Cartier Resources Inc.
(an exploration company)

Financial Statements

Years ended December 31, 2009 and 2008

Deloitte.

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AUDITORS' REPORT

To the Shareholders of

Cartier Resources Inc.

We have audited the balance sheets of Cartier Resources Inc. as at December 31, 2009 and 2008 and the statements of earnings and comprehensive loss, deficit, deferred exploration costs and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

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

Val-d'Or, Quebec

February 16, 2010

[1] Chartered accountant auditor permit No. 13201

Cartier Resources Inc.
(an exploration company)

Balance Sheets
As at December 31,

	2009	2008
	$	$
Assets		
Current assets		
Cash and cash equivalents (note 11)	**1,484,131**	1,114,262
Cash reserved for exploration (note 3)	**194,426**	620,880
Accounts receivable (note 4)	**342,610**	915,163
Prepaid expenses	**17,050**	9,690
	2,038,217	2,659,995
Property, plant and equipment (note 5)	**34,966**	47,947
Mining properties (note 6)	**1,370,789**	1,413,708
Deferred exploration costs (note 7)	**3,425,785**	2,017,010
	6,869,757	6,138,660
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**234,881**	97,460
Future income taxes (note 15)	**678,968**	540,912
	913,849	638,372
Shareholders' equity		
Capital stock (note 8)	**6,722,845**	5,765,098
Contributed surplus (note 9)	**1,384,964**	1,091,137
Deficit	**(2,151,901)**	(1,355,947)
	5,955,908	5,500,288
	6,869,757	6,138,660

Going concern (note 1)
Commitments (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

As at December 31,

	2009	2008
	$	$
Balance - Beginning	**2,017,010**	755,188
Expenses incurred during the year		
Drilling	**406,660**	1,138,900
Geophysics	**132,211**	45,373
Stripping	**163,128**	112,793
Geology	**440,265**	303,761
Geochemistry	**211,226**	70,649
Geotechnics	**78,013**	37,384
Core shack rental and maintenance	**37,711**	45,566
Exploration office expenses	**67,792**	73,620
Duties, taxes and permits	**16,475**	28,910
Depreciation of exploration equipment	**12,392**	12,392
Stock-based compensation employees	**46,791**	36,930
Stock-based compensation consultants	**897**	-
	1,613,561	1,906,278
Write-off of deferred exploration costs (net)	**(94,314)**	(5,302)
Tax credits	**(110,472)**	(639,154)
Net expenses for the year	**1,408,775**	1,261,822
Balance - End	**3,425,785**	2,017,010

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

Cartier Resources Inc.
(an exploration company)

Statements of Deficit
As at December 31,

	2009	2008
	$	$
Balance - Beginning of year	**(1,355,947)**	(665,642)
Net loss	**(795,954)**	(690,305)
Balance - End of year	**(2,151,901)**	(1,355,947)

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

Cartier Resources Inc.
(an exploration company)

Statements of Earnings and Comprehensive Loss
As at December 31,

	2009	2008
	$	$
Administrative expenses		
Salaries	**195,458**	184,947
Consultants	**81,020**	123,072
Stock-based compensation	**37,943**	46,568
Professional fees	**66,891**	81,924
Rent	**7,857**	7,438
Business development	**85,472**	140,417
Insurance, taxes and permits	**13,072**	19,672
Interest and bank charges	**2,485**	4,489
Depreciation of property, plant and equipment	**589**	589
Stationery and office expenses	**17,979**	17,311
Telecommunications	**8,628**	8,181
Training and travel	**34,214**	22,944
Advertising	**35,691**	17,419
Shareholder information	**47,754**	45,995
Part XII.6 tax	**4,599**	-
	639,652	720,966
Others expenses (income)		
Write-off mining properties	**143,269**	35,817
Write-off of deferred exploration costs	**94,314**	5,302
Interest income	**(15,200)**	(65,919)
Loss before income taxes	**(862,035)**	(696,166)
Future income taxes (note 15)	**(66,081)**	(5,861)
Net loss and comprehensive loss	**(795,954)**	(690,305)
Basic and diluted net loss per share	**(0.04)**	(0.04)
Weighted average number of shares outstanding	**22,521,641**	16,641,332

Going concern (note 1)

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

Cartier Resources Inc.

