

Cartier Resources Inc.

(an exploration company)

Interim condensed financial statements
(Unaudited)

Second quarter ended June 30, 2014

The interim condensed financial statements for the period ended June 30, 2014 have not been reviewed by the Company's independent auditor.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Financial Position

(In Canadian \$)	June 30, 2014	December 31, 2013
	\$	\$
	(Unaudited)	(Audited)
Assets		
Current		
Cash and cash equivalents (note 3)	1,298,769	1,573,320
Cash reserved for exploration (note 3)	533,564	569,784
Other short-term financial assets (note 4)	110,000	100,000
Receivables (note 5)	121,352	131,527
Prepaid expenses	20,957	11,438
	<u>2,084,642</u>	<u>2,386,069</u>
Non-current		
Property, plant and equipment (note 6)	59,921	73,366
Exploration assets and deferred exploration costs (note 8)	10,678,436	9,988,164
	<u>10,738,357</u>	<u>10,061,530</u>
TOTAL ASSETS	<u>12,822,999</u>	<u>12,447,599</u>
Liabilities		
Current		
Accounts payables and accrued liabilities	208,326	251,457
Liability related to flow-through shares	199,641	142,446
	<u>407,967</u>	<u>393,903</u>
Non-current		
Deferred income and mining taxes	2,415,024	2,166,959
	<u>2,415,024</u>	<u>2,166,959</u>
TOTAL LIABILITIES	<u>2,822,991</u>	<u>2,560,862</u>
EQUITY		
Share capital (note 9)	16,111,317	15,640,117
Warrants	2,054,561	2,021,677
Contributed surplus	1,178,142	1,126,766
Deficit	(9,054,012)	(8,601,823)
Accumulated other comprehensive loss	(290,000)	(300,000)
	<u>10,000,008</u>	<u>9,886,737</u>
TOTAL EQUITY	<u>10,000,008</u>	<u>9,886,737</u>
TOTAL LIABILITIES AND EQUITY	<u>12,822,999</u>	<u>12,447,599</u>

Basis of preparation and going concern (note 1),

Contingencies and commitments (note 14)

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

Approved on behalf of the Board of Directors

(Signed) Philippe Cloutier, Director

(Signed) Daniel Massé, Director

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Deferred Exploration Costs

(Unaudited)

(In Canadian \$)

	Three-month periods ended		Six-month periods ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	\$	\$	\$	\$
Balance - Beginning of period	9,094,303	8,770,259	8,606,826	8,092,393
Expenses incurred during the period				
Geology	66,520	113,569	119,050	192,938
Drilling	13,231	29,105	402,576	592,332
Exploration 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-employees	10,212	1,810	10,907	6,615
Net expenses during the 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

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of changes in equity

(Unaudited)

(In Canadian \$)

	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive (loss) \$	Total equity \$
BALANCE AS AT DECEMBER 31, 2013	64,665,295	15,640,117	2,021,677	1,126,766	(8,601,823)	(300,000)	9,886,737
Issue of shares	4,660,500	471,200	-	-	-	-	471,200
Effect of share-based payments	-	-	32,884	51,376	-	-	84,260
Net loss for the period					(452,189)	-	(452,189)
Change on fair value of other short-term financial assets					-	10,000	10,000
Total comprehensive loss					(452,189)	10,000	(442,189)
BALANCE AS AT JUNE 30, 2014	69,325,795	16,111,317	2,054,561	1,178,142	(9,054,012)	(290,000)	10,000,008
BALANCE AS AT DECEMBER 31, 2012	57,904,145	14,966,939	1,943,677	1,036,467	(7,063,887)	(270,000)	10,613,196
Issue of shares	50,000	8,000	-	-	-	-	8,000
Effect of share-based payments	-	-	-	45,733	-	-	45,733
Net loss for the period					(487,413)	-	(487,413)
Change on fair value of other short-term financial assets					-	(30,000)	(30,000)
Total comprehensive loss					(487,413)	(30,000)	(517,413)
BALANCE AS AT JUNE 30, 2013	57,954,145	14,974,939	1,943,677	1,082,200	(7,551,300)	(300,000)	10,149,516

