Cartier Resources Inc.

(an exploration company)

Interim condensed financial statements
(Unaudited)

First quarter ended March 31, 2017

The interim condensed financial statements for the period ended March 31, 2017 have not been reviewed by the Company's independent auditor.

Cartier Resources Inc.
(an exploration company)
Interim Condensed Statements of Financial Position

(In Canadian $)

	March 31, 2017	December 31, 2016
	$	$
	(Unaudited)	(Audited)
Assets		
Current		
Cash and cash equivalents (note 3)	**5,211,258**	5,426,970
Cash reserved for exploration (note 3)	**3,281,146**	138,385
Other short-term financial assets (note 4)	**13,825**	22,713
Receivables (note 5)	**144,045**	103,091
Prepaid expenses	**36,659**	6,498
	8,686,933	5,697,657
Non-current		
Property, plant and equipment (note 6)	**7,871**	10,150
Exploration assets and deferred exploration costs (note 8)	**10,599,902**	10,072,762
TOTAL ASSETS	**19,294,706**	15,780,569
Liabilities		
Current		
Accounts payables and accrued liabilities	**393,979**	309,413
Liability related to flow-through shares	**729,144**	29,654
	1,123,123	339,067
Non-current		
Deferred income and mining taxes	**2,194,929**	2,072,624
Liability component of the convertible debenture (note 9)	**-**	212,110
TOTAL LIABILITIES	**3,318,052**	2,623,801
EQUITY		
Share capital (note 10)	**25,443,366**	22,260,938
Warrants	**2,372,977**	2,411,881
Contributed surplus	**1,662,633**	1,580,662
Equity component of the convertible debenture (note 9)	**-**	82,971
Deficit	**(13,509,234)**	(13,195,484)
Accumulated other comprehensive loss	**6,912**	15,800
TOTAL EQUITY	**15,976,654**	13,156,768
TOTAL LIABILITIES AND EQUITY	**19,294,706**	15,780,569

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

The accompanying notes are an integral part of these interim condensed 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	
	March 31, 2017	March 31, 2016
	$	$
Balance - Beginning of period	**9,000,173**	8,131,224
Expenses incurred during the period		
Geology	**91,080**	83,283
Drilling	**326,697**	6,793
Exploration office expenses	**2,313**	1,322
Surveying and access roads	**30,806**	-
Core shack rental and maintenance	**3,694**	9,960
Duties, taxes and permits	**1,550**	1,915
Depreciation of exploration equipment	**2,279**	5,225
Share-based payments-employees (note 11)	**17,252**	7,485
	475,671	115,983
Tax credits	**(33,531)**	(7,318)
Balance - End of period	**9,442,313**	8,239,889

The accompanying notes are an integral part of these interim condensed 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, 2016	**112,641,129**	**22,260,938**	**2,411,881**	**1,580,662**	**82,971**	**(13,195,484)**	**15,800**	**13,156,768**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(313,750)**	**-**	**(313,750)**
Change in fair value of other short-term financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**(8,888)**	**(8,888)**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(313,750)**	**(8,888)**	**(322,638)**
Issuance of shares	**15,237,690**	**2,614,053**	**-**	**-**	**-**	**-**	**-**	**2,614,053**
Effect of share-based payments	**-**	**-**	**-**	**81,971**	**-**	**-**	**-**	**81,971**
Issuance of warrants	**-**	**-**	**89,971**	**-**	**-**	**-**	**-**	**89,971**
Exercise of warrants	**3,350,000**	**568,375**	**(128,875)**	**-**	**-**	**-**	**-**	**439,500**
Convertible debenture	**-**	**-**	**-**	**-**	**(82,971)**	**-**	**-**	**(82,971)**
BALANCE AS AT MARCH 31, 2017	**131,228,819**	**25,443,366**	**2,372,977**	**1,662,633**	**-**	**(13,509,234)**	**6,912**	**15,976,654**
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	-	-	-	-	-	(141,257)	-	(141,257)
Change in fair value of other short-term financial assets	-	-	-	-	-	-	28,750	28,750
Total comprehensive loss	-	-	-	-	-	(141,257)	28,750	(112,507)
Issuance of shares	50,000	4,250	-	-	-	-	-	4,250
Effect of share-based payments	-	-	-	30,458	-	-	-	30,458
BALANCE AS AT MARCH 31, 2016	80,475,795	16,869,849	2,256,291	1,397,151	-	(12,507,886)	28,750	8,044,155