(an exploration company)

Statements of Cash Flows

As at December 31,

	2009	2008
	$	$
Cash flows from operating activities		
Net loss	**(795,954)**	(690,305)
Items not affecting cash and cash equivalents		
Depreciation of property, plant and equipment	**589**	589
Stock-based compensation	**37,943**	46,568
Future income taxes	**(66,081)**	(5,861)
Write-off of mining properties	**143,269**	35,817
Write-off of deferred exploration	**94,314**	5,302
	(585,920)	(607,890)
Net change in non-cash working capital items		
Accounts receivable	**704,245**	470,280
Prepaid expenses	**(7,360)**	24,331
Accounts payable and accrued liabilities	**(10,677)**	21,902
	100,288	(91,377)
Cash flows from financing activities		
Issuance of shares and warrants	**1,528,080**	620,880
Share and warrant issue expenses	**(182,000)**	(65,278)
Exercise of stock options	**-**	12,500
	1,346,080	568,102
Cash flows from investing activities		
Cash reserved for exploration	**426,454**	(620,880)
Acquisition of mining properties	**(100,350)**	(16,291)
Deferred exploration costs	**(1,402,603)**	(1,955,749)
	(1,076,499)	(2,592,920)
Increase (decrease) in cash and cash equivalents	**369,869**	(2,116,195)
Cash and cash equivalents - Beginning of year	**1,114,262**	3,230,457
Cash and cash equivalents - End of year	**1,484,131**	1,114,262

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 value of warrants and the provision for future income taxes and mining taxes. These estimates and assumptions were made by management using careful judgment, 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.

2. Summary of significant accounting policies (continued)

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

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.

2. Summary of significant accounting policies (continued)

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, does not differ from the basic net loss per share since the stock options and warrants were all anti-dilutive.

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".

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.

2. Summary of significant accounting policies (continued)

Financial instruments

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 netted against the carrying value of the asset or 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)

Changes in accounting policies

Mining exploration costs

On March 27, 2009, the Emerging Issues Committee issued EIC-174, “Mining Exploration Costs”, to provide additional guidance for mining exploration enterprises on when an impairment test is required. This abstract must be applied to financial statements issued after March 27, 2009. The adoption of this abstract had no impact on the method of accounting of deferred exploration expenses.

Goodwill and intangible assets

In February 2008, the CICA issued Section 3064, “Goodwill and intangible assets”, which replaced Section 3062, “Goodwill and other intangible assets”, and Section 3450, “Research and development costs”. Various changes have been made to other sections of the CICA Handbook for consistency purposes including but not limited to the withdrawal of EIC 27 “Revenues and expenditures during the pre-operating period” and updates to AcG-11 “Enterprises in the development stage”. The new section is applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company has adopted the new standards for its fiscal year beginning January 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

The application of these new policies had no significant impact on the financial statements of the Company.

Financial instruments

In June 2009, the Accounting Standards Board ("AcSB") issued amendments to CICA Handbook Section 3862, "Financial Instruments - Disclosures", in order to align with international Financial Reporting Standard IFRS 7, "Financial Instruments; Disclosures". This Section has been amended to include additionnal disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: level 1, defined as observable inputs such as quoted prices in active markets; level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amendments apply to annual financial statements relating to fiscal years ended after September 30, 2009 and are applicable to the Company as at December 31, 2009. The amended section relates to disclosure only and did not impact the financial results of the Company.

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 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.

The Company is currently going through the assessment and evaluation phase of its IFRS implementation project to determine the effect on its processes, systems and financial statements upon adoption.

Business combination

In January 2009, the CICA published Section 1582 "Business Combinations", which replaces Section 1581 of the same title. On the same date, the CICA also published new Sections 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests". These two new sections replace Section 1600, "Consolidated Financial Statements".

