Cartier Resources Inc.

(an exploration company)

Interim condensed financial statements
(Unaudited)

Second quarter ended June 30, 2016

The interim condensed financial statements for the period ended June 30, 2016 have not been reviewed by the Company's independent auditor.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Financial Position

(In Canadian $)

	June 30, 2016 $ (Unaudited)	December 31, 2015 $ (Audited)
Assets		
Current		
Cash and cash equivalents (note 3)	**816,146**	836,930
Cash reserved for exploration (note 3)	**780,912**	75,225
Other short-term financial assets (note 4)	**11,000**	18,500
Receivables (note 5)	**45,674**	54,408
Prepaid expenses	**13,252**	14,903
	1,666,984	999,966
Non-current		
Property, plant and equipment (note 6)	**12,121**	24,108
Exploration assets and deferred exploration costs (note 8)	**9,397,494**	9,127,145
TOTAL ASSETS	**11,076,599**	10,151,219
Liabilities		
Current		
Accounts payables and accrued liabilities	**105,804**	187,629
Liability related to flow-through shares	**103,826**	28,933
	209,630	216,562
Non-current		
Deferred income and mining taxes	**1,836,294**	1,812,703
Liability component of the convertible debenture (note 9)	**203,463**	-
TOTAL LIABILITIES	**2,249,387**	2,029,265
EQUITY		
Share capital (note 10)	**17,595,685**	16,865,599
Warrants	**2,285,201**	2,256,291
Contributed surplus	**1,464,580**	1,366,693
Equity component of the convertible debenture (note 9)	**82,515**	-
Deficit	**(12,652,199)**	(12,366,629)
Accumulated other comprehensive loss	**51,430**	-
TOTAL EQUITY	**8,827,212**	8,121,954
TOTAL LIABILITIES AND EQUITY	**11,076,599**	10,151,219

Basis of preparation and going concern (note 1),
Contingencies and commitments (note 15)

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

Approved on behalf of the Board of Directors

(Signed) Philippe Cloutier, Director   (Signed) Daniel Massé, Director

Cartier Resources Inc.
(an exploration company)
Interim Condensed Statements of Deferred Exploration Costs
(Unaudited)
(In Canadian $)

	Three-month periods ended		Six-month periods ended	
	June 30, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
	$	$	**$**	$
Balance - Beginning of period	**8,239,889**	8,983,587	**8,131,224**	8,699,798
Expenses incurred during the period				
Geology	**51,239**	107,569	**134,522**	236,860
Drilling	**6,792**	7,000	**13,585**	122,378
Exploration office expenses	**1,771**	5,808	**3,093**	7,988
Surveying and access roads	**-**	1,538	**-**	26,565
Core shack rental and maintenance	**11,729**	10,956	**21,689**	21,421
Duties, taxes and permits	**4,550**	4,101	**6,465**	5,522
Depreciation of exploration equipment	**4,009**	5,225	**9,234**	10,451
Share-based payments-employees	**16,543**	2,307	**24,028**	7,818
	96,633	144,504	**212,616**	439,003
Write-off of deferred exploration costs	**-**	(72,546)	**-**	(72,546)
Tax credits	**(11,617)**	5,221	**(18,935)**	(5,489)
Balance - End of period	**8,324,905**	9,060,766	**8,324,905**	9,060,766

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of changes in equity

(Unaudited)

(In Canadian $)

	Number of shares	Share capital	Warrants	Contributed surplus	Equity component of the convertible debenture	Deficit	Accumulated other comprehensive (loss)	**Total equity**
		$	$	$		$	$	**$**
BALANCE AS AT DECEMBER 31, 2015	80,425,795	16,865,599	2,256,291	1,366,693	-	(12,366,629)	-	**8,121,954**
Net loss for the period						(285,570)	-	**(285,570)**
Change in fair value of other short-term financial assets						-	51,430	**51,430**
Total comprehensive loss						(285,570)	51,430	**(234,140)**
Issuance of shares	6,965,000	730,086	-	-				**730,086**
Effect of share-based payments	-	-	-	97,887				**97,887**
Issuance of warrants	-	-	28,910	-				**28,910**
Convertible debenture					87,000			**87,000**
Convertible debenture issue costs					(4,485)			**(4,485)**
BALANCE AS AT JUNE 30, 2016	**87,390,795**	**17,595,685**	**2,285,201**	**1,464,580**	**82,515**	**(12,652,199)**	**51,430**	**8,827,212**
BALANCE AS AT DECEMBER 31, 2014 as previously reported	71,825,795	16,302,923	2,054,561	1,251,432		(9,948,872)	(393,750)	9,266,294
Effect of restatement (note 18)	-	-	-	-	-	(380,000)	380,000	-
BALANCE AS AT DECEMBER 31, 2014 restated	71,825,795	16,302,923	2,054,561	1,251,432	-	(10,328,872)	(13,750)	9,266,294
Net loss for the period						(457,910)		(457,910)
Change in fair value of other short-term financial assets						-	(25,250)	(25,250)
Reclassification to statements of loss							39,000	39,000
Total comprehensive loss						(457,910)	13,750	(444,160)
Issuance of shares	4,200,000	245,771	-	-				245,771
Effect of share-based payments	-	-	-	71,183				71,183
Issuance of warrants	-	-	153,355	-				153,355
BALANCE AS AT JUNE 30, 2015	76,025,795	16,548,694	2,207,916	1,322,615	-	(10,786,782)	-	9,292,443

