Cartier Resources Inc.
(an exploration company)

Financial Statements

Years ended December 31, 2010 and 2009

Deloitte.

Independent Auditor's Report

To the Shareholders of
Cartier Resources Inc.

We have audited the accompanying financial statements of Cartier Resources inc., which comprise the balance sheets as at December 31, 2010 and 2009 and the statements of earnings and comprehensive loss, deficit, deferred exploration costs and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cartier Resources inc. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Samson Bélair/Deloitte & Touche s.e.n.c.r.l.[1]

April 19, 2011

[1] Chartered accountant auditor permit No 13201

Cartier Resources Inc.

(an exploration company)

Balance Sheets

As at December 31,

	2010	2009
	$	$
Assets		
Current assets		
Cash and cash equivalents (note 3)	**3,432,175**	1,484,131
Cash reserved for exploration (note 3)	**1,260,000**	194,426
Accounts receivable (note 4)	**418,540**	342,610
Prepaid expenses	**24,230**	17,050
	5,134,945	2,038,217
Property, plant and equipment (note 5)	**21,984**	34,966
Mining properties (note 6)	**1,372,489**	1,370,789
Deferred exploration costs (note 7)	**4,719,337**	3,425,785
	11,248,755	6,869,757
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**236,363**	234,881
Long term liability		
Future income taxes (note 14)	**1,061,832**	678,968
	1,298,195	913,849
Shareholders' equity		
Capital stock (note 8)	**10,063,900**	6,722,845
Capital stock to be issued (note 8)	**341,248**	-
Contributed surplus (note 9)	**2,595,176**	1,384,964
Deficit	**(3,049,764)**	(2,151,901)
	9,950,560	5,955,908
	11,248,755	6,869,757

Going concern (note 1)
Commitments (note 15)
Subsequent events (note 16)

The accompanying notes are an integral part of these financial statements.
Approved by the Board of Directors

(signed) Philippe Cloutier, Director (signed) Daniel Massé, Director

Cartier Resources Inc.

(an exploration company)

Statements of Deferred exploration costs

For the years ended December 31,

	2010	2009
	$	$
Balance - Beginning	**3,425,785**	2,017,010
Expenses incurred during the year		
Drilling	**334,047**	406,660
Geology	**444,450**	440,265
Geophysics	**414,047**	132,211
Stripping	**140,898**	163,128
Geochemistry	**2,690**	211,226
Geotechnics	**37,780**	78,013
Core shack rental and maintenance	**36,272**	37,711
Exploration office expenses	**54,883**	67,792
Duties, taxes and permits	**33,902**	16,475
Depreciation of exploration equipment	**12,392**	12,392
Stock-based compensation-employees	**85,343**	46,791
Stock-based compensation-consultants	**-**	897
	1,596,704	1,613,561
Write-off of deferred exploration costs	**(49,647)**	(94,314)
Tax credits	**(253,505)**	(110,472)
Net expenses for the year	**1,293,552**	1,408,775
Balance - End	**4,719,337**	3,425,785

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

Cartier Resources Inc.

(an exploration company)

Statements of Deficit

For the years ended December 31,

	2010	2009
	$	$
Balance - Beginning	**(2,151,901)**	(1,355,947)
Net loss	**(897,863)**	(795,954)
Balance - End	**(3,049,764)**	(2,151,901)

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

Cartier Resources Inc.

(an exploration company)

Statements of Earnings and Comprehensive Loss

For the years ended December 31,

	2010	2009
	$	$
Administrative expenses		
Salaries	**234,637**	195,458
Consultants	**95,249**	81,020
Stock-based compensation-employees	**90,898**	37,943
Stock-based compensation-consultants	**16,438**	-
Professional fees	**76,679**	66,891
Rent	**6,600**	7,857
Business development	**130,929**	85,472
Insurance, taxes and permits	**17,961**	13,072
Interest and bank charges	**2,867**	2,485
Depreciation of property, plant and equipment	**589**	589
Stationery and office expenses	**22,439**	17,979
Telecommunications	**8,178**	8,628
Training and travel	**50,690**	34,214
Advertising	**40,686**	35,691
Shareholder's information	**35,861**	47,754
Part XII.6 tax	**-**	4,599
	830,701	639,652
Others expenses (income)		
Write-off of mining properties	**60,612**	143,269
Write-off of deferred exploration costs	**49,647**	94,314
Management fees	**(4,225)**	-
Interest income	**(8,980)**	(15,200)
Loss before income taxes	**(927,755)**	(862,035)
Future income taxes (note 14)	**(29,892)**	(66,081)
Net loss and comprehensive loss	**(897,863)**	(795,954)
Basic and diluted net loss per share	**(0.03)**	(0.04)
Weighted average number of shares outstanding	**28,167,304**	22,521,641

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

Cartier Resources Inc.

