



Condensed Interim Consolidated Financial Statements

FOR THE SIX MONTHS ENDED

JUNE 30, 2020

(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 Canadian Professional Accountants of Canada.

COMMANDER RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

	Note	June 30, 2020 \$	December 31, 2019 \$
ASSETS			
Current assets			
Cash and cash equivalents		299,743	708,740
Receivables		6,831	14,950
Prepaid expenses		38,700	50,478
Marketable securities	3	1,597,010	1,240,520
		1,942,284	2,014,688
Non-current assets			
Reclamation bond	4	18,000	18,000
Exploration and evaluation assets	4	189,856	174,166
Equipment	5	69,185	96,326
		277,041	288,492
TOTAL ASSETS		2,219,325	2,303,180
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		25,335	53,376
Lease liability	5	4,675	28,745
Loan payable	6	40,000	-
Advance from optionee	4(b)	37,771	41,089
		107,781	123,210
SHAREHOLDERS' EQUITY			
Share capital	7	41,143,735	41,143,735
Reserves	7	347,227	868,981
Accumulated other comprehensive loss		(1,805,914)	(2,170,604)
Deficit		(37,573,504)	(37,662,142)
		2,111,544	2,179,970
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,219,325	2,303,180
Nature of operations and going concern	1		
Commitment	9		

Approved on behalf of the Board of Directors on August 28, 2020:

"Eric Norton"

Director

"Brandon Macdonald"

Director

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

COMMANDER RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

	Note	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
		\$	\$	\$	\$
Expenses					
Accounting and audit	8	14,319	14,373	34,610	36,814
Administration		3,170	10,386	15,287	31,839
Amortization	5	13,570	13,213	27,141	25,866
Consulting	8	17,100	16,500	34,200	33,000
Exploration and evaluation expenditures	2, 4	9,564	140,730	41,711	193,061
Filing fees and transfer agent		2,519	660	10,009	9,599
Finance costs	5	407	1,562	1,115	3,395
Investor and shareholder relations		35,522	36,353	146,910	112,780
Legal		5,041	4,022	7,558	6,783
Project evaluation		34,151	15,031	44,385	26,526
Salary and benefits	8	28,845	38,735	69,182	79,036
Share-based compensation	7	805	47,603	3,220	49,468
Loss from operating expenses		(165,013)	(339,168)	(435,328)	(608,167)
Foreign exchange loss		(982)	(990)	(2,308)	(525)
Interest and management fee income	4(b)	121	2,095	1,300	4,155
Loss for the period		(165,874)	(338,063)	(436,336)	(604,537)
Other comprehensive loss					
<i>Item that will not be reclassified to profit or loss</i>					
Change in fair value of marketable securities at FVOCI	3	763,570	320,956	364,690	227,205
Loss and comprehensive loss for the period		597,696	(17,107)	(71,646)	(377,332)
Loss per share					
Weighted average number of common shares outstanding					
- Basic #		35,650,772	35,403,375	35,650,772	35,403,375
- Diluted #		35,650,772	35,403,375	35,650,772	35,403,375
Basic loss per share \$		(0.01)	(0.01)	(0.01)	(0.02)
Diluted loss per share \$		(0.01)	(0.01)	(0.01)	(0.02)

