Cartier Resources Inc.

(an exploration company)

Interim condensed financial statements
(Unaudited)

First quarter ended March 31, 2012

The interim condensed financial statements for the period ended March 31, 2012 have not been reviewed by the Company's external auditors.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Financial Position

(In Canadian $)

	March 31, 2012 (Unaudited) $	December 31, 2011 (Audited) $
Assets		
Current assets		
Cash and cash equivalents (note 3)	**2,744,275**	**3,263,143**
Cash reserved for exploration (note 3)	**1,350,556**	**2,031,040**
Other short-term financial assets (note 4)	**460,000**	**400,000**
Receivables (note 5)	**689,197**	**675,719**
Prepaid expenses	**41,839**	**10,574**
	5,285,867	**6,380,476**
PROPERTY, PLANT AND EQUIPMENT (note 6)	**86,346**	**91,261**
MINING PROPERTIES (note 8)	**1,364,980**	**1,155,633**
DEFERRED EXPLORATION COSTS (note 9)	**6,753,053**	**6,077,212**
TOTAL ASSETS	**13,490,246**	**13,704,582**
Liabilities		
Current liabilities		
Accounts payables and accrued liabilities	**403,312**	**446,319**
Liability related to flow-through shares (note 10)	**322,292**	**484,680**
	725,604	**930,999**
DEFERRED INCOME AND MINING TAXES	**1,871,114**	**1,608,475**
TOTAL LIABILITIES	**2,596,718**	**2,539,474**
EQUITY		
Share capital (note 10)	**13,417,410**	**13,329,910**
Share capital to be issued (note 10)	**16,000**	**-**
Warrants	**1,897,777**	**1,897,777**
Contributed surplus	**882,284**	**872,362**
Deficit	**(5,319,943)**	**(4,934,941)**
TOTAL EQUITY	**10,893,528**	**11,165,108**
TOTAL LIABILITIES AND EQUITY	**13,490,246**	**13,704,582**

Going concern (note 1)

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

Approved on behalf of the Board of Directors

(Signed) Philippe Cloutier, Director

(Signed) Daniel Massé, Director

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Deferred Exploration Costs

(Unaudited)

(In Canadian $)

	Three-month period ended	
	March 31, 2012	March 31, 2011
	$	$
Balance - Beginning of period	**6,077,212**	4,699,484
Expenses incurred during the period		
Geology	**119,866**	76,490
Geophysics	**196,018**	64,562
Drilling	**205,086**	260,418
Stripping	**13,065**	1,271
Exploration office expenses	**28,736**	8,307
Geochemistry	**74,579**	16,853
Geotechnics	**3,850**	-
Core shack rental and maintenance	**24,024**	6,335
Duties, taxes and permits	**7,641**	2,708
Depreciation of exploration equipment	**2,976**	3,098
Loss on disposal of leasehold improvements	**-**	14,583
Share-based compensation-employees	**-**	1,221
Net expenses during the period	**675,841**	455,846
Balance - End of period	**6,753,053**	5,155,330

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of changes in Equity

(Unaudited)

(In Canadian $)

	Share capital $	Share capital to be issued $	Warrants $	Contributed surplus $	Deficit $	**Total equity $**
BALANCE AS AT DECEMBER 31, 2011	13,329,910	-	1,897,777	872,362	(4,934,941)	**11,165,108**
Issue of shares and warrants	87,500	16,000	-	-	-	**103,500**
Effect of share-based compensation	-	-	-	9,922	-	**9,922**
Effect of exercise of stock options	-	-	-	-	-	**-**
Effect of exercise of warrants	-	-	-	-	-	**-**
Comprehensive loss for the period	-	-	-	-	(385,002)	**(385,002)**
	87,500	16,000	-	9,922	(385,002)	**(271,580)**
BALANCE AS AT MARCH 31, 2012	13,417,410	16,000	1,897,777	882,284	(5,319,943)	**10,893,528**

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of changes in Equity

(Unaudited)

(In Canadian $)

