Cartier Resources Inc.

(an exploration company)

Interim condensed financial statements
(Unaudited)

Third quarter ended September 30, 2012

The interim condensed financial statements for the period ended September 30, 2012 have not been reviewed by the Company's external auditors.

Cartier Resources Inc.
(an exploration company)

Interim Condensed Statements of Financial Position

(In Canadian $)

	September 30, 2012 (Unaudited) $	December 31, 2011 (Audited) $
Assets		
CURRENT		
Cash and cash equivalents (note 2)	**2,328,818**	3,263,143
Cash reserved for exploration (note 2)	**204,808**	2,031,040
Other short-term financial assets (note 3)	**260,000**	400,000
Receivables (note 4)	**358,331**	675,719
Prepaid expenses	**40,313**	10,574
	3,192,270	6,380,476
NON-CURRENT		
Property, plant and equipment (note 5)	**107,305**	91,261
Mining properties (note 7)	**1,366,494**	1,155,633
Defferred exploration costs (note 8)	**8,511,208**	6,077,212
TOTAL ASSETS	**13,177,277**	13,704,582
Liabilities		
CURRENT		
Accounts payables and accrued liabilities	**234,888**	446,319
Liability related to flow-through shares (note 9)	**42,943**	484,680
	277,831	930,999
NON-CURRENT		
Deferred income and mining taxes	**2,459,600**	1,608,475
TOTAL LIABILITIES	**2,737,431**	2,539,474
EQUITY		
Share capital (note 9)	**13,809,797**	13,329,910
Warrants	**1,897,777**	1,897,777
Contributed surplus	**952,255**	872,362
Deficit	**(6,219,983)**	(4,934,941)
TOTAL EQUITY	**10,439,846**	11,165,108
TOTAL LIABILITIES AND EQUITY	**13,177,277**	13,704,582

Going concern (note 1)

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 period ended		Nine-month period ended	
	September 30, 2012	September 30, 2011	**September 30, 2012**	September 30, 2011
	$	$	**$**	$
Balance - Beginning of period	**7,942,394**	5,997,846	**6,077,212**	4,699,484
Expenses incurred during the period				
Geology	**253,021**	94,534	**793,224**	338,704
Geophysics	**33,093**	26,545	**356,611**	137,624
Drilling	**290,174**	404,838	**1,002,625**	1,070,377
Stripping	**-**	54,571	**84**	157,338
Exploration office expenses	**12,949**	13,073	**53,434**	43,137
Geotechnics	**72,009**	6,122	**236,893**	63,358
Geochemistry	**-**	15,471	**3,850**	52,486
Core shack rental and maintenance	**19,570**	15,591	**61,045**	34,259
Duties, taxes and permits	**8,471**	2,076	**33,656**	15,357
Depreciation of exploration equipment	**5,217**	2,847	**13,595**	7,653
Loss on disposal of leasehold improvements	**-**	-	**-**	14,583
Share-based compensation-employees	**7,004**	5,270	**11,673**	6,713
Net expenses during the period	**701,508**	640,938	**2,566,690**	1,941,589
Tax credits	**(132,694)**	(220,759)	**(132,694)**	(223,048)
Balance - End of period	**8,511,208**	6,418,025	**8,511,208**	6,418,025

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	**Total equity**
		$	$	$	$	**$**
BALANCE AS AT DECEMBER 31, 2011	49,682,476	13,329,910	1,897,777	872,362	(4,934,941)	**11,165,108**
Issue of shares and warrants	2,005,955	479,887	-	-	-	**479,887**
Effect of share-based compensation	-	-	-	79,893	-	**79,893**
Effect of exercise of stock options	-	-	-	-	-	**-**
Effect of exercise of warrants	-	-	-	-	-	**-**
Comprehensive loss for the period	-	-	-	-	(1,285,042)	**(1,285,042)**
	2,005,955	479,887	-	79,893	(1,285,042)	**(725,262)**
BALANCE AS AT SEPTEMBER 30, 2012	51,688,431	13,809,797	1,897,777	952,255	(6,219,983)	**10,439,846**