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

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

COMMANDER RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

	Number of Shares #	Share capital \$	Reserves \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total shareholders' equity \$
January 1, 2019, as previously reported	35,300,772	41,112,235	865,673	(2,478,566)	(36,535,215)	2,964,127
Impact of change in accounting policy	-	-	-	-	(523)	(523)
January 1, 2019, adjusted balance	35,300,772	41,112,235	865,673	(2,478,566)	(36,535,738)	2,963,604
Shares issued for exploration and evaluation assets	350,000	31,500	-	-	-	31,500
Share-based compensation	-	-	49,468	-	-	49,468
Reclassification on expiry of options	-	-	(48,025)	-	48,025	-
Fair value adjustment on marketable securities	-	-	-	227,205	-	227,205
Loss for the period	-	-	-	-	(604,537)	(604,537)
June 30, 2019	35,650,772	41,143,735	867,116	(2,251,361)	(37,092,250)	2,667,240
January 1, 2020	35,650,772	41,143,735	868,981	(2,170,604)	(37,662,142)	2,179,970
Share-based compensation	-	-	3,220	-	-	3,220
Reclassification on expiry of warrants	-	-	(524,974)	-	524,974	-
Fair value adjustment on marketable securities	-	-	-	364,690	-	364,690
Loss for the period	-	-	-	-	(436,336)	(436,336)
June 30, 2020	35,650,772	41,143,735	347,227	(1,805,914)	(37,573,504)	2,111,544

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

COMMANDER RESOURCES LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

	Six months ended June 30,	
	2020	2019
	\$	\$
Operating activities		
Loss for the period	(436,336)	(604,537)
Items not affecting cash:		
Amortization	27,141	25,866
Finance costs	1,115	3,395
Share-based compensation	3,220	49,468
Changes in non-cash working capital:		
Receivables	8,119	16,328
Prepaid expenses	11,778	-
Accounts payable and accrued liabilities	(28,041)	(37,419)
Advance from optionee	(3,318)	-
	(416,322)	(546,899)
Investing activities		
Acquisition costs on exploration and evaluation assets	(15,690)	(39,200)
Lease payments	(25,185)	(25,186)
Proceeds from sale of marketable securities	8,200	-
Purchase of equipment	-	(17,746)
	(32,675)	(82,132)
Financing activities		
Loan from government business program	40,000	-
Change in cash and cash equivalents	(408,997)	(629,031)
Cash and cash equivalents, beginning of period	708,740	1,687,263
Cash and cash equivalents, end of period	299,743	1,058,232
Cash and cash equivalents comprise:		
Cash at bank - Canadian dollars	127,639	495,764
Cash at bank - Mexican pesos	9,855	22,198
Money market funds - Canadian dollars	162,249	540,270
Cash and cash equivalents in Canadian dollars	299,743	1,058,232

Supplemental cash flow information (Note 10)

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

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

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(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 and exploration of mineral resource properties in Canada and Mexico. Commander pursues the prospect generator model and focuses on building a portfolio of early stage exploration projects. For the ongoing exploration of the projects, the Company aims to option interests in the projects to joint venture partners.

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. The Company has incurred ongoing losses and will continue to incur further losses in the course of exploring its mineral properties. As at June 30, 2020, the Company had a deficit of \$37,573,504 (December 31, 2019 - \$37,662,142) and working capital of \$1,834,503 (December 31, 2019 - \$1,891,478). Commander has historically relied on the issuance of share capital to fund its operations. Although the Company has been successful in raising equity financing in the past, there is no assurance that such financing will continue to be available with acceptable terms. These uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

The COVID-19 outbreak continues to spread and resurge in many countries since it was declared a global pandemic in March 2020. The persistent pandemic impedes global economic recovery and creates volatilities in commodity prices and financial markets. It is not possible to predict the duration of the pandemic. However, if the outbreak continues to endure over to next fiscal year, it may affect the Company’s continued operations and its ability to obtain the required financing on acceptable terms.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company prepares these financial statements in accordance with International Financial Reporting Standards and Interpretations (collectively, “IFRS”), as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements comply with International Accounting Standards 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 most recent annual consolidated financial statements for the year ended December 31, 2019.

These financial statements have been prepared on the historical cost basis, except for financial instruments measured at fair value. Additionally, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

Principles of consolidation

These financial statements include the accounts of the Company and the following wholly-owned subsidiaries:

- BRZ Mex Holdings Ltd. (“BRZM”); and
- Minera BRG SA de CV (“Minera BRG”).

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.