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of loss

(Unaudited)

(In Canadian $)

	Three-month periods ended	
	March 31, 2017	March 31, 2016
	$	$
Administrative expenses		
Salaries	**94,363**	91,115
Consultants	**1,442**	3,110
Share-based payments-employees (note 11)	**51,754**	22,973
Share-based payments-consultants	**12,965**	-
Professional fees	**8,025**	4,863
Rent	**2,463**	5,082
Business development	**68,740**	15,323
Insurance, taxes and permits	**4,573**	2,659
Interest and bank charges	**10,271**	383
Depreciation of property, plant and equipment	**-**	1,791
Office supplies	**7,013**	8,255
Telecommunications	**1,321**	1,644
Training and travel	**3,117**	2,149
Advertising and sponsoring	**2,620**	611
Shareholder's information	**16,510**	10,720
	285,177	170,678
Other expenses (income)		
Other exploration costs	**64**	-
Contractual services income	**-**	(24,000)
Interest income	**(10,906)**	(1,145)
LOSS BEFORE DEFERRED INCOME AND MINING TAXES	**(274,335)**	(145,533)
Deferred income and mining taxes	**39,415**	(4,276)
Net loss for the period attributable to shareholders	**(313,750)**	(141,257)
LOSS PER SHARE		
basic	**(0.00)**	(0.00)
diluted	**(0.00)**	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
basic	**116,119,112**	80,432,938
diluted	**120,948,465**	80,432,938

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Comprehensive Loss

(Unaudited)

(In Canadian $)

	Three-month periods ended	
	March 31, 2017	March 31, 2016
	$	$
Net loss for the period	**(313,750)**	(141,257)
Items that may be reclassified subsequently to profit or loss :		
Change in fair value of other short-term financial assets	**(8,888)**	28,750
Comprehensive loss for the period attributable to shareholders	**(322,638)**	(112,507)

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Cash Flows

(Unaudited)

(In Canadian $)

	Three-month periods ended	
	March 31, 2017	March 31, 2016
	$	$
OPERATING ACTIVITIES		
Loss before deferred income and mining taxes	**(274,335)**	(145,533)
Adjustments for:		
Depreciation of property, plant and equipment	**-**	1,791
Share-based payments-employees	**51,754**	22,973
Share-based payments-consultants	**12,965**	-
Imputed interest of convertible debenture	**4,919**	-
Interest income	**(10,906)**	(1,145)
Interest received	**6,693**	832
	(208,910)	(121,082)
Net change in non-cash working capital items		
Receivables	**6,369**	22,829
Prepaid expenses	**(30,161)**	7,745
Accounts payables and accrued liabilities	**54,565**	(43,229)
Cash flow used in operating activities	**(178,137)**	(133,737)
FINANCING ACTIVITIES		
Share issue	**3,477,600**	-
Share issue expenses	**(304,321)**	-
Exercise of warrants	**439,500**	-
Cash flow from financing activities	**3,612,779**	-
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	**(507,593)**	(113,490)
Cash flow used in investing activities	**(507,593)**	(113,490)
Net change in cash and cash equivalents	**2,927,049**	(247,227)
Cash and cash equivalents at the beginning	**5,565,355**	912,155
Cash and cash equivalents at the end (note 3)	**8,492,404**	664,928
Cash and cash equivalents	**5,211,258**	664,928
Cash reserved for exploration	**3,281,146**	-
	8,492,404	664,928

Additional information (note 12)

The accompanying notes are an integral part of these interim condensed 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, 2016.

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 May 16, 2017, the Company's Board of Directors approved these interim condensed financial statements for the period ended March 31, 2017.