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	Share capital to be issued	Warrants	Contributed surplus	Deficit	**Total equity**
		$	$	$	$	$	**$**
BALANCE AS AT DECEMBER 31, 2010	38,580,960	9,835,097	341,248	1,955,148	662,641	(3,167,877)	**9,626,257**
Issue of shares and warrants	3,486,087	-	(341,248)	126,233	-	-	**(215,015)**
Effect of share-based compensation		-	-	-	-	-	**-**
Effect of exercise of stock options	-	82,449	-	-	(34,399)	-	**48,050**
Effect of exercise of warrants	-	1,254,742	-	-	(177,646)	-	**1,077,096**
Comprehensive loss for the period	-	-	-	-	-	(713,408)	**(713,408)**
	3,486,087	1,337,191	(341,248)	126,233	(212,045)	(713,408)	**196,723**
BALANCE AS AT SEPTEMBER 30, 2011	42,067,047	11,172,288	-	2,081,381	450,596	(3,881,285)	**9,822,980**

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

Cartier Resources Inc.
(an exploration company)
Interim Condensed Statements of net loss
(Unaudited)
(In Canadian $)

	Three-month period ended		Nine-month period ended	
	September 30, 2012	September 30, 2011	**September 30, 2012**	September 30, 2011
	$	$	**$**	$
Administrative expenses				
Salaries	**58,610**	61,788	**202,818**	180,082
Consultants	**21,773**	21,170	**121,477**	95,017
Share-based compensation-employees	**34,101**	56,659	**68,219**	119,520
Professional fees	**3,353**	4,481	**78,395**	34,346
Rent	**6,901**	6,496	**19,447**	17,158
Business development	**16,121**	16,670	**129,537**	125,790
Insurance, taxes and permits	**4,025**	4,116	**13,284**	12,148
Interest and bank charges	**862**	802	**2,862**	2,218
Depreciation of property, plant and equipment	**1,815**	1,554	**5,692**	2,697
Stationery and office expenses	**6,063**	12,503	**26,715**	38,607
Telecommunications	**2,211**	3,718	**6,018**	9,191
Training and travel	**2,799**	7,079	**31,123**	29,030
Advertising	**2,219**	11,744	**28,505**	25,612
Shareholder's information	**5,400**	7,104	**53,511**	38,700
Part XII.6 tax related to flow-through shares	**171**	-	**4,252**	2,471
	166,424	215,884	**791,855**	732,587
Other expenses (income)				
Other exploration costs	**19,302**	-	**57,848**	-
Management income	**-**	(233)	**-**	(11,623)
Interest income	**(2,022)**	(8,791)	**(20,381)**	(28,129)
LOSS BEFORE DEFERRED INCOME AND MINING TAXES	**(183,704)**	(206,860)	**(829,322)**	(692,835)
Deferred income and mining taxes	**42,587**	39,879	**315,720**	20,573
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(226,291)**	(246,739)	**(1,145,042)**	(713,408)
LOSS PER SHARE				
basic	**0.00**	(0.01)	**(0.02)**	(0.02)
diluted	**0.00**	(0.01)	**(0.02)**	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**50,557,309**	41,720,960	**50,087,711**	40,638,555
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**50,584,964**	41,944,318	**50,147,861**	41,504,465

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 period ended		Nine-month period ended	
	September 30, 2012	September 30, 2011	**September 30, 2012**	September 30, 2011
	$	$	**$**	$
Net loss and comprehensive loss for the period	**(226,291)**	(246,739)	**(1,145,042)**	(713,408)
Other comprehensive loss :				
Unrealized loss on fair value of other short-term financial assets	**-**	-	**(140,000)**	-
Comprehensive loss for the period	**(226,291)**	(246,739)	**(1,285,042)**	(713,408)