Cartier Resources Inc.
(an exploration company)

Interim Condensed Statements of loss

(Unaudited)

(In Canadian $)

	Three-month periods ended		Six-month periods ended	
	June 30, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
	$	$	**$**	$
		(restated, note 18)		(restated, note 18)
Administrative expenses				
Salaries	**92,509**	102,775	**183,623**	185,732
Consultants	**2,989**	18,585	**6,099**	41,484
Share-based payments-employees	**50,885**	44,669	**73,858**	63,365
Professional fees	**11,771**	9,494	**16,634**	11,171
Rent	**4,957**	5,322	**10,039**	10,644
Business development	**1,525**	12,023	**16,848**	36,927
Insurance, taxes and permits	**2,484**	3,109	**5,142**	8,631
Interest and bank charges	**4,481**	313	**4,864**	682
Depreciation of property, plant and equipment	**962**	1,791	**2,754**	3,583
Office supplies	**366**	1,355	**8,621**	10,216
Telecommunications	**1,491**	1,711	**3,135**	3,734
Training and travel	**4,234**	5,408	**6,384**	9,434
Advertising and sponsoring	**3,765**	2,142	**4,376**	4,235
Shareholder's information	**7,650**	11,365	**18,370**	24,545
Part XII.6 tax related to flow-through shares	**-**	359	**-**	372
	190,069	220,421	**360,747**	414,755
Other expenses (income)				
Write-off of deferred exploration costs	**-**	74,020	**-**	74,020
Other exploration costs	**17,400**	2,790	**17,400**	3,654
Impairment of securities available-for-sale	**-**	39,000	**-**	39,000
Gain on disposal of other short-term financial assets	**(24,500)**	-	**(24,500)**	-
Contractual services income	**(28,000)**	(28,000)	**(52,000)**	(52,000)
Interest income	**(1,514)**	(2,124)	**(2,659)**	(4,597)
LOSS BEFORE DEFERRED INCOME AND MINING TAXES	**(153,455)**	(306,107)	**(298,988)**	(474,832)
Deferred income and mining taxes	**(9,142)**	(18,207)	**(13,418)**	(16,922)
Net loss for the period attributable to shareholders	**(144,313)**	(287,900)	**(285,570)**	(457,910)
LOSS PER SHARE				
basic	**(0.00)**	(0.00)	**(0.00)**	(0.01)
diluted	**(0.00)**	(0.00)	**(0.00)**	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
basic	**83,267,168**	75,115,905	**81,850,053**	73,668,337
diluted	**83,454,896**	75,115,905	**81,850,053**	73,668,337

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Comprehensive Loss

(Unaudited)

(In Canadian $)

	Three-month periods ended		Six-month periods ended	
	June 30, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
	$	$	$	$
		(restated, note 18)		(restated, note 18)
Net loss for the period	**(144,313)**	(287,900)	**(285,570)**	(457,910)
Items that may be reclassified subsequently to profit or loss :				
Change in fair value of other short-term financial assets	**22,680**	(40,750)	**51,430**	(25,250)
Reclassification to statements of loss	**-**	39,000	**-**	39,000
Comprehensive loss for the period attributable to shareholders	**(121,633)**	(289,650)	**(234,140)**	(444,160)

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Cash Flows

(Unaudited)

(In Canadian $)

	Three-month periods ended		Six-month periods ended	
	June 30, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
	$	$	**$**	$
		(restated, note 18)		(restated, note 18)
OPERATING ACTIVITIES				
Loss before deferred income and mining taxes	**(153,455)**	(306,107)	**(298,988)**	(474,832)
Adjustments for:				
Depreciation of property, plant and equipment	**962**	1,791	**2,754**	3,583
Share-based payments-employees	**50,885**	44,669	**73,858**	63,365
Write-off of deferred exploration costs	**-**	74,020	**-**	74,020
Impairment of securities available-for-sale	**-**	39,000	**-**	39,000
Gain on disposal of other short-term financial assets	**(24,500)**	-	**(24,500)**	-
Imputed interest of convertible debenture	**1,706**	-	**1,706**	-
Interest income	**(1,514)**	(2,124)	**(2,659)**	(4,597)
Interest received	**871**	1,538	**2,016**	4,011
	(125,045)	(147,213)	**(245,813)**	(295,450)
Net change in non-cash working capital items				
Receivables	**2,157**	23,786	**24,673**	32,335
Prepaid expenses	**(6,094)**	(6,346)	**1,651**	2,819
Accounts payables and accrued liabilities	**(25,067)**	(28,832)	**(68,297)**	(32,941)
Cash flow used in operating activities	**(154,049)**	(158,605)	**(287,786)**	(293,237)
FINANCING ACTIVITIES				
Share issue	**866,500**	240,000	**866,500**	415,000
Share issue expenses	**(32,461)**	(12,757)	**(32,461)**	(21,442)
Convertible debenture issue	**300,000**	-	**300,000**	-
Convertible debenture issue cost	**(15,728)**	-	**(15,728)**	-
Cash flow from financing activities	**1,118,311**	227,243	**1,118,311**	393,558
INVESTING ACTIVITIES				
Disposal of Other short-term financial assets	**83,430**	-	**83,430**	-
Acquisition of exploration and evaluation assets	**(115,562)**	(150,749)	**(229,052)**	(389,568)
Cash flow used in investing activities	**(32,132)**	(150,749)	**(145,622)**	(389,568)
Net change in cash and cash equivalents	**932,130**	(82,111)	**684,903**	(289,247)
Cash and cash equivalents at the beginning	**664,928**	1,187,282	**912,155**	1,394,418
Cash and cash equivalents at the end (note 3)	**1,597,058**	1,105,171	**1,597,058**	1,105,171
Cash and cash equivalents	**816,146**	981,729	**816,146**	981,729
Cash reserved for exploration	**780,912**	123,442	**780,912**	123,442
	1,597,058	1,105,171	**1,597,058**	1,105,171

