

CARTIER RESOURCES INC.

Management's Discussion and Analysis
For the second quarter ended June 30, 2014

The objective of this Management's Discussion and Analysis Report ("MD&A") released by Cartier Resources Inc. (the "Company" or "Cartier") is to allow the reader to assess our operating and exploration results as well as our financial position for the three-month period ended June 30, 2014 compared to the three-month period ended June 30, 2013. This report, dated August 14, 2014, should be read in conjunction with the unaudited interim condensed financial statements for the period ended June 30, 2014 and with the audited financial statements and accompanying notes for the year ended December 31, 2013. The interim condensed financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all amounts are expressed in Canadian dollars.

Percentage calculations are based on numbers in the financial statements and may not correspond to rounded figures presented in this MD&A.

The Company discloses, on a regular basis, additional information on its operations, which is recorded on the System for Electronic Document Analysis and Retrieval ("SEDAR") in Canada at www.sedar.com.

FORWARD-LOOKING STATEMENT

This document may contain forward-looking statements that reflect management's current expectations with regards to future events. Such forward-looking statements are subject to certain factors and involve a number of risks and uncertainties. Actual results may differ from expected results. Factors that could cause our results, our operations or future events to change materially compared to expectations expressed or implied by the forward-looking statements include, but are not limited to, volatility in the price of gold, risks inherent to the mining industry, uncertainty regarding mineral resource estimations, and additional funding requirements or the Company's ability to obtain such funding.

NATURE OF ACTIVITIES AND CONTINUATION OF EXPLORATION ACTIVITIES

The Company was incorporated under Part 1A of the Québec Companies Act on July 17, 2006 and has been governed by the Business Corporations Act (Québec) since February 14, 2011. The Company's head office is located at 1740, chemin Sullivan, Suite 1000, Val-d'Or, Québec. Its activities primarily include the acquisition and exploration of mining properties. 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 future profitable production or proceeds from the disposal of properties.

The Company's ability to continue as a going concern depends on its ability to realize its assets and additional financings. 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 application of IFRS on a going concern basis may be inappropriate since there is a doubt as to the appropriateness of the going concern assumption.

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The shares of the Company are listed on the TSX Venture Exchange and are traded under the symbol ECR.

MISSION

The mission of the Company is to ensure its growth and sustainability for the benefit of its shareholders and employees.

VISION AND STRATEGY

The Company's vision is to develop its current and future assets into mineral production according to a schedule that is consistent with its human and financial resources while respecting sustainable development practices.

The strategy is to pursue a dynamic process that allows the Company to develop and maintain a balanced portfolio of mining projects progressing from the exploration stage to the resource definition, development and production stages.

EXPLORATION ACTIVITIES

Chimo Mine Property

A work program was developed based on the results of data compilation, interpretation and modelling. The program focuses on: i) assessing a dozen gold zones in terms of residual historical resources; ii) delineating the extensions of 18 gold zones; and iii) exploring a dozen targets with good discovery potential for new gold zones. The program takes into account the depth of the gold zones as well as the distance between them. The entire package is contained with a 1-km³ volume of rock that will be accessible via an existing shaft once it is returned to working order following the installation of surface infrastructure and the completion of shaft dewatering operations.

Management has given several presentations on the project's exploration potential and proposed work program to potential partners and groups of investors.

Sampling and clean-up work has been carried out on the property to render the site compliant with standards established by the Environmental Control Centre of the MDDELCC (Québec's ministry of sustainable development, environment and climate change).

The Company also worked on developing and maintaining harmonious cohabitation and social acceptability relations with the people of the Anishnabe First Nation of the Lac Simon community.

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Benoist Property

Cartier bought back from Murgor Resources Inc. a 1% NSR royalty in exchange for 500,000 common shares of the Company at a price of \$0.15 per share, for a total value of \$75,000.

Dollier Property

Efforts are continuing to find a partner for the Dollier gold project, which warrants drilling.