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The significant estimates and judgments that affect these financial statements are as follows:

Recoverability of exploration and evaluation ("E&E") assets

The Company formerly capitalized E&E expenditures until December 31, 2018. Effective January 1, 2019, the Company expenses its E&E expenditures. However, the Company continues to capitalize acquisition costs related to E&E assets which comprise staking costs, and option payments, based on the judgment that the carrying amounts will be recoverable. Their recoverability depends on various factors such as the discovery of economically viable reserves, the Company's ability to obtain the financing to continue exploration and development efforts, or from disposition of the E&E assets. If new information becomes available suggesting the recovery of these expenditures is unlikely, the capitalized costs are written-off to profit or loss for the period.

Share-based compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and compensatory finders' warrants. The Black-Scholes' fair value calculation requires management to make estimates and assumptions on future volatility of the stock price, risk-free interest rate, expected life, expected dividend yield, and future forfeiture rates of stock options and finders' warrants. Changes in any of these input assumptions could materially impact reserves, share issue costs, and share-based compensation expense.

Going concern

The Company applies judgment in assessing its ability to continue as a going concern. In making this assessment, the Company considers the facts and circumstances disclosed in Note 1. The Company concludes that there is a material uncertainty that might cast significant doubt about its ability to continue as a going concern.

Change in Accounting Policy

In April 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 under IFRS 6, the Company capitalized both the acquisition and exploration costs on its E&E assets. After adopting the policy change, Commander expenses the exploration costs until such time as the technical feasibility and commercial viability has been established that supports the future development of the property.

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

3. MARKETABLE SECURITIES

	Note	June 30, 2020 \$	December 31, 2019 \$
<i>Common shares of public companies:</i>			
Fair value, beginning of period		1,240,520	1,072,899
Additions	4(d)	-	18,000
Net proceeds from sales		(8,200)	(158,341)
Unrealized gain		364,690	307,962
Fair value, end of period		1,597,010	1,240,520

Commander 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. All of the Company's marketable securities are classified as FVOCI because these investment are not held for trading.

The Company's holdings in marketable securities comprise common shares of publicly traded companies received as option payments on the sale of exploration and evaluation assets. The significant holdings or transactions as at June 30, 2020 were as follows:

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 former Storm Property. The 11,000,000 common shares were held in a four-year escrow and have been all released as of February 18, 2020.

In June 2020, the Company sold 76,000 Aston shares for net proceeds of \$8,200 (2019 – nil). The adjustments to the fair values of the marketable securities resulted in unrealized gain of 364,690 (2019 - \$307,962).

4. EXPLORATION AND EVALUATION ASSETS

In January 2019, the Company adopted a voluntary change in accounting policy with respect to expenditures on exploration and evaluation ("E&E") assets (Note 2). 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.

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

As at June 30, 2020, the cumulative expenditures on exploration and evaluation assets were as follows:

	(Restated) December 31, 2018 \$	Acquisition costs \$	Option proceeds \$	Cost recoveries/ write-offs \$	December 31, 2019 \$	Acquisition costs \$	March 31, 2020 \$
British Columbia projects							
October Dome and Mt. Polley	174	-	(45,000)	45,000	174	-	174
Henry Lee	3,164	58,904	-	-	62,068	-	62,068
Burn	28,308	3,007	(25,000)	-	6,315	-	6,315
Omineca	3,140	-	-	-	3,140	-	3,140
	34,786	61,911	(70,000)	45,000	71,697	-	71,697
Other Canadian projects							
South Voisey's Bay (Labrador)	123,667	-	(33,000)	-	90,667	-	90,667
First Loon and Staunton (Ontario)	-	-	-	-	-	15,690	15,690
Sabin (Ontario)	1	11,800	-	-	11,801	-	11,801
Flume (Yukon)	1	-	-	(1)	-	-	-
Olympic and Rob (Yukon)	1	-	-	(1)	-	-	-
Nepisiguit (New Brunswick)	1	-	-	(1)	-	-	-
Storm (Nunavut)	1	-	-	(1)	-	-	-
	123,672	11,800	(33,000)	(4)	102,468	15,690	118,158
Mexico project							
Pedro	1	-	-	-	1	-	1
	1	-	-	-	1	-	1
Total	158,459	73,711	(103,000)	44,996	174,166	15,690	189,856