Additional information (note 12)

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

Incorporation and Nature of Operations

Cartier Resources Inc. (the "Company"), initially incorporated under Part 1 A of the Québec Companies Act on July 17, 2006, has been governed by the Business Corporations Act (Quebec) since February 14, 2011. The Company's head office is located at 1740, chemin Sullivan, Suite 1000, Val-d'Or, Québec. Its activities primaily include the acquisition and exploration of mining properties in Canada.

1. Basis of preparation and going concern

These interim condensed financial statements were prepared on a going concern basis, using historical costs method, except for «Other short-term financial assets» which are measured at fair value.

The Company's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The Company has not yet determined whether its properties contain economically recoverable ore reserves. The recoverability of the amounts shown for mining properties is dependent upon the existence of economic ore reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties. The application of International Financial Reporting Standards « IFRS » on a going concern basis may be inappropriate, since there is a doubt as to the appropriateness of the going concern assumption.

These interim condensed financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the appropriateness of the going concern assumption.

These interim condensed financial statements have been prepared by the Company’s management in accordance with (“IFRS”), and in accordance with IAS 34, “Interim Financial Reporting”. They do not include all the information required in annual financial statements in accordance with IFRS. These interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2015.

The preparation of interim condensed financial statements in accordance with IAS 34 requires the use of certain critical judgments and accounting estimates. It also requires management to exercise judgment when applying the Company’s accounting policies.

On August 16, 2016, the Company's Board of Directors approved these interim condensed financial statements for the period ended June 30, 2016.

2. Changes to accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company’s last annual financial statements for the year ended December 31, 2015, except for the following new accounts policies effective for annual periods beginning on or after January 1, 2016. The accounting policies have been applied consistently throughout the Company for the purposes of preparing these interim financial statements.

IFRS 11, Joint Arrangement
IFRS 11 was amended in May 2014 to add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. The amendment had no impact on the Company's interim financial statements.

IAS 1 – Presentation of financial statements
In December 2014, IASB published narrow-scope amendments to IAS 1 Presentation of financial statements. These amendments address, among others, the concept of materiality and aggregation and disaggregation of disclosure in the notes to the financial statements as well as in the statement of financial situation and statement of profit or loss and other comprehensive income. Amendments to IAS1 are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The amendment had no impact on the Company's interim financial statements.

2. Changes to accounting policies (continued)

IAS16 and IAS38 - Clarification of Acceptable methods of depreciation amortisation
The amendments to IAS16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The amendments apply prospectively for annual periods beginning on or after January 1, 2016. The amendment had no impact on the Company's interim financial statements.

3. Cash and cash equivalents and cash reserved for exploration

As at June 30, 2016 and December 31, 2015, the cash and the cash equivalents and the cash reserved for exploration include an account bearing a high interest rate and an account without interest are as follows:

	June 30, 2016			December 31, 2015		
	$	**Interest rate**	**Maturity date**	$	Interest rate	Maturity date
1) Account bearing interests	**1,294,881**	**0.75%**	**-**	792,614	0.75%	-
2) Account without interest	**302,177**	**-**	**-**	119,541	-	-
Total	**1,597,058**			912,155		

	June 30, 2016	December 31, 2015
	$	$
Cash	**1,597,058**	912,155
Less: Cash reserved for exploration	**(780,912)**	(75,225)
Cash and cash equivalents	**816,146**	836,930

4. Other short-term financial assets

	June 30, 2016	December 31, 2015
	$	$
Marketable securities of a quoted mining exploration companies, available-for-sale, at fair value	**11,000**	18,500

5. Receivables

	June 30, 2016	December 31, 2015
	$	$
Credit on duties refundable and refundable tax credit for resources	**26,691**	11,394
Commodity taxes and others	**18,983**	43,014
	45,674	54,408

6. Property, plant and equipment

	Leasehold improvements (1)	Furniture and equipement (2)	Total
Cost			
Balance as at December 31, 2015	117,911	22,430	140,341
Additions	-	-	-
Balance as at June 30, 2016	117,911	22,430	140,341
Accumulated depreciation			
Balance as at December 31, 2015	96,061	20,172	116,233
Depreciation	9,980	2,007	11,987
Balance as at June 30, 2016	106,041	22,179	128,220
Carrying amount as at June 30, 2016	**11,870**	**251**	**12,121**

(1) As at June 30, 2016, leasehold improvements with a carrying value of $11,603 ($19,177 as at December 31, 2015) are used for exploration.
(2) As at June 30, 2016, furniture and equipment with a carrying value of $103 ($1,363 as at December 31, 2015) are used for exploration.