	Share capital $	Share capital to be issued $	Warrants $	Contributed surplus $	Deficit $	**Total equity $**
BALANCE AS AT DECEMBER 31, 2010	9,835,097	341,248	1,955,148	662,641	(3,320,323)	**9,473,811**
Issue of shares and warrants	-	(341,248)	21,437	-	-	**(319,811)**
Effect of share-based compensation	-			-	-	**-**
Effect of exercise of stock options	18,234	-	-	(7,434)	-	**10,800**
Effect of exercise of warrants	442,797	-	-	(22,031)	-	**420,766**
Net loss and comprehensive loss for the period	-	-	-	-	(151,361)	**(151,361)**
	461,031	(341,248)	21,437	(29,465)	(151,361)	**(39,606)**
BALANCE AS AT MARCH 31, 2011	10,296,128	-	1,976,585	633,176	(3,471,684)	**9,434,205**

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of net loss

(In Canadian $)

	Three-month period ended	
	March 31, 2012	March 31, 2011
	$	$
Administrative expenses		
Salaries	**79,231**	50,266
Consultants	**43,541**	30,686
Share-based compensation-employees	**9,922**	20,216
Professional fees	**31,617**	5,096
Rent	**6,272**	1,650
Business development	**82,910**	73,562
Insurance, taxes and permits	**6,045**	4,559
Interest and bank charges	**992**	743
Depreciation of property, plant and equipment	**1,939**	147
Stationery and office expenses	**14,264**	8,224
Telecommunications	**1,839**	3,760
Training and travel	**15,020**	9,379
Advertising	**14,212**	2,201
Shareholder's information	**18,624**	14,208
Part XII.6 tax related to flow-through shares	**2,467**	1,571
	328,895	226,268
Other expenses (income)		
Other exploration costs	**25,485**	-
Management income	**-**	(8,789)
Interest income	**(9,629)**	(10,111)
LOSS BEFORE DEFERRED INCOME AND MINING TAXES	**(344,751)**	(207,368)
Deferred income and mining taxes	**100,251**	(56,007)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(445,002)**	(151,361)
LOSS PER SHARE		
basic	**(0.01)**	(0.00)
diluted	**(0.01)**	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**49,723,685**	39,597,836
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**49,845,866**	41,123,923

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Comprehensive Loss

(In Canadian $)

	Three-month period ended	
	March 31, 2012	March 31, 2011
	$	$
Net loss and comprehensive loss for the period	**(445,002)**	(151,361)
Other comprehensive loss :		
Unrealized gain on fair value of other short-term financial assets	**60,000**	-
Comprehensive loss for the period	**(385,002)**	(151,361)

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

Cartier Resources Inc.
(an exploration company)
Interim Condensed Statements of Cash Flows

(In Canadian $)

	Three-month period ended March 31, 2012	March 31, 2011
	$	$
OPERATING ACTIVITIES		
Loss before deferred income and mining taxes for the period	**(344,751)**	(207,368)
Adjustments for:		
Depreciation of property, plant and equipment	**1,939**	147
Share-based compensation	**9,922**	20,216
	(332,890)	(187,005)
Net change in non-cash working capital items		
Receivables	**(13,478)**	(50,998)
Prepaid expenses	**(31,265)**	11,629
Accounts payables and accrued liabilities	**72,781**	(66,741)
Cash flow used in operating activities	**(304,852)**	(293,115)
FINANCING ACTIVITIES		
Issuance of shares and warrants	**-**	79,518
Exercise of stock options	**-**	10,800
Share issue expenses	**(42,973)**	-
Cash flow used in (from) financing activities	**(42,973)**	90,318
INVESTING ACTIVITIES		
Cash reserved for exploration	**680,484**	455,533
Acquisition of mining properties	**(105,847)**	-
Deferred exploration costs	**(745,680)**	(350,671)
Cash flow used in (from) investing activities	**(171,043)**	104,862
Net change in cash and cash equivalents	**(518,868)**	(97,935)
Cash and cash equivalents, beginning of period	**3,263,143**	3,432,175
Cash and cash equivalents, end of period	**2,744,275**	3,334,240

Additional information (note 12)

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

Incorporation and Nature of Operations

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

1. Basis of preparation and going concern

These financial statements were prepared on a going concern basis, using historical costs, except for the financial assets accounted at fair value through profit and loss.

