Cartier Resources Inc.

(an exploration company)

Interim condensed financial statements
(Unaudited)

Second quarter ended June 30, 2017

The interim condensed financial statements for the period ended June 30, 2017 have been examined by the Company's independent auditor.

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

(In Canadian $)

	June 30, 2017	December 31, 2016
	$	$
	(Unaudited)	(Audited)
Assets		
Current		
Cash and cash equivalents (note 3)	**10,684,299**	5,426,970
Cash reserved for exploration (note 3)	**2,569,712**	138,385
Other short-term financial assets (note 4)	**5,925**	22,713
Receivables (note 5)	**196,355**	103,091
Prepaid expenses	**108,051**	6,498
	13,564,342	5,697,657
Non-current		
Property, plant and equipment (note 6)	**6,617**	10,150
Exploration assets and deferred exploration costs (note 8)	**10,868,031**	10,072,762
TOTAL ASSETS	**24,438,990**	15,780,569
Liabilities		
Current		
Accounts payables and accrued liabilities	**345,179**	309,413
Liability related to flow-through shares	**571,047**	29,654
	916,226	339,067
Non-current		
Deferred income and mining taxes	**2,295,681**	2,072,624
Liability component of the convertible debenture (note 9)	**-**	212,110
TOTAL LIABILITIES	**3,211,907**	2,623,801
EQUITY		
Share capital (note 10)	**31,247,047**	22,260,938
Warrants	**2,481,666**	2,411,881
Contributed surplus	**1,869,355**	1,580,662
Equity component of the convertible debenture (note 9)	**-**	82,971
Deficit	**(14,370,985)**	(13,195,484)
Accumulated other comprehensive loss	**-**	15,800
TOTAL EQUITY	**21,227,083**	13,156,768
TOTAL LIABILITIES AND EQUITY	**24,438,990**	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		Six-month periods ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
	$	$	**$**	$
Balance - Beginning of period	**9,442,313**	8,239,889	**9,000,173**	8,131,224
Expenses incurred during the period				
Geology	**117,659**	51,239	**208,739**	134,522
Drilling	**572,965**	6,792	**899,662**	13,585
Exploration office expenses	**2,371**	1,771	**4,684**	3,093
Surveying and access roads	**14,365**	-	**45,171**	-
Core shack rental and maintenance	**4,034**	11,729	**7,728**	21,689
Duties, taxes and permits	**1,470**	4,550	**3,020**	6,465
Depreciation of exploration equipment	**1,254**	4,009	**3,533**	9,234
Share-based payments-employees (note 11)	**8,406**	16,543	**25,658**	24,028
	722,524	96,633	**1,198,195**	212,616
Write-off of deferred exploration costs	**(448,510)**	-	**(448,510)**	-
Tax credits	**-**	(11,617)	**(33,531)**	(18,935)
Net costs for the period	**274,014**	85,016	**716,154**	193,681
Balance - End of period	**9,716,327**	8,324,905	**9,716,327**	8,324,905

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	**-**	**-**	**-**	**-**	**-**	**(1,175,501)**	**-**	**(1,175,501)**
Change in fair value of other short-term financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**(16,788)**	**(16,788)**
Reclassification to statements of loss	**-**	**-**	**-**	**-**	**-**	**-**	**988**	**988**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(1,175,501)**	**(15,800)**	**(1,191,301)**
Issuance of shares	**37,623,284**	**8,009,329**	**-**	**-**	**-**	**-**	**-**	**8,009,329**
Effect of share-based payments	**-**	**-**	**-**	**288,693**	**-**	**-**	**-**	**288,693**
Issuance of warrants	**-**	**-**	**220,530**	**-**	**-**	**-**	**-**	**220,530**
Exercise of warrants	**5,630,000**	**976,780**	**(150,745)**	**-**	**-**	**-**	**-**	**826,035**
Convertible debenture	**-**	**-**	**-**	**-**	**(82,971)**	**-**	**-**	**(82,971)**
BALANCE AS AT JUNE 30, 2017	**155,894,413**	**31,247,047**	**2,481,666**	**1,869,355**	**-**	**(14,370,985)**	**-**	**21,227,083**

	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

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of loss

(Unaudited)

(In Canadian $)