The objective of Section 1582 is to improve the relevance and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. Section 1601 establishes standards for the preparation of consolidated financial statements following a business combination that involves a purchase of an equity interest by one company in another. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

Section 1582 must be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 and Sections 1601 and 1602 are effective for fiscal years beginning on or after January 1, 2011. The Company will apply these new sections as January 1, 2011. The Company's management is not able to measure the impact that the application of these new standards will have on the financial statements.

3. Cash reserved for exploration

Cash reserved for exploration is exclusively constituted of cash which must be used before December 31, 2010.

4. Accounts receivable

	2009	2008
	$	$
Credit on duties refundable and refundable tax credit for resources	**274,359**	876,947
Commodity taxes and others	**68,251**	38,216
	342,610	915,163

5. Property, plant and equipment

	2009			2008		
	Cost	**Accumulated Depreciation**	**Net book Value**	Cost	Accumulated Depreciation	Net book Value
	$	**$**	**$**	$	$	$
Leasehold improvements	**51,730**	**24,214**	**27,516**	51,730	13,868	37,862
Furniture and equipment	**13,173**	**5,723**	**7,450**	13,173	3,088	10,085
	64,903	**29,937**	**34,966**	64,903	16,956	47,947

6. Mining properties

	December 31, 2008	Additions	Write-off	**December 31, 2009**
Properties	**$**	**$**	**$**	**$**
MacCormack	252,367	-	-	**252,367**
Preissac	412,963	-	-	**412,963**
Newconex West	309,723	-	-	**309,723**
Rambull	172,068	156	-	**172,224**
Dieppe-Collet	71,935	-	-	**71,935**
Dollier	36,417	4,306	-	**40,723**
Diego	-	3,484	-	**3,484**
Manneville	6,550	-	-	**6,550**
La Pause	8,416	196	-	**8,612**
Rivière Doré	-	56,396	-	**56,396**
Cadillac Extension	-	24,568	-	**24,568**
DeCorta	-	11,244	-	**11,244**
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**

6. Mining properties (continued)

Properties	December 31, 2007	Additions	Write-off	December 31, 2008
	$	**$**	**$**	$
MacCormack	252,274	93	-	252,367
Preissac	412,810	153	-	412,963
Newconex West	309,608	115	-	309,723
Rambull	172,004	64	-	172,068
Dieppe-Collet	71,635	300	-	71,935
Dollier	35,817	600	-	36,417
Manneville	-	6,550	-	6,550
La Pause	-	8,416	-	8,416
Bapst	71,635	-	-	71,635
La Morandière	35,817	-	-	35,817
Lac Castagnier	35,817	-	-	35,817
Dalquier	35,817	-	(35,817)	-
	1,433,234	16,291	(35,817)	1,413,708

The Company holds a 100% interest in 12 active mining properties that are all located in the northwestern region of Quebec. These properties are the following: MacCormack, Preissac, Newconex West, Rambull, Dieppe-Collet, Dollier, Manneville, La Pause, Diego, Rivière Doré, Cadillac Extension and DeCorta. In June 2009, the Company subdivided the Kinojévis property into four properties: MacCormack, Preissac, Newconex West and Rambull. These four properties, as well as the five claim blocks of the Xstrata-Option Property, cover a length of 48 kilometers on the eastern extension of the Destor-Porcupine fault.

During the year, the Company wrote-off the Bapst, La Morandière and Lac Castagnier properties and the exploration costs related to these properties because there was no work planned in a near future on theses properties. The properties' acquisition costs of $143,270 and deferred exploration costs of $94,314 related to these mining properties were recorded in the statements of earnings and comprehensive loss.

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 must 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, 2009, the Company had incurred total exploration costs of $192,954 on the Xstrata-Option Property.

