The objective of this Management's Discussion and Analysis Report ("MD&A") released by Cartier Resources Inc. (the "Company" or "Cartier") is to allow the reader to assess our operating and exploration results as well as our financial position for the three-month period ended March 31, 2012 compared to the three-month period ended March 31, 2011. This report, dated May 18, 2012, should be read in conjunction with the unaudited interim condensed financial statements for the period ended March 31, 2012 and with the audited financial statements for the year ended December 31, 2011, as well as with the accompanying notes. The interim condensed financial statements are prepared under IFRS. Unless otherwise indicated, all amounts are expressed in Canadian dollars.

The Company discloses, on a regular basis, additional information on its operations, which is recorded on the System for Electronic Document Analysis and Retrieval ("SEDAR") in Canada at www.sedar.com .

FORWARD-LOOKING STATEMENT

This document may contain forward-looking statements that reflect management's current expectations with regards to future events. Such forward-looking statements are subject to certain factors and involve a number of risks and uncertainties. Actual results may differ from expected results. Factors that could cause our results, our operations and future events to change materially compared to expectations expressed or implied by the forward-looking statements include, but are not limited to, volatility in the gold price, risks inherent to the mining industry, uncertainty regarding the mineral resource estimation and additional funding requirements and the Company's ability to obtain such funding.

NATURE OF ACTIVITIES AND CONTINUATION OF EXPLORATION ACTIVITIES

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 (Québec) 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.

The Company's ability to continue as a going concern depends on its ability to realize its assets and additional financings. 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 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.

The preparation of interim condensed financial statements in accordance with IAS 34 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, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.20.

The shares of the Company are listed on the TSX Venture Exchange and are traded under the symbol ECR.

MISSION

The mission of the Company is to ensure its growth and sustainability for the benefit of its shareholders and employees.

VISION AND STRATEGY

The Company's vision is to develop its current and future assets into near to medium term mineral production with a schedule consistent with its human and financial resources while respecting sustainable development practices.

The strategy of the Company is to set up a dynamic process that will allow it to develop and maintain a balanced portfolio of mining projects ranging from the exploration stage to resource definition, development and production.

HIGHLIGHTS

The highlights of the first quarter are:

- The acquisition of two properties with gold resources – Benoist and Fenton;
- Commencement of a drilling program on Cadillac-Extension, with 594 meters completed;
- The planning of an 8,500-meter drilling program along the extensions of gold zones on the Benoist and Fenton properties;
- A geophysical (IPower3D) survey of 21 kilometers was completed around Langlade deposit.

EXPLORATION ACTIVITIES

Deferred Exploration Costs

	Three-month period ended March 31, 2012 $	Three-month period ended March 31, 2011 $
Balance – Beginning of period	**6,077,212**	**4,699,484**
Expenses incurred		
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	74,576	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 write-off of leasehold improvements	-	14,583
Share-based payments employees	-	1,221
Net expenses during period	**675,841**	**455,846**
Balance – End of period	**6,753,053**	**5,155,330**

Deferred exploration costs by property for the three-month period ended March 31, 2012:

	Balance as at December 31, 2011	Addition	Reclass.	Sale or Write-off	Tax credits	Balance as at 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**
TOTAL	6,077,212	675,841	-	-	-	**6,753,053**

EXPLORATION ACTIVITIES

Cadillac Extension Property

Work performed:

Phase 2 of drilling on the Langlade deposit began in the week of February 20. Drilling was interrupted due to an early thaw in the month of March. A total of 594 meters were drilled in four holes. They were drilled perpendicularly to the holes of the first campaign and tested the extensions of the Langlade deposit up to a distance of 150 meters from the stripped exposure.

A 21-kilometer geophysical (IPower3D) survey, covering four square kilometers, was completed and had reached the interpretation stage by the end of the quarter. This new geophysical

method will produce a three-dimensional image of the favourable zone for massive sulphide mineralization, down to a depth of 400 meters.

The results of a preliminary metallurgical study by **COREM** were published in the press release of March 27.