	Three-month periods ended		**Six-month periods ended**	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
	$	$	**$**	$
Administrative expenses				
Salaries	**80,976**	92,509	**175,339**	183,623
Consultants	**4,503**	2,989	**5,945**	6,099
Share-based payments-employees (note 11)	**172,444**	50,885	**224,198**	73,858
Share-based payments-consultants	**25,872**	-	**38,837**	-
Professional fees	**6,135**	11,771	**14,160**	16,634
Rent	**2,689**	4,957	**5,152**	10,039
Business development	**102,160**	1,525	**170,900**	16,848
Insurance, taxes and permits	**2,526**	2,484	**7,099**	5,142
Interest and bank charges	**3,030**	4,481	**13,301**	4,864
Depreciation of property, plant and equipment	**-**	962	**-**	2,754
Office supplies	**4,511**	366	**11,524**	8,621
Telecommunications	**1,484**	1,491	**2,805**	3,135
Training and travel	**6,757**	4,234	**9,874**	6,384
Advertising and sponsoring	**16,330**	3,765	**18,950**	4,376
Shareholder's information	**14,882**	7,650	**31,392**	18,370
	444,299	190,069	**729,476**	360,747
Other expenses (income)				
Write-off of deferred exploration costs	**494,395**	-	**494,395**	-
Other exploration costs	**298**	17,400	**362**	17,400
Impairment of securities available-for-sale	**988**	-	**988**	-
Gain on disposal of other short-term financial assets	**-**	(24,500)	**-**	(24,500)
Contractual services income	**-**	(28,000)	**-**	(52,000)
Interest income	**(20,884)**	(1,514)	**(31,790)**	(2,659)
LOSS BEFORE DEFERRED INCOME AND MINING TAXES	**(919,096)**	(153,455)	**(1,193,431)**	(298,988)
Deferred income and mining taxes	**(57,345)**	(9,142)	**(17,930)**	(13,418)
Net loss for the period attributable to shareholders	**(861,751)**	(144,313)	**(1,175,501)**	(285,570)
LOSS PER SHARE				
basic	**(0.01)**	(0.00)	**(0.01)**	(0.00)
diluted	**(0.01)**	(0.00)	**(0.01)**	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
basic	**139,540,388**	83,267,168	**127,894,451**	81,850,053
diluted	**145,788,716**	83,454,896	**133,556,787**	81,850,053

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		Six-month periods ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
	$	$	$	$
Net loss for the period	**(861,751)**	(144,313)	**(1,175,501)**	(285,570)
Items that may be reclassified subsequently to profit or loss :				
Change in fair value of other short-term financial assets	**(7,900)**	22,680	**(16,788)**	51,430
Reclassification to statements of loss	**988**	-	**988**	-
Comprehensive loss for the period attributable to shareholders	**(868,663)**	(121,633)	**(1,191,301)**	(234,140)

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		Six-month periods ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
	$	$	**$**	$
OPERATING ACTIVITIES				
Loss before deferred income and mining taxes	**(919,096)**	(153,455)	**(1,193,431)**	(298,988)
Adjustments for:				
Depreciation of property, plant and equipment	**-**	962	**-**	2,754
Share-based payments-employees	**172,444**	50,885	**224,198**	73,858
Share-based payments-consultants	**25,872**	-	**38,837**	-
Write-off of deferred exploration costs	**494,395**	-	**494,395**	-
Impairment of securities available-for-sale	**988**	-	**988**	-
Gain on disposal of other short-term financial assets	**-**	(24,500)	**-**	(24,500)
Imputed interest of convertible debenture	**-**	1,706	**4,919**	1,706
Interest income	**(20,884)**	(1,514)	**(31,790)**	(2,659)
Interest received	**16,265**	871	**22,958**	2,016
	(230,016)	(125,045)	**(438,926)**	(245,813)
Net change in non-cash working capital items				
Receivables	**(47,690)**	2,157	**(41,321)**	24,673
Prepaid expenses	**(71,392)**	(6,094)	**(101,553)**	1,651
Accounts payables and accrued liabilities	**(84,002)**	(25,067)	**(29,438)**	(68,297)
Cash flow used in operating activities	**(433,100)**	(154,049)	**(611,238)**	(287,786)
FINANCING ACTIVITIES				
Share issue	**6,007,500**	866,500	**9,485,100**	866,500
Share issue expenses	**(468,776)**	(32,461)	**(773,097)**	(32,461)
Exercise of warrants	**316,750**	-	**756,250**	-
Convertible debenture issue	**-**	300,000	**-**	300,000
Convertible debenture issue cost	**-**	(15,728)	**-**	(15,728)
Cash flow from financing activities	**5,855,474**	1,118,311	**9,468,253**	1,118,311
INVESTING ACTIVITIES				
Disposal of other short-term financial assets	**-**	83,430	**-**	83,430
Acquisition of exploration and evaluation assets	**(660,767)**	(115,562)	**(1,168,359)**	(229,052)
Cash flow used in investing activities	**(660,767)**	(32,132)	**(1,168,359)**	(145,622)
Net change in cash and cash equivalents	**4,761,607**	932,130	**7,688,656**	684,903
Cash and cash equivalents at the beginning	**8,492,404**	664,928	**5,565,355**	912,155
Cash and cash equivalents at the end (note 3)	**13,254,011**	1,597,058	**13,254,011**	1,597,058
Cash and cash equivalents	**10,684,299**	816,146	**10,684,299**	816,146
Cash reserved for exploration	**2,569,712**	780,912	**2,569,712**	780,912
	13,254,011	1,597,058	**13,254,011**	1,597,058