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 period ended		Nine-month period ended	
	September 30, 2012	September 30, 2011	**September 30, 2012**	September 30, 2011
	$	$	**$**	$
OPERATING ACTIVITIES				
Loss before deferred income and mining taxes for the period	**(183,704)**	(206,860)	**(829,322)**	(692,835)
Adjustments for:				
Depreciation of property, plant and equipment	**1,815**	1,554	**5,692**	2,697
Share-based compensation - employees	**34,101**	56,659	**68,219**	119,520
	(147,788)	(148,647)	**(755,411)**	(570,618)
Net change in non-cash working capital items				
Receivables	**37,731**	(83,778)	**31,106**	(78,117)
Prepaid expenses	**11,013**	(13,955)	**(29,739)**	(12,386)
Accounts payables and accrued liabilities	**(44,500)**	(101,755)	**(94,713)**	9,488
Cash flow used in operating activities	**(143,544)**	(348,135)	**(848,757)**	(651,633)
FINANCING ACTIVITIES				
Issuance of shares	**500,000**	-	**500,000**	-
Issuance of shares and warrants	**-**	-	**-**	735,848
Exercise of stock options	**-**	9,250	**-**	48,050
Share issue expenses	**(44,960)**	-	**(87,933)**	-
Cash flow from financing activities	**455,040**	9,250	**412,067**	783,898
INVESTING ACTIVITIES				
Cash reserved for exploration	**(32,188)**	-	**1,826,232**	1,260,000
Acquisition of property, plant and equipment	**(4,509)**	(12,072)	**(35,333)**	(82,361)
Acquisition of mining properties	**(825)**	-	**(107,361)**	(104)
Deferred exploration costs	**(584,838)**	(614,131)	**(2,181,173)**	(1,822,836)
Cash flow used in investing activities	**(622,360)**	(626,203)	**(497,635)**	(645,301)
Net change in cash and cash equivalents	**(310,864)**	(965,088)	**(934,325)**	(513,036)
Cash and cash equivalents, beginning of period	**2,639,682**	3,884,227	**3,263,143**	3,432,175
Cash and cash equivalents, end of period	**2,328,818**	2,919,139	**2,328,818**	2,919,139

Additional information (note 11)

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

Incorporation and Nature of Operations

Cartier Resources Inc. (the "Company"), initially incorporated under Part 1 A of the Québec Companies Act on July 17, 2006, has been governed by the Business Corporations Act (Quebec) since February 14, 2011. The Company's head office is located at 1740, chemin Sullivan, Suite 1000, Val-d'Or, Québec. Its activities include mainly the acquisition and exploration of mining properties. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain 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 ore reserves that are economically recoverable. 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.

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 validity of the going concern assumption.

These interim condensed financial statements have been prepared by the Company's management in accordance with IFRS, as established by the International Accounting Standards Board and in accordance with IAS 34 «interim condensed Financial Reporting». They do not include all the information required in annual financial statements in accordance with IFRS. These interim condensed financial statements must be read in conjunction with the audited financial statements for the year ended December 31, 2011. The accounting policies are presented in the audited financial statements for the year ended December 31, 2011 and have not been modified since that time.

These interim condensed financial statements have been prepared in accordance with IAS 34 and requires the use of certain critical accounting estimates. It also requires management to exercise judgment when applying the Company's accounting policies.

2. Cash and cash equivalents and cash reserved for exploration

As at September 30, 2012, 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 as detailed below:

	September 30, 2012			**December 31, 2011**		
	$	Interest rate	Maturity date	$	Interest rate	Maturity date
1) Banker's acceptance	253,809	0.912%	2012-10-30	201,168	0.926%	2012-01-18
2) Banker's acceptance	506,761	1.470%	2012-12-17	104,880	1.019%	2012-02-10
3) Banker's acceptance	355,364	0.797%	2012-12-21	351,333	1.035%	2012-03-07
4) Bond	-	-	-	255,106	2.570%	2012-01-30
5) Bond	-	-	-	407,599	2.503%	2012-02-23
6) Account bearing a high interest	1,183,299	1.200%	-	587,599	1.200%	-
7) Account without interest	234,393	-	-	3,386,498	-	-
Total	2,533,626			5,294,183		

2. Cash and cash equivalents and cash reserved for exploration (continued)

	September 30, 2012	December 31, 2011
	$	$
Cash	**1,417,692**	3,974,097
Banker's acceptances	**1,115,934**	657,381
Bonds	**-**	662,705
	2,533,626	5,294,183
Less: Cash reserved for exploration	**(204,808)**	(2,031,040)
Cash and cash equivalents	**2,328,818**	3,263,143