Deferred exploration costs

	Three-month period ended June 30, 2014 \$	Three-month period ended June 30, 2013 \$	Six-month period ended June 30, 2014 \$	Six-month period ended June 30, 2013 \$
Balance – Beginning of period	9,094,303	8,770,259	8,606,826	8,092,393
Expenses incurred				
Geology	66,520	113,569	119,050	192,938
Drilling	13,231	29,105	402,576	592,332
Office expenses	2,357	17,391	7,859	27,382
Surveying and access roads	800	992	23,321	4,112
Core shack rental and maintenance	12,227	11,855	21,064	22,298
Duties, taxes and permits	9,767	6,786	12,883	8,766
Depreciation of exploration equipment	4,931	4,931	9,862	9,862
Share-based payments to employees	10,212	1,810	10,907	6,615
Net expenses during period	120,045	186,439	607,522	864,305
Tax credits	-	(16,737)	-	(16,737)
Balance – End of period	9,214,348	8,939,961	9,214,348	8,939,961

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Deferred exploration costs by property for the three-month period ended June 30, 2014:

The carrying amount can be analyzed as follows:

	Participation	Balance as at December 31, 2013	Addition	Tax credit	Write-off	Balance as at June 30, 2014
		\$	\$	\$	\$	\$
Québec						
Benoist	100%					
Mining rights		547,723	75,000	-	-	622,723
Exploration and evaluation		1,553,336	499,744	-	-	2,053,080
		2,101,059	574,744	-	-	2,675,803
Chimo Mine	100%					
Mining rights		261,616	-	-	-	261,616
Exploration and evaluation		69,281	90,534	-	-	159,815
		330,897	90,534	-	-	421,431
Cadillac Extension	100%					
Mining rights		11,436	-	-	-	11,436
Exploration and evaluation		1,661,528	4,312	-	-	1,665,840
		1,672,964	4,312	-	-	1,677,276
MacCormack	100%					
Mining rights		252,367	-	-	-	252,367
Exploration and evaluation		1,801,286	6,119	-	-	1,807,405
		2,053,653	6,119	-	-	2,059,772
Preissac	100%					
Mining rights		258,522	-	-	-	258,522
Exploration and evaluation		331,369	2,326	-	-	333,695
		589,891	2,326	-	-	592,217

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	Participation	Balance as at December 31, 2013 \$	Addition \$	Tax credit \$	Write-off \$	Balance as at March 31, 2014 \$
Québec						
Dollier	100%					
Mining rights		17,812	-	-	-	17,812
Exploration and evaluation		1,010,386	2,580	-	-	1,012,966
		1,028,198	2,580	-	-	1,030,778
La Pause	100%					
Mining rights		5,734	-	-	-	5,734
Exploration and evaluation		213,251	1,200	-	-	214,451
		218,985	1,200	-	-	220,185
Diego	100%					
Mining rights		1,663	-	-	-	1,663
Exploration and evaluation		485,082	261	-	-	485,343
		486,745	261	-	-	487,006
Xstrata-Option	100%					
Mining rights		465	-	-	-	465
Exploration and evaluation		945,630	195	-	-	945,825
		946,095	195	-	-	946,290
Fenton	Option 50%					
Mining rights		24,000	7,750	-	-	31,750
Exploration and evaluation		535,677	251	-	-	535,928
		559,677	8,001	-	-	567,678
Summary						
Mining rights		1,381,338	82,750	-	-	1,389,088
Exploration and evaluation		8,606,826	607,522	-	-	9,214,348
		9,988,164	690,272	-	-	10,678,436

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SELECTED FINANCIAL INFORMATION

	Three-month period ended June 30, 2014 \$	Three-month period ended June 30, 2013 \$	Six-month period ended June 30, 2014 \$	Six-month period ended June 30, 2013 \$
Contractual services and Interest income	20,945	5,765	25,687	20,471
Net loss	(207,786)	(217,846)	(452,189)	(487,413)
Basic net loss per share	(0.00)	(0.00)	(0.01)	(0.01)
Basic weighted average number of shares outstanding	65,273,883	57,954,145	64,975,585	57,932,598

	Statement of financial position June 30, 2014 \$	Statement of financial position December 31, 2013 \$
Cash and cash equivalents	1,298,769	2,300,598
Cash reserved for exploration	533,564	29,669
Property, plant and equipment	59,921	86,811
Exploration assets and deferred exploration costs	10,678,436	10,040,191
Total assets	12,822,999	12,790,387
Current liabilities	407,967	129,187
Deferred income and mining taxes	2,415,024	2,511,684
Equity	10,000,008	10,149,516

RESULTS OF OPERATIONS

For the three-month and six-month periods ended June 30, 2014, the net loss amounted to \$207,786 and \$452,189 or (\$0.00) and (\$0.01) per share compared to a net loss of \$217,846 and \$487,413 or (\$0.01) and (\$0.01) per share as at June 30, 2013.