Exploration and Evaluation Expenditures

During the six months ended June 30, 2020, the Company's E&E expenditures were as follows:

	British Columbia				Ontario			Mexico	Total \$
	October Dome \$	Henry Lee \$	Burn \$	Omineca \$	Sabin \$	First Loon \$	Garden Lake \$	Pedro \$	
Claim maintenance	-	-	-	-	2,656	1,575	-	12,818	17,049
Data, maps and reports	3,125	2,675	3,325	2,475	4,087	4,850	2,375	175	23,087
Geological	-	-	-	-	1,575	-	-	-	1,575
Total	3,125	2,675	3,325	2,475	8,318	6,425	2,375	12,993	41,711

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

	British Columbia				Yukon	Ontario	New Brunswick	Mexico	Total \$
	October Dome \$	Henry Lee \$	Burn \$	Omineca \$	Flume \$	Sabin \$	Nepisiguit \$	Pedro \$	
Assaying	-	-	-	-	-	10,930	-	4,595	15,525
Claim maintenance	2,362	1,925	1,925	-	-	9,985	-	9,562	25,759
Data, maps and reports	-	5,550	2,000	-	1,375	22,500	-	-	31,425
Field labour and supplies	-	-	-	-	-	2,594	250	-	2,844
Geological	5,088	3,062	-	2,100	-	19,688	10,938	14,845	55,721
Geophysical survey	-	-	3,955	-	36,340	5,527	-	-	45,822
Travel	-	-	-	-	-	7,391	4,347	4,227	15,965
Total	7,450	10,537	7,880	2,100	37,715	78,615	15,535	33,229	193,061

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a. Mount Polley Property, BC

On October 25, 2019, Commander entered into an option agreement with a wholly-owned subsidiary of Imperial Metals Corporation (“Imperial”) granting Imperial the option to earn a 100% interest in certain mineral claims within the Mount Polley copper-gold property. Commander has a 100% interest in the property except a certain portion which is 90% owned by Commander and 10% by an arm’s length private company.

Total cash consideration receivable by Commander is \$250,000 with 90% due to Commander, and 10% to the private company staged in three payments:

- 1) \$50,000 upon signing (\$45,000 received, representing Commander’s 90% interest);
- 2) \$100,000 on or before December 31, 2021; and
- 3) \$100,000 on or before December 31, 2022.

In addition to cash payments, a production royalty of \$1.25 per tonne-milled will be due to Commander and the private company. At any time after exercise of the option, Imperial shall have the right upon payment of \$1,000,000 to Commander, to reduce the production royalty to 50% of the production royalty.

b. Burn Property, BC

The Burn copper property was acquired by staking during the year ended December 31, 2018.

On July 11, 2019, the Company entered into an earn-in agreement with Freeport-McMoRan Mineral Properties Canada Inc. (“Freeport”) allowing Freeport to earn a 75% interest in the Burn property as follows:

Earn-in Option	Committment Timeline	Cash	Exploration
First Option (51%)	Earn-in agreement signed on July 11, 2019	\$25,000 (received)	-
	On or before July 11, 2020	\$35,000 (received)	-
	On or before July 11, 2021	\$50,000	-
	On or before July 11, 2022	\$50,000	-
	On or before July 11, 2023	\$100,000	\$1,000,000
Second Option (24%)	On or before July 11, 2024	\$100,000	-
	On or before July 11, 2025	\$100,000	-
	On or before July 11, 2026	\$100,000	\$1,500,000
Total interest (75%)	Total cash and exploration amounts	\$560,000	\$2,500,000

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% NSR. The Company is the project operator until Freeport earns a 51% interest.