Results:

The first four holes tested the zone at distances of 100 and 150 meters east of the stripped exposure and down to a depth of 60 to 80 meters. These holes indicate the presence of a wide (50 to 70 meters) low-grade mineralized envelope containing intersections of copper-zinc-silver-gold-enriched massive sulphides. The massive sulphide intersections yielded up to **10.4% Cu, 1.4% Zn, 109 g/t Ag and 3.6 g/t Au over 0.6 meter** within a disseminated zone grading 0.3% Cu, 0.4% Zn, 14 g/t Ag and 0.2 g/t Au, over 51.1 meters.

All results from Phase I of the winter 2011 drilling program have been received. Results were presented in the press release of March 15 (0.7% Cu, 2.7% Zn, 81 g/t Ag, 1.1 g/t Au over 4.0 meters).

The IPower3D survey detected ten priority targets that may correspond to disseminated or massive sulphides in the unexplored areas north of the zone currently being drilled (see press release of May 3).

The metallurgical test demonstrated that the type of mineralization at the Langlade deposit does not pose any processing problems and would yield very good copper, zinc, silver and gold recoveries. The preliminary mineralogical characteristics observed in the different zones of the deposit also reveal it would be possible to industrially produce three concentrates by flotation: zinc, copper-gold and silver-gold.

Benoist Property

Work performed:

On March 2, 2012, the Company signed an agreement with Murgor Resources Inc ("Murgor") according to which it has the option of acquiring a 100% interest in the Benoist property, which contains the Pusticamica gold deposit and is located 65 kilometers northeast of the town of Lebel-sur-Quévillon in the province of Québec.

More specifically, Cartier will have a first option to earn a 51% undivided interest in the project by paying $100,000 in cash and issuing 250,000 shares to Murgor upon receipt of regulatory approvals. The Company must incur $3,000,000 in exploration expenditures by March 1, 2015, and issue 100,000 shares to Murgor before the first anniversary of the agreement and another 150,000 shares before the second anniversary of the signing. In addition, Cartier will have a second option to earn an additional 49% undivided interest in the project by issuing 500,000 shares to Murgor and incurring an additional $3,000,000 worth of exploration expenditures by March 1, 2018. Cartier will act as operator during the option period. Murgor will retain a 1% net

smelter royalty (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 Cartier for the amount of $1,500,000.

The cores from three holes drilled by Murgor on the Pusticamica deposit in 1996-1997 were recovered almost in their entirety, and the cores from two other holes were partially recovered. These holes will be reviewed and partially sampled, which will assist in understanding the geological context of the deposit.

Minnova calculated in 1993 an Inferred historical resources on the Pusticamica Gold Deposit of 531 000 tons grading 0,161 oz/ton Au, 0,353 oz/ton Ag and 0,27% Cu within a geological resource of 5,1 Million tons grading 0,055 oz/ton Au" representing 91.000 ounces of gold.

The first holes to be drilled by Cartier have been planned. They will test the depth extension of the gold deposit on the Benoist property. The first phase of drilling will consist of 5,500 meters in six holes that will investigate down to vertical depths between 380 and 750 meters.

A total of 96 cells have been staked on either side of the Benoist property (under option). The cells have been accepted and registered in Cartier's name on GESTIM, the Québec government's claim management system.

Fenton Property

Work performed:

On March 19, 2012, the Company signed an agreement with SOQUEM Inc. Under the terms of the agreement, Cartier has an option to earn a 50% undivided interest in the Fenton property, which hosts a deposit of the same name and is located 47 kilometers southwest of the town of Chapais in the province of Québec

More specifically, Cartier will have an option to earn a 50% undivided interest in the project by issuing 50,000 common shares to SOQUEM upon receipt of regulatory approvals, and incurring $1,500,000 of exploration expenditures 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 agreement. SOQUEM will be the operator. After the Company earns its 50% undivided interest, SOQUEM and Cartier will form a joint venture.

The historical mineral resource estimate stands at 426,173 tonnes with an average grade of 4.66 g/t Au, representing 63,885 ounces of gold using a lower cut-off grade of 2.0 g/t Au and a minimum true width of 1.0 meter. This calculation, performed by Exploration Boréale Inc (Denis Chénard, ing., 2000; Sudbury Contact Mines Ltd press release issued September 18, 2001).