The Company's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The application of IFRS on a going concern basis may be inappropriate, since there is a doubt as to the appropriateness of the going concern assumption.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment when applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity and the areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.20.

The significant accounting policies that have been applied in the preparation of these financial statements are summarized in note 2.

2. Summary of accounting policies

2.1. Overall considerations

The financial statements have been prepared using accounting policies specified by the IFRS in effect as at March 31, 2012.

The significant accounting policies that have been applied in the preparation of these financial statements are summarized below.

These accounting policies have been used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon its transition to IFRS.

2.2. Basis of evaluation

These financial statements are prepared using the historical cost method, except for «Other short-term financial assets» which are measured at fair value.

2.3. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IAS 1 «Presentation of Financial Statements» was amended to change the disclosure of items presented in Other comprehensive income (“OCI”), including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future. This amendment is required to be applied for years beginning on or after July 1, 2012.

The amendment to IFRS 7 «Financial Instruments : Disclosure» is effective for annual periods beginning on or after July 1, 2011 and provides additional information on the disclosure of the financial instruments, particularly concerning the transfer of financial assets. The Company does not expect the amendment to IFRS 7 to have a significant impact on the interim condensed financial statements.

IFRS 9 «Financial Instruments» (effective from January 1, 2015) with which the International Accounting Standards Board (“IASB”) aims to replace IAS 39 «Financial Instruments: Recognition and Measurement» in its entirety, is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Management has not yet assessed the impact that this amendment may have on the interim condensed financial statements of the Company. However, it does not expect to implement the amendments until all chapters of IFRS 9 have been published and it can comprehensively assess the impact of all changes.

IFRS 13 «Fair Value Measurement» defines fair value, requires disclosures regarding fair value mesurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

2.4. Post employment benefits and short-term employee benefits

The Company provides post employment benefits through a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays contributions, established according to a percentage of the employee’s salary, to an independent entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution during the employment period.

Short-term employee benefits, including vacation entitlement, are current liabilities included in “accounts payables and accrued liabilities", and are measured at the undiscounted amount that the Company expects to pay.

2.5. Share-based payment

The Company has a stock option purchase plan under which options to acquire common shares of the Company may be granted to its directors, officers, employees and consultants. The plan does not provide any options for a cash settlement.

Where employees are rewarded using share-based payments, the fair values of employee services are determined by reference to the fair value of the equity instruments granted. The fair value of each option is determined using the Black-Scholes pricing model at the date of grant. All share-based payments are ultimately recognized as an expense and also in deferred exploration costs with a corresponding increase to «contributed surplus».

2. Summary of accounting policies (continued)

2.5. Share-based payment (continued)

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense in prior periods if share options ultimately exercised are different from that estimated on vesting.

Upon exercise of share options, the proceeds received are credited to share capital. The fair value of each option is reversed from contributed surplus to share capital.

2.6. Presentation of financial statements in accordance with IAS 1

The financial statements are presented in accordance with IAS 1, Presentation of Financial Statements. The Company has chosen to present the statement of comprehensive income in a single statement.

2.7. 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 each specific mining property or areas of geological interest until the mining assets to which they relate are placed into production, sold or allowed to lapse.

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 in the statement of net loss and comprehensive loss 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.

2.8. 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 has been applied against the deferred income taxes in the statement of financial position. In accordance with IAS 12, the credits on duties are applied against the deferred income taxes in the statement of financial position when the Company expects to continue holding the mining property once ready for production.

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. In accordance with IAS 20, this tax credit is accounted against the qualified expenditures.

In accordance with IAS 12, the credit on duties has been applied against the deferred income taxes in the statement of financial position since the Company expects to continue holding the mining property once it is ready for production.

2.9. Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are capitalized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less tax credits and any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property, plant and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Neither the technical feasibility nor the commercial viability of extracting a mineral resource has been confirmed at this time.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with an option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash considerations received directly from the acquirer are credited against the costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

2.10. Income and mining taxes

The income tax expense is composed of current and deferred taxes. Taxes are recognized in the statement of loss unless they relate to items carried in other comprehensive income or directly in shareholders' equity.