As the operator of the project, Commander earned management fees of \$158 included within interest and management fee income during the six months ended June 30, 2020 (2019 - \$nil). As at June 30, 2020, the advance from Freeport on the Burn project was \$37,771 within advance from optionee, classified as a current liability.

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c. Henry Lee Property, BC

The Company has a 100% interest in the Henry Lee copper project.

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 (paid) and 350,000 shares at fair value of \$0.09 per share for \$31,500 (issued)).

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.

d. South Voisey's Bay, Labrador

The Company has a 65% interest in the South Voisey's Bay nickel property, with Fjordland Exploration Inc., ("Fjordland") holding a 35% interest in the project. At the commencement of the earn-in schedule below, Fjordland had earned a 15% interest in the property. The earn-in schedule below details Fjordland's option to earn the remaining 85% interest.

As at December 31, 2019, Fjordland had earned a 35% interest in the property.

Earn-in Option	Completion Date	Cash	Common Shares	Exploration
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 (received)	300,000 (received, fair valued at \$18,000)	-
	On or before July 26, 2020	\$25,000 (received)	350,000 (received, fair valued at \$66,500)	-
	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
	Total	\$290,000	4,500,000	\$8,000,000

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.

e. First Loon and Staunton Properties, Ontario

In February 2020, the Company acquired by staking two gold properties in Ontario - the First Loon property and the Staunton property. The acquisition costs totalled \$15,690.

f. Sabin Property, Ontario

The Company's ownership interest on the Sabin base-precious metal property varies from 58.5% to 100%.

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

g. Flume Property, Yukon

During the year ended December 31, 2017, the Company entered into an option agreement with K2 Gold Corporation ("K2") granting K2 the option to acquire a 100% interest in the Flume gold property.

During the year ended December 31, 2018, K2 terminated the option agreement. As K2 had only partially met its 2018 exploration commitment, K2 issued 285,238 common shares with a value of \$65,615 to the Company, to settle remaining unspent exploration expenditure amounts. Additionally, the Company received option payments from K2 comprising \$35,000 in cash, and 100,000 common shares of K2 with a fair value of \$27,500, totaling aggregate option proceeds received of \$128,115 during the year ended December 31, 2018.

h. Other Properties

i) Baffin, Nunavut

The Company holds a royalty interest of 0.25% to 0.5% NSR on the Baffin gold project.

ii) Omineca, BC

The Company owns 100% of the property within the Quesnel Trough of BC.

In 2018, the Company conducted geological mapping and rock sampling. During the year ended December 31, 2019, the Company received a BC mining exploration tax credit of \$6,187 relating to the project's 2018 qualifying exploration expenditures. The exploration credit was recorded as a reduction to the exploration and evaluation expenditures.

iii) Tam, BC

The Company holds a 1.5% NSR on the Tam 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 receivable by the Company began on December 31, 2012 and is capped at \$250,000. As at June 30, 2020, the Company had received a total of \$200,000 in advance royalty payments which are recorded as royalty income (June 30, 2019 - \$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 THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

5. EQUIPMENT

	Computer equipment \$	Office furniture \$	Field equipment \$	Righ-of-use asset \$	Total \$
Cost					
December 31, 2018	6,930	-	55,254	-	62,184
Adoption of IFRS 16 on January 1, 2019	-	-	-	72,913	72,913
Addition	1,926	15,820	-	-	17,746
As at December 31, 2019 and June 30, 2020	8,856	15,820	55,254	72,913	152,843
Accumulated amortization					
December 31, 2018	(808)	-	(2,763)	-	(3,571)
Amortization	(1,611)	(2,110)	(5,525)	(43,700)	(52,946)
December 31, 2019	(2,419)	(2,110)	(8,288)	(43,700)	(56,517)
Amortization	(886)	(1,582)	(2,763)	(21,910)	(27,141)
June 30, 2020	(3,305)	(3,692)	(11,051)	(65,610)	(83,658)
Net book value					
December 31, 2019	6,437	13,710	46,966	29,213	96,326
June 30, 2020	5,551	12,128	44,203	7,303	69,185

