



**Condensed Interim Consolidated Financial Statements**  
**FOR THE NINE MONTHS ENDED**  
**SEPTEMBER 30, 2016**  
**(unaudited)**

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

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), the Company discloses that the condensed interim consolidated financial statements, and accompanying notes thereto, for the nine months ended September 30, 2016 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 - EXPRESSED IN CANADIAN DOLLARS)**

<b>COMMANDER RESOURCES LTD.</b>			
<b>CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>			
<b>(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)</b>			
	<b>September 30,</b>	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 1,153,741	\$ 137,828	
Receivables	2,247	5,456	
Prepaid expenses	18,060	20,124	
Investment in securities (Note 3)	2,759,340	526,255	
	<b>3,933,388</b>	<b>689,663</b>	
<b>Non-current assets</b>			
Investment in securities (Note 3)	3,382,500	-	
Investment in associated company (Note 4)	-	1,663,952	
Exploration and evaluation assets (Note 5)	2,912,545	4,051,826	
	<b>6,295,045</b>	<b>5,715,778</b>	
<b>TOTAL ASSETS</b>	<b>\$ 10,228,433</b>	<b>\$ 6,405,441</b>	
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 46,662	\$ 73,908	
Advance from optionee (Note 5(b))	29,923	30,268	
	<b>76,585</b>	<b>104,176</b>	
<b>EQUITY</b>			
Share capital (Note 6)	39,700,632	39,040,632	
Share-based payments reserve (Note 6)	272,011	344,474	
Warrants reserve (Note 6)	40,000	40,000	
Accumulated other comprehensive income	2,326,991	364,846	
Deficit	(32,187,786)	(33,488,687)	
	<b>10,151,848</b>	<b>6,301,265</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 10,228,433</b>	<b>\$ 6,405,441</b>	

*Nature of operations and going concern (Note 1)*

*Commitment (Note 8)*

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

Approved on behalf of the Board of Directors:

/s/ David Wakins

Director

/s/ Robert Cameron

Director

**COMMANDER RESOURCES LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (INCOME) LOSS**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

COMMANDER RESOURCES LTD.				
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (INCOME) LOSS				
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)				
	For the three months ended September 30,		For the nine months ended September 30,	
	2016	2015	2016	2015
<b>EXPENSES</b>				
Accounting and audit	\$ 8,574	\$ 18,780	\$ 23,924	\$ 62,870
Administration	15,794	(4,486)	44,401	29,834
Consulting	19,698	15,000	104,779	38,000
Legal	2,303	2,496	6,083	19,147
Depreciation	-	123	-	487
Filing fees and transfer agent	872	1,612	17,779	10,682
Investor and shareholder relations	10,097	631	18,201	1,903
Salaries and benefits (Note 7)	19,681	21,875	30,410	70,653
Share-based payments (Note 6, 7)	49,469	18,411	126,638	18,603
	<b>126,488</b>	<b>74,442</b>	<b>372,215</b>	<b>252,179</b>
<b>Other (income) expenses</b>				
Interest and miscellaneous income (Note 5(b))	(1,860)	(199)	(3,223)	(3,401)
Loss (gain) on sale of investment in securities (Note 3)	14,292	-	(693,231)	(1,389)
Loss on disposal of investment in associated company (Note 4)	-	-	-	24,012
Share of loss and dilution loss in associated company (Note 4)	-	42,501	31,448	94,291
Gain on disposal of equipment	-	(1,000)	-	(1,000)
Recoveries on exploration and evaluation assets (Note 5(d))	-	-	-	(10,947)
Gain on disposal of exploration and evaluation assets (Note 5(c))	-	-	(1,951,462)	-
Impairment on exploration and evaluation assets (Note 5(d))	1,140,007	-	1,142,453	-
<b>Net (income) loss for the period</b>	<b>1,278,927</b>	<b>115,744</b>	<b>(1,101,800)</b>	<b>353,745</b>
<b>Other comprehensive (income) loss</b>				
Fair value adjustment on available-for-sale securities (Note 3)	1,303,337	38,270	(1,936,643)	3,457
Transfer on sale of available-for-sale securities (Note 3)	(853,591)	-	(25,502)	(1,500)
<b>Total comprehensive (income) loss for the period</b>	<b>\$ 1,728,673</b>	<b>\$ 154,014</b>	<b>\$ (3,063,945)</b>	<b>\$ 355,702</b>
<b>Basic and diluted (income) loss per common share</b>	<b>\$ 0.012</b>	<b>\$ 0.001</b>	<b>\$ (0.010)</b>	<b>\$ 0.003</b>
<b>Weighted average number of shares outstanding - basic and dilute</b>	<b>103,335,398</b>	<b>103,191,651</b>	<b>115,302,521</b>	<b>103,302,521</b>

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

**COMMANDER RESOURCES LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

	Share Capital		Reserves		Accumulated		Total
	Number of Shares	Amount	Share-based Payments	Warrants	Other Comprehensive Income	Deficit	
<b>Balance, December 31, 2014</b>	<b>102,792,521</b>	<b>\$ 39,030,432</b>	<b>\$ 634,140</b>	<b>\$ 40,000</b>	<b>\$ 294,459</b>	<b>\$(33,368,051)</b>	<b>\$ 6,630,980</b>
Shares issued on acquisition of exploration and evaluation assets	510,000	10,200	-	-	-	-	10,200
Reclassification of grant date fair value on expired or cancelled options	-	-	(318,578)	-	-	318,578	-
Share-based payments	-	-	28,912	-	-	-	28,912
Net loss for the year	-	-	-	-	-	(439,214)	(439,214)
Other comprehensive income for the year	-	-	-	-	70,387	-	70,387
<b>Balance, December 31, 2015</b>	<b>103,302,521</b>	<b>\$ 39,040,632</b>	<b>\$ 344,474</b>	<b>\$ 40,000</b>	<b>\$ 364,846</b>	<b>\$(33,488,687)</b>	<b>\$ 6,301,265</b>
Shares issued on acquisition of exploration and evaluation assets	12,000,000	660,000	-	-	-	-	660,000
Reclassification of grant date fair value on expired options	-	-	(199,101)	-	-	199,101	-
Share-based payments	-	-	126,638	-	-	-	126,638
Net income for the period	-	-	-	-	-	1,101,800	1,101,800
Other comprehensive income for the period	-	-	-	-	1,962,145	-	1,962,145
<b>Balance, September 30, 2016</b>	<b>115,302,521</b>	<b>\$ 39,700,632</b>	<b>\$ 272,011</b>	<b>\$ 40,000</b>	<b>\$ 2,326,991</b>	<b>\$(32,187,786)</b>	<b>\$ 10,151,848</b>