A 3,000-meter drilling program has been accepted by both parties and should commence during the second quarter. About 60% of the meters will test the depth extensions of the known zones and the proximal lateral extensions.

La Pause Property

Line cutting totalling 47 kilometers and a geophysical (IP) survey of 42 kilometers were completed in the centre of the property. The survey was interpreted by a consulting geophysicist. Results delineated drilling targets along the volcano-sedimentary contact. Cartier intends to find a partner in order to pursue exploration on this property.

Dollier Property

A three-dimensional model was generated for the mineralization and alteration of the mineralized zone. The gold zone model demonstrates an enrichment vector and significant thickening at depth, below 100 meters and towards the west. It reveals an association between gold zones and zones of strong silicification. This work generated new drill targets.

Cartier is considering finding a partner in order to pursue exploration on this property.

Xstrata-Option Property

A compilation of the work performed on the property is underway.

Diego Property

The report of declaration of drilling work is complete and will be filed as assessment work with the MRNF. A compilation of the work performed on the property is underway. Cartier is considering finding a partner in order to pursue exploration on this property.

QUARTERLY FINANCIAL INFORMATION SUMMARY

Quarter ended	Interest income and other	Net loss	Basic and diluted net loss per share	Deferred exploration costs	Basic weighted average number of shares outstanding
12-03-31	9,629	(445,002)	(0.01)	675,841	49,723,685
11-12-31	7,596	(901,210)	(0.04)	(340,813)	41,280,451
11-09-30	9,024	(246,739)	(0.01)	420,179	41,720,960
11-06-30	11,828	(315,308)	(0.01)	842,516	40,573,544
11-03-31	18,900	(151,361)	(0.00)	455,846	39,597,836
10-12-31(a)	8,765	(410,795)	(0.01)	114,388	28,167,304
10-09-30 (a)	755	(164,917)	(0.01)	468,293	29,094,844
10-06-30 (a)	836	(288,921)	(0.01)	289,121	26,733,409

(a) Restated IFRS

SELECTED ANNUAL FINANCIAL INFORMATION

	Three-month period ended March 31, 2012 $	Three-month period ended March 31, 2011 $
Management fees and Interest income	9,629	18,900
Net loss	(445,002)	(151,361)
Basic net loss per share	(0,01)	(0,00)
Basic weighted average number of shares outstanding	49,723,685	39,597,836

	Statement of financial position March 31, 2012 $	Statement of financial position December 31, 2011 $
Cash and cash equivalents	2,744,275	3,263,143
Cash reserved for exploration	1,350,556	2,031,040
Property, plant and equipment	86,346	91,261
Mining properties	1,364,980	1,155,633
Deferred exploration costs	6,753,053	6,077,212
Total assets	13,490,246	13,704,582
Current liabilities	725,604	930,999
Deferred income and mining taxes	1,871,114	1,608,475
Equity	10,893,528	11,165,108

RESULTS OF OPERATIONS

For the three-month period ended March 31, 2012, the net loss amounted to $445,002 (or $0.01 per share) compared to a net loss of $151,361 (or $0.01 per share) as of March 31, 2011.

Interest income and other stood at $9,629 and $18,900 for the periods ended March 31, 2012 and 2011, respectively. Administrative expenses amounted to $328,895 and $226,268 for the same periods. The increase in administrative expenses for the three-month period ended March 31, 2012 compared to the same period of 2011 consisted mainly of salaries for an amount of $28,965, consultant-related fees for an amount of $12,855 and professional fees for an amount of $26,521, and is explained mainly by the fact that Cartier increased its business activities. The main items which constituted the administrative expenses for the three-month period ended March 31, 2012 are as follows: salaries amounting to $79,231, consultant-related fees of $43,541 and business development totalling $82,910. For the three-month period ended March 31, 2011, the administrative expenses mainly consisted of salaries amounting to $50,266, consultant-related fees of $30,686 and business development totalling $73,562.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

Current Assets

As at March 31, 2012 and December 31, 2011, the cash and cash equivalents and the cash reserved for exploration are detailed below:

	$	Interest rate	Expiry date	$	Interest rate	Expiry date
	March 31, 2012			December 31, 2011		
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		

The working capital was $4,560,263 compared to $5,449,477 for the same periods. The exploration costs incurred during the period is the main reason for the decrease in cash and cash equivalents.