3. Other short-term financial assets

	September 30, 2012	December 31, 2011
	$	$
Marketable securities of a quoted mining exploration company, available-for-sale, at fair value	**260,000**	400,000

4. Receivables

	September 30, 2012	December 31, 2011
	$	$
Credit on duties refundable and refundable tax credit for resources	**274,489**	560,771
Commodity taxes and others	**83,842**	114,948
	358,331	675,719

5. Property, plant and equipment

	September 30, 2012			December 31, 2011		
	Cost	**Accumulated Depreciation**	**Net Book Value**	Cost	Accumulated Depreciation	Net Book Value
	$	**$**	**$**	$	$	$
Leasehold improvements	**112,014**	**21,824**	**90,190**	76,681	7,805	68,876
Furniture and equipment	**35,603**	**18,488**	**17,115**	35,603	13,218	22,385
	147,617	**40,312**	**107,305**	112,284	21,023	91,261

6. 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**
	$	$	$	$
September 30, 2012	**23,136**	445,689	254,055	722,880
December 31, 2011	**92,513**	379,495	239,543	711,551
December 31, 2010	**45,214**	17,778	-	62,992

The Company leases its offices under leases expiring in March 2021. The Company leases two vehicles under leases expiring in November 2012 and October 2017. The Company also leases equipment under a lease expiring in March 2016.

Lease payments recognized as an expense during the reporting period amount to $ 23,136 ($ 92,513 in 2011). This amount consists of minimum lease payments. Sublease payments from premises subleased have been received for an amount of $ 5,000. The Company's office lease contains a renewal option.

7. Mining properties

Properties	December 31, 2011	Additions	Sale	Write-off	**September 30, 2012**
	$	$		$	**$**
Preissac	412,963	-	-	-	**412,963**
MacCormack	252,367	-	-	-	**252,367**
Rambull	214,607	-	-	-	**214,607**
Newconex-Ouest	169,995	-	-	-	**169,995**
Cadillac Extension	52,884	689	-	-	**53,573**
Dollier	39,631	-	-	-	**39,631**
La Pause	8,612	371	-	-	**8,983**
Diego	4,574	-	-	-	**4,574**
Benoist	-	193,801	-	-	**193,801**
Fenton	-	16,000	-	-	**16,000**
	1,155,633	210,861	-	-	**1,366,494**

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

On February 7, 2008, the Company signed an agreement with Xstrata Canada Corporation - Xstrata Zinc Canada Division ("Xstrata Zinc") entitling the Company to acquire a 100% interest in five blocks of map designated claims totalling 50 units and covering approximately 2,088 hectares (the "Xstrata-Option Property"). The Xstrata-Option Property is located in Abitibi, in the northwestern region of Quebec. All blocks are contiguous to the four properties which originated from the subdivision of the Company's Kinojevis property. On May 1, 2009, the parties amended the original agreement by allowing the Company to carry forward for one year the exploration work requirements. All other clauses of the original agreement remained unchanged. Pursuant to the amended agreement, the Company had to incur an aggregate amount of $400,000 in exploration expenses before December 31, 2010, instead of December 31, 2009, and an aggregate amount of $1,000,000 in exploration expenses before December 31, 2011, instead of December 31, 2010 as stated in the original agreement. As at December 31, 2011, all work requirements have been fulfilled and the Company had $1,040,060 invested in exploration expenses.

The agreement allows Xstrata Zinc to:

- buy back a 50% undivided interest in the Xstrata-Option Property or portions thereof, or, if it waives this opportunity, to retain a 2% net smelter return royalty on the net production of the Xstrata-Option property;
- the right to purchase or treat concentrate produced from the Xstrata-Option Property.

7. Mining properties (continued)

On March 2, 2012, the Company signed an agreement with Murgor Resources Inc. (“Murgor”) entitling the Company the option to acquire up to a 100% interest in the Benoist property, which hosts the Pusticamica gold deposit and is located 65 kilometers north-west of the town of Lebel-sur-Quévillon in the province of Québec.

