CARTIER RESOURCES INC.
Management's Discussion and Analysis
For the second quarter ended June 30, 2010

The objective of this Management's Discussion and Analysis Report ("MD&A") 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 and six-month periods ended June 30, 2010 compared to the same periods ended June 30, 2009. This report, dated August 23, 2010, should be read in conjunction with the unaudited financial statements for the period ended June 30, 2010 and with the audited financial statements for the year ended December 31, 2009, as well as with the accompanying notes. The financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Unless otherwise indicated, all amounts are expressed in Canadian dollars. This MD&A has been prepared by management and has not been reviewed by Company's external auditors.

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 and additional funding requirements and the Company's ability to obtain such funding.

NATURE OF ACTIVITIES AND CONTINUATION OF EXPLORATION ACTIVITIES

The Company, incorporated on July 17, 2006 under Part 1A of the Québec Companies Act, is a junior mining exploration company. Its activities consist in acquiring, exploring and developing mining properties in Canada. The Company specializes in searching for deposits, primarily in north-western Quebec. This region stands out as a result of its mineral potential, its accessibility, its clear existing agreements on claims and the access to services and a qualified workforce near the Company's properties.

The Company does not currently have a producing property. Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the ability to obtain the financing required to pursue the exploration and development of its properties, and profitable future production or the proceeds from the sale of its properties. 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 shares of the Company are listed on the TSX Venture Exchange and are traded under the symbol ECR.

HIGHLIGHTS OF THE PERIOD

1. Two financings completed for a total value of $ 1,325,010

On May 19, 2010, the Company completed a public offering of $745,000.05 by way of a short-form offering document. The offering consisted of the issuance of 1,250,000 flow-through shares at a price of $0.44 per flow-through share for an amount of $550,000 and 557,143 units at a price of $0.35 per unit for an amount of $195,000.05. Each unit is comprised of one common share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.45 for a period of two years following the closing date. The Company paid the agent a fee equal to 8.5% of the gross proceeds from the sale of flow-through shares and units sold pursuant to the offering. In addition the agent received non transferable compensation options entitling it to subscribe for such number of common shares of the Company equal to 5% of the total number of shares sold pursuant the offering, exercisable in whole or in part at a price of $0.35 per common share for a period of 12 months from closing. The financing is presented net of the value of the related warrants and the agent compensation options which was established at $67,136 and $21,195 respectively. Share issue expenses totalling $109,736 have reduced the capital stock.

On June 15, 2010, the Company completed a private placement of $580,010 before share issue expenses. The Company issued 1,657,170 units. Each unit consists of one common share at a price of $0.35 per share and one share purchase warrant with each warrant entitling the holder to subscribe to one common share at a price of $0.45 for a period of two years following the date of closing. The financing is presented net of the value of the related warrants which was established at $206,649. Share issue expenses totalling $29,140 have reduced the capital stock.

2. Exploration Work

The main exploration activity in the second quarter of 2010 was the first phase of field work on the Dollier, Xstrata-Option, Diego, Cadillac Extension and Rivière Doré properties.

The highlights of the second quarter were the following:

- A contract was awarded for a helicopter-borne magnetic and electromagnetic geophysical survey totalling 3,800 kilometers on the Rivière Doré property;
- Contracts were awarded for ground geophysics Induced Polarization ("IP") on the Dollier and Xstrata-Option properties;
- Channel sampling was performed on the Langlade trenching to confirm its potential;
- Prospecting on Dollier identified the gold-bearing zone over more than 300 meters along strike on either side of the stripped area.

Six press releases were issued during the second quarter.

3. Financial Results

Since the Company only has exploration properties, its revenues are primarily constituted of interest income, which is insufficient to cover the administrative expenses, thus leading to a loss for the Company. During the three-month and six-month periods ended June 30, 2010, the Company recorded a loss of $277,454 and $474,532 compared to $127,261 and $ 258,028 for the same period ended June 30, 2009.

EXPLORATION ACTIVITIES
Deferred Exploration Costs

	Three-month period ended June 30, 2010 $	Three-month period ended June 30, 2009 $	Six-month period ended June 30, 2010 $	Six-month period ended June 30, 2009 $
Balance – Beginning of period	**3,827,240**	2,272,005	**3,425,785**	2,017,010
Expenses incurred				
Drilling	53,261	108,342	328,958	177,865
Geophysics	106,929	10,016	160,688	10,016
Stripping	17,917	6,780	23,697	7,414
Geology	126,821	96,246	212,670	203,076
Geochemistry	642	2,367	642	20,357
Geotechnics	6,839	9,290	9,664	19,791
Core shack rental and maintenance	6,600	7,481	18,628	19,537
Office expenses	15,357	17,990	29,219	38,212
Duties, taxes and permits	15,827	6,343	24,924	11,847
Depreciation of exploration equipment	3,098	3,098	6,196	6,196
Stock-based compensation employees	22,379	2,569	51,220	11,486
Stock-based compensation consultants	2,691	-	2,691	-
	378,361	270,522	**869,197**	525,797
Tax credits	**(36,320)**	-	**(125,701)**	(280)
	342,041	270,522	**743,496**	525,517
Write-off of deferred exploration costs (net)	**(47,275)**	-	**(47,275)**	-
Net expenses during period	**294,766**	270,522	**696,221**	525,517
Balance – End of period	**4,122,006**	2,542,527	**4,122,006**	2,542,527