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, 2016, except for the following new accounts policies effective for annual periods beginning on or after January 1, 2017. The accounting policies have been applied consistently throughout the Company for the purposes of preparing these interim financial statements.

IAS 7, Statement of Cash Flows
IAS 7, Statement of Cash Flows has been revised to incorporate amendments issued by the IASB in January 2016. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. This modification did not have impact on the financial statements.

3. Cash and cash equivalents

As at March 31, 2017 and December 31, 2016, the cash and cash equivalents includes an account bearing a high interest rate and an account without interest are as follows:

	March 31, 2017			December 31, 2016		
	$	**Interest rate**	**Maturity date**	$	Interest rate	Maturity date
1) Account bearing interests	**7,408,223**	**0.75%-1%**	**-**	900,042	0.75%-0.80%	-
2) Account without interest	**1,084,181**	**-**	**-**	4,665,313	-	-
Total	**8,492,404**			5,565,355		

	March 31, 2017	December 31, 2016
	$	$
Cash	**8,492,404**	5,565,355
Less: Cash reserved for exploration	**(3,281,146)**	(138,385)
Cash and cash equivalents	**5,211,258**	5,426,970

4. Other short-term financial assets

	March 31, 2017	December 31, 2016
	$	$
Marketable securities of a quoted mining exploration companies, available-for-sale, at fair value	**13,825**	22,713

5. Receivables

	March 31, 2017	December 31, 2016
	$	$
Credit on duties refundable and refundable tax credit for resources	**69,802**	26,691
Commodity taxes and others	**74,243**	76,400
	144,045	103,091

6. Property, plant and equipment

	Leasehold improvements (1)	Furniture and equipement	Total
Cost			
Balance as at December 31, 2016 and March 31, 2017	113,126	19,675	132,801
Accumulated depreciation			
Balance as at December 31, 2016	102,976	19,675	122,651
Depreciation	2,279	-	2,279
Balance as at March 31, 2017	105,255	19,675	124,930
Carrying amount as at March 31, 2017	**7,871**	**-**	**7,871**

(1) As at March 31, 2017, leasehold improvements with a carrying value of $7,871 ($10,150 as at December 31, 2016) 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**
	$	$	$
March 31, 2017	**39,814**	108,000	147,814
December 31, 2016	**41,722**	117,000	158,722

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 $10,907 ($61,812 as at December 31, 2016).

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, 2016	252,756	107,024	72,000	3,715	622,723	14,371	1,072,589
Addition	-	-	-	-	75,000	10,000	85,000
Balance as at March 31, 2017	**252,756**	**107,024**	**72,000**	**3,715**	**697,723**	**24,371**	**1,157,589**
Deferred exploration costs							
Balance as at December 31, 2016	3,297,601	517,046	177,769	2,195,497	2,349,809	462,451	9,000,173
Addition							
Geology	-	32,956	26,130	10,642	16,715	4,637	91,080
Drilling	-	6,562	165,300	154,344	98	393	326,697
Exploration office expenses	-	1,328	394	221	26	344	2,313
Surveying and access roads	-	-	18,967	1,713	10,126	-	30,806
Core shack rental and maintenance	-	1,921	610	775	154	234	3,694
Duties, taxes and permits	320	-	422	-	808	-	1,550
Depreciation of exploration equipment	-	1,459	425	-	-	395	2,279
Share-based payments-employees	-	11,300	3,364	-	-	2,588	17,252
Total expenses during the year	320	55,526	215,612	167,695	27,927	8,591	475,671
Tax credits	-	(5,803)	(7,972)	(14,975)	(3,803)	(978)	(33,531)
Net expenses during the period	320	49,723	207,640	152,720	24,124	7,613	442,140
Balance as at March 31, 2017	**3,297,921**	**566,769**	**385,409**	**2,348,217**	**2,373,933**	**470,064**	**9,442,313**
Balance of exploration assets and deferred exploration costs as at March 31, 2017	**3,550,677**	**673,793**	**457,409**	**2,351,932**	**3,071,656**	**494,435**	**10,599,902**