The accompanying notes are an integral part of these 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, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	\$	\$	\$	\$
Administrative expenses				
Salaries	71,733	74,651	141,113	129,882
Consultants	39,370	38,865	63,219	64,551
Share-based payments-employees	36,764	25,665	40,469	39,117
Professional fees	6,610	18,591	9,913	18,687
Rent	5,322	6,272	13,357	12,529
Business development	11,730	9,164	21,637	53,515
Insurance, taxes and permits	3,518	3,110	8,547	7,850
Interest and bank charges	475	766	2,828	1,769
Depreciation of property, plant and equipment	1,791	1,791	3,583	3,583
Office supplies	3,311	4,800	10,581	12,714
Telecommunications	1,972	1,225	4,092	3,005
Training and travel	9,937	10,033	14,198	18,346
Advertising and sponsoring	4,045	8,533	6,896	15,615
Shareholder's information	18,366	21,087	30,290	30,309
Part XII.6 tax related to flow-through shares	176	212	673	693
	215,120	224,765	371,396	412,165
Other expenses (income)				
Other exploration costs	308	4,514	308	14,490
Contractual services income	(18,000)	-	(18,000)	-
Interest income	(2,945)	(5,765)	(7,687)	(20,471)
LOSS BEFORE DEFERRED INCOME AND MINING TAXES	(194,483)	(223,514)	(346,017)	(406,184)
Deferred income and mining taxes	13,303	(5,668)	106,172	81,229
Net loss for the period attributable to shareholders	(207,786)	(217,846)	(452,189)	(487,413)
LOSS PER SHARE				
basic	(0.00)	(0.00)	(0.01)	(0.01)
diluted	(0.00)	(0.00)	(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
basic	65,273,883	57,954,145	64,975,585	57,932,598
diluted	65,273,883	57,954,145	64,975,585	57,932,598

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Comprehensive Loss

(Unaudited)

(In Canadian \$)

	Three-month periods ended		Six-month periods ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	\$	\$	\$	\$
Net loss for the period	(207,786)	(217,846)	(452,189)	(487,413)
Items that may be reclassified subsequently to profit or loss :				
Change in fair value of other short-term financial assets	(10,000)	(100,000)	10,000	(30,000)
Comprehensive loss for the period attributable to shareholders	(217,786)	(317,846)	(442,189)	(517,413)

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Cash Flows

(Unaudited)

(In Canadian \$)

	Three-month periods ended		Six-month periods ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss before deferred income and mining taxes	(194,483)	(223,514)	(346,017)	(406,184)
Adjustments for:				
Depreciation of property, plant and equipment	1,791	1,791	3,583	3,583
Share-based payments-employees	36,764	25,665	40,469	39,117
Interest income	(2,945)	(5,765)	(7,687)	(20,471)
Interest received	2,759	6,161	7,501	18,891
	(156,114)	(195,662)	(302,151)	(365,064)
Net change in non-cash working capital items				
Receivables	46,837	65,272	(9,920)	18,724
Prepaid expenses	(8,692)	(11,332)	(9,519)	(6,911)
Accounts payables and accrued liabilities	(37,650)	65,315	(18,443)	(38,822)
Cash flow used in operating activities	(155,619)	(76,407)	(340,033)	(392,073)
FINANCING ACTIVITIES				
Share issue	625,760	-	625,760	-
Share issue expenses	(3,702)	-	(11,076)	-
Cash flow from financing activities	622,058	-	614,684	-
INVESTING ACTIVITIES				
Acquisition of exploration and evaluation assets	(175,201)	(280,200)	(585,422)	(821,086)
Cash flow used in investing activities	(175,201)	(280,200)	(585,422)	(821,086)
Net change in cash and cash equivalents	291,238	(356,607)	(310,771)	(1,213,159)
Cash and cash equivalents at the beginning	1,541,095	2,686,874	2,143,104	3,543,426
Cash and cash equivalents at the end (note 3)	1,832,333	2,330,267	1,832,333	2,330,267
Cash and cash equivalents	1,298,769	2,300,598	1,298,769	2,300,598
Cash reserved for exploration	533,564	29,669	533,564	29,669
	1,832,333	2,330,267	1,832,333	2,330,267

Additional information (note 11)

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to Financial Statements

Six-month periods ended June 30, 2014 and 2013 (Unaudited)

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 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 upon future profitable production or proceeds from the disposal of properties.

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 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.

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, 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.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to Financial Statements

Six-month periods ended June 30, 2014 and 2013 (Unaudited)

2. Changes to accounting policies (continued)

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.