Current income taxes and mining taxes

Current income tax and mining tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods that are unpaid at the reporting date. The current income tax expense is based on the income for the period adjusted for non-taxable or non-deductible items. The mining tax expense is based on the income for the period for each mining site under production adjusted for non-taxable or non-deductible items. Calculation of current tax and mining tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Management regularly examines positions in tax returns where tax regulations are subject to interpretation.

Deferred income taxes and deferred mining taxes

Deferred income taxes are recognized using the liability method on temporary differences between the tax basis of the assets and liabilities and their carrying amount in the statement of financial position. Deferred income tax assets and liabilities are calculated, on an undiscounted basis, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

2. Summary of accounting policies (continued)

2.10. Income and mining taxes (continued)

Deferred income tax liabilities and mining taxes

Deferred income tax liabilities and mining taxes are generally recognized for all temporary taxable differences.

Deferred income tax assets and mining taxes

Deferred income tax assets and mining taxes are recognized to the extent that it is probable they will be able to be utilized against future taxable income.

Deferred income tax assets and mining taxes are examined at the end of the reporting period and reduced when it is no longer probable that taxable income will be sufficient to recover some or all of the deferred tax assets in which case, the assets are reduced. As of today, the Company has no income tax or deferred income tax assets.

Deferred income tax assets and liabilities are not recognized for temporary differences resulting from the initial recognition of assets and liabilities acquired other than in a business combination.

Deferred income tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of the tax expense or recovery in the statement of net loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

2.11. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to ordinary equity holders by the weighted average number of common shares outstanding during the period. The Company uses the treasury method to calculate the diluted net loss per share. The diluted net loss per share is calculated by adjusting earnings attributable to common shareholders, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. The calculation considers that the stock options and the warrants have been converted into potential common shares at the average cost of the markey for the presentation period.

2.12. 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.

2.13. Cash and cash equivalents

Cash and cash equivalents are comprised of cash and term deposits with original maturity dates of less than three months.

2.14. Property, plant and equipment

Property, plant and equipment are recorded at cost, net of related government assistance, accumulated depreciation and accumulated impairment. The cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

2. Summary of accounting policies (continued)

2.14. Property, plant and equipment (continued)

The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or futur disposal.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of net loss and comprehensive loss.

2.15. Impairment

Non-financial assets

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have expired or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.
An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.16. Provisions, contingent liabilities and contingent assets

Since the Company is at the exploration stage and none of its properties has reached the production stage, no provision and contingent liabilities and contingent assets have been recorded.

2. Summary of accounting policies (continued)

2.17. Leases

Leases are classified as operating leases since the benefits and the risks related to the ownership are not transfered to the Company. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Related costs, such as maintenance and insurance, are expensed as incurred.

2.18. Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using Black-Scholes model. Proceeds are first allocated to warrants evaluated at the time of issuance using the Black-Scholes model and any residual in the proceeds is allocated to shares.

Flow-through placements

The Company raises funds through the issuance of “flow-through” shares which entitles investors to prescribed resource tax benefits and credits once the Company has renounced these benefits to the investors in accordance with the tax legislation. Currently there is no specific IFRS guidance related to the accounting and reporting of these arrangements. The Company has adopted the CICA Viewpoint which considers the issuance of flow-through shares in substance; (a) an issue of an ordinary share; and (b) the sale of tax deductions. The sale of tax deductions has been measured based on the relative fair value method. At the time the flow-through shares are issued the sale of tax deductions is deferred and presented as a liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". When the Company fulfills its obligation, the liability is reduced, the sale of tax deductions is recognized in the income statement as a reduction of the deferred tax expense and a deferred tax liability is recognized in accordance with IAS 12, «Income Taxes», for the taxable temporary differences between the carrying value of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

Warrants

Warrants are classified as equity as they are derivatives over the Company’s own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company’s own equity instruments.

When shares and warrants are issued at the same time, the proceed is allocated first to the warrants issued, according to their fair value using the Black-Scholes pricing model, the residual value is allocated to the shares.