7. Leases

The future minimum operating lease payments are as follows:

	Minimum lease payments due :		
	Within 1 year	**1 to 5 years**	**Total**
	$	$	$
June 30, 2016	**48,355**	136,907	185,262
December 31, 2015	**86,644**	337,948	424,592

The Company rents its offices under a lease expiring in March 2021. The lease covering a Company's vehicle expires in October 2017.

Lease fees recognized as an expense during the reporting period amount to $48,355 ($86,644 as at December 31, 2015). Since July, 1st, 2016, the Company completed the reduction of its rental space, which resulted in an amendment to his lease and to a reduction in rental costs. This amount consists of minimum lease payments. The Company’s lease agreements contain renewal options.

8. Exploration assets and deferred exploration costs

	MacCormack	Chimo Mine	Wilson	Cadillac Extension	Benoist	Fenton	Total
% participation	100%	100%	100%	100%	100%	Option 50 %	
	$	$	$	$	$	$	$
Mining properties							
Balance as at December 31, 2015	252,756	107,024	-	3,297	622,723	10,121	995,921
Addition	-	-	72,000	418	-	4,250	76,668
Balance as at June 30, 2016	**252,756**	**107,024**	**72,000**	**3,715**	**622,723**	**14,371**	**1,072,589**
Deferred exploration costs							
Balance as at December 31, 2015	3,238,208	220,267	-	1,889,011	2,322,647	461,091	8,131,224
Addition							
Geology	52,668	11,689	10,338	55,411	3,390	1,026	134,522
Drilling	-	5,434	-	8,151	-	-	13,585
Exploration office expenses	247	799	-	2,047	-	-	3,093
Surveying and access roads	-	-	-	-	-	-	-
Core shack rental and maintenance	-	8,586	-	13,103	-	-	21,689
Duties, taxes and permits	2,585	362	928	949	1,589	52	6,465
Depreciation of exploration equipment	2,404	2,307	-	3,008	1,515	-	9,234
Share-based payments-employees	7,610	5,326	-	6,295	4,797	-	24,028
Total expenses during the year	65,514	34,503	11,266	88,964	11,291	1,078	212,616
Tax credits	(9,715)	(3,050)	-	(5,208)	(675)	(287)	(18,935)
Net expenses during the period	55,799	31,453	11,266	83,756	10,616	791	193,681
Balance as at June 30, 2016	**3,294,007**	**251,720**	**11,266**	**1,972,767**	**2,333,263**	**461,882**	**8,324,905**
Balance of exploration assets and deferred exploration costs as at June 30, 2016	**3,546,763**	**358,744**	**83,266**	**1,976,482**	**2,955,986**	**476,253**	**9,397,494**

All the mining properties held by the Company are located in northwestern Quebec.

9. Convertible debenture

On May 25, 2016, the Company issued for a convertible debenture in the amount of $300,000 bearing interest at 8.20 % (effective interest rate of 18 %). The debenture is convertible at the option of the holder at any time at a conversion price of $0.13 per common share. The Company may force the conversion of the principal at a price per share plus a premium of 30 % over the lesser of the following: a) the last closing price of the shares of the company before the issuance of the debenture; or b) the weighted average of shares of the Company for a period of 20 days preceding the issuance of the debenture. The debenture is repayable at par value plus accrued and unpaid interest. The debenture matures on May 25, 2021. At June 30, 2016, the balance of the liability component of the convertible debenture is $203,463 (nil at December 31, 2015) and is as follows :

	June, 30 2016	December 31, 2015
Proceeds from issue	**300,000**	-
Liability component at the date of issue	**(213,000)**	-
Equity component	**87,000**	**-**
Liability component at the date of issue	**213,000**	-
Issuance costs	**(11,243)**	-
	201,757	**-**
Interest expensed calculated at the effective interest rate of 18.0%	**4,132**	-
Interest payable	**(2,426)**	-
Liability component as at June 30, 2016	**203,463**	**-**

10. Share capital

Authorized
Unlimited number of common shares, without par value, voting and participating

	June 30, 2016		December 31,2015	
	Number	**Amount**	Number	Amount
		$		$
Balance, beginning of the period	**80,425,795**	**16,865,599**	71,825,795	16,302,923
Shares issued and paid				
Acquisition of property (a) (b)	**300,000**	**34,250**	50,000	5,000
Private placements (h) (m) (n) (o) (p) (q)	**450,000**	**29,340**	5,400,000	338,270
Flow-through private placements (c) (d) (f) (i) (k)	**6,215,000**	**702,800**	3,150,000	409,500
Renouncement of tax deductions (e)(g) (j) (l)	**-**	**-**	-	(152,000)
	6,965,000	**766,390**	8,600,000	600,770
Share issue expenses	**-**	**(36,304)**	-	(38,094)
Balance, at end of the period	**87,390,795**	**17,595,685**	80,425,795	16,865,599

10. Share capital (continued)

(a) On September 16, 2014, the Company amended its option agreement with SOQUEM INC. for 3 years.