3. Cash and cash equivalents and cash reserved for exploration

As at June 30, 2014 and December 31, 2013, the cash and the cash equivalents and the cash reserved for exploration include banker's acceptances, bonds, an account bearing a high interest rate and an account without interest are as follows:

	June 30, 2014			December 31, 2013		
	\$	Interest rate	Maturity date	\$	Interest rate	Maturity 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 interests	531,538	1.200%	-	726,731	1.200%	-
4) Account without interest	897,322	-	-	913,100	-	-
Total	1,832,333			2,143,104		

	June 30, 2014	December 31, 2013
	\$	\$
Cash	1,428,860	1,639,831
Banker's acceptances	403,473	503,273
	1,832,333	2,143,104
Less: Cash reserved for exploration	(533,564)	(569,784)
Cash and cash equivalents	1,298,769	1,573,320

4. Other short-term financial assets

	June 30, 2014	December 31, 2013
	\$	\$
Marketable securities of a quoted mining exploration company, available-for-sale, at fair value	110,000	100,000

5. Receivables

	June 30, 2014	December 31, 2013
	\$	\$
Credit on duties refundable and refundable tax credit for resources	96,506	116,787
Commodity taxes and others	24,846	14,740
Total	121,352	131,527

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to Financial Statements

Six-month periods ended June 30, 2014 and 2013 (Unaudited)

6. Property, plant and equipment

	Leasehold improvements (1)	Furniture and equipment (2)	Total
Gross carrying amount			
Balance as at December 31, 2013	112,014	22,430	134,444
Balance as at June 30, 2014	112,014	22,430	134,444
Accumulated depreciation			
Balance as at December 31, 2013	49,879	11,199	61,078
Depreciation	11,202	2,243	13,445
Balance as at June 30, 2014	61,081	13,442	74,523
Carrying amount as at June 30, 2014	50,933	8,988	59,921

(1) As at June 30, 2014, leasehold improvements with a carrying value of \$40,470 (\$48,942 as at December 31, 2013) is used for exploration.

(2) As at June 30, 2014, furniture and equipment with a carrying value of \$5,533 (\$6,923 as at December 31, 2013) is used for exploration.

7. Leases

The future minimum operating lease payments are as follows:

	Minimum lease payments due			Total
	Within 1 year	1 to 5 years	After 5 years	
	\$	\$	\$	\$
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). This amount consists of minimum lease payments. The Company's lease agreements contain renewal options.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to Financial Statements

Six-month periods ended June 30, 2014 and 2013 (Unaudited)

8. Exploration assets and deferred exploration costs

The carrying amount can be analyzed as follows :

	Participation	Balance as at December 31, 2013	Addition	Tax credits	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
		<u>2,101,059</u>	<u>574,744</u>	<u>-</u>	<u>-</u>	<u>2,675,803</u>
Chimo mine	100%					
Mining rights		261,616	-	-	-	261,616
Exploration and evaluation		69,281	90,534	-	-	159,815
		<u>330,897</u>	<u>90,534</u>	<u>-</u>	<u>-</u>	<u>421,431</u>
Cadillac Extension	100%					
Mining rights		11,436	-	-	-	11,436
Exploration and evaluation		1,661,528	4,312	-	-	1,665,840
		<u>1,672,964</u>	<u>4,312</u>	<u>-</u>	<u>-</u>	<u>1,677,276</u>
MacCormack	100%					
Mining rights		252,367	-	-	-	252,367
Exploration and evaluation		1,801,286	6,119	-	-	1,807,405
		<u>2,053,653</u>	<u>6,119</u>	<u>-</u>	<u>-</u>	<u>2,059,772</u>
Preissac	100%					
Mining rights		258,522	-	-	-	258,522
Exploration and evaluation		331,369	2,326	-	-	333,695
		<u>589,891</u>	<u>2,326</u>	<u>-</u>	<u>-</u>	<u>592,217</u>
Dollier	100%					
Mining rights		17,812	-	-	-	17,812
Exploration and evaluation		1,010,386	2,580	-	-	1,012,966
		<u>1,028,198</u>	<u>2,580</u>	<u>-</u>	<u>-</u>	<u>1,030,778</u>
La Pause	100%					
Mining rights		5,734	-	-	-	5,734
Exploration and evaluation		213,251	1,200	-	-	214,451
		<u>218,985</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>220,185</u>
Diego	100%					
Mining rights		1,663	-	-	-	1,663
Exploration and evaluation		485,082	261	-	-	485,343
		<u>486,745</u>	<u>261</u>	<u>-</u>	<u>-</u>	<u>487,006</u>
Xstrata-Option	100%					
Mining rights		465	-	-	-	465
Exploration and evaluation		945,630	195	-	-	945,825
		<u>946,095</u>	<u>195</u>	<u>-</u>	<u>-</u>	<u>946,290</u>

Cartier Resources Inc.