Other elements of equity

Contributed surplus includes charges related to share options until such option are exercised.

The deficit includes all current and prior period retained profits or losses.

2.19. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs.

Financial assets and financial liabilities are measured subsequently as described below.

2. Summary of accounting policies (continued)

2.19. Financial instruments (continued)

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit and loss;
- held-to-maturity investments;
- other short-term financial assets;

The category determines subsequent measurement and whether any resulting income and expense is recognized in the income statement or in other comprehensive income.

All financial assets, except for those at fair value through profit and loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in the income statement are presented within «Other expenses or income».

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents and Cash reserved for exploration are classified in this category.

Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through the profit and loss upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognized in the income statement.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of net loss. The Company has no financial assets in this category.

Available-for-sale financial assets
Other short-term financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include shares of publicly-traded companies presented in «Other short-term financial assets».

All Other short-term financial assets are measured at fair value.

2. Summary of accounting policies (continued)

2.19. Financial instruments (continued)

Financial liabilities

The Company's other financial liabilities include accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through the profit and loss that are carried subsequently at fair value with gains or losses recognized in the statement of net loss.

If applicable, all interest-related charges and changes in an instrument's fair value that are recognized in the statement of net loss and comprehensive loss are included within financial revenue or administrative costs.

2.20. Accounting estimates and critical judgments

The preparation of financial statements requires management to make estimates, assumptions and judgments with respect to future events. These estimates and judgments are constantly challenged. They are based on past experience and other factors, in particular, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management, and will seldom equal the estimated results.

The following paragraphs describe the most critical management estimates and assumptions in the recognition and measurement of assets, liabilities and expenses and The most critical management judgments in applying accounting policies.

Impairment of assets
An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its recoverable value. Management reviews on a regular basis the impairment assesment of its Mining assets. (Note 2.15)

Share-based payments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of options, the time of exercise of those options and expected extinguishments. The model used by the Company is the Black-Scholes model.

Income taxes and deferred mining taxes
The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgements in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

3. Cash and cash equivalents and cash reserved for exploration

As at March 31, 2012, the cash and the cash equivalents and the cash reserved for exploration include banker's acceptances, bonds, an account bearing a high interest rate and an account without interest as detailed below:

	March 31, 2012			December 31, 2011		
	$	Interest rate	Maturity date	$	Interest rate	Maturity date
1) Banker's acceptance	368,376	0.990%	2012-04-02	201,168	0.926%	2012-01-18
2) Banker's acceptance	1,202,827	1.049%	2012-04-05	104,880	1.019%	2012-02-10
3) Banker's acceptance	104,895	0.977%	2012-05-07	351,333	1.035%	2012-03-07
4) Banker's acceptance	352,537	1.000%	2012-05-18	-	-	-
5) Bond	-	-	-	255,106	2.570%	2012-01-30
6) Bond	514,579	1.502%	2012-06-01	407,599	2.503%	2012-02-23
7) Account bearing a high interest	1,407,086	1.200%	-	587,599	1.200%	-
8) Account without interest	144,531	-	-	3,386,498	-	-
Total	4,094,831			5,294,183		

	March 31, 2012	December 31, 2011
	$	$
Cash	**1,551,617**	3,974,097
Banker's acceptances	**2,028,635**	657,381
Bonds	**514,579**	662,705
	4,094,831	5,294,183
Less: Cash reserved for exploration	**(1,350,556)**	(2,031,040)
Cash and cash equivalents	**2,744,275**	3,263,143

4. Other short-term financial assets

	March 31, 2012	December 31, 2011
	$	$
Marketable securities of a quoted mining exploration company, available-for-sale, at fair value	**460,000**	400,000

5. Receivables

	March 31, 2012	December 31, 2011
	$	$
Credit on duties refundable and refundable tax credit for resources	**560,771**	560,771
Commodity taxes and others	**128,426**	114,948
	689,197	675,719