(an exploration company)

Statements of Cash Flows

For the years ended December 31,

	2010	2009
	$	$
Cash flows from operating activities		
Net loss	**(897,863)**	(795,954)
Items not affecting cash and cash equivalents		
Depreciation of property, plant and equipment	**589**	589
Stock-based compensation	**107,336**	37,943
Future income taxes	**(29,892)**	(66,081)
Write-off of mining properties	**60,612**	143,269
Write-off of deferred exploration costs	**49,647**	94,314
	(709,571)	(585,920)
Net change in non-cash working capital items		
Accounts receivable	**(18,999)**	704,245
Prepaid expenses	**(7,180)**	(7,360)
Accounts payable and accrued liabilities	**36,121**	(10,677)
	(699,629)	100,288
Cash flows from financing activities		
Issuance of shares and warrants	**4,917,540**	1,528,080
Share and warrant issue expenses	**(440,948)**	(182,000)
Shares to be issued from exercice of warrants	**312,662**	-
Exercise of warrants	**257,659**	-
Exercise of stock options	**9,750**	-
	5,056,663	1,346,080
Cash flows from investing activities		
Cash reserved for exploration	**(1,065,574)**	426,454
Acquisition of mining properties	**(29,172)**	(100,350)
Deferred exploration costs	**(1,314,244)**	(1,402,603)
	(2,408,990)	(1,076,499)
Increase in cash and cash equivalents	**1,948,044**	369,869
Cash and cash equivalents - beginning	**1,484,131**	1,114,262
Cash and cash equivalents - end	**3,432,175**	1,484,131

Additional information (note 10)

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

1. Incorporation, nature of operations and going concern

Cartier Resources Inc. (the "Company") was incorporated under Part 1 A of the Québec *Companies Act* on July 17, 2006. 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.

The Company's ability to continue as a going concern depends on obtaining additional financing, and 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. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern. The application of GAAP on a going concern basis may be inappropriate, since there is a doubt as to the validity of the going concern assumption.

These 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 balance sheet 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.

2. Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the disclosures in the notes thereto.

The most significant items requiring the use of management's estimates and assumptions consist of the recoverable value of mining assets, the stock-based compensation and other stock-based payments, the fair value of warrants and the provision for future income taxes and mining taxes. These estimates and assumptions were made by management based on the most current geological information available and its planned course of action, as well as on assumptions about future business, economic and capital market conditions.

Actual results could differ from estimates used in preparing these financial statements and such differences could be material.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments for which the initial maturity is less than 90 days from the date of acquisition.

Cash reserved for exploration

Cash reserved for exploration consist of proceeds of flow-through financings not yet expensed. Under the terms of these financings, the Company is committed to spend the proceeds on exploration activities.

Property, plant and equipment

Property, plant and equipment are recorded at cost and are depreciated over their estimated useful life on a straight-line basis as follows:

Leasehold improvements	5 years
Furniture and equipment	5 years

2. Summary of significant accounting policies (continued)

Mining assets

The Company records its mining assets, including wholly-owned mining properties, undivided interests in mining properties and deferred exploration costs, at cost less certain recoveries.

Exploration costs are capitalized on the basis of specific mining property blocks or areas of geological interest until the mining assets to which they relate are placed into production, sold or allowed to lapse. Management reviews the carrying values of mining assets on a regular basis to determine whether any writedowns are necessary.

These costs will be amortized over the estimated useful life of the mining assets following commencement of production or written off if the mining assets or projects are sold or allowed to lapse.

General exploration costs not related to specific mining assets are expensed as incurred.

The recoverability of the amounts recorded under mining properties and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing needed to complete development, and future profitable production or proceeds from the disposal of these assets. The amounts shown for mining properties and deferred exploration costs are not necessarily indicative of present or future values.

Credit on duties refundable for loss and refundable tax credit for resources

The Company is entitled to a credit on duties refundable for loss under the Mining Duties Act. This credit on duties refundable for loss on exploration costs incurred in the Province of Quebec at the rate of 12% has been applied against the future income taxes of the balance sheet.

Furthermore, the Company is entitled to a refundable tax credit for resources for mining companies on qualified expenditures incurred. The refundable tax credit for resources may reach 35% or 38.75% of qualified expenditures incurred. This tax credit has been applied against the costs incurred (note 7).

Equity issue expenses

Share and warrant issue expenses have been applied against shareholders' equity.