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

**COMMANDER RESOURCES LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

	For the three months ended September 30,		For the nine months ended September 30,	
	2016	2015	2016	2015
<b>Cash provided by (used in):</b>				
<b>Operating activities</b>				
Net (loss) income for the period	\$ (1,278,927)	\$ (115,744)	\$ 1,101,800	\$ (353,745)
Items not affecting cash:				
Depreciation	-	123	-	487
Share-based payments	49,469	18,411	126,638	18,603
Loss (gain) on sale of investment in securities	14,292	-	(693,231)	(1,389)
Loss on disposal of investment in associated company	-	-	-	24,012
Share of loss and dilution loss in associated company	-	42,501	31,448	94,291
Impairment on exploration and evaluation assets	1,140,007	-	1,142,453	-
Gain on disposal of exploration and evaluation assets	-	-	(1,951,462)	-
Changes in non-cash working capital:				
Receivables and prepaid expenses	(8,044)	8,668	5,273	47,463
Accounts payable and accrued liabilities	26,842	(41,267)	13,477	(149,012)
Advance from optionee	-	(9,884)	(345)	32,738
<b>Net cash used in operating activities</b>	<b>(56,361)</b>	<b>(97,192)</b>	<b>(223,949)</b>	<b>(286,552)</b>
<b>Investing activities</b>				
Expenditures on exploration and evaluation assets	(28,830)	-	(72,433)	(84,318)
Recoveries from exploration and evaluation assets	-	-	-	78,559
Proceeds from disposition of securities, net	245,000	-	1,312,295	1,500
Proceeds from disposition of investment in associated company	-	-	-	355,973
<b>Net cash from investing activities</b>	<b>216,170</b>	<b>-</b>	<b>1,239,862</b>	<b>351,714</b>
<b>Increase (decrease) in cash</b>	<b>159,809</b>	<b>(97,192)</b>	<b>1,015,913</b>	<b>65,162</b>
<b>Cash, beginning of period</b>	<b>993,932</b>	<b>244,570</b>	<b>137,828</b>	<b>82,216</b>
<b>Cash, end of period</b>	<b>\$ 1,153,741</b>	<b>\$ 147,378</b>	<b>\$ 1,153,741</b>	<b>\$ 147,378</b>

Supplemental cash flow information (Note 9)

*The accompanying notes are an integral part of these financial statements.*

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

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## 1. NATURE OF OPERATIONS AND GOING CONCERN

Commander Resources Ltd. (“Commander” or the “Company”) is in the business of acquisition, exploration and development of exploration and evaluation assets. The Company was incorporated in Canada and its registered office is Suite 1100 - 1111 Melville Street, Vancouver, British Columbia V6E 3V6.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations in the foreseeable future and will meet its obligations and commitments in the normal course of business. For the nine months ended September 30, 2016, the Company reported a net income of \$1,101,800. As at September 30, 2016, Commander had cash of \$1,153,741, working capital of \$3,856,803 and a deficit of \$32,187,786.

The Company is in the exploration stage and no revenue has been generated. The Company has relied on the issuance of share capital to finance its operations. While the Company has been successful in the past in raising capital, there is no assurance that such financing will be available on a timely basis and under terms acceptable to the Company. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

These condensed interim consolidated 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 International Accounting Standard, IAS 34, *Interim Financial Reporting*.

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. These financial statements were authorized for issue by the Board of Directors on November 16, 2016.

### Critical accounting judgments and estimates

The preparation of these financial statements requires management’s use of judgments and estimates that affect the reported financial results. These judgments and estimates are based on management’s experience and expectations of future events. Uncertainty on these judgments and estimates could result in material adjustments to the carrying amounts of the Company’s financial position.

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

### Exploration and evaluation assets (“E&E assets”)

The Company capitalizes costs related to the acquisition and exploration of the E&E assets. From time to time the Company may acquire or dispose an E&E asset pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as acquisition costs when the payments are made.

If economically recoverable reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, its capitalized expenditures in excess of estimated recoveries are written off to profit or loss. When the Company receives payments in excess of the carrying value of an E&E asset, the amount is recognized as a gain in profit or loss for the period.

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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
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**Impairment of long-lived assets**

The carrying amounts of the Company's long-lived assets are reviewed at each reporting period to determine impairment indication. When such indication exists, the asset's recoverable amount is estimated to determine the impairment loss. The recoverable amount of the asset is the higher of its fair value less cost to sell or its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**3. INVESTMENT IN SECURITIES**

	September 30, 2016			December 31, 2015		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
<b>Aston Bay Holdings Ltd.</b>	<b>2,750,000</b>	<b>\$ 660,000</b>	<b>\$ 1,127,500</b>	3,500,000	\$ 186,911	\$ 525,000
<b>Maritime Resources Corp. (Note 4)</b>	<b>6,944,000</b>	<b>1,200,351</b>	<b>1,631,840</b>	-	-	-
<b>Others</b>	-	-	-	79,325	16,795	1,255
		<b>\$ 1,860,351</b>	<b>\$ 2,759,340</b>		<b>\$ 203,706</b>	<b>\$ 526,255</b>
<b>Non-current:</b>						
<b>Aston Bay Holdings Ltd.</b>	<b>8,250,000</b>	<b>\$ 1,980,000</b>	<b>\$ 3,382,500</b>	-	\$ -	\$ -

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

On February 18, 2016, Aston issued 11,000,000 common shares to Commander for the acquisition of the Storm Property (Note 5(c)). The 11,000,000 shares are held in a four-year escrow and will be released in 4 equal tranches of 2,750,000 shares on each anniversary date starting February 18, 2017 to 2020.

On May 4, 2016, 3,500,000 Aston shares (which were acquired and held prior to the Storm Property sale) were sold at \$0.29 per share for gross proceeds of \$1,015,000. As at September 30, 2016, Commander held 18.48% of Aston's total outstanding common shares.

b) Maritime Resources Ltd. ("Maritime")

In April 2016, the Company reevaluated its investment in associated company, Maritime, and concluded that significant influence no longer existed due to an evaluation of the consideration factors: Commander has (i) no representation on Maritime's board of directors, (ii) no involvement in business decision making processes, (iii) no interchange of management personnel, and (iv) no provision of essential technical information. As a result, as of April 1, 2016, Maritime ceased to be an associated company and the investment in Maritime has been designated as an available-for-sale financial asset measured at fair value with changes in fair value recognized in accumulated other comprehensive income.