7. Deferred exploration costs

Properties	December 31, 2008	Exploration incurred in the year	Write-off	Tax credits	**December 31, 2009**
	$	**$**	**$**	**$**	**$**
MacCormack	913,052	580,670	-	(55,905)	**1,437,817**
Preissac	319,324	62,994	-	(50)	**382,268**
Newconex West	367,691	59,784	-	(59)	**427,416**
Rambull	141,598	173,991	-	(19,917)	**295,672**
Dieppe-Collet	50,537	94,454	-	-	**144,991**
Dollier	22,870	159,038	-	(20,541)	**161,367**
Diego	-	10,393	-	-	**10,393**
Manneville	25,227	17,672	-	-	**42,899**
La Pause	21,836	112,168	-	(14,000)	**120,004**
Rivière Doré	-	122,116	-	-	**122,116**
Cadillac Extension	-	87,853	-	-	**87,853**
DeCorta	-	42,490	-	-	**42,490**
Xstrata-Option	79,390	71,109	-	-	**150,499**
Baspt	32,826	14,190	(47,016)	-	**-**
La Morandière	13,181	-	(13,181)	-	**-**
Lac Castagnier	29,478	468	(29,946)	-	**-**
Others	-	4,171	(4,171)	-	-
	2,017,010	1,613,561	(94,314)	(110,472)	**3,425,785**

Properties	December 31, 2007	Exploration incurred in the year	Write-off	Tax credits	December 31, 2008
	$	**$**	**$**	**$**	$
MacCormack	355,883	842,291	-	(285,122)	913,052
Preissac	123,828	292,330	-	(96,834)	319,324
Newconex West	142,909	337,755	-	(112,973)	367,691
Rambull	54,931	129,704	-	(43,037)	141,598
Dieppe-Collet	9,845	61,208	-	(20,516)	50,537
Dollier	10,242	18,430	-	(5,802)	22,870
Manneville	-	37,783	-	(12,556)	25,227
La Pause	-	32,195	-	(10,359)	21,836
Xstrata-Option	-	121,845	-	(42,455)	79,390
Baspt	21,068	16,960	-	(5,202)	32,826
La Morandière	11,435	2,130	-	(384)	13,181
Lac Castagnier	19,479	13,913	-	(3,914)	29,478
Dalquier	4,665	457	(5,122)	-	-
Others	903	(723)	(180)	-	-
	755,188	1,906,278	(5,302)	(639,154)	2,017,010

8. Capital stock

Authorized

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

	2009		2008	
	Number	**Amount**	Number	Amount
		$		$
Balance - Beginning of year	**19,422,182**	**5,765,098**	16,550,000	5,278,821
Shares issued				
Public offering short-form offering document	**1,150,000**	**244,311**	-	-
Public offering short-form offering document flow-through common shares	**3,704,000**	**891,823**	-	-
Renouncement of tax deductions (a)	**-**	**(180,137)**	-	-
Private placements	**1,250,001**	**183,750**	2,822,182	530,570
Stock options exercised	**-**	**-**	50,000	20,985
	6,104,001	**1,139,747**	2,872,182	551,555
Share issue expenses	**-**	**(182,000)**	-	(65,278)
	6,104,001	**957,747**	2,872,182	486,277
Balance - End of year	**25,526,183**	**6,722,845**	19,422,182	5,765,098

a) Waiver of tax deductions

In accordance with a flow-through private placement of $620,880 completed on December 23, 2008, the Company has waived, in 2009, the related tax deductions in the amount of $180,137 with a corresponding amount presented as future income tax liabilities.

Issuance of common shares on July 9, 2009

On July 9, 2009, the Company completed a private placement of $275,000 before share issue expenses. The Company issued 1,250,001 units. Each unit consists of one common share at a price of $0.22 per share and one share purchase warrant with each warrant entitling the holder to subscribe to one common share at a price of $0.30 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 $91,250. Share issue expenses totalling $23,308 have reduced the capital stock.

Issuance of common shares and flow-through common shares on June 26, 2009

On June 26, 2009, the Company completed a public offering by way of a short-form offering document. The offering consisted of the issuance of 926 units "A" and 230 units "B". Each unit "A", at a price of $1,080 per unit, is comprised of 4,000 flow-through common shares at a price of $0.27 per share for proceeds of $1,000,080 before share issue expenses. Each unit "B", at a price of $1,100 per unit, is comprised of 5,000 common shares at a price of $0.22 per share and 5,000 common share purchase warrants for total proceeds of $253,000 before share issue expenses. Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.30 for a period of two years following the date of closing. The financing is presented net of the value of the related warrants and the agent compensation options which was established at $80,270 and $36,676 respectively. Share issue expenses totalling $153,196 have reduced the capital stock.