Basic and diluted net loss per share

The basic net loss per share has been calculated using the weighted average number of shares outstanding during the year. The diluted net loss per share, calculated using the treasury stock method.

Capital stock

Capital stock issued for non-monetary consideration is recorded at the fair market value at the date the agreement to issue the shares was entered into.

Fair value of the warrants

Proceeds from unit placements are allocated between shares and warrants issued using the Black-Scholes pricing to determine the fair value of warrants issued.

Stock-based compensation and other stock-based payments

The Company applies the fair value-based method for stock options granted to employees and non-employees. The fair value of stock options is determined using the Black-Scholes option pricing model, and stock-based compensation costs are recognized over the vesting periods of the stock options and are credited to shareholders' equity under the caption "Contributed surplus". Any consideration received by the Company on the exercise of stock options and the carrying value allocated to such options are recorded in Shareholders' equity under the caption "Capital stock".

2. Summary of significant accounting policies (continued)

Income taxes and futur mining taxes

The Company uses the liability method of accounting for income taxes and mining taxes. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the carrying amounts and tax bases of the assets and liabilities using enacted or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

The Company renounces the tax deductions relating to resource expenditures that are financed by the issuance of flow-through shares to the benefit of its shareholders, in accordance with current tax legislation. Future income taxes related to the temporary differences created by this renouncement are recorded, at the time that the Company renounces its right to these deductions and the offset is recorded as future income taxes in share issue costs.

The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all the future income tax assets will not be realized.

Impairment of long-lived assets

The Company adopted the Canadian Institute of Chartered Accountants ("CICA") recommendations relating to the impairment of long-lived assets. Pursuant to these standards, a long-lived asset should be tested for recoverability whenever events or changes of circumstances indicate that its carrying value may not be recoverable. An impairment loss should be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

Classification

Cash and cash equivalent	Held-for-trading
Cash reserved for exploration	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading
Held-for-trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held-for-trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income.

Loans and receivables
Loans and receivables are accounted for at amortized cost using the effective interest method.

Others liabilities
Others liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Transaction costs
Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to available-for-sale financial assets, other liabilities and loans and receivables are added to the carrying value of the asset or deducted from the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method.

Effective interest method
The Company uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

2. Summary of significant accounting policies (continued)

Impact of new accounting standards not yet adopted

IFRS

The AcSB plans to converge Canadian GAAP for publicly accountable enterprises with IFRS over a transition period that will end on January 1, 2011 with the adoption of IFRS. The AcSB announced on February 13, 2008 that IFRS will be required in 2011 for publicly accountable profits oriented enterprises. The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will present its first set of IFRS compliant financial statements for the first quarter of the year ending December 31, 2011. IFRS uses a conceptual framework similar to Canadian generally accepted accounting principles, but there are significant differences in recognition, measurement and disclosure requirements.

3. Cash and cash equivalent and cash reserved for exploration

At as December 31, 2010, the cash and cash equivalents and the cash reserved for exploration included cash, two banker's acceptances one expiring January 5, 2011 for an amount of $200,314 bearing an interest rate of 0.956%, the other banker's acceptance expiring March 14, 2011 for an amount of $701,231 bearing an interest rate of 1.096% and two bonds, with one bond bearing an interest rate of 1.497% and expiring February 16, 2011, and the other bond bearing an interest rate of 1.25% and expiring February 28, 2011 for an amount of $308,946 and $204,068 respectively. The cash also included an amount of $867,800 deposited in an account bearing a high interest rate of 1.2%. At as December 31, 2009, the cash and cash equivalents and the cash reserved for exploration included cash, banker's acceptance expiring February 1, 2010 for an amount of $399,920 and two bonds, with one bond bearing an interest rate of 4% and expiring February 1, 2010, and the other bond bearing an interest rate of 0.29% and expiring February 15, 2010 for an amount of $300,549 and $399,870 respectively.

Cash reserved for exploration is exclusively constituted of cash which must be used before December 31, 2011.