6. Property, plant and equipment

	March 31, 2012			December 31, 2011		
	Cost	**Accumulated Depreciation**	**Net book Value**	Cost	Accumulated Depreciation	Net book Value
	$	**$**	**$**	$	$	$
Leasehold improvements	**76,681**	**10,940**	**65,741**	76,681	7,805	68,876
Furniture and equipment	**35,603**	**14,998**	**20,605**	35,603	13,218	22,385
	112,284	**25,938**	**86,346**	112,284	21,023	91,261

7. Leases

The future minimum operating lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**
	$	$	$	$
March 31, 2012	**70,359**	401,823	254,055	726,237
December 31, 2011	**92,513**	379,495	239,543	711,551
December 31, 2010	**45,214**	17,778	-	62,992

The Company leases its offices under leases expiring in May 2012 and March 2021. The Company leases a vehicle under leases expiring in November 2012 and also equipment under leases expiring in March 2016.

Lease payments recognized as an expense during the reporting period amount to $ 70,359 ($ 92,513 in 2011). This amount consists of minimum lease payments. Sublease payments from premises subleased have been received for an amount of $ 3,000. The Company's lease agreements contain renewal options.

8. Mining properties

	December 31, 2011	Additions	Refund Reclassification	Sale	Write-off	**March 31, 2012**
Properties	$	$	$		$	**$**
Preissac	412,963	-	-	-	-	**412,963**
MacCormack	252,367	-	-	-	-	**252,367**
Rambull	214,607	-	-	-	-	**214,607**
Newconex-Ouest	169,995	-	-	-	-	**169,995**
Cadillac Extension	52,884	-	-	-	-	**52,884**
Dollier	39,631	-	-	-	-	**39,631**
La Pause	8,612	371	-	-	-	**8,983**
Diego	4,574	-	-	-	-	**4,574**
Benoist	-	192,976	-	-	-	**192,976**
Fenton	-	16,000	-	-	-	**16,000**
	1,155,633	209,347	-	-	-	**1,364,980**

The Company holds a 100% interest in mining properties that are all located in the northwestern region of Quebec.

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

The agreement allows Xstrata Zinc to:

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

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

8. Mining properties (continued)

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

On March 19, 2012 the Company signed an agreement with SOQUEM Inc. (“SOQUEM”).

Under the terms of the agreement, which remains subject to regulatory approvals, Cartier has an option to earn a 50% undivided interest in the Fenton Property hosting a deposit of the same name, located 47 kilometers southwest of the town of Chapais, in the province of Québec.

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

9. Deferred exploration costs

Properties	December 31, 2011	Additions	Reclassification	Sale	Write-off	Tax credits	**March 31, 2012**
	$	$	$		$	$	**$**
MacCormack	1,716,723	2,281	-	-	-	-	**1,719,004**
Dollier	945,356	11,781	-	-	-	-	**957,137**
Xstrata-Option	899,484	33,306	-	-	-	-	**932,790**
Cadillac Extension	887,007	472,011	-	-	-	-	**1,359,018**
Diego	418,964	16,693	-	-	-	-	**435,657**
Preissac	413,278	-	-	-	-	-	**413,278**
Rambull	407,890	1,378	-	-	-	-	**409,268**
Newconex-Ouest	264,662	106	-	-	-	-	**264,768**
La Pause	123,848	90,351	-	-	-	-	**214,199**
Benoist	-	25,749	-	-	-	-	**25,749**
Fenton	-	22,185	-	-	-	-	**22,185**
	6,077,212	675,841	-	-	-	-	**6,753,053**

10. Share capital

Authorized

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

	Number	Amount
		$
December 31, 2010	38,580,960	9,835,097
Shares issued and paid		
Private placements (a)	2,999,429	929,525
Flow-through private placements (a)	4,616,000	2,031,040
Renouncement of tax deductions (b)	-	(484,680)
Warrants exercised (c)	3,331,087	1,254,742
Stock options exercised (c)	155,000	82,449
	11,101,516	3,813,076
Share issue expenses	-	(318,263)
	11,101,516	3,494,813
December 31, 2011	**49,682,476**	**13,329,910**
Shares issued and paid		
Acquisition of a property	250,000	87,500
March 31, 2012	**49,932,476**	**13,417,410**