Contractual services and interest income stood at \$20,945 and \$25,687 for the three-month and six-month periods ended June 30, 2014 compared to \$5,765 and \$20,471 for the same periods in 2013.

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The actions taken in 2013 by management and the Board of Directors to reduce administrative expenses while maintaining investments in exploration continued in 2014 through a wage freeze and a four-day schedule, starting 1 June 2014.

Administrative expenses amounted to \$215,120 and \$371,396 for the same periods ended June 30, 2014 compared to \$224,765 and \$412,165 for those in 2013. The decrease in administrative expenses for the six-month period ended June 30, 2014 compared to the same period in 2013 is explained by the decrease of business development expenses by \$31,878 and advertising and sponsoring expenses by \$8,719.

The main items constituting the administrative expenses for the three-month and six-month periods ended June 30, 2014 are as follows: salaries amounting to \$71,733 and \$141,113, consultant-related fees for \$39,370 and \$63,219, share-based employee compensation for \$36,764 and \$40,469, business development expenses for \$11,730 and \$21,637, and shareholder's information expenses for \$18,366 and \$30,290. For the three-month and six-month periods ended June 30, 2012, the administrative expenses mainly consisted of salaries amounting to \$74,651 and \$129,882, consultant-related fees for \$38,865 and \$64,551, share-based employee compensation for \$25,665 and \$39,117, professional fees for \$18,591 and \$18,687, business development expenses for \$9,164 and \$53,515, advertising for \$8,533 and \$15,615, and shareholder's information expenses for \$21,087 and \$30,309.

QUARTERLY FINANCIAL INFORMATION SUMMARY

Quarter ended	Interest income and other	Net loss	Basic and diluted net loss per share	Deferred exploration costs	Basic weighted average number of shares outstanding
	\$	\$	\$	\$	
14-06-30	2,945	207,786	0.00	120,045	65,273,883
14-03-31	4,742	244,403	0.00	487,477	64,671,962
13-12-31	3,872	164,711	0.00	140,470	59,536,699
13-09-30	4,688	884,816	0.02	158,706	58,399,254
13-06-30	5,765	217,846	0.00	186,439	57,954,145
13-03-31	14,706	269,563	0.01	677,866	57,910,812
12-12-31	6,431	983,904	0.02	(551,509)	53,124,160
12-09-30	2,022	226,291	0.00	701,508	50,557,309

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**Current assets**

As at June 30, 2014 and December 31, 2013, the cash and cash equivalents and the cash reserved for exploration are detailed below:

	June 30, 2014			December 31, 2013		
	\$	Interest rate	Expiry date	\$	Interest rate	Expiry date
1) Banker's acceptance	101,976	0.797%	2014-07-11	101,952	0.810%	2014-01-22
2) Banker's acceptance	301,497	0.847%	2014-09-10	401,321	0.813%	2014-03-18
3) Account bearing interest	531,538	1.200%	-	726,731	1.200%	-
4) Account without interest	897,322	-	-	913,100	-	-
Total	1,832,333			2,143,104		

From the total amount of cash and cash equivalents of \$1,832,333 as at June 30, 2014, the cash reserved for exploration amounted to \$533,564. From the total amount of cash and cash equivalents of \$2,143,104 as at December 31, 2013, the cash reserved for exploration amounted to \$569,784. Cash reserved for exploration is exclusively constituted of cash which has been or must be used for exploration for an amount of \$3,564 before December 31, 2014 and \$530,000 before December 31, 2015.

Working capital was \$1,676,675 as at June 30, 2014 compared to \$1,992,166 for as at December 31, 2013.

Property, plant and equipment

Property, plant and equipment stood at \$59,921 as at June 30, 2014 compared to \$73,366 as at December 31, 2013.

