massive pyrite zone contain low to anomalous Pb, Zn and Ba with the best sample being 0.5 per cent Zn, 0.2 per cent Pb and 24.6 grams per tonne Ag.

Geological mapping, soil sampling and detailed XRF analyses of pyrite horizons were completed in August 2017. A total of 52 soil and 4 rock samples were collected and 93 XRF analyses were completed. Mapping confirmed the presence of two distinct pyritic SEDEX horizons (up to 30 m thick) with elevated Zn and Pb values and defined the southern horizon that extends for more than 2 km and is open ended to the east and west. XRF analyses demonstrated the massive pyrite horizon is anomalous in Pb with values up to 0.58%. A zone 10 m thick with 4 spaced readings returned 0.29% Pb and an average of 0.14% Pb taken from the overall pyritic horizon.

#### *Nepisiguit Property, New Brunswick*

The Nepisiguit property consists of 55 contiguous mineral claim units (1,203.9 hectares) located approximately 40 kilometres southwest of the city of Bathurst, New Brunswick within the eastern section of the Bathurst Mining Camp one of Canada's most important base metal mining districts. Base metal mineralization has been encountered through drilling in 46 of 69 holes drilled on the Property to date, generally related to iron formations located near the boundary between the Flat Landing Brook and the Nepisiguit Falls formations. Disseminated and stockwork mineralization has also been encountered in Nepisiguit Falls formation rock to the eastern extent of the Property.

The Nepisiguit property area has been explored by various companies and individuals since 1955. Two exploration targets exist for future exploration efforts. The easternmost target is interpreted as a stringer zone situated below a possible massive sulphide Brunswick horizon and to the west, iron formations typically associated with Brunswick horizon massive sulphides occur at depth.

In 2018, the Company compiled data in preparation for a NI 43-101 compliant technical report. In 2019, site visit was carried out for further data compilation.

#### *Storm Property, Nunavut*

On February 18, 2016, the Company completed the sale transaction of the Storm Property with Aston Bay Holdings Ltd. ("Aston") and received 11,000,000 shares of Aston with a fair value of \$2,640,000. These shares are pooled and will be released in four equal tranches of 2,750,000 shares on each anniversary date starting February 18, 2017 to 2020. As of the report date, the Company held 8.49% of Aston's total outstanding common shares.

#### *Olympic and Rob Properties, Yukon*

The properties cover 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. The Olympic property is located just within the proposed boundary of the Peel Watershed Plan. In 2014, the Yukon government presented its plan for the Peel Watershed area. It now encompasses the Olympic Property in a Protected Area designation that could impact the Company's ability to access or develop a mine at that site.

The Yukon government provides relief from assessment work due to the uncertainties surrounding the Peel Watershed plan and the claims are in good standing to December 31, 2020.

**MEXICO**

Pedro Property, Durango

The wholly owned Pedro claims are located approximately 100 kilometres from the city of Torreon. Pedro is consisted of a number of targets including the HP Breccia prospect, a gold in soil anomaly extending over a 4000 x 600m in area that coincides with extensive silicified sedimentary breccias and conglomerate, and the Las Lajas gold prospect.

A drill program by previous operators comprised 11 drill holes totaling 1,744 metres, of which two holes (409 metres) were cored and the remaining drilled by reverse circulation. Areas tested included the HP breccia prospect and its northern extension, approximately three kilometres. The best results were encountered in hole LP-013-R that returned a core length of 10.5 metres grading 0.51 gram per tonne gold from silicified conglomerate of the Ahuichila formation. For full details of the drill program reference should be made to Bearing Resources news release dated July 3, 2014. At December 31, 2017, \$8,417 was written off from the property's carrying value.

A work program was completed in December 2018 which comprised on site geological mapping and a remote sensing survey consisting the creation of a hi-resolution digital elevation model and a WorldView-3 Alteration Mineral Mapping exercise completed by PhotoSat of Vancouver BC, Canada. Results of the remote sensing program were received in January 2019 and are currently being compiled. Preliminary review of the results indicate that the target is highlighted by elevated sericite and hydroxyl minerals. Additional alteration minerals including alunite and kaolinite occur in areas that have not been visited and will guide additional planned work in 2019. A subsequent site visit was completed in April 2019 and included community meetings and a limited mapping program.

**SUMMARY OF QUARTERLY RESULTS**

	2019		2018 (restated)				2017	
	Jun 30	Mar 31 (restated)	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Royalty income	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000	\$ -
Net (loss) income	\$ (338,063)	\$ (266,474)	\$ (83,854)	\$ (599,931)	\$ (97,870)	\$ (106,739)	\$ (856,763)	\$(2,044,475)
Total comprehensive income (loss)	\$ 320,956	\$ (93,751)	\$(1,003,470)	\$(1,359,121)	\$ (941,530)	\$1,080,171	\$ (763,643)	\$(1,957,505)
Basic and diluted (loss) income per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)

**RESULTS OF OPERATIONS**

**Loss (Income) for the six months ended June 30, 2019 and 2018**

The Company reported loss of \$604,537 for the six months ended June 30, 2019 as compared to loss of \$204,609 (restated) in the same period of 2018. The higher loss for the six months of 2019 was primarily due to the Company's change of accounting policy in expensing exploration costs on its exploration and evaluation ("E&E") assets. Formerly, the Company capitalized both the acquisition and exploration costs, net of recoveries received, on its E&E assets.