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 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 August 17, 2017, the Company's Board of Directors approved these interim condensed financial statements for the period ended June 30, 2017.

2. Changes to accounting policies

The interim condensed 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 condensed 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 interim condensed financial statements.

3. Cash and cash equivalents

As at June 30, 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:

	June 30, 2017			December 31, 2016		
	$	**Interest rate**	**Maturity date**	$	Interest rate	Maturity date
1) Account bearing interests	**12,414,452**	**0.75%-1%**	**-**	900,042	0.75%-0.80%	-
2) Account without interest	**839,559**	**-**	**-**	4,665,313	-	-
Total	**13,254,011**			5,565,355		

	June 30, 2017	December 31, 2016
	$	$
Cash	**13,254,011**	5,565,355
Less: Cash reserved for exploration	**(2,569,712)**	(138,385)
Cash and cash equivalents	**10,684,299**	5,426,970

4. Other short-term financial assets

	June 30, 2017	December 31, 2016
	$	$
Marketable securities of a quoted mining exploration companies, available-for-sale, at fair value	**5,925**	22,713

5. Receivables

	June 30, 2017	December 31, 2016
	$	$
Credit on duties refundable and refundable tax credit for resources	**69,802**	26,691
Commodity taxes and others	**126,553**	76,400
	196,355	103,091

6. Property, plant and equipment

	Leasehold improvements (1)	Furniture and equipement	Total
Cost			
Balance as at December 31, 2016 and June 30, 2017	113,126	19,675	132,801
Accumulated depreciation			
Balance as at December 31, 2016	102,976	19,675	122,651
Depreciation	3,533	-	3,533
Balance as at June 30, 2017	106,509	19,675	126,184
Carrying amount as at June 30, 2017	**6,617**	**-**	**6,617**

(1) As at June 30, 2017, leasehold improvements with a carrying value of $6,617 ($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**
	$	$	$
June 30, 2017	**37,907**	99,000	136,907
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 $21,814 ($61,812 as at December 31, 2016). 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, 2016	252,756	107,024	72,000	3,715	622,723	14,371	1,072,589
Addition	-	-	-	-	115,000	10,000	125,000
Write-off	(45,885)	-		-	-	-	(45,885)
Balance as at June 30, 2017	**206,871**	**107,024**	**72,000**	**3,715**	**737,723**	**24,371**	**1,151,704**
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	296	63,977	92,587	10,880	19,286	21,713	208,739
Drilling	-	10,013	735,207	154,344	98	-	899,662
Exploration office expenses	-	2,993	713	410	48	520	4,684
Surveying and access roads	-	9,066	24,266	1,713	10,126	-	45,171
Core shack rental and maintenance	-	4,563	1,397	775	280	713	7,728
Duties, taxes and permits	576	817	646	-	808	173	3,020
Depreciation of exploration equipment	-	2,280	670	-	-	583	3,533
Share-based payments-employees	-	16,806	5,003	-	-	3,849	25,658
Total expenses during the year	872	110,515	860,489	168,122	30,646	27,551	1,198,195
Write-off of deferred exploration costs	(448,510)	-	-	-	-	-	(448,510)
	(447,638)	110,515	860,489	168,122	30,646	27,551	749,685
Tax credits	-	(5,803)	(7,972)	(14,975)	(3,803)	(978)	(33,531)
Net expenses during the period	(447,638)	104,712	852,517	153,147	26,843	26,573	716,154
Balance as at June 30, 2017	**2,849,963**	**621,758**	**1,030,286**	**2,348,644**	**2,376,652**	**489,024**	**9,716,327**
Balance of exploration assets and deferred exploration costs as at June 30, 2017	**3,056,834**	**728,782**	**1,102,286**	**2,352,359**	**3,114,375**	**513,395**	**10,868,031**