	2010	2009
	$	$
Cash	**3,277,616**	578,218
Banker's acceptances	**901,545**	399,920
Bonds	**513,014**	700,419
	4,692,175	1,678,557
less : Cash reserved for exploration	**(1,260,000)**	(194,426)
Cash and cash equivalents	**3,432,175**	1,484,131

4. Accounts receivable

	2010	2009
	$	$
Credit on duties refundable and refundable tax credit for resources	**331,291**	274,359
Commodity taxes and others	**87,249**	68,251
	418,540	342,610

5. Property, plant and equipment

			2010			2009
			$			$
	Cost	**Accumulated Depreciation**	**Net book Value**	Cost	Accumulated Depreciation	Net book Value
	$	**$**	**$**	$	$	$
Leasehold improvements	**51,730**	**34,561**	**17,169**	51,730	24,214	27,516
Furniture and equipment	**13,173**	**8,358**	**4,815**	13,173	5,723	7,450
	64,903	**42,919**	**21,984**	64,903	29,937	34,966

6. Mining properties

Properties	December 31, 2009	Additions	Refund Reclassification	Write-off	**December 31, 2010**
	$	$	$	$	**$**
Preissac	412,963	-	-	-	**412,963**
MacCormack	252,367	-	-	-	**252,367**
Rambull	172,224	-	42,383	-	**214,607**
Newconex Ouest	309,723	-	(43,151)	(52,164)	**214,408**
Rivière Doré	56,396	46,468	-	-	**102,864**
Dieppe-Collet	71,935	-	-	-	**71,935**
Cadillac Extension	24,568	14,716	11,244	-	**50,528**
Dollier	40,723	-	(1,092)	-	**39,631**
La Pause	8,612	-	-	-	**8,612**
Diego	3,484	1,090	-	-	**4,574**
Manneville	6,550	-	-	(6,550)	**-**
DeCorta	11,244	-	(11,244)	-	**-**
Other	-	1,898	-	(1,898)	**-**
	1,370,789	64,172	(1,860)	(60,612)	1,372,489

Properties	December 31, 2008	Additions	Refund Reclassification	Write-off	December 31, 2009
	$	$	$	$	$
Preissac	412,963	-	-	-	412,963
Newconex Ouest	309,723	-	-	-	309,723
MacCormack	252,367	-	-	-	252,367
Rambull	172,068	156	-	-	172,224
Dieppe-Collet	71,935	-	-	-	71,935
Rivière Doré	-	56,396	-	-	56,396
Dollier	36,417	4,306	-	-	40,723
Cadillac Extension	-	24,568	-	-	24,568
DeCorta	-	11,244	-	-	11,244
La Pause	8,416	196	-	-	8,612
Manneville	6,550	-	-	-	6,550
Diego	-	3,484	-	-	3,484
Bapst	71,635	-	-	(71,635)	-
La Morandière	35,817	-	-	(35,817)	-
Lac Castagnier	35,817	-	-	(35,817)	-
	1,413,708	100,350	-	(143,269)	1,370,789

The Company holds a 100% interest in 10 active mining properties that are all located in the northwestern region of Quebec. These properties are the following: MacCormack, Preissac, Newconex Ouest, Rambull, Dieppe-Collet, Dollier, La Pause, Diego, Rivière Doré et Cadillac Extension. The properties of MacCormack, Preissac, Newconex Ouest and Rambull, as well as the Xstrata-Option Property, cover more than 48 kilometers on the eastern extension of the Destor-Porcupine fault.

During the year, the Company wrote-off the Manneville property and its related exploration costs since no work was planned on theses properties in the near future. The property's acquisition costs of $ 6,550 and the deferred exploration costs of $ 42,899 were charged to the statements of earnings and comprehensive loss.

During the year, the Company proceeded to a redistribution of certain cells of the Newconex Ouest property to the Rambull property and an amount of $42,383 was transfered to the Rambull mining property as well as $ 94,111 of exploration costs. The Newconex Ouest property was reduced by the same amounts.

During the year, the Company merged the DeCorta property with the Cadillac Extension property. An amount of $11,244 was transfered to the Cadillac Extension mining property as well as $42,490 of exploration costs.

6. Mining properties (continued)

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 the 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 remain 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.

These expenditures may be accelerated and charged to future years' expenses and accordingly, at the Company's sole discretion, the option may be exercised sooner. 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; and

- the right to purchase or treat concentrate produced from the Xstrata-Option Property.

As at December 31, 2010, the Company had incurred total exploration costs of $433,538 ($192,954 in 2009) on the Xstrata-Option Property.

The Company may be subject to royalties on certain portion of its properties if the reach commercial production.

