Cartier Resources Inc.
(an exploration company)

Financial Statements

Second quarter ended June 30, 2009

The financial statements for the period ended June 30, 2009 have not been reviewed by the company's external auditors

Cartier Resources Inc.

(an exploration company)

Balance Sheets

(Unaudited)

	June 30 2009 (Unaudited) $	December 31 2008 (Audited) $
Assets		
Current assets		
Cash and cash equivalents (note 11)	**1,683,515**	1,114,262
Cash reserved for exploration	**1,124,972**	620,880
Accounts receivable (note 3)	**190,936**	915,163
Prepaid expenses	**17,957**	9,690
	3,017,380	2,659,995
Property, plant and equipment (note 4)	**41,456**	47,947
Mining properties (note 5)	**1,414,415**	1,413,708
Deferred exploration costs (note 6)	**2,542,527**	2,017,010
	7,015,778	6,138,660
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**174,718**	97,460
Future income taxes	**724,120**	540,912
	898,838	638,372
Shareholders' equity		
Capital stock (note 7)	**6,501,017**	5,765,098
Stock options (note 8)	**389,138**	367,323
Warrants (note 9)	**840,760**	723,814
Deficit	**(1,613,975)**	(1,355,947)
	6,116,940	5,500,288
	7,015,778	6,138,660

Going concern (note 1)

Commitments (note 15)

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

(Unaudited)

	Three month period ended		Six month period ended	
	June 30	June 30	**June 30**	June 30
	2009	2008	**2009**	2008
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	$	$	**$**	$
Balance - Beginning of period	**2,272,005**	755,188	**2,017,010**	755,188
Expenses incurred during the period				
Drilling	**108,342**	526,424	**177,865**	971,610
Geophysics	**10,016**	451	**10,016**	8,058
Stripping	**6,780**	-	**7,414**	-
Geology	**29,229**	46,435	**103,202**	96,408
Geology planning	**-**	3,268	**550**	8,285
Geology mapping	**25,323**	7,512	**30,853**	7,557
Geology compilation	**41,694**	15,114	**68,471**	15,114
Geochemistry	**2,367**	19,130	**20,357**	19,130
Geotechnics	**9,290**	1,748	**19,791**	2,426
Core shack rental and maintenance	**7,481**	8,829	**19,537**	22,469
Office expenses	**17,990**	25,291	**38,212**	41,089
Duties, taxes and permits	**6,343**	15,218	**11,847**	22,982
Depreciation of exploration equipment	**3,098**	2,940	**6,196**	6,196
Stock-based compensation	**2,569**	10,621	**11,486**	18,613
	270,522	682,981	**525,797**	1,239,937
Tax credits	**-**	(228,065)	**(280)**	(416,345)
Net expenses during the period	**270,522**	454,916	**525,517**	823,592
Balance - End of period	**2,542,527**	1,210,104	**2,542,527**	1,578,780

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

Cartier Resources Inc.

(an exploration company)

Statements of Deficit

(Unaudited)

	Three month period ended		Six month period ended	
	June 30	June 30	**June 30**	June 30
	2009	2008	**2009**	2008
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	$	$	**$**	$
Balance - Beginning of period	**1,486,714**	807,430	**1,355,947**	665,642
Net loss and comprehensive loss	**127,261**	219,933	**258,028**	361,721
Balance - End of period	**1,613,975**	1,027,363	**1,613,975**	1,027,363

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

Cartier Resources Inc.

(an exploration company)

Statements of Earnings and Comprehensive Loss

(Unaudited)