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 June 30, 2017, the balance of the liability component of the convertible debenture is nil ($212,110 at December 31, 2016) and is as follows :

	June 30, 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

	June 30, 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 (m) (q)	**50,000**	**10,000**	300,000	34,250
Private placements (c) (g) (h) (i) (j) (p)	**22,250,000**	**6,007,500**	25,700,334	4,752,710
Flow-through private placements (d) (k) (n)	**12,880,000**	**3,477,600**	6,215,000	808,250
Renouncement of tax deductions (e) (l) (o)	**-**	**(772,800)**	-	(105,450)
Redemption of the debenture (f)	**2,307,690**	**300,000**	-	-
Redemption of a royalty (b)	**135,594**	**40,000**		
Exercise of warrants (a)	**5,630,000**	**976,780**	-	-
	43,253,284	**10,039,080**	32,215,334	5,489,760
Share issue expenses	**-**	**(1,052,971)**	-	(94,421)
Balance, at end of the period	**155,894,413**	**31,247,047**	112,641,129	22,260,938

(a) During the current period, the Company issued 4,900,000 common shares at a price of $0.13, 175,000 common shares at a price of $0.14, 325,000 common shares at a price of $0.15 and 230,000 common shares at a price of $0.20 totalling $756,250 following exercise of warrants.

(b) Redemption of a royalty on May 31, 2017

On May 31, 2017, the Company repurchased 0.2% from 2 investors on the Benoist property. A total of 135,594 common shares were issued for $ 40,000.

(c) Issuance of common shares on May 30, 2017

On May 30, 2017,the Company completed a private placement through Canaccord Genuity Corp and Paradigm Capital Inc. (the «agents»). The Company issued 22,250,000 shares at a price of $0.27 per share for total gross proceeds of $6,007,500. In connection with the offering, the agents received a cash commission equal to 6% of the gross proceeds received by the company and broker warrants, equal to 6% of the number of 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 18 months following the closing date. Share issue expenses totalling $651,543 were also applied against the share capital.

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

On March 20, 2017, the Company completed a private placement through Paradigm Capital Inc («the agent»). 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 $400,522 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 $772,800 which has reduced the share capital and increased the liabilities related to flow-through shares.

10. Share capital (continued)

(f) 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.

(g) 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.

(h) 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 $12,922 were also applied against the share capital.

(i) 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 $4,904 were also applied against the share capital.

(j) 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.

(k) 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.

(l) 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.

10. Share capital (continued)

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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. The Company issued 50,000 common shares to SOQUEM INC, on the first, the second, the third, the fourth, the fifth and the sixth 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, share issue expenses of $906 were 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.

10. Share capital (continued)

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

	June 30, 2017	
	Number	Weighted average exercise price
		$
Outstanding - Beginning	**8,970,000**	**0.16**
Granted-employees	**1,875,000**	**0.30**
Granted-consultants	**250,000**	**0.30**
Expired	**(700,000)**	**0.25**
Outstanding - Beginning and End	**10,395,000**	**0.18**
Exercisable - End	**7,645,000**	**0.15**

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

	Outstanding options June 30, 2017			Exercisable options June 30, 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 $0.20	**7,270,000**	**3.18**	**0.14**	**6,645,000**	**3.07**	**0.13**
$0.21 to $0.30	**3,125,000**	**3.59**	**0.28**	**1,000,000**	**0.85**	**0.25**
$0.10 to $0.30	**10,395,000**	**3.30**	**0.18**	**7,645,000**	**2.78**	**0.15**

The weighted average fair value of stock options granted during the period was estimated on the grant date using the Black-Scholes option-pricing model at $0.30 per stock option ($0.10 in 2016) using the following assumptions:

	2017	2016
Risk-free interest rate	**0.94%**	0.81%
Expected volatility	**113%**	113%
Dividend yield	**nil**	nil
Weighted average expected life	**5 years**	5 years