Property, Plant and Equipment

Property, plant and equipment stood at $86,346 as at March 31, 2012 compared to $91,261 as at December 31, 2011.

Mining Properties

As at March 31, 2012, the Company's mining properties amounted to $1,364,980 compared to $1,155,633 as at December 31, 2011. The increase results from the acquisition of two new properties during the quarter, Benoist and Fenton, for an amount of $192,976 and $16,000 respectively.

Deferred Exploration Costs

As at March 31, 2012, deferred exploration costs amounted to $6,753,053 compared to $6,077,212 as at December 31, 2011. During the three-month period ended March 31, 2012, the exploration costs were $675,841 compared to $455,846 incurred during the same three-month period of 2011. During the three-month period ended March 31, 2012, most of the exploration costs consisted of drilling for $205,086, geology for $119,866, geophysics for $196,018 and

geotechnics for $74,579. During the three-month period ended March 31, 2011, the exploration costs mainly consisted of drilling for $260,418, geology for $76,490, geophysics for $64,562 and geotechnics for $16,853.

Liabilities

As at March 31, 2012, current liabilities amounted to $725,604 compared to $930,999 as at December 31, 2011. The reduction is mainly due to the renouncement of the tax deduction related to the flow-through financing share tax benefits on the deferred expenditure incurred during the quarter.

Deferred income and mining taxes amounted to $1,871,114 as at March 31, 2012 compared to $1,608,475 as at December 31, 2011. This increase is also the result of the renouncement of tax deductions in accordance with a flow-through public offering completed in December 2011 on the deferred expenditure incurred during the quarter.

Equity

As at March 31, 2012, the equity was $10,893,528 compared to $11,165,108 as at December 31, 2011. This variation comes mainly from the loss of $445,002 for the period.

CASH FLOWS

Cash flows used in operating activities amounted to $304,852 and $293,115 respectively for the three-month periods ended March 31, 2012 and 2011. The cash flows resulted mainly from the loss before mining and income taxes for the same periods, which amounted to $344,751 and $207,368.

Cash flows used in financing activities for the three-month period ended March 31, 2012 amounted to $42,973 and resulted from share issue expenses.

For the three-month period ended March 31, 2012, the cash used in investing activities amounted to $171,043 and consisted mainly of deferred exploration costs of $745,680 and the variation of cash reserved for exploration totalling $680,484. For the corresponding period of 2011, the cash from the investing activities amounted to $104,862 and consisted mainly of deferred exploration costs of $350,671 and the variation of cash reserved for exploration totalling $455,533.

LIQUIDITY AND FINANCING SOURCES

As at March 31, 2012, the Company's cash and cash equivalents amounted to $2,744,275. The Company's financing comes mostly from share issues. The success of these issues depends on the stock markets, investors' interest in exploration companies, and the price of metals. In order to continue its exploration activities and support its current activities, the Company has to maintain its exposure within the financial community to realize new financings.

Cash reserved for exploration amounted to $1,350,556 as at March 31, 2012 compared to $2,031,040 as at December 31, 2011. Cash reserved for exploration is exclusively constituted of cash which must be used for exploration before December 31, 2012.

RISKS AND UNCERTAINTIES

The Company, like all other mining exploration companies, is exposed to a variety of financial and environmental risks as well as risks related to the very nature of its activities. It is also subject to risks related to other factors, such as the price of metals and market conditions in general. The main risks to which the Company is exposed are listed in the last annual report and remain unchanged.

Financial Risks

The Company must periodically obtain new funds in order to pursue its activities. While it has always succeeded in doing so to date, there can be no assurance that it will continue to do so in the future.