More particularly, the Company may earn, as a result of a first option, a 51% undivided interest in the property. Upon receipt of regulatory approvals, the Company paid $100,000 in cash and issued 250,000 common shares to Murgor. The Company must also incur exploration expenses aggregating $3,000,000 by March 1st, 2015 and issue 100,000 common shares before the first anniversary of the closing date and 150,000 common shares before the second anniversary of the closing date. In addition, the Company will have a second option to earn an additional 49% undivided interest in the property by issuing 500,000 common shares to Murgor and incurring additional exploration expenditures aggregating $3,000,000 by March 1st, 2018. During the option period, the Company will act as operator. Murgor will retain a 1% NSR. The project is also subject to a 2.5% NSR payable to previous vendors of which a 1.5% NSR can be bought back by the Company for a consideration of $1,500,000.

On March 19, 2012 the Company signed an agreement with SOQUEM Inc. (“SOQUEM”). Under the terms of the agreement, which remains subject to regulatory approvals, Cartier has an option to earn a 50% undivided interest in the Fenton property hosting a deposit of the same name, located 47 kilometers southwest of the town of Chapais, in the province of Québec.

More specifically, Cartier will have an option to acquire a 50% undivided interest in the project by issuing 50,000 common shares to SOQUEM upon receipt of regulatory approvals and incurring exploration expenditures aggregating $1,500,000 by March 19, 2015. In addition, Cartier has a firm commitment to invest $500,000 in exploration work over the first year, and to issue 50,000 common shares to SOQUEM on each of the first and second anniversaries of the signature of the agreement. SOQUEM will be the operator. After the Company earns its undivided interest of 50%, SOQUEM and Cartier will form a joint venture.

8. Deferred exploration costs

Properties	December 31, 2011	Additions	Sale	Write-off	Tax credits	**September 30, 2012**
	$	$		$	$	**$**
Cadillac Extension	887,007	1,131,779	-	-	(14,941)	**2,003,845**
MacCormack	1,716,723	11,542	-	-	(430)	**1,727,835**
Dollier	945,356	19,686	-	-	-	**965,042**
Xstrata-Option	899,484	38,689	-	-	(10)	**938,163**
Diego	418,964	28,067	-	-	-	**447,031**
Preissac	413,278	4,807	-	-	(11)	**418,074**
Rambull	407,890	3,389	-	-	(28)	**411,251**
Newconex-Ouest	264,662	1,808	-	-	(11)	**266,459**
La Pause	123,848	98,174	-	-	(437)	**221,585**
Benoist		715,151	-	-	(82,299)	**632,852**
Fenton	-	513,598	-	-	(34,527)	**479,071**
	6,077,212	2,566,690	-	-	(132,694)	**8,511,208**

9. Share capital

Authorized

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

	Number	Amount
		$
December 31, 2010	38,580,960	9,835,097
Shares issued and paid		
Private placements (a)	2,999,429	929,525
Flow-through private placements (a)	4,616,000	2,031,040
Renouncement of tax deductions (b)	-	(484,680)
Warrants exercised (c)	3,331,087	1,254,742
Stock options exercised (c)	155,000	82,449
	11,101,516	3,813,076
Share issue expenses	-	(318,263)
	11,101,516	3,494,813
December 31, 2011	**49,682,476**	**13,329,910**
Shares issued and paid		
Acquisition of a property (d)	250,000	87,500
March 31, 2012	**250,000**	**87,500**
Shares issued and paid		
Acquisition of a property (e)	50,000	16,000
Private placements (f)	576,923	150,000
Flow-through private placements (f)	1,129,032	350,000
Renoucement of tax deductions (g)		(73,387)
	1,755,955	442,613
Share issue expenses	-	(50,226)
	1,755,955	392,387
September 30, 2012	**2,005,955**	**479,887**

Shares to be issued

	Number	Amount
		$
December 31, 2010	893,319	341,248
Shares issued	(893,319)	(341,248)
December 31, 2011	**-**	**-**