On March 19, 2012, the Company issued 50,000 common shares in vertue of the option agreement enabling it to acquire a 50% undivided interest in the Fenton project. The Company must also incur exploration expenditures aggregating $1,500,000 by March 19, 2018 and pay 50,000 shares at each anniversary date. In addition, the Company had a firm commitment to invest $500,000 in exploration work over the first year following the signature of the agreement, which was completed over the period, and the Company issued 50,000 common shares to SOQUEM INC, on the first, the second, the third, the fourth and the fifth anniversary following the signature of the agreement. SOQUEM INC. is the operator. After the Company earns its undivided interest of 50%, SOQUEM INC. and the Company will form a joint venture.

(b) On June 9, 2016, the Company issued 250,000 common shares in vertue of the option agreement enabling it to acquire a 100% undivided interest in the Wilson project.

(c) Issuance of flow-through shares on June 13, 2016

On June 13, 2016, the Company completed a second tranche of a flow-through private placement with accredited investors, friends and business associates and consists of 475,000 units («the units») at $0,14 each unit, for a total amount of $66,500,

(d) Issuance of flow-through shares on June 9, 2016

On June 9, 2016, the Company completed the first tranche of this private placement, on a flow-through private placement with accredited investors, friends and business associates , consists of 2,500,000 flow-through common shares at $0.14 each unit, for an amount of $350,000. For this first tranche of this private placement, the Company paid a cash finder’s fee equal to 7% of the gross proceeds and issue non-transferable warrants entitling to subscribe for 7% of the total number of the shares sold under in the first tranche of this private placement. Each Warrant will entitle to purchase one common share at a price of $0.14 for an amount of $13,250 and for a period of 18 months following closing of the Offering. The finder’s fee and warrants are equally split between Marquest Asset Management Inc. and Industrial Alliance Securities Inc. Share issue expenses totalling $29,636 were also applied against the share capital.

(e) The Company also renounced to the tax deduction related to the flow-through shares representing an amount of $89,250 which has reduced the share capital and increased the liabilities related to flow-through shares.

(f) Issuance of flow-through shares on May 10, 2016

On May 10, 2016, the Company completed a flow-through private placement with accredited investors, directors, friends and business associates and consists of 405 units for an amount of $405,000. For the flow-through private placement, each unit, at a price of $1,000 per unit, is comprised of 8,000 flow-through common shares. Thus, the following securities were issued by the Company, 3,240,000 flow-through shares at a price of $0.125 per share for an amount of $405,000. Share issue expenses totalling $4,710 were also applied against the share capital.

(g) The Company also renounced to the tax deduction related to the flow-through shares representing an amount of $16,200 which has reduced the share capital and increased the liabilities related to flow-through shares.

10. Share capital (continued)

(h) Issuance of common shares on May 10, 2016

On May 10, 2016, the Company completed a private placement with accredited investors, an officer and a friend and consists of 45 units for an amount of $45,000. For the private placement, each unit, at a price of $1,000 per unit, is comprised of 10,000 common shares and 10,000 warrants. Each warrant entitles the holder to subscribe for 1 common share at a price of $0.13 for a period of 24 months following the closing date. Thus, the following securities were issued by the Company, 450,000 shares at a price of $0.10 per share for an amount of $45,000. The financing is presented net of the value of the related warrants, which was established at $15,600. Share issue expenses totalling $1,958 were also applied against the share capital.

(i) Issuance of flow-through shares on October 22, 2015

On October 22, 2015, the Company completed a flow-through private placement with accredited investors and consists of 205 units for an amount of $266,500. For the flow-through private placement, each unit, at a price of $1,300 per unit, is comprised of 10,000 flow-through common shares. Thus, the following securities were issued by the Company, 2,050,000 flow-through shares at a price of $0.13 per share for an amount of $266,500. Share issue expenses totalling $6,379 were also applied against the share capital.

(j) The Company also renounced to the tax deduction related to the flow-through shares representing an amount of $102,500 which has reduced the share capital and increased the liabilities related to flow-through shares.

(k) Issuance of flow-through shares on August 7, 2015

On August 7, 2015, the Company completed a flow-through private placement with accredited investors and consists of 110 units for an amount of $143,000. For the flow-through private placement, each unit, at a price of $1,300 per unit, is comprised of 10,000 flow-through common shares at a price of $0.13 per share. Thus, the following securities were issued by the Company, 1,100,000 flow-through shares at a price of $0.13 per share for an amount of $143,000. Two insiders participated in this financing for a total of 120,000 shares ($15,600). Share issue expenses totalling $2,850 were also applied against the share capital.

(l) The Company also renounced to the tax deduction related to the flow-through shares representing an amount of $49,500 which has reduced the share capital and increased the liabilities related to flow-through shares.