Right-of-use asset and lease liability

The Company adopted IFRS 16 *Lease* ("IFRS 16") on January 1, 2019. Under IFRS 16, the Company assesses whether a contract is, or contains, a lease. For contracts that contain leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

The Company identified a single contract that is a lease as defined under IFRS 16. In analyzing the identified agreements in relation to its office space in Vancouver, BC, the Company applied the lessee accounting model pursuant to IFRS 16 and considered all of the facts and circumstances surrounding the inception of the contract (but not future events that are not likely to occur). Lease liabilities were calculated with a discount rate of 10%.

A reconciliation of the carrying amount of the lease liability recognized on initial adoption of IFRS 16 on January 1, 2019, and for the six months ended June 30, 2020 is as follows:

	June 30, 2020 \$
Lease liability	\$
January 1, 2019	73,436
Lease payments	(50,370)
Lease interest (finance costs)	5,679
December 31, 2019	28,745
Lease payments	(25,185)
Lease interest (finance costs)	1,115
June 30, 2020	4,675
Current portion of lease liability	4,675
Non-current portion of lease liability	-
Maturity analysis - contractual undiscounted cash flows	
Less than one year	8,395
One to five years	-
More than five years	-
Total undiscounted lease liability	8,395

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

6. LOAN PAYABLE

In May 2020, the Company applied and received from the federal government of Canada a loan of \$40,000 under the Canada Emergency Business Account (“CEBA”) program. If the loan is fully repaid by December 31, 2022, \$10,000 of the loan would be forgiven. If the loan is not fully paid back to the government by December 31, 2022, the loan will incur 5% interest during the remaining term of the loan ending on December 31, 2025, the date by which the loan must be fully repaid.

7. SHARE CAPITAL

Authorized – unlimited number of common shares without par value

Shares issued during the year ended December 31, 2019:

On March 15, 2019, 350,000 common shares with a fair value of \$31,500 were issued on the acquisition of additional mineral claims adjacent to the Company’s Henry Lee property (Note 4(c)).

Shares issued during the year ended December 31, 2018:

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: 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 a common share at \$0.25 per share until May 18, 2020. Other share issue costs of \$38,617 were also 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 as \$35,364 using the Black-Scholes pricing model with the following assumptions: expected life of 2 years, risk-free interest rate of 2.03%, historical volatility of 130% and zero expected dividend yield.

On May 18, 2020, share purchase warrants of 12,240,258 and finders’ warrants of 517,883 both exercisable at \$0.25 per share expired. The fair values totaling \$524,974 of these expired warrants were transferred from reserves to deficit.

As at June 30, 2020, the Company has no warrants outstanding.

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

7. SHARE CAPITAL (CONTINUED)

Stock options

The Company has a 10% rolling stock option plan. Stock options granted to directors, employees, and consultants with a term of up to ten years. The vesting period for stock options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

A summary of the Company's stock options as at June 30, 2020 and December 31, 2019 were as follows:

	June 30, 2020		December 31, 2019	
	Option #	Weighted average exercise price	Option #	Weighted average exercise price
		\$		\$
Options outstanding, beginning of period	3,226,000	0.19	2,840,000	0.25
Granted	-	-	760,000	0.07
Expired	-	-	(374,000)	(0.25)
Options outstanding, end of period	3,226,000	0.19	3,226,000	0.19

During the six months ended June 30, 2020, no stock options expired whereas in the same period of 2019, 374,000 options expired and their fair value of \$48,025 was reclassified from reserves to deficit.