In April 2016, Commander sold 1,000,000 shares of Maritime at \$0.14 per share resulting in proceeds of \$140,000. In August 2016, another 1,000,000 Maritime shares were sold at \$0.14 per share and 500,000 shares sold at \$0.21 per share generating proceeds of \$245,000. As at September 30, 2016, Commander owned 6,944,000 Maritime shares representing 11.78% of Maritime's total outstanding common shares.

**4. INVESTMENT IN ASSOCIATED COMPANY**

As disclosed in Note 3 (b), as of April 1, 2016, Maritime ceased to be an associated company of Commander as Commander does not have significant influence over Maritime's operations. The security holdings in Maritime are designated as an available-for-sale investment. Prior to the cessation date, the investment in Maritime was being accounted for using the equity method and included a pro-rata share of Maritime's profit or loss for each reporting period.



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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
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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.

As a result, Maritime exercised the option to purchase an initial 2,000,000 shares at \$0.14 per share on or before August 31, 2016 (completed, Note 3(b)). Maritime now has the option to identify third party purchasers to purchase an additional 2,000,000 shares every 6 months over the next 18 months at escalating prices of \$0.21 (500,000 shares were purchased, Note 3(b)), \$0.25 and \$0.30 per share. The final two option prices are further subject to the price being the greater of the option price or 85% of the volume-weighted average price of the common shares for the 10 trading days immediately preceding the applicable option exercise date.

The Company's investment in associated company as at September 30, 2016 was as follows:

	Number of shares	Amount
<b>Balance, December 31, 2014</b>	<b>11,444,000</b>	<b>\$ 2,174,275</b>
Share of loss of Maritime for the year	-	(130,338)
Disposition of Maritime shares	(2,000,000)	(379,985)
<b>Balance, December 31, 2015</b>	<b>9,444,000</b>	<b>\$ 1,663,952</b>
Share of loss of Maritime for the period	-	(31,448)
Reclassified to investment in securities (Note 3)	(9,444,000)	\$ (1,632,504)
<b>Balance, September 30, 2016</b>	<b>-</b>	<b>\$ -</b>

## 5. EXPLORATION AND EVALUATION ASSETS

Commander's exploration and evaluation assets are located in Canada and Mexico. As at September 30, 2016, the cumulative expenditures on exploration and evaluation assets were as follows:

	BC		Yukon	Labrador	Nunavut	Other Properties	Total
	October	Mt. Polley	Flume	South Voisey's	Storm		
	Note	5(a)	5(a)	5(a)	Bay 5(b)		
<b>Balance, December 31, 2015</b>	\$ -	\$ -	\$ -	\$ 2,226,157	\$ 688,538	\$ 1,137,131	\$ 4,051,826
<b>Acquisition costs</b>	574,123	36,429	68,348	1,485	-	2,500	682,885
<b>Exploration costs:</b>							
Geology and others	-	-	-	-	-	4,659	4,659
Permits and licenses	-	-	-	-	-	4,166	4,166
	-	-	-	-	-	8,825	8,825
<b>Impairment</b>	-	-	-	-	-	(1,142,453)	(1,142,453)
<b>Disposal of property</b>	-	-	-	-	(688,538)	-	(688,538)
<b>Incurred during the period</b>	574,123	36,429	68,348	1,485	(688,538)	(1,131,128)	(1,139,281)
<b>Balance, September 30, 2016</b>	\$ 574,123	\$ 36,429	\$ 68,348	\$ 2,227,642	\$ -	\$ 6,003	\$ 2,912,545

### a. BC, Yukon, and Mexico Properties

On June 23, 2016, Commander and Bearing Resources Ltd. ("Bearing") along with Bearing's wholly-owned subsidiary BRZ Mex Holdings Ltd. ("BRZM") executed an Asset Purchase Agreement (the "Agreement") resulting in the acquisition of 100% of the issued and outstanding shares BRZM which included BRZM's wholly-owned subsidiary Minera BRG SA de CV., ("Minera BRG"). BRZM and its subsidiary together own 100% interest of four exploration stage properties in Canada and Mexico: October Dome, Mt. Polley, Flume, and Pedro. In addition, three royalty interests were also acquired.

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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
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On September 23, 2016, the transaction in connection with the Agreement was completed. As consideration, the Company issued 12,000,000 common shares valued at \$660,000, \$15,000 in cash, plus \$3,900 (the amount equal to cash holdings of BRZM and Minera BRG, less any outstanding accounts payable due by these entities). The Company has treated this as an asset acquisition with 100% of the consideration being attributed to the exploration and evaluation assets on a pro rata basis based on their historical carrying values.

The three Canadian properties are in good standing for periods from 2017 to 2022 with no holding costs.

**b. South Voisey's Bay, Labrador**

In September 2014, the Company signed an Option Agreement ("Agreement") with Fjordland Exploration Inc., ("Fjordland") granting it an option to earn up to a 70% interest in the nickel project (which was later amended to 75%) for certain exploration expenditure commitments, and share issuance commitments of Fjordland shares. In August 2015, the option agreement was terminated. In December 2015, the Company and Fjordland agreed that Fjordland had earned a 15% interest in the project. On March 23, 2016, Commander transferred 15% interest of the project to Fjordland.

The Company received from Fjordland a total of \$350,000 (2015 - \$78,000; 2014 - \$272,000), of which \$320,077 had been expended on the property. As the project operator, the Company earned management fees of \$28,935 for the two years 2015 and 2014 which were included in interest and miscellaneous income. At September 30, 2016, the remaining advance on the project account was \$29,923 (December 31, 2015 - \$30,268).

**c. Storm Property, Nunavut**

On February 18, 2016, the Company completed a sale transaction with Aston and received 11,000,000 common shares with a fair value of \$2,640,000. As a result, a gain on disposal of \$1,951,462 was recognized on the sale transaction. The Aston shares are held in a four-year escrow (see Note 3(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.