9. Share capital (continued)

(a) Issuance of common and flow-through shares on December 22, 2011

On December 22, 2011, the Company completed a private placement of $ 3,080,840 before share issue expenses. The offering consisted of issuance of 2,308 flow-through units (« flow-through units») and 1,614,629 units («units»). Each flow-through unit at a cost of $ 1,090 per unit, consisted in 2,000 flow-through common shares at a cost of $ 0.44 per share and of 600 common shares at a cost of $ 0.35 per share and also 600 common share purchase warrant, each warrant entitling its holders to subscribe for one common share at a price of $ 0.46 for a period of 12 months following the closing date. Each unit at a cost of $ 0.35 per unit consisted of one common shares at a cost of $ 0.35 per share and of one common share purchase warrant, each warrant entitling its holders to subscribe for one common share at a price of $ 0.46 for a period of 18 months following the closing date. The Company issued a total of 4,616,00 flow-through common shares at a price of $ 0.44 and 2,999,429 common shares at a price of $ 0.35 for an amount of $ 2,031,040 and $1,049,800 respectively.

The Company paid the agents a cash commission aggregating $ 229,588. In addition, the agents received 378,772 broker warrants exercisable at a price of $ 0.35 per share for a period of 12 months following the closing of the offering and entitling them to acquire 378,772 common shares. The financing is presented net of the value of the related warrants which was established at $ 120,275. Share issue expenses totalling $ 318,263 have reduced the capital stock.

(b) The Company also renounced to the tax deduction related to the flow-through shares representing an amount of $ 484,680 which have reduced the capital stock and increased the liabilities related to flow-through shares.

(c) During the year 2011, the Company issued 3,331,087 shares following the exercise of 2,437,768 warrants and 893,319 shares to be issued as at December 31, 2010 for a total amount of $ 1,048,510 and 155,000 shares following the exercise of stock options for an amount of $ 48,050.

(d) During the first quarter of 2012, the Company issued 250,000 shares followin the option to earn a 51% undivided interest in the project by (i) paying $100,000 in cash and by issuing 250,000 common shares to Murgor upon receipt of regulatory approvals. The Company must also issue 100,000 shares before the first anniversary of the closing date and another 150,000 shares before the second anniversary of the closing date. The Company must also incur exploration expenditures aggregating $3,000,000 by March 1st, 2015. In addition, the Company will have a second option to earn an additional 49% undivided interest in the property by issuing 500,000 common shares and incurring additional exploration expenditures aggregating $3,000,000 by March 1st, 2018. During the option period, the Company will act as operator. Murgor will retain a 1% NSR. The project is also subject to a 2.5% NSR payable to previous vendors of which a 1.5 % NSR can be bought back by the Company for a consideration of $1,500,000.

(e) During the first quarter of 2012, the Company issued 50,000 shares followin option to acquire a 50% undivided interest in the project by issuing 50,000 common shares to SOQUEM upon receipt of regulatory approvals and incurring exploration expenditures aggregating $1,500,000 by March 19, 2015. In addition, Cartier has a firm commitment to invest $500,000 in exploration work over the first year, and to issue 50,000 common shares to SOQUEM on each of the first and second anniversaries of the signature of the agreement. SOQUEM will be the operator. After the Company earns its undivided interest of 50%, SOQUEM and Cartier will form a joint venture.

(f) On August 30, the Company completed a private placement of $500,000 before share issue expenses. The offering consisted of issuance of 1,129,032 flow-through shares at a cost of $0.31 and 576,923 common shares at a cost of $0.26. Share issue expenses totalling $ 50,226 have reduced the capital stock.

(g) The Company also renouced to the tax deduction related to the flow-through shares representing an amout of $73,387 which have reduced the capital stock and increased the liabilities related to flow-through shares ($42,943 as at September 30, 2012).

9. Share capital (continued)

Stock Option Purchase 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 exercisable for a maximum of five years.