As at June 30, 2020, the Company's outstanding and exercisable stock options were as follows:

Options outstanding and exercisable #	Exercise price \$	Expiry date	Weighted average remaining life (years)
520,000	0.25	July 17, 2020	0.04
800,000	0.25	March 16, 2021	0.71
260,000	0.25	June 9, 2021	0.94
886,000	0.17	July 12, 2023	3.03
760,000	0.07	June 12, 2024	3.95
3,226,000			2.02

Share-based compensation

During the six months ended June 30, 2020, the Company recognized share-based compensation expense of \$3,220 (2019 - \$49,468).

Reserves

Reserves includes the accumulated fair value of stock options recognized as share-based compensation and the fair value of finder's warrants. Reserves is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants are exercised.

	Stock option reserve \$	Warrant reserve \$	Total \$
December 31, 2018	340,699	524,974	865,673
Stock options granted	51,333	-	51,333
Reclassification on expiry of options	(48,025)	-	(48,025)
December 31, 2019	344,007	524,974	868,981
Stock options granted	3,220	-	3,220
Reclassification on expiry of warrants	-	(524,974)	(524,974)
June 30, 2020	347,227	-	347,227

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

8. RELATED PARTY TRANSACTIONS

Compensation of key management

Key management includes the Company's Directors, 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	Transactions		Balances	Balances
		For the six months ended June 30, 2020	June 30, 2019	outstanding June 30, 2020	outstanding June 30, 2019
		\$	\$	\$	\$
President and CEO	Salary and benefits and projects	69,182	79,036	-	-
Vice President, Exploration	Consulting and project evaluation	70,579	50,837	6,496	-
Vice President, Corp Development	Consulting	15,000	15,000	-	-
Corporate Secretary	Consulting	19,200	18,000	-	-
Chief Financial Officer	Accounting	28,000	28,800	-	-
		201,961	191,673	6,496	-

Other related party transactions

During the six months ended June 30, 2020, office rent of \$26,220 (2019 - \$21,343) was paid to a company related by way of a common director.

9. COMMITMENT

The Company has a remaining commitment of \$8,395 for its office lease in Vancouver, British Columbia, expiring on August 31, 2020 (Note 5).

10. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred the following non-cash investing and financing activities during the six months ended June 30, 2020 and 2019:

	Six months ended June 30,	
	2020	2019
	\$	\$
Financing activities:		
Fair value of shares issued for exploration and evaluation assets	-	31,500
Fair values on expired warrants & options reclassified from reserves to deficit	524,974	48,025
Investing activities:		
Equipment addition: right-of-use asset recognized on transition to IFRS 16	-	72,913
Other cash flow information:		
Interest received	1,300	4,155
Income tax recovered (paid)	-	-

11. SEGMENTED INFORMATION

The Company operates in one single reportable segment, being the acquisition and exploration of resource properties. As at June 30, 2020, the carrying value of the Company's non-current assets were:

- \$189,855 (December 31, 2019 - \$174,165) located in Canada; and
- \$1 (December 31, 2019 - \$1) located in Mexico.

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(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, 2020. The Company is not subject to externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS 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 ("FVTPL") or fair value through other comprehensive income ("FVOCI").

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

- 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 FVTPL. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVTPL 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 FVTPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVTPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVTPL. 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. 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 below:

Financial assets	Classification	Subsequent measurement
Cash and cash equivalents	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Marketable securities	FVOCI	Fair value
Reclamation bond	Amortized cost	Amortized cost
Financial assets	Classification	Subsequent measurement
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Lease liability	Amortized cost	Amortized cost

COMMANDER RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value

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. As at June 30, 2020, the Company had cash and cash equivalents of \$299,743 to settle its current liabilities of \$25,335. The Company will require additional funding to continue as a going concern (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 comprises sales tax recoverable due from the Government of Canada. 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 \$159,701 (June 30, 2019 - \$130,010).