Shares to be issued

	Number	Amount
		$
December 31, 2010	893,319	341,248
Shares issued	(893,319)	(341,248)
December 31, 2011	**-**	**-**
Shares to be issue	50,000	16,000
March 31, 2012	**50,000**	**16,000**

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

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

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

10. Share capital (continued)

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

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

Stock Option Purchase Plan

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

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

	March 31, 2012		December 31, 2011	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		$		$
Outstanding - Beginning	**2,402,500**	**0,42**	2,402,500	0,42
Granted-employees	**775,000**	**0,44**	775,000	0,44
Granted-consultants	**-**	**-**	-	-
Exercised	**(155,000)**	**0,31**	(155,000)	0,31
Cancelled	**(367,500)**	**0,41**	(367,500)	0,41
Outstanding - End	**2,655,000**	**0,43**	2,655,000	0,43
Exercisable - End	**2,630,000**	**0,43**	2,242,500	0,43

The following table summarizes certain information for stock options granted and exercisable as at March 31, 2012:

	Outstanding options March 31, 2012			**Exercisable options March 31, 2012**		
Exercise price	Number of options	Weighted average remaining life	Weighted average exercise price	Number of options	Weighted average remaining life	Weighted average exercise price
		(years)	**$**		(years)	**$**
$0.16 to $0.24	100,000	1.66	0.16	100,000	1.66	0.16
$0.25 to $0.34	250,000	2.13	0.25	250,000	2.13	0.25
$0.35 to $0.44	705,000	3.26	0.38	680,000	3.21	0.37
$0.45 to $0.54	1,450,000	2.13	0.49	1,450,000	2.13	0.49
$0.55 to $0.64	150,000	0.68	0.62	150,000	0.68	0.62
$0.16 to $0.64	2,655,000	2.33	0.43	2,630,000	2.31	0.43

10. Share capital (continued)

Warrants

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

	March 31, 2012			December 31, 2011		
	Number	**Weighted average exercise price**	**Weighted average remaining contractual life**	Number	Weighted average exercise price	Weighted average remaining contractual life
		$	**(years)**		$	(years)
Outstanding - Beginning	**12,391,830**	**0.45**	**0.93**	11,451,397	0.44	1.46
Granted - agent compensation options	**-**	**-**	-	378,772	0.35	0.98
Granted - private placements	**-**	**-**	-	2,999,429	0.46	1.22
Exercised	**-**	**-**	-	(2,437,768)	0.30	-
Outstanding - End	**12,391,830**	**0.45**	**0.68**	12,391,830	0.45	0.93

The outstanding warrants are as follows:

Maturity date	**Exercise price**	**Number**
	$	
May 2012	0.45	**557,143**
June 2012	0.45	**1,657,170**
December 2012	0.35	**378,772**
December 2012	0.38	**661,080**
December 2012	0.46	**1,500,000**
December 2012	0.50	**6,138,236**
June 2013	0.46	**1,499,429**
		12,391,830

11. Employee remuneration

Employee benefits expense recognized are detailed below:

	March 31, 2012	December 31, 2011
	$	$
Wages, salaries and consultant fees	**231,961**	788,127
Social security costs	**20,569**	57,001
Share-based payments	**9,922**	174,569
Defined contribution pension plan	**5,320**	15,410
	267,772	1,035,107
Less: salaries capitalized in Exploration and evaluation assets	**(139,607)**	(590,378)
Employee benefits expense	**128,165**	444,729

12. Cash flows

Additional information	Three-month period ended	
	March 31, 2012	March 31, 2011
	$	$
Items not affecting cash and cash equivalents related to operating, financing and investing activities		
Shares issued for the acquisition of mining properties	**103,500**	-
Depreciation of property, plant and equipment transferred to deferred exploration costs	**2,976**	3,098
Loss on disposal of leasehold improvements against deferred exploration costs	**-**	14,583
Deferred exploration costs included in accounts payable and accrued liabilities	**188,142**	86,274
Fair value of warrants exercised	**-**	22,031
Fair value of stock option plan exercised	**-**	7,434
Stock-based payments charged to deferred exploration costs	**-**	1,221
Liabilities related to flow-through shares	**322,292**	166,383

13. Financial Instruments

Objectives and policies in managing financial risks

The Company is exposed to various financial risks resulting from its operations and financing activities. The directors and officers of the Company manage those risks.