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

	September 30, 2012		December 31, 2011	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Outstanding - Beginning	**2,655,000**	**0,43**	2,402,500	0,42
Granted-employees	**1,025,000**	**0,25**	775,000	0,44
Exercised	**-**		(155,000)	0,31
Cancelled	**(600,000)**	**0,51**	(367,500)	0,41
Outstanding - End	**3,080,000**	**0,35**	2,655,000	0,43
Exercisable - End	**2,311,250**	**0,38**	2,242,500	0,43

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

	Outstanding options September 30, 2012			**Exercisable options September 30, 2012**		
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)	**$**		**(years)**	**$**
$0.16 to $0.24	**100,000**	**1.15**	**0.16**	**100,000**	**1.15**	**0.16**
$0.25 to $0.34	**1,275,000**	**4.05**	**0.25**	**506,250**	**3.16**	**0.25**
$0.35 to $0.44	**705,000**	**2.75**	**0.38**	**705,000**	**2.75**	**0.38**
$0.45 to $0.54	**850,000**	**3.02**	**0.45**	**850,000**	**3.02**	**0.45**
$0.55 to $0.64	**150,000**	**0.18**	**0.62**	**150,000**	**0.18**	**0.62**
$0.16 to $0.64	**3,080,000**	**3.19**	**0.35**	**2,311,250**	**2.70**	**0.38**

9. Share capital (continued)

Warrants

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

	September 30, 2012			December 31, 2011		
	Number	**Weighted average exercise price**	**Weighted average remaining contractual life**	Number	Weighted average exercise price	Weighted average remaining contractual life
		$	**(years)**		$	(years)
Outstanding - Beginning	**12,391,830**	**0.45**	**0.93**	11,451,397	0.44	1.46
Granted - agent compensation options	**-**	**-**	-	378,772	0.35	0.98
Granted - private placements	**-**	**-**	-	2,999,429	0.46	1.22
Exercised	**-**	**-**	-	(2,437,768)	0.30	-
Expired	**(2,214,313)**	**0.45**	-	-	-	-
Outstanding - End	**10,177,517**	**0.48**	**0.28**	12,391,830	0.45	0.93

The outstanding warrants are as follows:

Maturity date	**Exercise price**	**Number**
	$	
December 2012	0.35	**378,772**
December 2012	0.38	**661,080**
December 2012	0.46	**1,500,000**
December 2012	0.50	**6,138,236**
June 2013	0.46	**1,499,429**
		10,177,517

10. Employee remuneration

Employee benefits expense recognized are detailed below:

	September 30, 2012	December 31, 2011
	$	$
Wages, salaries and consultant fees	**604,603**	788,127
Social security costs	**49,124**	57,001
Share-based payments	**79,892**	174,569
Defined contribution pension plan	**15,197**	15,410
	748,816	1,035,107
Less: salaries capitalized in Exploration and evaluation assets	**(433,863)**	(590,378)
Employee benefits expense	**314,953**	444,729

11. Cash flows

Additional information	Three-month period ended		Nine-month period ended	
	September 30, 2012	September 30, 2011	**September 30, 2012**	September 30, 2011
			$	$
Items not affecting cash and cash equivalents related to operating, financing and investing activities				
Shares issued for the acquisition of mining properties	**-**	-	**103,500**	-
Shares issued expenses	**5,266**	-	**5,266**	
Tax credits applied against deferred exploration costs	**136,496**	220,759	**136,496**	197,725
Depreciation of property, plant and equipment transferred to deferred exploration costs	**5,217**	2,847	**13,595**	7,653
Loss on disposal of leasehold improvements against deferred exploration costs	**-**	-	**-**	14,583
Deferred exploration costs included in accounts payable and accrued liabilities	**334,807**	5,310	**79,008**	65,805
Property, plant and equipment included in accounts payable and accrued liabilities	**-**	2,050	**-**	2,050
Fair value of stock option plan exercised	**-**	6,760	**-**	34,399
Stock-based payments charged to deferred exploration costs	**7,004**	5,270	**11,673**	6,713

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 main financial risks, to which the Company is exposed, and its risk management policies are presented below.

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 September 30, 2012, the Company's exposure to interest rate risk is summarized as follows:

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

12. Financial Instruments (continued)

Interest rate sensitivity

At September 30, 2012, the Company received interest on the following assets:

– Banker’s acceptances;
– Bonds

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.