**d. Other Properties**

The Company holds interests in other properties in Canada and has granted options on some of them. The carrying values of these properties are as follows:

Province	Property	Resource	September 30, 2016	December 31, 2015
New Brunswick	Nepisiguit / Stewart	copper-zinc	\$ -	\$ 1,133,626
Newfoundland	Hermitage	uranium	6,000	3,500
Ontario	Sabin	copper-zinc	1	1
Yukon	Olympic / Rob	copper-gold-uranium	1	1
Yukon	Glenmorangie	gold	-	1
Nunavut	Qimmiq / Bravo Lake	gold	-	1
British Columbia	Omineca	copper-gold	1	1
			<b>\$ 6,003</b>	<b>\$ 1,137,131</b>

**Nepisiguit/Stewart, 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.

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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
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In May 2015, Stratabound announced a business combination with Silver Stream Mining Corp. The new management decided not to continue with the project. As a result, all project costs were written off during the nine months ended September 30, 2016.

**Sabin, Ontario**

The Company's ownership interests on the property vary from 58.5% to 100%. As the Company decided not to conduct further exploration on these properties except maintaining the claims, it wrote off \$3,953 during the year ended December 31, 2015.

**Olympic and Rob, Yukon**

The Company owns 100% of the 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 an environmentally protected area. The underlying mineral claims remain in good standing until January 1, 2018.

**Glenmorangie, Yukon**

The Company formerly had the option to earn a 100% interest in the Glenmorangie gold project through common share issuances, cash payments, and specified exploration expenditures. During the year ended December 31, 2015, 510,000 Commander shares were issued to the optionors with a fair value of \$10,200, in consideration of the deferred exploration requirement. The project was written-off as a result of the Company's decision not to carry future exploration activity

On June 30, 2016, the Company allowed the option to lapse and returned the property to the Optionors.

**Baffin Island Project (Qimmiq and Bravo Lake), Nunavut**

This property has yielded discovery of numerous orogenic gold occurrences over 10 years in several geological environments permissive to hosting major gold deposits. Approximately 18,000 m of drilling has been carried out over three prospective areas, known as Malrok, Ridge Lake and Kanosak, with appreciable gold intersections.

During the year ended December 31, 2015, the Company received a cost refund of \$10,947 from a supplier. This amount was recognized as a recovery on exploration and evaluation assets.

Non-core claims were not renewed in 2015. In 2016, the large exploration agreement property held under agreement with the Nunavut Tungasuvvingat Inc. expired and the Company has applied to renew the lease. The new application is subject to finalisation of community agreements.

The company has begun a desktop review and compilation of the extensive historical work completed on the project.

**Omineca, British Columbia ("BC")**

The Company owns 100% of the underlying Abe property located within the Quesnel Trough of BC. The vendor retains a 1% net smelter return royalty ("NSR") and will participate in certain cash or share considerations received from the future sale or option of the properties to a third party.

During the year ended December 31, 2015, some of the non-core claims in this area were reviewed and not renewed due to 2015 work requirements.

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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

**Tam, British Columbia**

The Company is entitled to a 1.5% NSR. Teck 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 beginning December 31, 2012 and capped at \$250,000. As of September 30, 2016, the Company has received a total of \$100,000 in advance royalty payments.

**6. SHARE CAPITAL**

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

**Issued and outstanding** - 115,302,521 common shares were issued and outstanding with a value of \$39,700,632.

**Stock options**

Under the Company's stock option plan, it may grant stock options for the purchase of up to 18,000,000 common shares. Options granted to directors, employees and consultants have a five-year term and the vesting periods are determined by the Board of Directors at the time of the option grant.

The Company's outstanding stock options as of September 30, 2016 are as follows:

	<b>Number outstanding</b>	<b>Weighted average exercise price</b>
<b>Balance, December 31, 2015</b>	<b>7,305,000</b>	<b>\$0.09</b>
Granted	5,300,000	0.05
Expired <sup>(1)</sup>	(1,430,000)	(0.19)
<b>Balance, September 30, 2016</b>	<b>11,175,000</b>	<b>\$0.06</b>

<sup>(1)</sup> The fair value of these expired options of \$199,101 was reclassified to deficit from share-based payments reserve.

At September 30, 2016, the Company's outstanding and exercisable stock options are as follows:

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price</b>	<b>Estimated grant date fair value of vested options</b>	<b>Weighted average remaining contractual life (in year)</b>
June 12, 2017	1,005,000	1,005,000	\$ 0.10	\$ 53,363	0.70
November 14, 2017	400,000	400,000	\$ 0.10	15,122	1.12
February 7, 2019	1,870,000	1,870,000	\$ 0.05	48,025	2.36
July 17, 2020	2,600,000	2,600,000	\$ 0.05	30,247	3.79
March 16, 2021	4,000,000	4,000,000	\$ 0.05	84,946	4.46
June 9, 2021	1,300,000	625,000	\$ 0.05	40,308	4.69
	<b>11,175,000</b>	<b>10,500,000</b>		<b>\$ 272,011</b>	<b>3.17</b>

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

The fair value of stock options granted during the nine months ended September 30, 2016 has been calculated using the Black-Scholes option pricing model with the following assumptions:

	<b>For the nine months ended</b>	
	<b>September 30, 2016</b>	
	<b>2016</b>	<b>2015</b>
Risk-free interest rate	<b>0.703%</b>	0.83%
Expected annual volatility	<b>108.99%</b>	99.47%
Expected life (in year)	<b>5</b>	5
Expected dividend yield	<b>0.00%</b>	0.00%
Forfeiture rate	<b>0.00%</b>	0.00%
Weighted average fair value of option	<b>\$ 0.026</b>	\$ 0.012

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

During the nine months ended September 30, 2016 and 2015, the Company recognized share-based payments expense of \$126,638 and \$18,603, respectively.

**Warrants**

At September 30, 2016, 2,000,000 warrants were outstanding with an exercise price of \$0.05 and an expiry date on October 20, 2017. The warrants reserve balance of \$40,000 represents the residual value of these warrants recognized on the date of issuance.

**7. RELATED PARTY TRANSACTIONS**

**Services**

The Company's related parties consist of companies controlled by the Directors. The fees and expenses with those companies are as follows:

	<b>For the nine months ended</b>	
	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
Legal	<b>\$ -</b>	\$ 2,301
Administration and others	<b>24,975</b>	17,483
	<b>\$ 24,975</b>	\$ 19,784

At September 30, 2016, the Company did not have any amounts owed to related parties (2015 – nil).