(m) Issuance of common shares on July 16, 2015

On July 16, 2015, the Company completed a private placement with Capital Croissance PME II S.E.C. and Fonds régionaux de solidarité FTQ, S.E.C. for gross proceeds of $125,000. In total, the company issued 1,250,000 units (the “units”) at a price of $0.10 per unit, with each unit consisting of one common share at a price of $0.10 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.13 for a period of 24 months following the closing date. Accordingly, an aggregate of 1,250,000 common shares and 1,250,000 warrants were issued. The financing is presented net of the value of the related warrants, which was established at $48,375. Share issue expenses totalling $7,742 were also applied against the share capital.

(n) Issuance of common shares on June 12, 2015

On June 12, 2015, the Company completed a private placement with SIDEX, s.e.c. for gross proceeds of $100,000. In total, the Company issued 1,000,000 units (the “units”) at a price of $0.10 per unit, with each unit consisting of one common share at a price of $0.10 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.13 for a period of 24 months following the closing date. Accordingly, an aggregate of 1,000,000 common shares and 1,000,000 warrants were issued. The financing is presented net of the value of the related warrants, which was established at $34,600. Share issue expenses totalling $5,992 were also applied against the share capital.

10. Share capital (continued)

(o) Issuance of common shares on April 7, 2015

On April 7, 2015, the Company completed a private placement with accredited investors, directors, officers and other investors for gross proceeds of $140,000. In total, the Company issued 1,400,000 units (the "units") at a price of $0.10 per unit, with each unit consisting of one common share at a price of $0.10 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.13 for a period of 24 months following the closing date. Accordingly, an aggregate of 1,400,000 common shares and 1,400,000 warrants were issued. The financing is presented net of the value of the related warrants, which was established at $51,380. Share issue expenses totalling $3,073 were also applied against the share capital.

(p) Issuance of common shares on March 13, 2015

On March 13, 2015, the Company completed a private placement with SODÉMEX II s.e.c. for gross proceeds of $75,000. In total, the Company issued 750,000 units (the "Units") at a price of $0.10 per Unit, with each Unit consisting of one common share at a price of $0.10 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.13 for a period of 24 months following the closing date. Accordingly, an aggregate of 750,000 common shares and 750,000 warrants were issued. The financing is presented net of the value of the related warrants, which was established at $28,875. Share issue expenses totalling $4,448 were also applied against the share capital.

(q) Issuance of common shares on March 11, 2015

On March 11, 2015, the Company completed a private placement with SIDEX, s.e.c. for gross proceeds of $100,000. In total, the Company issued 1,000,000 units (the "Units") at a price of $0.10 per Unit, with each Unit consisting of one common share at a price of $0.10 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.13 for a period of 24 months following the closing date. Accordingly, an aggregate of 1,000,000 common shares and 1,000,000 warrants were issued. The financing is presented net of the value of the related warrants, which was established at $38,500. Share issue expenses totalling $7,611 were also applied against the share capital.

Stock Option Plan

The Company has a stock option plan that has been approved by the shareholders. The maximum number of common shares which may be reserved under the plan is limited to 10% of the number of common shares issued and outstanding (on a non-diluted basis). The options granted to any optionnee cannot exceed 5% of the issued and outstanding common shares. The options are vested over a period of 12 months and are exercisable over a maximum of five years.

The following table summarizes the information about the outstanding stock options:

	June 30, 2016	
	Number	Weighted average exercise price
		$
Outstanding - Beginning	**7,070,000**	**0.18**
Granted-employees	**1,000,000**	**0,13**
Expired	**(500,000)**	**-**
Outstanding - End	**7,570,000**	**0.16**
Exercisable - End	**5,920,000**	**0.17**

10. Share capital (continued)

The following table summarizes certain information for stock options outstanding and exercisable :

	Outstanding options June 30, 2016			Exercisable options June 30, 2016		
Exercise price	**Number of options**	**Weighted average naining life**	**Weighted average exercise price**	**Number of options**	**Weighted average remaining life**	**Weighted average exercise price**
		(years)	**$**		**(years)**	**$**
$0.01 to $0.20	**5,770,000**	**3.88**	**0.13**	**4,120,000**	**3.54**	**0.13**
$0.21 to $0.40	**1,700,000**	**1.45**	**0.25**	**1,700,000**	**1.45**	**0.25**
$0.41 to $0.60	**100,000**	**0.19**	**0.41**	**100,000**	**0.19**	**0.41**
$0.01 to $0.60	**7,570,000**	**3.29**	**0.16**	**5,920,000**	**2.88**	**0.17**

Warrants

The following table presents the changes that occurred during the year :

	June 30, 2016		
	Number	**Weighted average exercise price**	**Weighted average remaining contractual life**
		$	**(years)**
Outstanding - Beginning	**6,198,000**	**0.14**	**1.23**
Granted-private placements	**450,000**	**0.13**	**1.07**
Granted-agent compensation options	**175,000**	**0.14**	**1.21**
Expired	**(798,000)**	**-**	**-**
Outstanding - End	**6,025,000**	**0.13**	**1.34**
Exercisable - End	**5,850,000**	**0.13**	**1.34**

At issuance, the warrants are subject to a 4 month and 1 day statutory hold period.