7. Deferred exploration costs

Properties	December 31, 2009	Additions	Reclassification	Write-off	Tax credits	**December 31, 2010**
	$	$	$	$	$	**$**
MacCormack	1,437,817	326,649	-	-	(69,233)	**1,695,233**
Rivière Doré	122,116	434,561	-	-	(59,623)	**497,054**
Preissac	382,268	29,564	-	-	(3,808)	**408,024**
Rambull	295,672	15,502	94,111	-	(2,031)	**403,254**
Dollier	161,367	262,782	-	-	(40,929)	**383,220**
Xstrata-Option	150,499	240,584	-	-	(36,262)	**354,821**
Newconex Ouest	427,416	4,563	(94,111)	(4,376)	-	**333,492**
Cadillac Extension	87,853	160,619	42,490	-	(25,347)	**265,615**
Dieppe-Collet	144,991	1,144	-	-	-	**146,135**
La Pause	120,004	3,174	-	-	(198)	**122,980**
Diego	10,393	115,190	-	-	(16,074)	**109,509**
Manneville	42,899	-	-	(42,899)	-	**-**
DeCorta	42,490	-	(42,490)	-	-	**-**
Other	-	2,372	-	(2,372)	-	**-**
	3,425,785	1,596,704	-	(49,647)	(253,505)	**4,719,337**

7. Deferred exploration costs (continued)

	December 31, 2008	Additions	Reclassification	Write-off	Tax credits	December 31, 2009
	$	$	$	$	$	$
Propriétés						
MacCormack	913,052	580,670	-	-	(55,905)	1,437,817
Newconex Ouest	367,691	59,784	-	-	(59)	427,416
Preissac	319,324	62,994	-	-	(50)	382,268
Rambull	141,598	173,991	-	-	(19,917)	295,672
Dollier	22,870	159,038	-	-	(20,541)	161,367
Xstrata-Option	79,390	71,109	-	-	-	150,499
Dieppe-Collet	50,537	94,454	-	-	-	144,991
Rivière Doré	-	66,033	56,083	-	-	122,116
La Pause	21,836	112,168	-	-	(14,000)	120,004
Cadillac Extension	-	15,275	72,578	-	-	87,853
Manneville	25,227	17,672	-	-	-	42,899
DeCorta	-	6,201	36,289	-	-	42,490
Diego	-	10,393	-	-	-	10,393
Bapst	32,826	14,190	-	(47,016)	-	-
La Morandière	13,181	-	-	(13,181)	-	-
Lac Castagnier	29,478	468	-	(29,946)	-	-
Other	-	169,121	(164,950)	(4,171)	-	-
	2,017,010	1,613,561	-	(94,314)	(110,472)	3,425,785

8. Capital stock

Authorized

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

	December 31, 2010		December 31, 2009	
	Number	**Amount**	Number	Amount
		$		$
Balance - Beginning	**25,526,183**	**6,722,845**	19,422,182	5,765,098
Shares issued				
Public offering (short-form offering document)	**557,143**	**127,864**	1,150,000	244,311
Public offering flow-through common shares (short-form offering document)	**1,250,000**	**550,000**	3,704,000	891,823
Acquisition of a property	**100,000**	**35,000**	-	-
Renouncement of tax deductions (a)	**-**	**(356,752)**	-	(180,137)
Private placements	**7,795,406**	**2,021,319**	1,250,001	183,750
Flow-through private placements	**2,520,000**	**1,260,000**	-	-
Warrants exercised	**794,728**	**299,298**	-	-
Stock options exercised	**37,500**	**15,355**	-	-
	13,054,777	**3,952,084**	6,104,001	1,139,747
Share issue expenses	**-**	**(611,029)**	-	(182,000)
	13,054,777	**3,341,055**	6,104,001	957,747
Balance - End	**38,580,960**	**10,063,900**	25,526,183	6,722,845

During the year, the Company issued 794,728 shares following the exercise of warrants for an amount of $299,298 and 37,500 sharers following the exercise of stock options for an amount of $15,355.

a) In accordance with the public offering of flow-through common shares by way of a short-form offering document completed in 2009 amounting to $1,000,080, the Company has waived, in 2010, the related tax deductions of $356,752 with a corresponding amount presented as future income tax liabilities.

8. Capital stock (continued)

Shares to be issued

	2010		2009	
	Number	**Amount**	Number	Amount
		$		$
Balance - Beginning	**-**	**-**	-	-
Warrants exercised	**893,319**	**341,248**	-	-
Balance - End	**893,319**	**341,248**	**-**	**-**

As at December 22, 2010, the Company received an amount of $341,248 following the exercise of 893,319 warrants.

Issuance of common shares on December 22, 2010
On December 22, 2010, the Company completed a private placement of $150,000 before share issue expenses. The Company issued 394,736 units. Each unit consists of one common share at a price of $0.38 per share and one share purchase warrant with each warrant entitling the holder to subscribe to one common share at a price of $0.50 for a period of two years following the date of closing. The financing is presented net of the value of the related warrants which was established at $44,171. Share issue expenses totalling $6,153 have reduced the capital stock.