**Compensation of key management**

Key management includes the Company's directors, the President and Chief Executive Officer, VP Exploration, VP Corporate Development, Chief Financial Officer and Corporate Secretary. Their remuneration, including share-based payments is as follows:

	<b>For the nine months ended</b>	
	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
Accounting	<b>\$ 22,500</b>	\$ 48,880
Consulting	<b>80,500</b>	13,500
Geological consulting	<b>12,800</b>	-
Salaries and benefits	<b>30,410</b>	70,653
Share -based payments	<b>102,705</b>	18,554
	<b>\$ 248,915</b>	\$ 151,587

**COMMANDER RESOURCES LTD.**  
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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
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**8. COMMITMENT**

The Company has a commitment of \$30,525 for its Vancouver office lease which expires on August 31, 2017.

**9. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>For the nine months ended</b>	
	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
Marketable securities received for exploration and evaluation assets (Note 5©)	\$ 2,640,000	\$ -
Shares issued for exploration and evaluation assets (Note 5(a))	660,000	10,200
Reclassification of grant date fair value on expired or cancelled options (Note 6)	199,101	310,219
Exploration and evaluation assets in accounts payable and accrued liabilities	15,000	15,000
Other cash flow information:		
Interest received	\$ 2,970	\$ 120
Income tax paid	-	-

**10. SEGMENT INFORMATION**

The Company operates in one single reportable segment, being the acquisition and exploration of resource properties. The Company's non-current assets are located in Canada and Mexico.

**11. 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 during the nine months ended September 30, 2016. The Company is not subject to externally imposed capital requirements.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Fair value**

The Company has classified its financial instruments as follows:

- Cash – as FVTPL
- Investment in securities – as AFS
- Receivables – as loans and receivables
- Accounts payable and accrued liabilities – as other financial liabilities

The carrying values of receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term maturity.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure it will have sufficient liquidity to meet obligations. At September 30, 2016, the Company had cash of \$1,153,741 and working capital of \$3,856,803. The Company has sufficient funds to continue operations for the next twelve months.

**COMMANDER RESOURCES LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
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**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 receivables. To minimize the credit risk, Commander places cash at high credit rating financial institution.

**Price 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 investment in securities. A 10% change in the share prices would affect the investments and comprehensive loss by approximately \$614,184. During the period ended September 30, 2016, the Company acquired exploration and evaluation assets located in Mexico (Note 5(a)) and may be subject to future foreign currency risk. The risk as at September 30, 2016, is insignificant.



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

For the Nine Months ended  
September 30, 2016



## **DESCRIPTION OF BUSINESS**

Commander Resources Ltd. ("Commander" or "the Company") is engaged in the acquisition and exploration of resource properties primarily in Canada. Commander is a reporting issuer in British Columbia and Alberta, and listed on the TSX Venture Exchange under the symbol "CMD".

## **FORWARD-LOOKING INFORMATION AND REPORT DATE**

This Management Discussion and Analysis ("MD&A") contains certain statements that may be deemed forward-looking subject to risks and uncertainties. Readers are cautioned that Commander's actual results may differ materially from results implied by such forward-looking information.

This MD&A has been prepared based on available information up to the date of this report, November 16, 2016 (the "Report Date") and should be read in conjunction with the Company's condensed interim consolidated financial statements for the nine months ended September 30, 2016. 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).

## **HIGHLIGHTS OF OPERATIONS**

### **[Acquisition of Mineral Assets from Bearing Resources Ltd.](#)**

On June 23, 2016, Commander and Bearing Resources Ltd. ("Bearing") along with Bearing's wholly-owned subsidiary BRZ Mex Holdings Ltd. ("BRZM") executed an Asset Purchase Agreement (the "Agreement") to acquire 100% of the issued and outstanding shares of BRZM which included BRZM's wholly-owned subsidiary, Minera BRG SA de CV., ("Minera BRG"). BRZM and its subsidiary together hold 100% interest of four exploration stage properties in Canada and Mexico: October Dome (BC), Mt. Polley (BC), Flume (Yukon) and Pedro (Durango, Mexico). In addition, three royalty interests were also acquired. One of these royalties includes a production-defined royalty on a portion of the Boundary Zone deposit at the Mt. Polley Mine in BC owned by Imperial Metals Corporation.

On September 23, 2016, the transaction in connection with the Agreement was completed. As consideration, the Company issued 12,000,000 common shares valued at \$660,000, \$15,000 in cash, plus \$3,900 (the amount equal to cash holdings of BRZM and Minera BRG, less any outstanding accounts payable due by these entities). The Company has treated this as an asset acquisition with 100% of the consideration being attributed to the exploration and evaluation assets on a pro rata basis based on their historical carrying values. The Commander shares issued to Bearing are subject to a 30-day right of first offer in favour of Commander and Bearing will vote the shares held as directed by Commander's management.

### **[Sale of Storm Property to Aston Bay Holdings Ltd.](#)**

On December 16, 2015, the Company entered into a Purchase Agreement with Aston Bay Holdings Ltd. ("Aston") whereby Aston might purchase 100% interest in the Storm property by issuing 11,000,000 common shares to Commander. On February 18, 2016, Aston completed the acquisition and issued to Commander 11,000,000 shares which are held in a four-year escrow and will be released in 4 equal tranches of 2,750,000 shares on each anniversary date starting February 18, 2017.

On May 4, 2016, Commander sold 3,500,000 Aston shares (which were acquired and held prior to the Storm Property sale) at \$0.29 per share for net proceeds of \$928,695. As of the Report Date, Commander held 11,000,000 Aston shares representing 18.48% of Aston's total outstanding shares.

### **[Option to Purchase Shares Agreement with Maritime Resources Corp.](#)**

On February 12, 2015, the Company and Maritime entered into an Option to Purchase Shares Agreement ("Option Agreement") granting Maritime or its nominees the option to purchase up to 10,000,000 ("Optioned Shares") of the 11,440,000 common shares that Commander owned.

On April 6, 2016, Commander and Maritime amended the Option Agreement regarding the time frames and purchase prices of 8,000,000 Optioned Shares. As a result, Maritime exercised the option to purchase an initial 2,000,000 shares at \$0.14 per share

on or before August 31, 2016 (completed). Maritime now has the option to identify third parties to purchase an additional 2,000,000 shares every 6 months over the next 18 months at escalating prices of \$0.21 (500,000 shares were purchased), \$0.25 and \$0.30 per share. The final two option prices are further subject to the price being the greater of the option price or 85% of the volume-weighted average price of the common shares for the 10 trading days immediately preceding the applicable option exercise date.