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Interim Condensed Notes to Financial Statements

Six-month periods ended June 30, 2014 and 2013 (Unaudited)

8. Exploration assets and deferred exploration costs (continued)

	Participation	Balance as at	Addition	Tax	Write-off	Balance as at
		December 31, 2013		credits		June 30, 2014
Québec		\$	\$	\$		\$
Fenton	Option 50%					
Mining rights		24,000	7,750	-	-	31,750
Exploration and evaluation		535,677	251	-	-	535,928
		<u>559,677</u>	<u>8,001</u>	<u>-</u>	<u>-</u>	<u>567,678</u>
Summary						
Mining rights		1,381,338	82,750	-	-	1,464,088
Exploration and evaluation		8,606,826	607,522	-	-	9,214,348
		<u>9,988,164</u>	<u>690,272</u>	<u>-</u>	<u>-</u>	<u>10,678,436</u>

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

9. Share capital

Authorized

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

	June 30, 2014		December 31, 2013	
	Number	Amount \$	Number	Amount \$
Balance, beginning of the period	64,665,295	15,640,117	57,904,145	14,966,939
Shares issued and paid				
Acquisition of property (a) (b)	550,000	82,750	700,000	92,500
Private placements (c) (f)	798,000	62,876	2,500,000	172,000
Flow-through private placements (d) (g)	3,312,500	530,000	3,561,150	569,784
Renunciation of tax deductions (e) (h)	-	(198,750)	-	(142,446)
	<u>4,660,500</u>	<u>476,876</u>	6,761,150	691,838
Share issue expenses	-	(5,676)	-	(18,660)
Balance, at end of the period	69,325,795	16,111,317	64,665,295	15,640,117

(a) On April 14, 2014, the Company bought back 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.

On July 29, 2013, the Company reached an agreement with Murgor and acquired a 100% interest in the Benoist property, consisting of 98 mining claims, for a cash payment of \$250,000 and the issuance of 650,000 common shares.

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Interim Condensed Notes to Financial Statements

Six-month periods ended June 30, 2014 and 2013 (Unaudited)

9. Share capital (continued)

(b) On March 19, 2012, the Company issued 50,000 common shares pursuant to 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, 2015. 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 and the second anniversary following the signature of the agreement. SOQUEM INC. will be the operator. After the Company earns its undivided interest of 50%, SOQUEM INC. and the Company will form a joint venture. Share issue expenses totalling \$269 have reduced share capital.

(c) Issuance of common shares on June 27, 2014

On June 27, 2014, the Company completed a non-brokered private placement for aggregate gross proceeds of \$95,760. The offering consisted of 95 units. Each unit of the non-flow-through private placement, at a price of \$1,008 per unit, comprises 8,400 common shares at a price of \$0.12 per share and 8,400 common share purchase warrants. Each warrant entitles the holder to acquire one (1) common share at a price of \$0.20 per share for a period of 24 months following the closing date. Accordingly, an aggregate of 798,000 common shares and 798,000 warrants were issued. The financing is presented net of the value of the related warrants, which was established at \$32,884. Share issue expenses totalling \$1,751 were also applied against the share capital.

(d) Issuance of flow-through shares on June 27, 2014

On June 27, 2014, the Company completed a non-brokered flow-through private placement for aggregate gross proceeds of \$530,000. The offering consists of 530 units. Each unit, at a price of \$1,000 per unit, comprises 6,250 flow-through common shares. Accordingly, the Company issued 3,312,500 flow-through shares at a price of \$0.16 per share. Share issue expenses totalling \$1,951 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 \$198,750 which has reduced the share capital and increased the liabilities related to flow-through shares.

(f) Issuance of common shares on December 18, 2013

On December 18, 2013, the Company completed a private placement conducted without intermediate agent or broker for aggregate gross proceeds of \$250,000. The offering consisted of the issuance of 2,500,000 common shares at a cost of \$0.10 per share and 2,500,000 share purchase warrants with each warrant entitling the holder to subscribe to one common share at a price of \$0.16 for a period of 24 months following the date of closing. The financing is presented net of the value of the related warrants which was established at \$78,000. Share issue expenses totalling \$12,530 have reduced share capital in 2013 and \$1,530 in 2014.

(g) Issuance of flow-through shares on December 18, 2013

On December 18, 2013, the Company completed a flow-through shares private placement conducted without intermediate agent or broker for aggregate gross proceeds of \$569,784. The offering consisted of the issuance of 3,561,150 flow-through shares at a cost of \$0.16 totalling an amount of \$569,784. Share issue expenses totalling \$ 6,130 have reduced share capital in 2013 and \$175 in 2014.

