

**COMMANDER RESOURCES LTD.
SUMMARY OF WATER LICENCE AMENDMENT
FOR THE STORM PROJECT**

July 2012

The Storm Project is located in the northern part of Somerset Island, approximately 112 km south of Resolute. The property consists of four contiguous Prospecting Permits (PP) numbered 7547, 7548, 7549, and 7880. Access to the project area is typically by Twin Otter or helicopter from Resolute. Daily commercial air service to Resolute is available via Iquluit, with connections from Ottawa or Montreal. A once a week Saturday service from Yellowknife to Resolute is also available.

Previous exploration work in this area, conducted by Noranda Inc. and Teck-Cominco Ltd. in the 1990's, resulted in the discovery of zinc and lead mineralization at the Seal deposit, located near the coast on the north side of Aston Bay. Copper mineralization was discovered at the Storm prospect, located about 20 km inland, east-southeast of the Seal deposit. Exploration ceased in these areas in 2000 due to weak metal prices. Commander Resources Ltd. acquired PP's 7547, 7548, and 7549 in 2008, and PP7880 in 2010.

Commander is planning to build a small, 12 person temporary tent camp on the property in order to carry out a small drilling program. The proposed camp location is inland from the ocean, on a small lake roughly 2.5 km west of the current, NWB approved area of planned drilling. The drilling will be completed using a helicopter portable diamond drill rig and should take approximately 8-12 weeks to complete. This program is to be completed either in the summer of 2013, or the summer of 2014. Future exploration, including a more extensive diamond drilling program, will depend on the results of this work.

Commander's existing water licence for the Storm Project addresses water use for the exploration camp as well as drilling operations within the approved area of planned drilling, as indicated on Map 1. A new area of proposed drilling, located around the Seal deposit (Map 1), requires an amendment to the current water licence. No changes will be made regarding type of water use, quantity, or environmental considerations.