## **EXPLORATION AND EVALUATION ASSETS**

Bernard Kahlert, P.Eng., the Company's Qualified Person under National Instrument 43-101, has reviewed and approved the technical information presented in this MD&A.

### **MEXICO**

#### **Pedro Property, Durango**

The wholly owned Pedro claims are located approximately 100 kilometres from the city of Torreon, and are bisected by a paved highway and power lines. Pedro is comprised of a number of targets including the HP Breccia prospect, a gold soil anomaly extending over a 1,800 x 600m area that coincides with extensive silicified sedimentary breccias and conglomerate, and the Las Lajas gold prospect.

In July 2014, Newmont de Mexico, S.A de C.V terminated an option agreement over the Pedro claims after having paid US\$50,000 and drilled 1,744m. The drill program comprised 11 drill holes totalling 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, a distance of 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.

### **CANADA**

#### **October Dome Property, British Columbia ("BC")**

The 100% owned 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%. The October Dome target is defined by a grid area of some 4.0 km by 1.1 km that has been surveyed by magnetic and Induced Polarization ("IP") surveys and soil geochemistry. In 2013 Bearing completed a 1,086-metre (six holes) diamond drill program targeting 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.

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

The Mt. Polley properties are 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 (~37 hectares) adjacent to Imperial's Boundary Zone that was sold to Imperial and over which the Company retains a royalty. 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. Three royalty payments were received by Bearing in Q1 2012. Commander recently completed a program of re-sampling of historical core. Results are pending.

[Flume Property, Yukon](#)

Most recent work on the Flume property was by Ryan Gold Corp ("RGC") who in May 2013 terminated its option on the property after undertaking over \$2.5 million in expenditures (including a nine diamond drill hole (2,307m) program in November 2012). The results included the highlight hole F12-006 which included 2m of 5.76 g/t Au. For full details of the drill results, reference should be made to RGC's news release dated November 6, 2012. In December 2014, Bearing excised its underlying option to acquire the Flume property from Freeport Exploration Canada limited wherein the final payment was waived subject to an additional 0.5% NSR on the property. The Flume property is now subject to a 2.5% NSR.

[Storm Property, Nunavut](#)

In November 2011, the Company entered into an option agreement (the "Agreement") with Aston Bay Holdings Ltd. ("Aston"), which allowed Aston to earn an initial 50.1% interest in the property. In December 2015, the Company entered into a Sale Agreement with Aston whereby Aston might acquire 100% interest in the Storm property by issuing 11,000,000 common shares to Commander.

On February 18, 2016, the Company completed the sale transaction with Aston and received 11,000,000 common shares 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.

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.

[South Voisey's Bay Property, Labrador](#)

The South Voisey's Bay property is located in central Labrador approximately 80 km due south of the operating Voisey's Bay nickel mine and covers major 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.

In September 2014, Commander signed a Memorandum of Understanding ("MOU") granting Fjordland Exploration Inc. an option to earn into Commander's South Voisey's Bay nickel property. The Option Agreement provided Fjordland the right to earn up to a 70% interest in Commander's wholly owned South Voisey's Bay Property, located, by funding \$5,500,000 in exploration expenditures, and issuing a total of 2,250,000 shares to Commander. Upon signing the agreement Fjordland subscribed for 2,000,000 shares of Commander at a price of \$0.05, for net proceeds to Commander of \$100,000.

In November 2014, Commander (as Operator) mobilized a crew to Hopedale, Labrador to conduct UTEM and ground mag surveys over the most prospective areas of the claims. The cost of the program was approximately \$250,000 and was completed by mid-December. The ground UTEM covered an area 2.5 km by 2.6 km, with a total of 22.5 line km's surveyed, and the ground mag survey covered 42 line-km. Results of the late 2014 UTEM – EM survey have outlined an intense horizontal conductor and 4 strong sub-vertical conductors near the Worm Gabbro (see News Release dated March 2, 2015).

In December 2014, the MOU was amended to enable Fjordland to earn up to 75% interest in the property by increasing the Initial Work Commitment from \$250,000 to \$350,000 and increasing the Initial Option interest from 10% to 15%. Fjordland has accordingly earned a 15% interest in the project. In August 2015, the Option Agreement was terminated. On March 23, 2016, Commander transferred 15% interest in the project to Fjordland.

[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, Ontario. The property is known to host a VMS base-precious metal deposit called the Marchington Zone.

The most recent field work conducted on the property was a soil sampling program conducted in 2012. Approximately 650 samples were collected on a north-south grid at 50m spacing with lines 100m apart. Results from this program were successful in outlining the existing zones as well as identifying additional zones to the west and north that have not been drill tested.

No work or cash payments were required on this property in 2014 to keep it in good standing other than government lease payments.

As the Company decided not to conduct further exploration on the property except maintaining the claims, the Company wrote off \$3,955 during the year ended December 31, 2015.

Recently the company has begun a desktop compilation of all pre-existing and historical exploration data. A site visit was completed in the quarter that comprised limited geological mapping and GPS surveying of historical drill sites.

#### **Nepisiguit-Stewart Property, New Brunswick**

In August 2010, Commander optioned the Nepisiguit property to Stratabound Minerals for shares of Stratabound and work commitments. Stratabound could earn an initial 60% interest in the property. Stratabound carried out option work until 2014.

In May 2015, Stratabound announced a business combination with Silver Stream Mining Corp. Stratabound under the new management decided not to continue with the project. As a result, the project costs of \$1,131,626 were written off to profit and loss in 2016.

#### **Omineca Property, BC**

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

2012's field program on the Omineca project included reconnaissance prospecting, mapping and geochemical sampling, which identified high copper and gold soil geochemistry within the Abe property. 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. This gold-copper zone has not been drill tested. In 2015, the claim holdings were reviewed in light of work or cash payment requirements and some non-core claims were not renewed.

During the year ended December 31, 2014, the Company decided not to conduct exploration of the Omineca Properties, but maintained the claims. As a result, the Company wrote off \$230,446 to profit and loss in 2014.