The outstanding warrants are as follows:

Maturity date	**Exercise price**	**Number**
	$	
March 2017	0.13	**1,750,000**
April 2017	0.13	**1,400,000**
June 2017	0.13	**1,000,000**
July 2017	0.13	**1,250,000**
December 2017	0.14	**175,000**
May 2018	0.13	**450,000**
		6,025,000

11. Employee remuneration

Employee benefits expense recognized are detailed below:	**June 30, 2016**	December 31, 2015
	$	$
Wages, salaries	**245,616**	552,454
Social security costs	**26,995**	46,177
Share-based payments-employees	**97,886**	115,261
Defined contribution pension plan	**8,441**	19,084
	378,938	732,976
Less: salaries capitalized in exploration and evaluation assets	**(115,548)**	(211,652)
Employee benefits expense	**263,390**	521,324

12. Cash flows

	Three-month period ended		**Six-month period ended**	
Additional information	**June 30, 2016**	June 30, 2015	**June 30, 2016**	June 30, 2015
	$	$	**$**	$
Items not affecting cash and cash equivalents related to operating, financing and investing				
Shares issued for the acquisition of mining properties	**30,000**	-	**34,250**	5,000
Shares issued expense included in accounts payable and accrued liabilities	**3,843**	-	**3,843**	-
Tax credits	**13,441**	-	**20,759**	-
Depreciation of property, plant and equipment transferred to deferred exploration costs	**4,009**	4,931	**9,234**	9,862
Deferred exploration costs included in accounts payable and accrued liabilities	**4,343**	70,308	**17,371**	19,287
Share-based payments-employees charged to deferred exploration costs	**16,543**	10,212	**24,028**	10,907

13. Financial Instruments

Objectives and policies in managing financial risks

The Company is exposed to various financial risks resulting from its operations and financing activities. The directors and officers of the Company manage those risks.

The Company does not enter into speculative derivative financial instruments.

Financial risks

The following paragraphs describe the main financial risks to which the Company is exposed and its risk management policies.

13. Financial Instruments (continued)

Interest risk

As at June 30, 2016, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents :	Variable and fixed interest rate
Cash reserved for exploration :	Variable and fixed interest rate
Receivables :	Non-interest bearing
Accounts payables and accrued liabilities :	Non-interest bearing
Convertible debenture	Fixed interest rate

The other financial assets and liabilities of the Company do not represent interest risk because they do not bear interest.

The Company does not use financial derivatives to reduce its exposure to interest risk.

Interest rate sensitivity

As at June 30, 2016, the Company only received interest on bankers' acceptances and on account bearing interests.

Interest rate movements may affect the fair value of the investments in fixed interest financial assets.

The possible effects on fair value that could arise as a result of changes in interest rates are taken into account when making investment decisions.

Liquidity risks

The Company establishes cash forecasts to ensure it has the necessary funds to fulfill its obligations. Obtaining additional funds makes it possible for the Company to continue its operations, and while it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Liquidity risk analysis

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

The following table summarizes the Company's financial liabilities as at:

			June 30, 2016
	Less than one year	Between one and three years	More than three years
	$	$	$
Accounts payables and accrued liabilities	**105,804**	-	-
Liability related to flow-through shares	**103,826**	-	-
Convertible debenture	**-**	-	**300,000**
	209,630	-	**300,000**

Where the counterparty has a choice of when an amount is paid, the liability has been included at the earliest date on which payment can be required.

13. Financial Instruments (continued)

Credit risk analysis

The Company's exposure to credit risk is limited to the carrying value of its financial assets at the date of presentation of the financial information as disclose below :

	June 30 2016	December 31, 2015
	$	$
Cash and cash equivalents	**816,146**	836,930
Cash reserved for exploration	**780,912**	75,225
Receivables (other than goods and services tax receivable)	**26,691**	11,394
Carrying amounts	**1,623,749**	923,549

The Company has no trade receivables. Its receivables comprised mainly of credit duties refundable and refundable tax credit for resources. Consequently, the exposure to credit risk for the Company's receivables is considered immaterial. No impairment loss has been recognized in the periods presented.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for cash and cash equivalents and cash reserved for exploration is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings.

Fair value of financial instruments

The Company discloses the fair value hierarchy by which the financial instruments are evaluated and assigned to the following levels. Level 1 features a valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 includes inputs for the asset or liability that are not based on observable market data. Marketable securities are classified under Level 1 (note 14).

14. Financial assets and liabilities

	June 30, 2016		December 31, 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
Categories of financial assets and liabilities				
Financial assets				
Loans and receivables				
Cash and cash equivalents	**816,146**	**816,146**	836,930	836,930
Cash reserved for exploration	**780,912**	**780,912**	75,225	75,225
Available for sale financial asset				
Other short-term financial assets	**11,000**	**11,000**	18,500	18,500
Financial liabilities				
Other financial liabilities				
Trade	**17,793**	**17,793**	48,199	48,199
Other	**88,011**	**88,011**	139,430	139,430
Convertible debenture	**203,463**	**203,463**	-	-

15. Contingencies and commitments

The Company is partially financed through the issuance of flow-through shares. However, there is no guarantee that its expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

Moreover, tax rules regarding flow-through placements set deadlines for carrying out the exploration work no later than the first of the following dates:

– Two years following the flow-through placements;
– One year after the Company has renounced the tax deductions relating to the exploration work.