	Three month period ended		Six month period ended	
	June 30	June 30	**June 30**	June 30
	2009	2008	**2009**	2008
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	$	$	**$**	$
Administrative expenses				
Salaries	**54,135**	50,874	**95,662**	77,664
Consultants	**23,375**	44,216	**40,595**	93,452
Stock-based compensation	**5,544**	33,537	**10,330**	37,772
Professional fees	**27,200**	28,499	**31,466**	37,129
Rent	**2,062**	1,550	**4,437**	4,018
Business development	**18,486**	36,664	**34,764**	80,305
Insurance, taxes and permits	**3,556**	5,705	**7,501**	12,458
Interest and bank charges	**543**	11	**1,172**	729
Depreciation of property, plant and equipment	**147**	147	**294**	294
Stationery and office expenses	**6,025**	6,633	**12,101**	10,789
Telecommunications	**2,587**	2,123	**4,266**	3,633
Training and travel	**9,577**	9,053	**16,413**	14,378
Advertising	**6,885**	5,888	**20,234**	9,109
Shareholder information	**24,028**	12,207	**35,287**	23,874
Part XII.6 tax	**5,427**	-	**12,832**	-
Interest income	**(4,133)**	(17,174)	**(11,143)**	(43,883)
Loss before income taxes	**185,444**	219,933	**316,211**	361,721
Future income taxes	**(58,183)**	-	**(58,183)**	-
Net loss and comprehensive loss	**127,261**	219,933	**258,028**	361,721
Basic and diluted net loss per share	**0.01**	0.01	**0.01**	0.02
Weighted average number of shares outstanding	**19,635,544**	16,568,132	**19,529,452**	16,559,066

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
(Unaudited)

	Three month period ended		Six month period ended	
	June 30	June 30	**June 30**	June 30
	2009	2008	**2009**	2008
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	$	$	**$**	$
Cash flows from operating activities				
Net loss	**(127,261)**	(219,933)	**(258,028)**	(361,721)
Items not affecting cash and cash equivalents				
Depreciation of property, plant and equipment	**147**	147	**294**	294
Stock-based compensation	**5,544**	33,537	**10,330**	37,772
Future income taxes	**(58,183)**	-	**(58,183)**	-
	(179,753)	(186,249)	**(305,587)**	(323,655)
Net change in non-cash working capital items				
Accounts receivable	**717,028**	446,590	**724,095**	423,664
Prepaid expenses	**(8,305)**	(472)	**(8,267)**	795
Accounts payable and accrued liabilities	**18,790**	(1,268)	**20,866**	(7,049)
	547,760	258,601	**431,107**	93,755
Cash flows from financing activities				
Issuance of shares and warrants	**1,253,080**	-	**1,253,080**	-
Share and warrant issue expenses	**(153,196)**	-	**(158,692)**	-
Exercise of stock options	**-**	12,500	**-**	12,500
	1,099,884	12,500	**1,094,388**	12,500
Cash flows from investing activities				
Cash reserved for exploration	**(741,567)**	-	**(504,092)**	-
Acquisition of mining properties	**(432)**	(6,050)	**(707)**	(6,050)
Deferred exploration costs	**(264,519)**	(717,978)	**(451,443)**	(1,242,764)
	(1,006,518)	(724,028)	**(956,242)**	(1,248,814)
Increase (decrease) in cash and cash equivalents	**641,126**	(452,927)	**569,253**	(1,142,559)
Cash and cash equivalents - Beginning of period	**1,042,389**	2,540,825	**1,114,262**	3,230,457
Cash and cash equivalents - End of period	**1,683,515**	2,087,898	**1,683,515**	2,087,898

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

Basis of presentation

These unaudited interim financial statements of the Company have been prepared in accordance with Canadian GAAP and contain the financial position, results of operations and cash flows of the Company. The same accounting policies used in the last annual report have been applied in the unaudited interim financial statements. The unaudited interim financial statements do not include all the information and notes required according to the GAAP for the annual financial statements that the Company presented in its annual report for the year ended December 31, 2008. As a result, these unaudited interim financial statements should be read in conjunction with the audited financial statements of the Company in the annual report for the year ended December 31, 2008.

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. 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.

2. Summary of significant accounting policies (continued)

Changes in accounting policies

Goodwill and intangible assets

Issued in February 2008, Section 3064, “Goodwill and intangible assets”, replaces 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 adopted the new standards for its interim period and 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 new accounting principles cover only the information to be provided and has no impact on the financial results of the Company.

Impact of New Accounting Standards not yet adopted

International Financial Reporting Standards («IFRS»)

The Accounting Standards Board of Canada («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 GAAP, but there are significant differences in the 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.