Credit risk

Cash and cash equivalents are held or issued by financial institutions with a superior-quality credit rating. Hence, the Company considers that the risk of non-performance of such instruments is negligible.

Credit risk analysis

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

	September 30, 2012	December 31, 2011
	$	$
Cash and cash equivalents	**1,212,884**	1,943,057
Cash held for exploration expenses	**204,808**	2,031,040
Banker's acceptances and bonds	**1,115,934**	1,320,086
Other receivables (other than goods and services tax receivable)	**274,489**	560,771
Carrying amounts	**2,808,115**	5,854,954

The Company has no trade receivables. The receivables are comprised mainly of tax credits, mining taxes and sales tax receivables. Consequently the exposure to credit risk for the Company’s receivables is considered limited. 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 under review 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, cash held for exploration expenses and guaranteed investment certificates is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

12. Financial Instruments (continued)

Fair value of financial instruments

The Company discloses the fair value hierarchy by which the Financial instruments are evaluated and have the following levels. Level 1, valuation based on quoted prices (unadjusted) in active market 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 and Level 3, includes inputs for the asset or liability that are not based on observable market data. Cash and cash equivalents and cash reserved for exploration 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.

13. Financial assets and liabilities

	September 30, 2012		December 31, 2011	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
Categories of financial assets and liabilities				
Financial assets				
Loans and receivables				
Cash and cash equivalents	**1,212,884**	**1,212,884**	1,943,057	1,943,057
Cash reserved for exploration	**204,808**	**204,808**	2,031,040	2,031,040
Banker's acceptance and bond	**1,115,934**	**1,115,934**	1,320,086	1,320,086
Available for sale financial asset				
Other short-term financial assets	**260,000**	**260,000**	400,000	400,000
Financial liabilities				
Other financial liabilities				
Trade	**72,326**	**72,326**	216,448	216,448
Other	**162,562**	**162,562**	229,871	229,871

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 respected are subject to a combined tax rate of 30% (Canada and Quebec).

During the period, the Company received $350,000 following a flow-through placement for which the Company will renounce tax deductions after December 31, 2012. During the year ending December 31, 2011, the Company received $2,031,040 following flow-through placements for which the Company renounced tax deductions after December 31, 2011.

14. Contingencies and commitments (continued)

The Company has renounced tax deductions of $2,031,040 as at February 28, 2012 and management is required to fulfil its commitments before the stipulated deadline of December 31, 2012. The amount has been presented as “Cash held for exploration expenses”.

15. Transactions with key management personnel

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

	September 30, 2012	December 31, 2011
	$	$
Short-term employee benefits		
Salaries including bonuses and benefits	**397,816**	462,585
Social security costs	**29,386**	28,850
Total short-term employee benefits	**427,202**	491,435
Share-based payments - employees	**59,685**	117,564
Total remuneration	**486,887**	608,999

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 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 if the Company completes a flow-through financing for which the cash must be reserved for exploration. As at September 30, 2012, the Company's cash reserved for exploration was $ 204,808 ($ 350,000 as at August 30, 2012).

As at September 30, 2012 the shareholders' equity was $ 10,439,846 ($ 11,165,108 as at December 31, 2011).

17. Related party transactions

	September 30, 2012	December 31, 2011
	$	$
Consultants	**1,000**	-

During the second quarter, the Companywas provided consultation services from a company pursuant to which a director of the Company is a minority shareholder for $1,000. This transaction occurred within the normal course of business and was measured at the exchange value, which is the amount of consideration established and agreed to by the related parties. As at September 30, 2012, no amount was included in the accounts payable and accrued liabilities.

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

The Company's liabilities are summarized below:

	September 30, 2012	December 31, 2011
	$	$
Accounts payables and accrued liabilities	**234,888**	446,319
Liability related to flow-through shares	**42,943**	484,680
	277,831	930,999

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.

19. Subsequent Event

On November 20, 2012, the Company completed a flow-through shares private placement conducted without intermediate agent or broker for aggregate gross proceeds of $500,000. The offering consisted of the issuance of 1,785,714 flow-through shares at a price of $0.28 per flow-through share for an amount of $500,000.