Issuance of common shares and flow-through common shares on December 22, 2010
On December 22, 2010, the Company completed a second private placement of $349,990 before share issue expenses. The offering consisted of the issuance of 350,000 flow-through shares at a price of $0.50 per flow-through share for an amount of $175,000 and 460,500 units at a price of $0.38 per unit for an amount of $174,990. Each unit consists of one common share at a price of $0.38 per share and one share purchase warrant with each warrant entitling the holder to subscribe to one common share at a price of $0.50 for a period of two years following the date of closing. In addition the agent received non transferable compensation options entitling it to subscribe for such number of common shares of the Company equal to 8% (64,840 compensation options) of the total number of shares issued in the financing. The financing is presented net of the value of the related warrants which was established at $51,346. Share issue expenses totalling $52,660 have reduced the capital stock.

Issuance of common shares and flow-through common shares on December 14, 2010
On December 14, 2010, the Company completed a private placement of $3,092,540 before share issue expenses. The offering consisted of the issuance of 2,170,000 flow-through shares at a price of $0.50 per flow-through share for an amount of $1,085,000 and 5,283,000 units at a price of $0.38 per unit for an amount of $2,007,540. Each unit is comprised of one common share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.50 for a period of two years following the date of closing. The Company paid the agent a fee equal to 8% of the gross proceeds from the sale of flow-through shares and units sold pursuant to the offering. In addition the agent received non transferable compensation options entitling it to subscribe for such number of common shares of the Company equal to 8% (596,240 compensation options) of the total number of shares issued in the financing. The financing is presented net of the value of the related warrants which was established at $589,055. Share issue expenses totalling $399,610 have reduced the capital stock.

Issuance of common shares on June 15, 2010
On June 15, 2010, the Company completed a private placement of $580,010 before share issue expenses. The Company issued 1,657,170 units. Each unit consists of one common share at a price of $0.35 per share and one share purchase warrant with each warrant entitling the holder to subscribe to one common share at a price of $0.45 for a period of two years following the date of closing. The financing is presented net of the value of the related warrants which was established at $206,649. Share issue expenses totalling $29,890 have reduced the capital stock.

Issuance of common shares and flow-through common shares on May 19, 2010
On May 19, 2010, the Company completed a public offering of $745,000 by way of a short-form offering document. The offering consisted of the issuance of 1,250,000 flow-through shares at a price of $0.44 per flow-through share for an amount of $550,000 and 557,143 units at a price of $0.35 per unit for an amount of $195,000. Each unit is comprised of one common share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.45 for a period of two years following the closing date. The Company paid the agent a fee equal to 8.5% of the gross proceeds from the sale of flow-through shares and units sold pursuant to the offering. In addition the agent received non transferable compensation options entitling it to subscribe for such number of common shares of the Company equal to 5% (90,357 compensation options) of the total number of shares sold pursuant the offering. The financing is presented net of the value of the related warrants which was established at $67,136. Share issue expenses totalling $122,716 have reduced the capital stock.

8. Capital stock (continued)

Stock option plan

The Company maintains a stock option plan on behalf of its directors, officers, employees and consultants. The Board of Directors determines the vesting conditions pursuant to the stock options which have been granted. The options are acquired over a period of twelve months, with tranches of 25 % vesting every three months. The options are exercisable over a maximum period of five years.

On May 20, 2009, the Company modified its stock option plan. The modification allows that the maximum number of common shares which may be reserved under the plan would be 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.

During the year, a total of 430,000 options were granted to employees and 120,000 were granted to a consultant. In 2009, 535,000 options were granted to employees an 40,000 options to a consultant. An amount of $107,336 was accounted in the statements of earnings as stock-based compensation and $85,343 in the deferred exploration costs compared to $37,943 and $47,688 respectively in 2009.

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

	2010		2009	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Outstanding - Beginning	**1,965,000**	**0.42**	1,440,000	0.47
Granted-employees	**430,000**	**0.37**	535,000	0.30
Granted-consultants	**120,000**	**0.38**	40,000	0.36
Exercised	**(37,500)**	**0.26**	-	0.00
Cancelled	**(75,000)**	**0.32**	(50,000)	0.54
Outstanding - End	**2,402,500**	**0.41**	1,965,000	0.42
Exercisable - End	**2,070,000**	**0.42**	1,376,360	0.45

The following table summarizes certain information for stock options granted and exercisable as at December 31, 2010 :