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. On February 28, 2017, in agreement with the holders, the Company converted the debenture at a conversion price of $0.13 per common share. A total of 2,307,690 shares were issued for $ 300,000. The Company also repurchased 0.9% of the net smelter return for $75,000 in cash. In addition, accrued interest totaling $18,763 was also paid in cash. At March 31, 2017, the balance of the liability component of the convertible debenture is nil ($212,110 at December 31, 2016) and is as follows :

	March 31, 2017	December 31, 2016
Proceeds from issue	**300,000**	300,000
Liability component at the date of issue	**(213,000)**	(213,000)
Depreciation of issuance costs	**(4,029)**	-
Redemption of the debenture	**(82,971)**	-
Equity component	**-**	87,000
Liability component at the date of issue	**213,000**	213,000
Issuance costs	**(11,471)**	(11,699)
Depreciation of issuance costs	**1,727**	
Redemption of the debenture	**(212,110)**	-
	(8,854)	201,301
Interest expensed calculated at the effective interest rate of 18.0%	**8,854**	25,637
Interest payable	**(18,763)**	(14,828)
Interest paid	**18,763**	
Liability component	**-**	212,110

10. Share capital

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

	March 31, 2017		December 31,2016	
	Number	**Amount**	Number	Amount
		$		$
Balance, beginning of the period	**112,641,129**	**22,260,938**	80,425,795	16,865,599
Shares issued and paid				
Acquisition of property (k) (o)	**50,000**	**10,000**	300,000	34,250
Private placements (e) (f) (g) (h) (n)	**-**	**-**	25,700,334	4,752,710
Flow-through private placements (b) (i) (l)	**12,880,000**	**3,477,600**	6,215,000	808,250
Renouncement of tax deductions (c) (j) (m)	**-**	**(772,800)**	-	(105,450)
Redemption of the debenture (d)	**2,307,690**	**300,000**	-	-
Exercise of warrants (a)	**3,350,000**	**568,375**	-	-
	18,587,690	**3,583,175**	32,215,334	5,489,760
Share issue expenses	**-**	**(400,747)**	-	(94,421)
Balance, at end of the period	**131,228,819**	**25,443,366**	112,641,129	22,260,938

(a) During the current period, the Company issued 3,150,000 common shares at a price of $0.13 and 200,000 common shares at a price of $0.15 totalling $439,500 following exercise of warrants.

(b) Issuance of flow-through shares on March 20, 2017

On March 20, 2017, the Company completed a private placement through Paradigm Capital Inc. The Company issued 12,880,000 flow-through shares at a price of $0.27 per flow-through share for total gross proceeds of $3,477,600. In connection with the offering, the agent received a cash commission equal to 7% of the gross proceeds received by the company and broker warrants, equal to 7% of the number of flow-through shares sold pursuant. Each broker warrant shall entitle the holder thereof to acquire one common share at a price of $0.27 for a period of 24 months following the closing date. Share issue expenses totalling $400,445 were also applied against the share capital.

(c) The Company also renounced to the tax deduction related to the flow-through shares representing an amount of $772,800 which has reduced the share capital and increased the liabilities related to flow-through shares.

(d) Redemption of the debenture on February 28, 2017

On February 28, 2017, in agreement with the holders, the Company converted the debenture at a conversion price of $0.13 per common share. A total of 2,307,690 shares were issued for $ 300,000. The Company also repurchased 0.9% of the net smelter return for $75,000 in cash. In addition, accrued interest totaling $18,763 was also paid in cash.

(e) Issuance of common shares on December 22, 2016

On December 22, 2016, the Company completed a private placement for gross proceeds of $4,500,000. In total the Company issued 22,500,000 common share at a price of $0,20 per common share. Share issue expenses totalling $34,429 were also applied against the share capital.

10. Share capital (continued)

(f) Issuance of common shares on September 2, 2016

On September 2, 2016, the Company completed a private placement for gross proceeds of $100,050. In total the Company issued 667,000 units («the units») at a price of $0,15 per unit, with each unit consisting of one common share at a price of $0.15 per share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.20 for a period of 12 months following the closing date. The financing is presented net of the value of the related warrants, which was established at $27,347. The Company has paid Raymond James Ltd. a fee equal to 8% of the gross proceeds raised in this private placement. Share issue expenses totalling $12,567 were also applied against the share capital.