3. Accounts receivable

	June 30 2009 (Unaudited)	December 31 2008 (Audited)
	$	$
Credit on duties refundable for loss and refundable tax credit for resources	**142,667**	876,947
Commodity taxes and others	**48,269**	38,216
	190,936	915,163

4. Property, plant and equipment

	June 30 2009 (Unaudited)			December 31 2008 (Audited)		
	Cost	**Accumulated Depreciation**	**Net Value**	Cost	Accumulated Depreciation	Net Value
	$	**$**	**$**	$	$	$
Leasehold improvements	**51,730**	**19,041**	**32,689**	51,730	13,868	37,862
Furniture and equipment	**13,173**	**4,406**	**8,767**	13,173	3,088	10,085
	64,903	**23,447**	**41,456**	64,903	16,956	47,947

5. Mining properties

	December 31 2008 (Audited)	Additions	Write-off	**June 30 2009 (Unaudited)**
Properties	**$**	**$**	**$**	**$**
MacCormack	252,274	-	-	**252,274**
Preissac	412,810	-	-	**412,810**
Newconex West	309,933	-	-	**309,933**
Rambull	172,104	260	-	**172,364**
Baspt	71,635	-	-	**71,635**
Dieppe-Collet	71,935	-	-	**71,935**
La Morandière	35,817	-	-	**35,817**
Lac Castagnier	35,817	-	-	**35,817**
Dollier	36,417	250	-	**36,667**
Manneville	6,550	-	-	**6,550**
La Pause	8,416	197	-	**8,613**
	1,413,708	707	-	**1,414,415**

5. Mining properties (continued)

Properties	December 31 2007 (Audited)	Additions	Write-off	December 31 2008 (Audited)
	$	$	$	$
MacCormack	252,274	-	-	252,274
Preissac	412,810	-	-	412,810
Newconex West	309,608	325	-	309,933
Rambull	172,004	100	-	172,104
Baspt	71,635	-	-	71,635
Dieppe-Collet	71,635	300	-	71,935
Dalquier	35,817	-	(35,817)	-
La Morandière	35,817	-	-	35,817
Lac Castagnier	35,817	-	-	35,817
Dollier	35,817	600	-	36,417
Manneville	-	6,550	-	6,550
La Pause	-	8,416	-	8,416
	1,433,234	16,291	(35,817)	1,413,708

The Company holds a 100% interest in eleven mining properties that are all located in the northwestern region of Quebec. These properties are the following: MacCormack, Preissac, Newconex West, Rambull, Bapst, Dieppe-Collet, La Morandière, Lac Castagnier, Dollier, Manneville and La Pause. In June 2009, the Company subdivided the Kinojevis properties into four new properties: MacCormack, Preissac, Newconex West and Rambull. These four properties, as well as the five claim blocks of the Xstrata-Option Property, covers a length of 48 kilometers on the eastern extension of the Porcupine-Destor fault.

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.

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

As at June 30, 2009, the Company had incurred total exploration costs of $160,095 on the Xstrata-Option Property.

6. Deferred exploration costs

Properties	December 31 2008 (Audited)	Exploration incurred in the period	Write-off	Tax credits	**June 30 2009 (Unaudited)**
	$	**$**	**$**	**$**	**$**
MacCormack	913,052	127,630	-	(149)	**1,040,533**
Preissac	319,324	43,208	-	(50)	**362,482**
Newconex West	367,691	45,737	-	(59)	**413,369**
Rambull	141,598	47,092	-	(22)	**188,668**
Xstrata-Option	79,390	38,250	-	-	**117,640**
Baspt	32,826	7,198	-	-	**40,024**
Dieppe-Collet	50,537	89,575	-	-	**140,112**
La Morandière	13,181	-	-	-	**13,181**
Lac Castagnier	29,478	468	-	-	**29,946**
Dollier	22,870	7,587	-	-	**30,457**
Manneville	25,227	13,759	-	-	**38,986**
La Pause	21,836	103,325	-	-	**125,161**
Others	-	1,968	-	-	**1,968**
	2,017,010	525,797	-	(280)	**2,542,527**