#### **Baffin Island Project, Nunavut**

This property has yielded discovery of numerous orogenic gold occurrences over 10 years in several geological environments permissive to hosting major gold deposits. Approximately 18,000 m of drilling has been carried out over three prospective areas, known as Malrok, Ridge Lake and Kanosak, with appreciable gold intersections.

The most recent work on the project was in 2011 at the The Kanosak prospect where a detailed 3D Induced Polarization ("IP") was completed. The IP survey revealed strong anomalies with a source commencing at approximately 150 metres depth directly below high grade surface showings. The anomaly is interpreted to be the primary feeder source of the gold showings. The anomaly increases in intensity with depth, with maximum penetration to 300 metres. These extremely strong IP anomalies are likely arsenopyrite sulphides, which are the primary associate of gold at Baffin. This survey defined a 3 km linear zone of interest, coincident with surface channel samples with values as high as 1,440 g/t gold (46 oz/t Au). The Kanosak target is over 3,000 metres long and remains open. No work was required on this property in 2015 and a cash payment of \$15,000 was required to retain the core holdings of the property. Some non-core claims were not renewed in 2015.

In 2016, the large exploration agreement property held under agreement with the Nunavut Tungasuvvingat Inc. expired and the company has applied to renew the lease. The new application is subject to finalisation of community agreements.

The company has begun a desktop review and compilation of the extensive historical work completed on the project.

**Olympic Property, Yukon**

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

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 Rob Property in a Protected Area designation that could impact the company's ability to access or develop a mine at that site. Request for relief from assessment work was applied for due to the uncertainties surrounding the Peel Watershed plan. The plan has not yet been finalized and is subject to further challenges.

In April 2016, the Yukon Government provided additional relief from assessment work due to the uncertainties surrounding the Peel Watershed plan and the claims are now in good standing until January 1, 2018.

**Glenmorangie Property, Yukon**

The property was acquired by Commander through an option agreement with prospector syndicate (the "Optionors") in May 2011.

During the year ended December 31, 2015, the Company decided not to conduct further exploration of the property but maintained the claims. As a result, the Company wrote off \$10,200 to profit and loss for the year of 2015.

On June 30, 2016, the company allowed the option to lapse and returned the property to the vendors. No costs were incurred in 2016.

**INVESTMENT IN ASSOCIATED COMPANY**

Up until March 31, 2016, Commander held more than 20% of the voting power of Maritime Resources Corp. ("Maritime") through its share ownership. Accordingly, Commander was deemed to have significant influence over Maritime's operations. The investment in Maritime had been accounted for using the equity method and included a pro-rata share of Maritime's income or losses for each reporting period. On April 1, 2016, the Company re-evaluated its investment in Maritime and concluded that significant influence no longer existed due to the consideration factors that the Company has no representation on Maritime's board of directors, no involvement in business decisions, no interchange of management personnel, and no provision of essential technical information. As a result, as of April 1, 2016, Maritime ceased to be an associated company and the investment in Maritime has been designated as an available-for-sale financial asset and measured at fair value with changes in fair value recognized in accumulated other comprehensive income.

On April 7, 2016, the Company sold 1,000,000 shares of Maritime at \$0.14 per share resulting in net proceeds of \$138,600 and a net loss of \$34,261. On August 29, 2016, the Company sold another 1,500,000 Maritime shares (1,000,000 shares at \$0.14 per share and 500,000 shares at \$0.21 per share) bringing in net proceeds of \$245,000. As of November 16, 2016, Commander held 6,944,000 shares representing 11.78% of Maritime's total outstanding common shares.

In addition to share ownership, Commander holds a 2% NSR royalty on production from Maritime's Green Bay property, other than from the Orion deposit.

On May 28, 2013, Maritime announced receipt of its first National Instrument 43-101 ("NI-43-101") Compliant Resource Estimate, authored by Todd McCracken, P.Geo., of Tetra Tech.

Maritime's Green Bay property consists of 2 deposits, the past producing Hammerdown mine and the Orion deposit, separated by a distance of 1.5 kilometres. The highlight of the resource is summarized below, at a cut-off grade of 3 g/t over a minimum mining width of 1.2 metres:

**Commander Resources Ltd.**  
**Management's Discussion and Analysis**  
**For the Nine Months ended September 30, 2016**

November 16, 2016

In the Measured category:

Hammerdown: 202,900 tonnes @ 12.12 gr/t, containing 79,000 oz Au

In the Indicated category:

Hammerdown: 524,600 tonnes @11.39 gr/t, containing 192,100 oz Au

Orion: 1,096,500 tonnes @ 4.47 gr/t, containing 157,582 oz Au

In the Inferred category:

Hammerdown: 1,767,000 tonnes @7.68 gr/t, containing 436,302 oz Au

Orion: 1,288,000 tonnes @ 5.44 gr/t, containing 225,270 oz Au

*Note: Mineral Resources, which are not Mineral Reserves, have not demonstrated economic viability.*

Commander continues to be exposed to the future upside of Maritime through its securities holding and a royalty on future production from the Green Bay Property (exclusive of Orion).

In early January 2016, Maritime contracted WSP Engineering of Sudbury Ontario to complete a Pre-Feasibility Study to restart the Hammerdown mine.

**SUMMARY OF QUARTERLY RESULTS**

	2016				2015			2014
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Royalty income	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Net (loss) income	\$ (1,278,927)	\$ 524,457	\$ 1,856,270	\$ (85,470)	\$ (115,744)	\$ (110,992)	\$ (127,009)	\$ (13,571,422)
Total comprehensive (loss) income	\$ (449,746)	\$ 2,096,353	\$ 315,538	\$ (153,900)	\$ (154,014)	\$ 29,402	\$ (231,090)	\$ (13,592,426)
Basic and diluted (loss) income per share	\$ (0.002)	\$ 0.005	\$ 0.018	\$ (0.001)	\$ (0.001)	\$ (0.001)	\$ (0.001)	\$ (0.134)
Weighted average number of shares outstanding	103,335,398	103,277,370	103,150,220	103,023,069	103,191,651	102,792,521	102,792,521	102,379,478

**RESULTS OF OPERATIONS**

**Net (Income) Loss**

For the three and nine months ended September 30, 2016, the Company reported net loss of \$1,278,927 and net income of (\$1,101,800) respectively as compared to net losses of \$115,744 and \$353,745 for the same respective periods in 2015. The Company's 2016 net income was primarily from the sale of the Storm Property to Aston Bay Holdings Ltd. ("Aston") with a gain of \$1,951,462 and the sale of 3,500,000 Aston shares for a net gain of \$741,784, offsetting by a net loss of \$48,553 from the sale of Maritime shares. Details of expenses and income are described below.