(g) Issuance of common shares on August 17, 2016

On August 17, 2016, the Company completed a private placement for gross proceeds of $150,000. In total the Company issued 1,250,000 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. The financing is presented net of the value of the related warrants, which was established at $63,250. Share issue expenses totalling $4,886 were also applied against the share capital.

(h) Issuance of common shares on August 12, 2016

On August 12, 2016, the Company completed a private placement for gross proceeds of $100,000 with SIDEX, s.e.c. In total the Company issued 833,334 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. The financing is presented net of the value of the related warrants, which was established at $36,083. Share issue expenses totalling $5,862 were also applied against the share capital.

(i) Issuance of flow-through shares on June 9 and 13, 2016

On June 9 and 13, 2016, the Company completed two tranches on a flow-through private placement totaling $416,500 with accredited investors, friends and business associates, consists of 2,975,000 flow-through common shares at $0.14 each. For the first tranche of this private placement, the Company paid a cash finder's fee equal to 7% of the gross proceeds and issue 175,000 non-transferable warrants entitling to subscribe for 7% of the total number of the shares sold at $0.14 each common share 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. The offering is net of the $13,250 warrants. Share issue expenses totalling $29,636 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 $89,250 which has reduced the share capital and increased the liabilities related to flow-through shares.

(k) Issuance of common shares on June 9, 2016

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.

10. Share capital (continued)

(l) 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.

(m) 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.

(n) 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 $15,660. Share issue expenses totalling $1,958 were also applied against the share capital.

(o) 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. During the period, an amount of $302 was 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:

	March 31, 2017	
	Number	Weighted average exercise price
		$
Outstanding - Beginning and End	**8,970,000**	**0.16**
Exercisable - End	**7,720,000**	**0.16**

10. Share capital (continued)

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

	Outstanding options March 31, 2017			Exercisable options March 31, 2017		
Exercise price	**Number of options**	**Weighted average remaining life**	**Weighted average exercise price**	**Number of options**	**Weighted average remaining life**	**Weighted average exercise price**
		(years)	**$**		**(years)**	**$**
\$0.10 to \$0.18	**6,050,000**	**3.70**	**0.12**	**4,800,000**	**3.48**	**0.11**
\$0.19 to \$0.25	**2,920,000**	**1.28**	**0.23**	**2,920,000**	**1.28**	**0.23**
\$0.10 to \$0.25	**8,970,000**	**2.91**	**0.16**	**7,720,000**	**2.65**	**0.16**

Warrants

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

	March 31, 2017		
	Number	**Weighted average exercise price**	**Weighted average remaining contractual life**
		$	**(years)**
Outstanding - Beginning	**8,775,334**	**0.14**	**0.49**
Granted-agent compensation options	**901,600**	**0.27**	**1.97**
Expired	**(3,350,000)**	**0.13**	**-**
Outstanding - End	**6,326,934**	**0.16**	**0.62**
Exercisable - End	**5,425,334**	**0.14**	**0.40**

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

10. Share capital (continued)

Warrants (continued)

The outstanding warrants are as follows:

Maturity date	Exercise price	Number
	$	
June 2017	0.13	**1,000,000**
July 2017	0.13	**1,250,000**
August 2017	0.15	**1,883,334**
September 2017	0.20	**667,000**
December 2017	0.14	**175,000**
May 2018	0.13	**450,000**
March 2019	0.27	**901,600**
		6,326,934

The weighted average fair value of warrants granted during the period was estimated on the grant date using the Black-Scholes option-pricing model at $0.21 per warrant ($0.08 in 2015) using the following assumptions:

	2017	2016
Risk-free interest rate	**0.75%**	0.59%
Expected volatility	**102%**	119%
Dividend yield	**nil**	nil
Weighted average expected life	**2 years**	1.2 year