Properties	December 31 2007 (Audited)	Exploration incurred in the year	Write-off	Tax credits	December 31 2008 (Audited)
	$	**$**	**$**	**$**	$
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
Xstrata-Option	-	121,845	-	(42,455)	79,390
Baspt	21,068	16,960	-	(5,202)	32,826
Dieppe-Collet	9,845	61,208	-	(20,516)	50,537
Dalquier	4,665	450	(5,122)	7	-
La Morandière	11,435	2,130	-	(384)	13,181
Lac Castagnier	19,479	14,312	-	(4,313)	29,478
Dollier	10,242	18,430	-	(5,802)	22,870
Manneville	-	37,783	-	(12,556)	25,227
La Pause	-	32,195	-	(10,359)	21,836
Autre	903	(1,115)	(180)	392	-
	755,188	1,906,278	(5,302)	(639,154)	2,017,010

7. Capital stock

Authorized

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

	June 30 2009 (Unaudited)		December 31 2008 (Audited)	
	Number	**Amount**	Number	Amount
		$		$
Balance - Beginning of period	**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)	**-**	**(241,523)**	-	-
Private placement	**-**	**-**	2,822,182	530,570
Stock options exercised	**-**	**-**	50,000	20,985
	4,854,000	**894,611**	2,872,182	551,555
Share issue expenses	**-**	**(158,692)**	-	(65,278)
	4,854,000	**735,919**	2,872,182	486,277
Balance - End of period	**24,276,182**	**6,501,017**	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 the related tax deductions in the amount of $241,523 with a corresponding amount presented as future income tax liabilities.

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

During the period, 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, each warrant entitling 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 closing date. The financing is presented net of the value of the related warrants and the agent compensation options which were established at $80,270 and $36,676 respectively. Share issue expenses totalling $153,196 have reduced the capital stock.

Issue 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. Stock options

Stock option plan

The Company maintains a stock option plan on behalf of its directors, officers 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 issuable under the plan is 10 % of the number of common shares issued and outstanding (on a non-diluted basis). A maximum of 5% of the issued and outstanding common shares can be issued to any optionee. All options have been granted to directors, officers and employees of the Company.

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

			June 30 2009 (Unaudited)			December 31 2008 (Audited)
	Number	**Carrying value $**	**Weighted average exercise price $**	Number	Carrying value $	Weighted average exercise price $
Outstanding - Beginning of period	**1,440,000**	**367,323**	**0.47**	1,200,000	292,310	0.51
Granted under the plan	**300,000**	**-**	**0.25**	340,000	-	0.33
Exercised	**-**	**-**	**-**	(50,000)	(8,485)	0.25
Cancelled	**(50,000)**	**-**	**0.54**	(50,000)	-	0.54
Compensation costs	**-**	**21,815**	**-**	-	83,498	-
Outstanding - End of period	**1,690,000**	**389,138**	**0.43**	1,440,000	367,323	0.47
Exercisable - End of period	**1,112,732**		**0.48**	1,035,000		0.48
Weighted average fair value of options granted during the period			**0.12**			0.23

8. Stock options (continued)

The following table summarizes information about stock options outstanding and exercisable June 30, 2009 :

		Options		
	Exercise price	**Outstanding**	**Exercisable**	**Weighted average remaining contractual life**
Date of grant	**$**	**Number**	**Number**	**(years)**
December 14, 2006	0.25	150,000	150,000	2.45
May 31, 2007	0.54	700,000	650,000	2.92
December 4, 2007	0.62	200,000	116,652	3.43
May 21, 2008	0.45	200,000	146,510	3.89
November 25, 2008	0.16	140,000	49,570	4.41
May 20, 2009	0.25	300,000	-	4.89
		1,690,000	1,112,732	3.53

The fair value of stock options granted was estimated using the Black-Scholes options pricing model with the following assumptions:

	2009	2008
Risk-free interest rate	**1.63%**	4.40%
Expected volatility	**104%**	85%
Dividend yield	**Nil**	Nil
Weighted average expected life	**5 years**	5 years