Issuance of flow-through Shares in 2008

During the year 2008, the Company issued, by way of a private placement, 2,822,182 units for proceeds of $620,880 before share issue expenses. Each unit consists of one flow-through common share and one-half share purchase warrant. Private placements are presented net of the value of the related warrants, which was established at $90,310. Share issue expenses totalling $65,278 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 535,000 options were granted to employees and 40,000 were granted to a consultant. In 2008, 340,000 options were granted to employees. An amount of $37,943 was accounted in the statements of earnings as stock-based compensation and $47,688 in the deferred exploration cost compared to $46,568 and $36,930 respectively in 2008.

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

		2009		2008
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Outstanding - Beginning of year	**1,440,000**	**0.47**	1,200,000	0.51
Granted-employees	**535,000**	**0.30**	340,000	0.33
Granted-consultants	**40,000**	**0.36**	-	-
Exercised	**-**	**-**	(50,000)	0.25
Cancelled	**(50,000)**	**0.54**	(50,000)	0.54
Outstanding - End of year	**1,965,000**	**0.42**	1,440,000	0.47
Exercisable - End of year	**1,376,360**	**0.45**	1,035,000	0.48

The following table summarizes certain information for stock options granted and exercisable as at December 31, 2009 :

	Outstanding options December 31, 2009			**Exercisable options December 31, 2009**	
Exercise price	Number of options	Weighted average life	Weighted average exercise price	Number of options	Weighted average exercise price
		(years)	$		$
0,10 $ to 0,20 $	140,000	3.90	0.16	94,780	0.16
0,21 $ to 0,30 $	450,000	3.57	0.25	300,000	0.25
0,31 $ to 0,40 $	275,000	4.96	0.36	-	-
0,41 $ to 0,50 $	200,000	3.39	0.45	173,254	0.45
0,51 $ to 0,60 $	700,000	2.41	0.54	650,000	0.54
0,61 $ to 0,70 $	200,000	2.93	0.62	158,326	0.62
0,10 $ to 0,70 $	1,965,000	3.29	0.42	1,376,360	0.45

8. Capital stock (continued)

Stock option plan (continued)

The weighted average fair value of stock options granted was estimated using the Black-Scholes options pricing model at $0.19 per option ($0.23 in 2008) with the following assumptions:

	2009	2008
Risk-free interest rate	**1.86%**	2.88%
Expected volatility	**102%**	90%
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, 2009			December 31, 2008		
	Number	**Weighted average exercise price**	**Weighted average remaining contractual life**	Number	Weighted average exercise price	Weighted average remaining contractual life
		$	**(years)**		$	(years)
Outstanding Beginning of year	**5,947,091**	**0.61**	**0.83**	4,936,000	0.66	1.39
Granted - public offering short-form offering document	**1,150,000**	**0.30**	**1.48**	-	-	-
Granted - agent compensation options	**388,320**	**0.30**	**1.48**	-	-	-
Granted - private placement	**1,250,001**	**0.30**	**1.52**	1,411,091	0.35	1.98
Expired	**(4,536,000)**	**0.70**	**-**	(400,000)	-	-
Outstanding - End of year	**4,199,412**	**0.32**	**1.32**	5,947,091	0.61	0.83

Pursuant to the public offering by way of a short-form offering document completed on June 26, 2009, a total of 1,150,000 warrants were issued as part of the financing and 388,320 compensation options were granted to the agent of the offering as partial compensation. Each share purchase warrant and each compensation option entitles the holder to acquire one common share at an exercise price of $0.30 per share for a period of two years following the date of closing.