Commitments to carry out exploration work that are not met are subject to a combined tax rate of 30% (Canada and Quebec).

During the period, the Company received an amount of $821,500 ($409,500 as at December 31, 2015) from flow-through financings for which the Company will renounce tax deductions. An amount of $780,912 ($75,225 as at December 31, 2015) has been presented as “Cash reserved for exploration”.

The Company renounced to tax deductions for an amount of $105,450 ($409,500 as at February 28, 2016 and management is required to fulfil its commitments before the stipulated deadline of December 31, 2016). The portion unspent as at June 30, 2016 totalling $103,826 ($75,225 as at December 31, 2015) has been presented as “Cash reserved for exploration”.

16. Transactions with key management personnel

The Company's key management personnel are members of the Board of Directors, the president, the vice-president and chief financial officer. The remuneration of key management personnel includes the following expenses:

	June 30, 2016	December 31, 2015
	$	$
Short-term employee benefits		
Salaries and fees including bonuses and benefits	**177,743**	387,278
Social security costs and contributions to the pension plan	**25,794**	45,311
Total short-term employee benefits	**203,537**	432,589
Share-based payments-employees	**71,051**	95,866
Total remuneration	**274,588**	528,455

During the periods ended in 2016 and 2015, key management personnel did not exercised any share options granted through the share-based payment plans.

17. Capital disclosures

The Company's objectives in managing its capital are to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company's capital is composed of shareholders' equity. The Company's primary uses of capital are to finance exploration expenditures and acquire properties. To effectively manage the Company's capital requirements, the Company has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives.

The Company expects that its current capital resources and its ability to obtain additional financing will support further exploration and development of its mineral properties for the next 12 months.

The Company is not subject, in regards of external rules, to any requirements regarding its capital, except in case that the Company completes a flow-through financing for which the cash must be reserved for exploration. As at June 30, 2016, the Company has $780,912 cash reserved for exploration ($75,225 as at December 31, 2015).

As at June 30, 2016, shareholders' equity was $8,827,212 ($8,121,954 as at December 31, 2015).

18. Fair value adjustment for available for sale investments

Based on the steady decline in the unit fair value of the shares of public companies since their acquisition, the Company, in the fourth quarter of 2015, recorded in the statement of loss the changes in fair value of financial assets available for sale acquired in 2011. As required by IAS 39 Financial Instruments: Recognition and Measurement, when this situation occurs, the Company must record an impairment in the statement of loss instead than in the statement of comprehensive loss which had not been made in the financial statements as at December 31, 2014 and in the quarter ended June 30, 2016. Therefore, the Company completed the retrospective restatement of comparative data as follows.

This modification has no impact on the assets, liabilities and the total equity of the Company for the previous years and for the current year.

18. Fair value adjustment for available for sale investments (continued)

	As previously reported	Impact of restatement	**As reported**
As at December 31, 2014			
Equity			
Share capital	16,302,923	-	**16,302,923**
Warrants	2,054,561	-	**2,054,561**
Contributed surplus	1,251,432	-	**1,251,432**
Deficit	(9,948,872)	(380,000)	**(10,328,872)**
Accumulated other comprehensive loss	(393,750)	380,000	**(13,750)**
Total equity	9,266,294	-	**9,266,294**
Three-month period ending June 30, 2015			
Statement of loss			
Impairment of securities available-for-sale	-	(39,000)	(39,000)
Net loss	**(248,900)**	**(39,000)**	**(287,900)**
Statement of comprehensive loss			
Net loss	(248,900)	(39,000)	(287,900)
Change in fair value of other short-term financial asset	(40,750)	39,000	**(1,750)**
Comprehensive loss	**(289,650)**	**-**	**(289,650)**
Statement of cash flows			
Loss before deferred income and mining taxes	(267,107)	(39,000)	(306,107)
Operating activities			
Adjustment for :			
Impairment of securities available-for-sale		39,000	39,000
Cash flow used in operating activities	**(147,213)**	**-**	**(147,213)**

18. Fair value adjustment for available for sale investments (continued)

Six-month period ending June 30, 2015

	As previously reported	Impact of restatement	**As reported**
Statement of loss			
Impairment of securities available-for-sale	-	(39,000)	(39,000)
Net loss	**(418,910)**	**(39,000)**	**(457,910)**
Statement of comprehensive loss			
Net loss	(418,910)	(39,000)	(457,910)
Change in fair value of other short-term financial asset	(25,250)	39,000	**13,750**
Comprehensive loss	**(444,160)**	**-**	**(444,160)**
Statement of cash flows			
Loss before deferred income and mining taxes	(435,832)	(39,000)	(474,832)
Operating activities			
Adjustment for :			
Impairment of securities available-for-sale		39,000	39,000
Cash flow used in operating activities	**(295,450)**	**-**	**(295,450)**

19. Subsequent event

On August 12, 2015, the Company completed a private placement with SIDEX, s.e.c. for gross proceeds of $100,000. In total, the Company issued 833,334 units (the "Units") at a price of $0.12 per Unit, with each Unit consisting of one common share at a price of $0.12 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.15 for a period of 12 months following the closing date. Accordingly, an aggregate of 833,334 common shares and 833,334 warrants were issued.