10. Share capital (continued)

Warrants

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

	June 30, 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	**2,236,600**	**0.27**	**1.54**
Expired	**(5,630,000)**	**0.13**	**-**
Outstanding - End	**5,381,934**	**0.20**	**0.73**
Exercisable - End	**3,145,334**	**0.14**	**0.16**

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**
	$	
July 2017	0.13	**750,000**
August 2017	0.15	**1,758,334**
September 2017	0.20	**437,000**
May 2018	0.13	**200,000**
November 2018	0.27	**1,335,000**
March 2019	0.27	**901,600**
		5,381,934

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 $0.13 per warrant ($0.08 in 2016) using the following assumptions:

	2017	2016
Risk-free interest rate	**0.73%**	0.59%
Expected volatility	**100%**	119%
Dividend yield	**nil**	nil
Weighted average expected life	**1.7 year**	1.2 year

11. Employee remuneration

Employee benefits expense recognized are detailed below:	**June 30, 2017**	June 30, 2016
	$	$
Wages, salaries	**314,258**	245,616
Social security costs	**29,248**	26,995
Share-based payments-employees	**249,856**	97,886
Defined contribution pension plan	**10,988**	8,441
	604,350	378,938
Less: salaries capitalized in exploration and evaluation assets	**(170,927)**	(115,548)
Employee benefits expense	**433,423**	263,390

12. Cash flows

	Three-month periods ended		**Six-month periods ended**	
Additional information	**June 30, 2017**	June 30, 2016	**June 30, 2017**	June 30, 2016
	$	$	**$**	$
Items not affecting cash and cash equivalents related to operating, financing and investing				
Shares issued for the acquisition of mining properties	**40,000**	30,000	**50,000**	34,250
Shares issued expense included in accounts payable and accrued liabilities	**16,896**	3,843	**10,442**	3,843
Warrants issued included in shares issued expense	**200,344**	-	**290,315**	-
Tax credits	**-**	13,441	**33,531**	20,759
Depreciation of property, plant and equipment transferred to deferred exploration costs	**1,254**	4,009	**3,533**	9,234
Deferred exploration costs included in accounts payable and accrued liabilities	**52,101**	4,343	**75,644**	17,371
Share-based payments-employees charged to deferred exploration costs	**8,406**	16,543	**25,658**	24,028

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, 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

Interest rate sensitivity

As at June 30, 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:

			June 30, 2017
	Less than one year	Between one and three years	More than three years
	$	$	$
Accounts payables and accrued liabilities	**345,179**	-	-
Liability related to flow-through shares	**571,047**	-	-
	916,226	-	**-**

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, 2017	December 31, 2016
	$	$
Cash and cash equivalents	**10,684,299**	5,426,970
Cash reserved for exploration	**2,569,712**	138,385
Receivables (other than goods and services tax receivable)	**69,802**	26,691
Other short-term financial asset	**5,925**	22,713
Carrying amounts	**13,329,738**	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

	June 30, 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	**10,684,299**	**10,684,299**	5,426,970	5,426,970
Cash reserved for exploration	**2,569,712**	**2,569,712**	138,385	138,385
Available for sale financial asset				
Other short-term financial assets	**5,925**	**5,925**	22,713	22,713
Financial liabilities				
Other financial liabilities				
Trade	**231,815**	**231,815**	182,893	182,893
Other	**113,365**	**113,365**	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 June 30, 2017, the unexpended portion of $571,047 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:

	June 30, 2017	June 30, 2016
	$	$
Short-term employee benefits		
Salaries and fees including bonuses and benefits	**308,810**	177,743
Social security costs and contributions to the pension plan	**36,589**	25,794
Total short-term employee benefits	**345,399**	203,537
Share-based payments-employees	**208,185**	71,051
Total remuneration	**553,584**	274,588

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 June 30, 2017, the Company has $2,569,712 cash reserved for exploration ($138,385 as at December 31, 2016).

As at June 30, 2017, shareholders' equity was $21,227,082 ($13,156,768 as at December 31, 2016).

18. Subsequent events

Between July 1st, and August 17, 2017, the Company issued 750,000 common shares at a price of $0.13, 1,758,334 common shares at a price of $0.15 and 301,000 common shares at a price of $0.20 totalling $421,450 following exercise of warrants.