**Expenses**

Administration expenses for the three and nine months ended September 30, 2016 were \$126,488 and \$372,215 (2015 - \$74,442 and \$252,179) respectively. Consulting fees were higher for the three and nine months of 2016 over 2015 by \$4,698 and \$66,779 respectively as a result of the recruitment of VP Exploration in June 2016. Filing fees and transfer agents were increased for the three quarters in 2016 by \$7,097 due to the holding of the annual general meeting and regulatory filing of mineral asset acquisition from Bearing Resources Ltd. Investor and shareholder relations were higher for the three and nine months of 2016 over 2015 by \$9,466 and \$16,298 respectively as a result of the recruitment of an investor relations consultant and the upgrade of the company website. Share-based payments increased by \$31,058 and \$108,035 for the three and nine month periods in 2016 attributable to the vesting of the 2 option grants in March and June 2016.

### **Other Income and Expenses**

Share of loss and dilution loss in associated company (Maritime) for the nine months was lower by \$62,843 in 2016 due to the Company's reevaluation of the consideration factors which concluded that as of April 1, 2016, Commander ceased to have significant influence on Maritime and is no longer required to include a pro-rata share of Maritime's profit or loss for each reporting period.

Other income for the nine months of 2016 included a gain of \$1,951,462 on the sale of the Storm Property and a gain of \$741,784 on the sale of 3,500,000 shares of Aston Bay at \$0.29 per share, offsetting by the sales of 2,500,000 Maritime shares resulting in losses of \$48,553.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company is at exploration stage and therefore relies on equity financings, sale of assets and marketable securities to continue its operations. Commander's investment in securities were increased to \$6,141,840 from \$526,255 as at December 31, 2015, primarily from the sale of the Storm Property to Aston Bay in return for Aston's 11,000,000 shares which has a fair value of \$4,510,000 at September 30, 2016. In addition, the sales of 2,500,000 shares of Maritime Resources have increased the Company's treasury by \$385,000.

At September 30, 2016, the Company had cash of \$1,153,741 (December 31, 2015 - \$137,828) and working capital of \$3,856,803 (December 31, 2015 - \$585,487). The Company has sufficient funding to meet its operational requirements for the coming fiscal year.

### **OUTSTANDING SHARE DATA**

At November 16, 2016, the Company had 115,302,521 common shares issued and outstanding, 11,175,000 stock options with exercise prices from \$0.05 to \$0.10, expiring between 2017 and 2021, and 2,000,000 warrants with an exercise price of \$0.05, expiring on October 20, 2017.

### **COMMITMENT**

The Company has a commitment of \$30,525 for its Vancouver office lease expiring on August 31, 2017.

### **OFF BALANCE SHEET ARRANGEMENTS and PROPOSED TRANSACTIONS**

As of the report date, the Company has no off balance sheet arrangements or proposed transactions.

### **CHANGES TO THE BOARD OF DIRECTORS AND OFFICERS**

On March 15, 2016, Robert Cameron was appointed as the President and Chief Executive Officer replacing Eric Norton who remains as a Director of the Company. Directors Mark Lotz and Brian Abraham did not stand for re-election at the Company's Annual General Meeting held on June 8, 2016 and Brandon Macdonald was elected director. On June 8, 2016, Stephen Wetherup was appointed as Vice President of Exploration.

### **RELATED PARTY TRANSACTIONS**

#### **Services**

The Company's related parties consist of companies controlled by executive officers and directors. The fees and expenses with those companies are as follows:

	<b>For the nine months ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
Legal	\$ -	\$ 2,301
Administration and others	<b>24,975</b>	17,483
	<b>\$ 24,975</b>	\$ 19,784

At September 30, 2016, the Company did not have any amounts owed to related parties (2015 – \$nil).

**Compensation of key management**

Key management includes the Company's directors, the President and Chief Executive Officer, VP Exploration, VP Corporate Development, Chief Financial Officer and Corporate Secretary. Their remuneration, including share-based payments is as follows:

	Nature of Compensation	For the nine months ended	
		September 30, 2016	2015
President and Chief Executive Officer	Salary & bonus	\$ 80,410	\$ -
President and Chief Executive Officer (former)	Salary	-	70,653
Vice President, Corporate Development	Consulting	-	-
Vice President, Exploration	Consulting	12,800	-
Chief Financial Officer	Consulting	22,500	-
Chief Financial Officer (former)	Consulting	-	48,880
Corporate Secretary	Consulting	19,500	13,500
Director (former)	Consulting	11,000	-
		<b>146,210</b>	133,033
Share-based payments	Stock option	102,705	18,554
		<b>\$ 248,915</b>	\$ 151,587

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Fair value**

The Company has classified its financial instruments as follows:

- Cash and cash equivalents – as FVTPL
- Investment in securities – as AFS
- Receivables – as loans and receivables
- Accounts payable and accrued liabilities and advance from optionee – as other financial liabilities

The carrying values of receivables, accounts payable and accrued liabilities, and advance from optionee approximate their fair values due to their short-term maturity.

The Company is exposed to the following risks related to financial instrument:

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure it will have sufficient liquidity to meet obligations. At September 30, 2016, the Company had cash of \$1,153,741 and working capital of \$3,856,803. The Company has sufficient funding for its operations for the next twelve months.

**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 receivables. To minimize the credit risk, Commander places cash at high credit rating financial institution.

**Price 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 investment in securities. A 10% change in the share prices would affect the investments and comprehensive loss by approximately \$614,184. During the period ended September 30, 2016, the Company acquired exploration and evaluation assets located in



Mexico (see Note 5(a) to the Company's condensed interim consolidated financial statements for the nine months ended September 30, 2016) and may be subject to future foreign currency risk. The risk as at September 30, 2016, is 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.

### **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 for the sale of it. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of various metals has experienced significant movements over short periods of time, and 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. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. 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.

### **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.

### **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**

In recent years, the securities markets in Canada have experienced a high level of volatility, and the share prices of securities of many companies, particularly junior exploration companies like the Company, 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, or more stringent implementation thereof, 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.



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#### **OFFICERS & DIRECTORS**

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

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

Brandon MacDonald  
*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: 115,302,521

#### **REGISTRAR & TRUST AGENT**

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