11. Employee remuneration

Employee benefits expense recognized are detailed below:	**March 31, 2017**	December 31, 2016
	$	$
Wages, salaries	**176,201**	513,227
Social security costs	**19,328**	46,482
Share-based payments-employees	**69,006**	165,470
Defined contribution pension plan	**5,871**	17,987
	270,406	743,166
Less: salaries capitalized in exploration and evaluation assets	**(103,692)**	(239,063)
Employee benefits expense	**166,714**	504,103

12. Cash flows

Additional information	Three-month periods ended **March 31, 2017**	March 31, 2016
	$	$
Items not affecting cash and cash equivalents related to operating, financing and investing		
Shares issued for the acquisition of mining properties	**10,000**	4,250
Shares issued expense included in accounts payable and accrued liabilities	**6,455**	-
Warrants issued included in shares issued expense	**89,971**	-
Tax credits	**33,531**	7,318
Depreciation of property, plant and equipment transferred to deferred exploration costs	**2,279**	5,225
Deferred exploration costs included in accounts payable and accrued liabilities	**23,543**	21,714
Share-based payments-employees charged to deferred exploration costs	**17,252**	7,485

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.

Interest risk

As at March 31, 2017, the Company's exposure to interest rate risk is summarized as follows:

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

13. Financial Instruments (continued)

Interest rate sensitivity

As at March 31, 2017, 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.

Over the period, the Company has financed its exploration expense commitments, its working capital requirements and acquisitions through private and flow-through financings.

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

			March 31, 2017
	Less than one year	Between one and three years	More than three years
	$	$	$
Accounts payables and accrued liabilities	**393,979**	-	-
Liability related to flow-through shares	**729,144**	-	-
	1,123,123	-	**-**

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 :

	March 31, 2017	December 31, 2016
	$	$
Cash and cash equivalents	**5,211,258**	5,426,970
Cash reserved for exploration	**3,281,146**	138,385
Receivables (other than goods and services tax receivable)	**69,802**	26,691
Other short-term financial asset	**13,825**	22,713
Carrying amounts	**8,576,031**	5,614,759

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

	March 31, 2017		December 31, 2016	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
Categories of financial assets and liabilities				
Financial assets				
Loans and receivables				
Cash and cash equivalents	**5,211,258**	**5,211,258**	5,426,970	5,426,970
Cash reserved for exploration	**3,281,146**	**3,281,146**	138,385	138,385
Available for sale financial asset				
Other short-term financial assets	**13,825**	**13,825**	22,713	22,713
Financial liabilities				
Other financial liabilities				
Trade	**229,642**	**229,642**	182,893	182,893
Other	**164,335**	**164,335**	126,250	126,250
Convertible debenture	**-**	**-**	212,110	212,110

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.

If the Company does not incur eligible exploration expenditures it will be required to indemnify the holders of such shares against all taxes and other expenses incurred as a result of the Company not incurring the required exploration expenses .

During the period, the Company received an amount of $3,477,600 ($821,500 as at December 31, 2016) from flow-through financings for which the Company will renounce tax deductions. The unspent balance has been presented as “Cash reserved for exploration”.

The Company renounced to tax deductions for an amount of $772,800 and management is required to fulfil its commitments before the stipulated deadline of December 31, 2017. As at March 31, 2017, the unexpended portion of $729,144 has been presented as «Liability related to flow-through shares».

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:

	March 31, 2017	December 31, 2016
	$	$
Short-term employee benefits		
Salaries and fees including bonuses and benefits	**147,085**	368,474
Social security costs and contributions to the pension plan	**30,286**	46,576
Total short-term employee benefits	**177,371**	415,050
Share-based payments-employees	**62,107**	150,158
Total remuneration	**239,478**	565,208

During the periods ended in 2017 and 2016, 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 March 31, 2017, the Company has $3,281,146 cash reserved for exploration ($138,385 as at December 31, 2016).

As at March 31, 2017, shareholders' equity was $15,976,655 ($13,156,768 as at December 31, 2016).

18. Subsequent events

Between April 18, and May 11, 2017, the Company issued 250,000 common shares at a price of $0.13, 87,500 common shares at a price of $0.14 and 125,000 common shares at a price of $0.15 totalling $63,500 following exercise of warrants.