	Outstanding options December 31, 2010			**Exercisable options December 31, 2010**		
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 $0.25	535,000	2.58	0.23	535,000	2.58	0.23
$0.26 to $0.35	-	-	-	-	-	-
$0.36 to $0.45	967,500	3.93	0.39	635,000	3.62	0.39
$0.46 to $0.55	700,000	1.41	0.54	700,000	1.41	0.54
$0.56 to $0.65	200,000	1.93	0.62	200,000	1.93	0.62
$0.16 to $0.65	2,402,500	2.73	0.41	2,070,000	2.44	0.42

8. Capital stock (continued)

Stock option plan (continued)

The weighted average fair value of stock options granted was estimated using the Black-Scholes option-pricing model at $0.27 per option ($0.19 in 2009) with the following assumptions:

	2010	2009
Risk-free interest rate	**2.83%**	1.86%
Expected volatility	**94%**	102%
Dividend yield	**Nil**	Nil
Weighted average expected life	**5 years**	5 years

Warrants

The following table presents the changes occurred for the warrant activity :

	December 31, 2010			December 31, 2009		
	Number	**Weighted average exercise price**	**Weighted average remaining contractual life**	Number	Weighted average exercise price	Weighted average remaining contractual life
		$	**(years)**		$	(years)
Outstanding - Beginning	**4,199,412**	**0.32**	**1.32**	5,947,091	0.61	0.83
Granted - public offering short-form offering document	**557,143**	**0.45**	**1.38**	1,150,000	0.30	1.48
Granted - agent compensation options	**751,437**	**0.38**	**1.76**	388,320	0.30	1.48
Granted - private placements	**7,795,406**	**0.49**	**1.85**	1,250,001	0.30	1.52
Exercised	**(1,688,047)**	**0.34**	**-**	**-**	0.30	0.00
Expired	**(163,954)**	**0.35**	**-**	(4,536,000)	0.70	-
Outstanding - End	**11,451,397**	**0.44**	**1.46**	4,199,412	0.32	1.32

Pursuant to the public offerings completed on December 14 and 22, 2010, a total of 6,138,236 warrants were issued and 661,080 compensation options were granted to the agent of the offering. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.50 per share for a period of two years following the date of closing. Each compensation option entitles the holder to acquire one common share at an exercise price of $0.38 per share for a period of two years following the date of closing.

The Company completed a private placement on June 15, 2010, an a total of 1,657,170 share purchase warrants was issued. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.45 per share for a period of two years following the date of closing.

Pursuant to the public offering by way of a short-form offering document completed May 19, 2010, a total of 557,143 warrants were issued and 90,357 compensation options were granted to the agent of the offering as partial compensation. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of $0.45 per share for a period of two years following the date of closing. Each compensation option entitles the holder to acquire one common share at an exercise price of $0.35 per share for a period of 12 months following the date of closing.

The weighted average fair value of warrants granted was estimated on the grant date using the Black-Scholes option-pricing model at $0.17 per warrant ($0.08 in 2009) with the following assumptions:

	2010	2009
Risk-free interest rate	**1.67%**	1.17%
Expected volatility	**94%**	109%
Dividend yield	**nil**	nil
Weighted average expected life	**2 years**	2 years

9. Contributed surplus

	2010	2009
	$	$
Beginning of year	**1,384,964**	1,091,137
Warrants granted during the year	**1,094,913**	208,196
Exercised warrants	**(71,775)**	-
Stock-based compensation	**192,679**	85,631
Exercised options	**(5,605)**	-
End of year	**2,595,176**	1,384,964

10. Cash flows

Additional information

	2010	2009
	$	$
Items not affecting cash and cash equivalents related to operating, financing and investing activities		
Tax credits applied against deferred exploration costs	**253,505**	110,472
Shares issued for the acquisition of mining properties	**35,000**	-
Shares issue costs included in accounts payable and accrued liabilities	**33,525**	-
Depreciation of property, plant and equipment transferred to deferred exploration costs	**12,392**	12,392
Deferred exploration costs included in accounts payable and accrued liabilities	**98,616**	166,779
Fair value of warrants accounted for as share issue expenses	**136,556**	-
Stock-based compensation charged to deferred exploration costs	**85,343**	47,688
Fair value of warrants exercised	**71,775**	-
Fair value of stock option plan exercised	**5,605**	-
Future income taxes related to flow-through shares	**356,752**	-
Tax credits included in future income taxes	**56,000**	-

11. Financial instruments

Objectives and policies in managing financial risks

As an exploration company, 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 and the policies in risk management which the Company is exposed to are the following:

Interest risk

The obligations bear interest at a fixed rate and consequently exposes 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 are concluded without interest.

The Company does not use financial derivatives to reduce its exposure to interest risk.