The financings completed by the Company in 2011 ensure that the Company shall remain a going concern for the next 24 months. The Company estimates that the quality of its properties and their geological potential will allow it to obtain the financing required for their development.

Permits and Licences

The Company's operations may require permits and licences from different governmental authorities. There cannot be any assurance that the Company will obtain all the required permits and licences in order to continue exploration, development and mining operations on its properties.

Metal Prices

Even if the exploration programs of the Company are very successful, some factors beyond the Company's control may affect the marketing of the minerals found. Historically, metal prices have fluctuated widely and are affected by many factors beyond the Company's control, including international, economic and political trends, inflation expectations, exchange rate fluctuations, interest rates, global and regional consumption models, speculative activities and worldwide production levels. The effects of these factors cannot be precisely predicted.

Key Personnel

The management of the Company relies on some key managers but mostly on its President and Chief Executive Officer. The loss of the President and Chief Executive Officer could have a

negative impact on the development and success of its operations. The Company's success is linked to its capacity to attract and retain qualified personnel.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2012, the Company had not concluded any off-balance sheet arrangements.

CAPITAL STRUCTURE AS AT MAY 18, 2012:

Common shares outstanding	49,982,476
Warrants (weighted average exercise price of $0.48)	11,351,978
Agent compensation options (weighted average exercise price of $0.37)	1,039,852
Stock options (weighted average exercise price of $0.43)	2,655,000
Total fully diluted	65,029,306

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and going concern

These interim condensed financial statements were prepared on a going concern basis, using historical costs, except for the financial assets and the financial liabilities accounted for 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 additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The application of IFRS on a going concern basis may be inappropriate, since there is a doubt as to the appropriateness of the going concern assumption.
These interim condensed financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses, and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

The preparation of interim condensed 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 interim condensed 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.

Overall considerations

The interim condensed financial statements have been prepared using accounting policies specified by the IFRS in effect as at December 31, 2011.

The significant accounting policies that have been applied in the preparation of these interim condensed 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.

Basis of evaluation

These interim condensed financial statements are prepared using the historical cost, except for available-for-sale financial instruments which are measured at fair value.

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

At the date of authorization of these interim condensed financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early 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 interim condensed 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 interim condensed 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 consolidated 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 measurements, and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

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 with a corresponding increase to "contributed surplus".

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.

Presentation of financial statements in accordance with IAS 1

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

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. Management reviews the carrying values of mining assets on a regular basis to determine whether any write-downs are necessary.

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

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

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 Québec 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.

Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of the 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 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 titles 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.

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.

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 used 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 tax income or expense 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.

Cash reserved for exploration

Cash reserved for exploration consists 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.

Cash and cash equivalents

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

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.

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

Impairment of 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.

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

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 the 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, and the residual value is allocated to the shares.

Other elements of equity

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

Deficit includes all current and prior periods retained profits or losses.

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.

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 the profit and loss

Financial assets at fair value through the 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 available-for-sale financial assets are measured at fair value.

Financial liabilities

The Company's 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".

Accounting estimates and critical judgments

The preparation of interim condensed 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 assessment of its Mining assets without a recovery test.

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 interim condensed financial statements.

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.

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 disclosed 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; 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.

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

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 Québec).

During the year of December 31, 2011, 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 reserved for exploration expenses”.

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

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).

RELATED PARTY TRANSACTION

There was no related party transaction during the quarters ended March 31, 2012 and March 31, 2011.

OUTLOOK

Drilling programs will take place in the second quarter of 2012, with the aim of delineating the gold zones on the Benoist and Fenton projects and testing the geophysical (IPower3D) targets near the Langlade deposit.

MANAGEMENT'S RESPONSABILITY FOR FINANCIAL INFORMATION

The interim condensed financial statements and other financial information contained in this MD&A are the responsibility of Cartier's management and have been approved by the Board of Directors on May 18, 2012.

(s) Philippe Cloutier	(s) Jean-Yves Laliberté
Philippe Cloutier	Jean-Yves Laliberté
President and CEO	Chief Financial Officer