Exploration assets and deferred exploration costs

As at June 30, 2014, the Company's exploration assets and deferred exploration costs amounted to \$10,678,436 compared to \$9,988,164 as at December 31, 2013.

As at June 30, 2014, mining rights amounted to \$1,464,088 compared to \$1,381,338 as at December 31, 2013. The increase is due the Company's commitment to respect its contract with SOQUEM Inc. regarding the Fenton property for an amount of \$7,750 and the purchase of a 1% net smelter return (NSR) royalty on the Benoist Property. The Company was exercising its right of first refusal in respect of the royalty. An aggregate of 500,000 common shares were issued at a price of \$0.15 per share in an all-share transaction for a value of \$75,000.

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As at June 30, 2014, deferred exploration costs amounted to \$9,214,348 compared to \$8,606,826 as at December 31, 2013.

During the three-month period ended June 30, 2014, the exploration costs consisted mainly of drilling for \$13,231 and geology for \$66,520. During the three-month period ended June 30, 2013, the exploration costs consisted mainly of drilling for \$29,105 and geology for \$113,569.

Liabilities

As at June 30, 2014, current liabilities amounted to \$407,967 compared to \$393,903 as at December 31, 2013. The variation is mainly due to the decrease of accounts payable and accrued liabilities amounting to \$43,131 and the increase of the liability related to the flow-through shares of \$57,195.

Deferred income and mining taxes amounted to \$2,415,024 as at June 30, 2014 compared to \$2,166,959 as at December 31, 2013. This increase of \$248,065 is explained by the renouncement of tax deductions and by the exploration costs incurred by the flow-through shares issued.

Equity

As at June 30, 2014, equity was \$10,000,008 compared to \$9,886,737 as at December 31, 2013. This variation comes mainly from the comprehensive loss for the period of \$207,786.

CASH FLOWS

Cash flows used in operating activities amounted to \$155,619 and \$340,033 respectively for the three-month and six-month periods ended June 30, 2014 compared to \$76,407 and \$392,073 for the same periods in 2013. The cash flows resulted mainly from the loss before mining and income taxes, which amounted to \$194,483 and \$346,017 respectively, compared to \$223,514 and \$406,184 for the same periods in 2013.

Cash flow from financing activities amounted to \$622,058 for the three-month period ended June 30, 2014 resulting from private placements totalling \$625,760 less the share issue expenses of \$3,702, compared to a cash flow of \$614,684 for the six-month period ended June 30, 2014.

Cash flows used in investing activities consisted only of deferred exploration costs totalling \$175,201 and \$585,422 respectively for the three-month and six-month periods ended June 30, 2014. For the corresponding periods in 2013, the cash used in investing activities amounted to \$280,200 and \$821,086 and consisted mainly of deferred exploration costs of \$175,201 and \$585,422.

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LIQUIDITY AND FINANCING SOURCES

As at June 30, 2014, the Company's cash and cash equivalents amounted to \$1,832,333. The Company's financing comes mostly from share issues. The success of these issues depends on the stock markets, investors' interest in exploration companies, and the price of metals. In order to continue its exploration activities and support its current activities, the Company has to maintain its exposure within the financial community to realize new financings.

RISKS AND UNCERTAINTIES

The Company, like all other mining exploration companies, is exposed to a variety of financial and environmental risks as well as risks related to the very nature of its activities. It is also subject to risks related to other factors, such as the price of metals and market conditions in general. The main risks to which the Company is exposed are listed in the last annual report as of December 31, 2013 and remain unchanged.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2014, the Company had not concluded any off-balance sheet arrangements.

CAPITAL STRUCTURE AS AT AUGUST 14, 2014:

Common shares outstanding	69,325,795
Stock options (weighted average exercise price of \$0.28)	4,325,000
Warrants (weighted average exercise price of \$0.17)	3,298,000
Total fully diluted	76,948,795

SIGNIFICANT ACCOUNTING POLICIES

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

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whether its properties contain economically recoverable ore reserves. 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, 2013.

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 14, 2014, the Company's Board of Directors approved these interim condensed financial statements for the period ended June 30, 2014.

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, 2013, except for the following new accounts policies effective for annual periods beginning on or after January 1, 2014. The accounting policies have been applied consistently throughout the Company for the purposes of preparing these interim financial statements.