The Company does not enter into speculative derivative financial instruments.

Financial risks

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

Interest risk

The bonds bear interest at a fixed rate and consequently expose the Company to the risk of fair value fluctuation related to changes in interest rates.

The other financial assets and liabilities of the Company do not represent interest risk because they do not bear interest.

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

As at March 31, 2012, the Company's exposure to interest rate risk is summarized as follows:

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

Interest rate sensitivity

At March 31, 2012, the Company received interest on the following assets:

– Banker's acceptances;
– Bonds

Interest rate movements may affect the fair value of the investments in fixed interest financial assets.

The possible effects on fair value that could arise as a result of changes in interest rates are taken into account when making investment decisions.

13. Financial Instruments (continued)

Liquidity risks

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has at its disposal sufficient sources of financing such as private placements. The Company establishes cash forecasts to ensure it has the necessary funds to fulfill its obligations. Obtaining additional funds makes it possible for the Company to continue its operations, and while it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Credit risk

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

Credit risk analysis

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

	March 31, 2012	December 31, 2011
	$	$
Cash and cash equivalents	**201,061**	1,943,057
Cash held for exploration expenses	**1,350,556**	2,031,040
Banker's acceptances and bonds	**2,543,214**	1,320,086
Other receivables (other than goods and services tax receivable)	**560,771**	560,771
Carrying amounts	**4,655,602**	5,854,954

The Company has no trade receivables. The receivables are comprised mainly of tax credits, mining taxes and sales tax receivables. Consequently the exposure to credit risk for the Company's receivables is considered limited. No impairment loss has been recognized in the periods presented.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for cash and cash equivalents, cash held for exploration expenses and guaranteed investment certificates is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Fair value of financial instruments

The Company discloses the fair value hierarchy by which the Financial instruments are evaluated and have the following levels. Level 1, valuation based on quoted prices (unadjusted) in active market for identical assets or liabilities. Level 2, includes inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly and Level 3, includes inputs for the asset or liability that are not based on observable market data. Cash and cash equivalents and cash reserved for exploration are classified under Level 1 (note 15).

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

14. Financial assets and liabilities

	March 31, 2012		December 31, 2011	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
Categories of financial assets and liabilities				
Financial assets				
Loans and receivables				
Cash and cash equivalents	**201,061**	**201,061**	1,943,057	1,943,057
Cash reserved for exploration	**1,350,556**	**1,350,556**	2,031,040	2,031,040
Banker's acceptance and bond	**2,543,214**	**2,543,214**	1,320,086	1,320,086
Available for sale financial asset				
Other short-term financial assets	**460,000**	**460,000**	400,000	400,000
Financial liabilities				
Other financial liabilities				
Trade	**273,124**	**273,124**	216,448	216,448
Other	**130,188**	**130,188**	229,871	229,871

15. Contingencies and commitments

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

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

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

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

During the reporting period, the Company received $ 2,031,040 following flow-through placements for which the Company renounced tax deductions after December 31, 2011.

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

16. Transactions with key management personnel

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

	March 31, 2012	December 31, 2011
	$	$
Short-term employee benefits		
Salaries including bonuses and benefits	**136,247**	462,585
Social security costs	**13,510**	28,850
Total short-term employee benefits	**149,757**	491,435
Share-based payments	**4,508**	117,564
Total remuneration	**154,265**	608,999

17. 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 March 31, 2012, the Company's cash reserved for exploration was $ 1,350,556 ($ 2,031,040 as at December 31, 2011).

As at March 31, 2012 the shareholders' equity was $ 10,893,528 ($ 11,165,108 as at December 31, 2011).

18. Liquidity risk analysis

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

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

The Company's liabilities are summarized below:

	March 31, 2012	December 31, 2011
	$	$
Accounts payables and accrued liabilities	**403,312**	446,319
Liability related to flow-through shares	**322,292**	484,680
	725,604	930,999

Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.