(h) The Company also renounced to the tax deduction related to the flow-through shares representing an amount of \$142,446 which has reduced the share capital and increased the liabilities related to flow-through shares.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to Financial Statements

Six-month periods ended June 30, 2014 and 2013 (Unaudited)

9. Share capital (continued)

Stock Option Plan

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

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

	June 30, 2014	
	Number	Weighted average exercise price
		\$
Outstanding - Beginning	3,425,000	0.30
Granted-employees	1,150,000	0.20
Expired	(250,000)	-
Outstanding - End	4,325,000	0.28
Exercisable - End	3,175,000	0.30

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

Exercise price	Outstanding options June 30, 2014			Exercisable options June 30, 2014		
	Number of options	Weighted average remaining life (years)	Weighted average exercise price \$	Number of options	Weighted average remaining life (years)	Weighted average exercise price \$
\$0.16 to \$0.24	1,255,000	4.81	0.20	105,000	3.47	0.19
\$0.25 to \$0.34	1,975,000	3.38	0.25	1,975,000	3.38	0.25
\$0.35 to \$0.44	570,000	1.01	0.38	570,000	1.01	0.38
\$0.45 to \$0.54	525,000	1.89	0.45	525,000	1.89	0.45
\$0.16 to \$0.54	4,325,000	3.30	0.28	3,175,000	2.71	0.30

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9. Share capital (continued)

Warrants

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

	June 30, 2014		
	Number	Weighted average exercise price \$	Weighted average remaining contractual life (years)
Outstanding - Beginning	4,000,000	0.21	1.40
Granted-private placements	798,000	0.20	1.99
Expired	(1,500,000)	0.30	-
Outstanding - End	3,298,000	0.17	1.59
Exercisable - End	2,500,000	0.16	1.47

The outstanding warrants are as follows:

<u>Maturity date</u>	<u>Exercise price \$</u>	<u>Number</u>
December 2015	0.16	2,500,000
June 2016	0.16	798,000
		3,298,000

10. Employee remuneration

Employee benefits expense recognized are detailed below:

	June 30, 2014 \$	December 31, 2013 \$
Wages, salaries	294,863	711,464
Social security costs	29,458	57,672
Share-based payments-employees	51,376	90,299
Defined contribution pension plan	8,749	14,116
	384,446	873,551
Less: salaries capitalized in exploration and evaluation assets	(202,864)	(547,375)
Employee benefits expense	181,582	326,176

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11. Cash flows

Additional information	Three-month period ended		Six-month period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	\$	\$	\$	\$
Items not affecting cash and cash equivalents related to operating, financing and investing activities				
Tax credit applied against deferred exploration costs	-	16,737	-	16,737
Tax credit applied against other exploration costs (Statement of loss)	-	2,281	-	2,281
Shares issued for the acquisition of mining properties	75,000	-	82,750	8,000
Depreciation of property, plant and equipment transferred to deferred exploration costs	4,931	4,931	9,862	9,862
Deferred exploration costs included in accounts payable and accrued liabilities	70,308	12,954	19,287	38,503
Share-based payments-employees charged to deferred exploration costs	10,212	1,810	10,907	6,615

12. 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

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12. Financial Instruments (continued)

Interest rate sensitivity

At June 30, 2014, 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

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. 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 year, 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, 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.

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12. 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, 2014	December 31, 2013
	\$	\$
Cash and cash equivalents	895,296	1,070,047
Cash reserved for exploration	533,564	569,784
Banker's acceptances	403,473	503,273
Receivables (other than goods and services tax receivable)	96,506	116,787
	<hr/>	<hr/>
Carrying amounts	1,928,839	2,259,891

The Company has no trade receivables. Its receivables comprised mainly of tax credits, mining taxes and sale taxes receivable 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 13).

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

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13. Financial assets and liabilities

Categories of financial assets and liabilities	June 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Loans and receivables				
Cash and cash equivalents	895,296	895,296	1,070,047	1,070,047
Cash reserved for exploration	533,564	533,564	569,784	569,784
Banker's acceptance	403,473	403,473	503,273	503,273
Available for sale financial asset				
Other short-term financial assets	110,000	110,000	100,000	100,000
Financial liabilities				
Other financial liabilities				
Trade	16,132	16,132	17,663	17,663
Other	192,194	192,194	233,794	233,794

14. Contingencies and commitments

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

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

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

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

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

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15. 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, 2014	December 31, 2013
	\$	\$
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-employees	36,384	42,757
Total remuneration	229,732	425,784

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

16. 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.

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, 2014, the Company's cash reserved for exploration was \$533,564 (\$569,784 as at December 31, 2013).

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