Expenses for the six months ended June 30, 2019 were \$608,167 (2018 - \$298,116 (restated)). The higher 2019 expenses were attributable to: (a) office administration, (b) investor and shareholder relations, (c) salaries and benefits, (d) share-based compensation, and (e) E&E expenditures. Variances are detailed below.

Office administration for the six months of 2019 was \$57,084 (2018 - \$37,211). In 2019, the Company acquired geographical information system licenses and provided software training for its geological personnel. In addition, the Company consolidated and moved its historical files to a larger storage space resulting in increased personnel and storage rental costs.

**Commander Resources Ltd.**  
**Management's Discussion and Analysis**  
**For the Six months ended June 30, 2019**

August 12, 2019

Investor and shareholder relations for the two quarters of 2019 were \$112,780 (2018 - \$67,316). In 2019, the Company increased its participation in mineral resources conferences as well as subscribing to marketing and networking programs to expand its presence in the resource industry.

Salary and benefits were \$79,036 for the six months ended June 30, 2019 (2018 - \$53,624). The higher cost in 2019 was due to the compensation increase of the Chief Executive officer taking effect in July 2018.

Share-based compensation of \$49,468 was incurred in the second quarter of 2019 versus \$nil in 2018. The 2019 expenses were attributable to the vesting of the stock options granted in June 2019.

E&E expenditures for the period ended June 30, 2019 were \$193,061 (2018 - \$10,330 (restated)). During the six months ended June 30, 2019, the major exploration activities carried out on the following properties were:

- 1) Sabin - rock sampling program (\$78,615)
- 2) Flume – litho-structural geological interpretation of Flume’s historical aeromagnetic data (\$37,715)
- 3) Burn – satellite Ortho-photo/survey, map and data compilation (\$10,942)
- 4) Nepisiguit – site visit to compile data on the property (\$15,535)
- 5) Pedro – claim maintenance, site visit including community meetings and a mapping program (\$33,229)

#### **LIQUIDITY AND CAPITAL RESOURCES**

The Company is at the exploration stage and no revenue has been generated to date. The Company has been relying on equity financings and sales of assets to continue its operations. At June 30, 2019, the Company had cash and cash equivalents of \$1,058,232, working capital of \$2,348,261 and current liabilities of \$64,020. The Company has sufficient liquidity to settle its obligations for the next 12 months. However, it will require additional financing to continue its operations beyond the current fiscal year.

#### **OUTSTANDING SHARE DATA**

At August 12, 2019, the Company had:

Common shares issued and outstanding: 35,650,772

Stock options outstanding and exercisable with their exercise prices and expiry dates:

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price</b>
July 17, 2020	520,000	520,000	\$ 0.25
March 16, 2021	800,000	800,000	\$ 0.25
June 9, 2021	260,000	260,000	\$ 0.25
July 12, 2023	886,000	873,500	\$ 0.17
June 12, 2024	760,000	710,000	\$ 0.07
	<b>3,226,000</b>	<b>3,163,500</b>	

Warrants outstanding: 12,240,258 share purchase warrants and 517,883 finder’s warrants, entitling the holder of each warrant the right to purchase a common share at \$0.25 per share until May 18, 2020.

## RELATED PARTY TRANSACTIONS

### Services

During the six months ended June 30, 2019, office rent of \$21,343 (2018 - \$19,950) was paid to a Company related by way of a common director. No amount was due to this related party at June 30, 2019.

### Compensation of Key Management

Key management includes the Company's directors, the President and Chief Executive Officer ("CEO"), VP Exploration, VP Corporate Development, Chief Financial Officer and Corporate Secretary. Their remuneration was as follows:

	Nature of Compensation	Six months ended June 30,	
		2019	2018
President and Chief Executive Officer	Salary and benefits	\$ 79,036	\$ 53,624
Vice President, Exploration	Consulting and project evaluation	50,837	27,513
Vice President, Corporate Development	Consulting	15,000	15,000
Corporate Secretary	Consulting	18,000	18,000
Chief Financial Officer	Accounting	28,800	24,000
		\$ 191,673	\$ 138,137

As at June 30, 2019, included in accounts payable was \$nil due to the related parties (December 31, 2018 - \$5,070).

### OFF BALANCE SHEET ARRANGEMENTS and PROPOSED TRANSACTIONS

As of the report date, the Company has neither off-balance sheet arrangements nor proposed transactions.

### COMMITMENT

The Company has a commitment of \$58,765 for its Vancouver office lease expiring on August 31, 2020.

### FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit or loss ("FVPL") or FVOCI.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVPL. This includes all derivative assets. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

Loss allowances for 'expected credit losses' are recognized on financial assets measured at amortized cost, contract assets and investments in debt instruments measured at FVOCI, but not to equity investments. A loss event is not required to have occurred before a credit loss is recognized.