8. Capital stock (continued)

Stock option plan (continued)

The weighted average fair value of warrants granted was estimated on the grant date using the Black-Scholes option-pricing model at $0.08 per warrant ($0.05 in 2008) with the following assumptions:

	2009	2008
Risk-free interest rate	**1.17%**	1.79%
Expected volatility	**109%**	101%
Dividend yield	**Nil**	Nil
Weighted average expected life	**2 years**	2 years

9. Contributed surplus

	2009	2008
	$	$
Beginning of year	**1,091,137**	925,814
Warrants granted during the year	**208,196**	90,310
Stock-based compensation	**85,631**	83,498
Exercised options	-	(8,485)
End of year	**1,384,964**	1,091,137

10. Cash flows

Additional information

	2009	2008
	$	$
Items not affecting cash and cash equivalents related to operating, financing and investing activities		
Tax credits applied against deferred exploration costs	**110,472**	639,154
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	**166,779**	18,681
Stock-based compensation charged to deferred exploration costs	**47,688**	36,930

11. Cash and cash equivalents and cash reserved for exploration

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. As at December 31, 2008, cash and cash equivalents and cash reserved for exploration included cash and a bond bearing an interest rate of 3.96 %. The Company must use the cash reserved for exploration before December 31, 2010.

	2009	2008
	$	$
Cash	**578,218**	1,328,170
Banker's acceptance	**399,920**	-
Bonds	**700,419**	406,972
	1,678,557	1,735,142
less : Cash reserved for exploration	**(194,426)**	(620,880)
Cash and cash equivalents	**1,484,131**	1,114,262

12. 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 obligation bears interest at a fixed rate and consequently exposes the Company to the fair value risk fluctuation related to interest fluctuation 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, 2009, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Variable and fixed interest rate
Accounts receivable	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing

12. Financial instruments (continued)

Financial risks (continued)

Liquidity risk

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 estimates 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 fair value of cash and cash equivalents, cash reserved for exploration, accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturity.

	2009		2008	
	Book value	**Fair value**	Book value	Fair value
Financial assets	**$**	**$**	$	$
Held for trading				
Cash and cash equivalents (a,b)	**1,484,131**	**1,484,131**	1,114,262	1,114,262
Cash reserved for exploration (a)	**194,426**	**194,426**	620,880	620,880
Loans and receivables				
Accounts receivables (a)	**10,156**	**10,156**	14,823	14,823
Financial liabilities				
Others financial liabilities				
Accounts payable and accrued liabilities (a)	**234,881**	**234,881**	97,460	97,460

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.

Fair value

The fair value measurements of bankers' acceptance and bonds have been classified at level one from the fair value hierarchy. This valuation is based on data observed in the market.

13. 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 of which the cash must be reserved for exploration. As at December 31, 2009, the Company's cash reserved for exploration was $194,426 ($620,880 in 2008).

As at December 31, 2009 the shareholders' equity was $5,955,908 ($5,500,288 as at December 31, 2008).

14. Related party transactions

	2009	2008
	$	$
Consultants	**4,500**	25,000
Services and geoscientific data	**20,000**	-
Exploration equipment	**-**	1,000
	24,500	26,000

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 is no amount unpaid as at December 31, 2009 and 2008.

15. 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:

	2009	2008
	$	$
Loss before income taxes	**(862,035)**	(696,166)
Combined federal and provincial income tax at 30.9% (30.9% as at December 31, 2008)	**(266,369)**	(215,116)
Non-deductible expenses for income tax purposes	**14,006**	17,033
Share issue expenses not affecting earnings	**(11,488)**	(20,171)
Change in valuation allowance	**169,733**	233,883
Change in future tax rates	**34,482**	(21,490)
Other	**(6,445)**	-
Future income taxes	**(66,081)**	(5,861)

As at December 31, 2009, 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:

Expiry Year	**Federal**	**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
	1,986,540	1,971,112

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

	2009	2008
	$	$
Property, plant and equipment	**8,054**	4,561
Non-capital losses	**532,612**	338,126
Share issue expenses	**71,016**	95,769
Valuation allowance	**(603,628)**	(433,895)
Future income tax assets	**8,054**	4,561
Mining assets	**(687,022)**	(545,473)
Future income tax liabilities	**(678,968)**	(540,912)

16. 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 $107,457 over the next three years. Minimum payments are as follows:

	$
2010	44,464
2011	45,214
2012	17,779
	107,457

17. Comparative figures

Certain comparative figures have been reclassified to conform with the current period presentation.