As at December 31, 2010, 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
Accounts receivable	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing

11. Financial instruments (continued)

Financial risks (continued)

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 can be no assurance it will be able to do so in the future.

Credit risk

Cash and cash equivalent 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.

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.

	2010		2009	
	Book value	**Fair value**	Book value	Fair value
Financial assets	**$**	**$**	$	$
Held for trading				
Cash and cash equivalents (a,b)	**3,432,175**	**3,432,175**	1,484,131	1,484,131
Cash reserved for exploration (a)	**1,260,000**	**1,260,000**	194,426	194,426
Loans and receivables				
Accounts receivables (a)	**57,034**	**57,034**	10,156	10,156
Financial liabilities				
Others financial liabilities				
Accounts payable and accrued liabilities (a)	**236,363**	**236,363**	234,881	234,881

a) The Company owns and assumes financial assets and liabilities such as cash and cash equivalents, cash reserved for exploration, accounts receivable, as well as accounts payable and accrued liabilities. The fair value of these financial assets and liabilities approximates their book value as these items will be realized in the short term.

b) The fair value of banker's acceptances and bonds is the bid price.

12. 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 December 31, 2010, the Company's cash reserved for exploration was $1,260,000 ($194,426 in 2009).

As at December 31, 2010 the shareholders' equity was $9,950,560 ($5,955,908 as at December 31, 2009).

13. Related party transactions

	2010	2009
	$	$
Consultants	-	4,500
Services and geoscientific data	-	20,000
	-	24,500

During the year 2010, there was no related party transaction. In 2009, the Company was provided consultation services from a company pursuant to which a director of the Company is a minority shareholder for $4,000 and $500 from a director of the Company. Moreover, the Company paid $10,000 for geoscientific data to a company in which the President and Chief Executive Offficer of the Company is the sole shareholder and also paid $10,000 to the Vice-President Exploration for geoscientific data. The data were compiled before both of these officers were employed by the Company. These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. There was no amount unpaid as at December 31, 2010 and 2009.

14. Income and mining taxes

The reconciliation of the income tax expense, calculated using the statutory income tax rates of the federal government and the Province of Quebec, to the income tax expense as per the financial statements, is as follows:

	2010	2009
	$	$
Loss before income taxes	(927,755)	(862,035)
Combined federal and provincial income tax at 29.9% (30.9% as at December 31, 2009)	(277,399)	(266,369)
Non-deductible expenses for income tax purposes	33,453	14,006
Share issue expenses not affecting earnings	(74,493)	(11,488)
Change in valuation allowance	307,749	169,733
Change in future tax rates	(5,958)	34,482
Other	(13,244)	(6,445)
Future income taxes	(29,892)	(66,081)

As at December 31, 2010, the Company has accumulated, for federal and provincial income tax purposes, non-capital losses which can be applied against future years' taxable income and which will expire as follows:

Year	Fédéral	Provincial
	$	$
2025	8,000	7,500
2026	6,000	5,000
2027	520,000	517,000
2028	727,763	720,865
2029	724,777	720,747
2030	922,460	919,207
	2,909,000	2,890,319

Significant components of the Company's future income tax assets and liabilities are as follows:

	2010	2009
	$	$
Property, plant and equipment	11,545	8,054
Non-capital losses	780,305	532,612
Share issue expenses	131,072	71,016
Valuation allowance	(911,377)	(603,628)
Future income tax assets	11,545	8,054
Mining assets	(1,073,377)	(687,022)
Future income tax liabilities	(1,061,832)	(678,968)

15. Commitments

The Company has some contractual obligations pursuant to various leases and equipment and vehicule leasing agreements. The Company has an obligation to pay a total amount of $62,993 over the next two years. Minimum payments are as follows:

	$
2011	45,214
2012	17,779
	62,993

16. Subsequent events

On December 22, 2010, the Company has deposited $341,248, and on January 5, 2011, 893,319 shares were issued following the exercise of warrants.

On January 18, 2011, the Company signed an Option and a Joint Venture Agreement for its Rivière Dore property located near the town of Val-d'Or Québec. The agreement is pursuant to the Letter of intent announced on October 28, 2010. Under the terms of the agreement, Copper One will earn a 51% interest in the property by funding $5,000,000 of exploration expenditures and by making a cash payment of $250,000 and issuing, to the Company, 350,000 common shares of Copper One before December 31, 2015. Copper One can earn an additional 24% interest in the property by completing a feasibility study or by making further expenditures of $20,000,000 before December 31, 2020. The agreement provides that a Joint Venture will be formed once Copper One's interest will reach at least 51% in the property.