IFRIC 21 - *Levies*, provides guidance on accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. Management's analysis is that IFRIC 21 did not have a material impact on the interim financial statements.

IAS 36 - *Impairment of Assets*, provides guidance on recoverable amount disclosures for non-financial assets. Management's analysis is that IAS 36 did not have a material impact on the interim financial statements.

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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

The bonds bear interest at a fixed rate and consequently expose the Company to the risk of fair value fluctuation related to changes in interest rates.

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.

As at June 30, 2014, 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

Interest rate sensitivity

At June 30, 2014, the Company received interests on the bankers' acceptances.

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

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has at its disposal sufficient sources of financing such as private placements. The Company establishes cash forecasts to ensure it has the necessary funds to fulfill its obligations.

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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, 2014		
	Less than one year	Between one and three years	More than three years
	\$	\$	\$
Accounts payables and accrued liabilities	208,326	-	-
Liability related to flow-through shares	199,641	-	-
	407,967	-	-

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

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 disclosed below:

	June 30, 2014	December 31 2013
	\$	\$
Cash and cash equivalents	895,296	1,070,047
Cash reserved for exploration expenses	533,564	569,784
Bankers' acceptances	403,473	503,273
Receivables (other than goods and services tax receivable)	96,506	116,787
Carrying amounts	1,928,839	2,259,891

The Company has no trade receivables. The receivables comprise mainly tax credits, mining taxes and sale taxes receivable; consequently, the exposure to credit risk for the Company's

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receivables is considered immaterial. No impairment loss has been recognized in the periods presented.

The Company's management considers that all 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.

The fair value of cash and cash equivalents, and cash reserved for exploration and receivables, approximates their carrying value as these items will be realized in the short term.

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 Québec).

During the period, the Company received \$530,000 (\$569,784 as at December 31, 2013) from flow-through financing for which the Company will renounce tax deductions after December 31, 2014. The amount has been presented as "Cash reserved for exploration".

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TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	June 30, 2014	December 31, 2013
	<u>\$</u>	<u>\$</u>
Short-term employee benefits		
Salaries including bonuses and benefits	177,369	354,573
Social security costs	15,979	28,454
Total short-term employee benefits	193,348	383,027
Share-based payments	36,384	42,757
Total remuneration	229,732	425,784

During the periods ended in 2014 and 2013, key management personnel did not exercise any share options granted through the share-based payment plans.

CAPITAL DISCLOSURES

The Company's objective in managing its capital is 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 its current capital resources and its ability to obtain additional financing will support further exploration and development of its mineral properties.

The Company is not subject, in regard of external rules, to any requirements regarding its capital except in the case that the Company completes a flow-through financing for which the cash must be reserved for exploration. As at June 30, 2014, the Company's cash reserved for exploration was \$533,564 (\$569,784 as at December 31, 2013).

As at June 30, 2014, the shareholders' equity was \$10,000,008 (\$9,886,737 as at December 31, 2013).

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LEASES

The future minimum operating lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
June 30, 2014	89,175	410,550	58,628	558,353
December 31, 2013	89,175	416,052	97,714	602,941

The Company rents its offices under a lease expiring in March 2021. The lease covering a Company's vehicle expires in October 2017. The Company also leases equipment under an agreement expiring in March 2016.

Lease payments recognized as an expense during the reporting period amount to \$89,175 (\$89,175 as at December 31, 2013) and represent minimum lease payments. The Company's lease agreements contain renewal options.

OUTLOOK

The priority in the third quarter will be to continue presenting the Chimo Mine Project to potential partners and groups of investors. A drilling program is being designed for the McCormack Project to explore the extensions of the massive volcanogenic sulphide deposit that yielded notable results, including 11.1% Zn, 1.2% Cu and 67 g/t Ag over 40 cm. Geophysical surveys and drilling programs will also be developed to continue exploring on and around the Pusticamica gold deposit on the Benoist Project.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The financial statements and other financial information contained in this MD&A are the responsibility of the Company's management and have been approved by the Board of Directors on August 14, 2014.

(s) Philippe Cloutier
Philippe Cloutier
President and CEO

(s) Jean-Yves Laliberté
Jean-Yves Laliberté
Chief Financial Officer