9. Warrants

The following table presents the warrant activity:

				June 30 2009 (Unaudited)
	Number	**Carrying value $**	**Weighted average exercise price $**	**Weighted average remaining contractual life (years)**
Outstanding - Beginning of period	**5,947,091**	**723,814**	**0.61**	**0.83**
Granted - public offering-short form offering document	**1,150,000**	**80,270**	**0.30**	**1.99**
Granted - agent compensation option	**388,320**	**36,676**	**0.30**	**1.99**
Expired	**(4,536,000)**	**-**	**0.70**	**-**
Outstanding - End of period	**2,949,411**	**840,760**	**0.32**	**1.75**
Weighted average fair value of warrants granted during the period			**0.07**	

9. Warrants (continued)

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 for a period of two years following the closing of the placement.

The fair value of the warrants granted during the period was estimated at $80,270 and the fair value of the compensation options granted to the agent was estimated to be $36,676. The fair value was estimated using the Black-Scholes valuation model with the following assumptions:

	2009	2008
Risk-free interest rate	**1.04%**	4.56%
Expected volatility	**108%**	84%
Dividend yield	**Nil**	Nil
Weighted average expected life	**2 years**	2 years

				December 31 2008 (Audited)
	Number	Carrying value $	Weighted average exercise price $	Weighted average remaining contractual life (years)
Outstanding - Beginning of year	4,936,000	633,504	0.66	1.39
Granted	1,411,091	90,310	0.35	1.98
Expired	(400,000)	-	-	-
Outstanding - End of year	5,947,091	723,814	0.61	0.83
Weighted average fair value of warrants granted during the year			0.05	

10. Statement of cash flows

Additional information

	Three month period ended		Six month period ended	
	June 30 2009 (Unaudited)	June 30 2008 (Unaudited)	**June 30 2009 (Unaudited)**	June 30 2008 (Unaudited)
	$	$	**$**	$
Items not affecting cash and cash equivalents related to operating, financing and investing activities				
Tax credits applied against deferred exploration costs	**-**	186,104	**280**	416,345
Depreciation of property, plant and equipment transferred to deferred exploration costs	**3,098**	2,940	**6,197**	6,197
Deferred exploration costs included in accounts payable and accrued liabilities	**337**	49,160	**75,073**	90,212
Stock-based compensation charged to deferred exploration costs	**2,569**	10,622	**11,486**	18,613

11. Cash and cash equivalents

	June 30 2009 (Unaudited)	December 31 2008 (Audited)
	$	$
Cash	**1,010,212**	818,092
Short-term investments	**673,303**	296,170
	1,683,515	1,114,262

12. Financial instruments

Fair value

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.

Interest rate risk

As at June 30, 2009, the Company's exposure to interest rate risk is summarized as follows:

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

Objective and policy in managing financials risk

As an exploration company, the Company is exposed to various financials risk 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.

12. Financial instruments

Financial risk

The main financial risks which the Company is exposed to are the following:

Interest risk

Cash bares interests at variable rates. Consequently, the Company is exposed to interest fluctuation rates.

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.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. 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 to 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

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentration of credit risk through its cash held in large Canadian financial institutions. The maximum risk is equivalent to the book value.

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.

14. Related party transactions

	Three month period ended		Six month period ended	
	June 30	June 30	**June 30**	June 30
	2009	2008	**2009**	2008
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	$	$	**$**	$
Consultants	**2,000**	10,000	**2,000**	25,000

The Company was provided consultation services from a company pursuant to which a director of the Company is a minority shareholder. 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 June 30, 2009.

15. Commitments

The Company has some contractual obligations pursuant to various leases and equipment leasing agreements. It also has an agreement on a research project with the Université du Québec à Montréal. The Company has an obligation to pay a total amount of $92,099 over the next four years. Minimum payments are as follows:

	$
2009	50,379
2010	25,320
2011	15,300
2012	1,100
	92,099

16. Subsequent event

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 closing of the placement.

17. Comparative figures

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