The Company has classified and measured its financial instruments as described below:

- Cash and cash equivalents, receivables, and reclamation bond are classified as and measured at amortized cost.
- Marketable securities, where the Company cannot exert significant influence, are classified as and measured at FVOCI. Previously under IAS 39, the marketable securities were classified as available-for-sale and measured at FVOCI. On transition to IFRS 9, the Company made the irrevocable election available under the standard to designate all of its marketable securities as FVOCI because these investments are not held for trading.
- Accounts payable and accrued liabilities are classified as and measured at amortized cost.

## **NEW ACCOUNTING STANDARDS**

### **IFRS 16 – Leases ("IFRS 16")**

IFRS 16 was issued by the IASB on January 13, 2016, and replaced IAS 17, Leases. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

There was no impact to the Company's financial statements as a result of adopting this new standard, as the Company's Vancouver office lease (Note 9) did not meet the right-of-use asset criteria in IFRS 16.

### **New Interpretation IFRIC 23 - Uncertainty over Income Tax Treatments ("IFRIC 23")**

On June 7, 2017, the IASB issued IFRIC 23 which provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

There was no impact to the Company's financial statements as a result of adopting this new standard.

## **FINANCIAL RISK MANAGEMENT**

### **Liquidity Risk**

Liquidity risk is the risk that the Company's financial assets are insufficient in meeting its financial obligations as they become due. The Company manages this risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure there is sufficient liquidity to meet the obligations. At June 30, 2019, the Company had cash and cash equivalents of \$1,058,232 to settle its current liabilities of \$64,020. The Company has sufficient liquidity to settle its obligations for the next fiscal year. However, it requires additional funding if the business plan changes and the operations grow.

### **Credit Risk**

Credit risk is the risk that if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is equal to the carrying value of cash and cash equivalents and receivables. Receivables primarily comprise GST receivable. To minimize the credit risk, Commander places cash and cash equivalents at high credit rating financial institution.



---

**Price Risk and Foreign Currency Risk**

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 price risk with respect to its marketable securities. A 10% change in the share prices would affect their fair values and comprehensive loss (income) by approximately \$130,010 (December 31, 2018 - \$107,290). In 2016, Commander acquired exploration and evaluation assets located in Mexico and may be subject to future foreign currency risk. At June 30, 2019, the risk was insignificant.

**RISKS AND UNCERTAINTIES**

Mineral exploration involves high degree of risks. There is a significant probability that the expenditures made in exploring the Company's properties will not result in discoveries of economically viable quantities of minerals. Ongoing costly expenditures are required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The principal risks faced by the Company are as follows:

**Exploration**

The Company is seeking mineral deposits of commercial quantities on its exploration projects. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities.

**Market**

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer-term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

**Title**

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. Commander's exploration and evaluation asset interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

**Metal Prices**

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resource are discovered, a profitable market will exist. The price of various metals is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. There can be no assurance that the price of any metal will be such that the Company's exploration and evaluation assets can be mined at a profit.

**Financing**

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

### **Share Price Volatility and Price Fluctuations**

Securities markets in the world have been experiencing high level of volatility, and the share prices of securities of many companies, particularly junior exploration companies like Commander, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

### **Key Personnel**

The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

### **Environmental and Other Regulatory Requirements**

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Amendments to current laws, regulations and permits governing operations and activities of mining companies could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties. To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.



---

## HEAD OFFICE

Commander Resources Ltd.  
1100 - 1111 Melville Street  
Vancouver, British Columbia  
Canada V6E 3V6

**TEL:** (604) 685-5254

**TOLL FREE:** 1-800-667-7866

**Email:** [info@commanderresources.com](mailto:info@commanderresources.com)

## OFFICERS & DIRECTORS

Brandon Macdonald  
*Chairman and Director*

Robert Cameron, P.Geo.  
*Director, President and Chief Executive Officer*

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

David Watkins, M.Sc.  
*Director*

Eric W. Norton, P.Eng.  
*Director*

Stephen Wetherup, P.Geo.  
*Vice President, Exploration*

Patricia Fong, CPA (CMA)  
*Chief Financial Officer*

Janice Davies  
*Corporate Secretary*

## LISTINGS

TSX Venture Exchange: CMD  
U.S. 12g Exemption: #82-2996

## CAPITALIZATION

(As at Report Date)

Shares Authorized: Unlimited  
Shares Issued: 35,650,772

## REGISTRAR & TRUST AGENT

Computershare Trust Company of Canada  
510 Burrard Street, 3rd Floor  
Vancouver, BC  
V6C 3B9

## AUDITOR

Davidson & Company LLP, Chartered Accountants  
1200 - 609 Granville Street  
P.O. Box 10372, Pacific Centre  
Vancouver, British Columbia  
V7Y 1G6

## LEGAL COUNSEL

Harper Grey LLP  
3200 – 650 West Georgia Street  
Vancouver, British Columbia  
V6B 4P7