Deferred exploration costs by property for the six-month period ended June 30, 2010:

	December 31, 2009	Addition	Reclassi-fication	Write-off	Tax credits	June 30, 2010
	$	$		$	$	$
MacCormack	1,437,817	311,950	-	-	(67,290)	1,682,477
Preissac	382,268	27,745	-	-	(3,488)	406,525
Newconex West	427,416	4,226	-	(4,376)	-	427,266
Rambull	295,672	14,929	-	-	(2,031)	308,570
Dieppe-Collet	144,991	1,144	-	-	-	146,135
Dollier	161,367	109,709	-	-	(9,175)	261,901
Diego	10,393	80,687	-	-	(9,041)	82,039
La Pause	120,004	2,446	-	-	(198)	122,252
Rivière Doré	122,116	137,615	-	-	(6,215)	253,516
Cadillac Extension	87,853	55,727	42,490	-	(9,138)	176,932
Xstrata-Option	150,499	123,019	-	-	(19,125)	254,393
DeCorta	42,490	-	(42,490)	-	-	-
Manneville	42,899	-	-	(42,899)	-	-
TOTAL	3,425,785	869,197	-	(47,275)	(125,701)	4,122,006

QUARTERLY FINANCIAL INFORMATION SUMMARY

Quarter ended	Interest income	Net loss	Basic and diluted net loss per share	Deferred exploration costs	Basic and diluted weighted average number of shares outstanding
	$	$	$	$	
30-06-10	836	(277,454)	(0.01)	294,766	26,733,409
31-03-10	2,849	(197,078)	(0.01)	401,455	25,559,516
31-12-09	1,806	(407,614)	(0.02)	352,867	22,521,641
30-09-09	2,251	(130,312)	(0.01)	530,391	25,403,900
30-06-09	4,133	(127,261)	(0.01)	270,522	19,635,544
31-03-09	7,010	(130,767)	(0.01)	254,995	19,422,182
31-12-08	9,236	(199,848)	(0.01)	238,789	16,641,332
30-09-08	12,800	(128,736)	(0.01)	427,552	16,600,000

SELECTED ANNUAL FINANCIAL INFORMATION

	Three-month period ended June 30, 2010 $	Three-month period ended June 30, 2009 $	Six-month period ended June 30, 2010 $	Six-month period ended June 30, 2009 $
Interest income	836	4,133	3,685	11,143
Net loss and comprehensive loss	(277,454)	(127,261)	(474,532)	(258,028)
Basic and diluted net loss per share	(0.01)	(0.01)	(0.02)	(0.01)
Basic and diluted weighted average number of shares outstanding	26,733,409	19, 635,544	26,149,706	19,529,452

<u>MacCormack Property</u>

The recent drill program, totalling 4,755 meters completed in the winter of 2009-2010 has intercepted a significant thickening of the alteration and mineralization at depth.

- The polymetallic volcanogenic massive sulphide ("VMS") zone is mineralized with sphalerite-chalcopyrite-pyrite. The best grades to date are:

- MC-09-01: 4.81% Zn, 0.41% Cu, 28.70 g/t Ag and 0.27 g/t Au over 1.25 meters including 11.50% Zn, 1.24% Cu, 65.10 g/t Ag and 0.29 g/t Au over 0.35 meter; and
- MC-10-09: 0.30 g/t Au over 5.0 meters including 1.0 g/t Au over 1.0 meter.

The polymetallic mineralized zone has now been recognized over more than 2 kilometers extension by six drill holes, five of which were shallow. The widening of the mineralization remains to be tested.

The MacCormack property straddles a section more than 10 kilometers long on the major Destor-Porcupine Fault, one of the most productive gold structures in the Abitibi belt. This shear corridor is currently the subject of very aggressive exploration programs collectively totalling $113M through differents mining companies. (see Figure 1).

Xstrata-Option Property

The best hole of the recent drill program returned: 1.29% Cu, 0.67% Zn, 17g/t Ag and 0.20 g/t Au over 0.40 meter.

Work on the Xstrata-Option blocks consisted of sampling and relogging the 1986-1987 holes drilled by Queenston Gold Mines Ltd on Block 3, and preparation for the upcoming field work on Block 1.

A total of 38 kilometers of lines were cut on Block 1 where an induced polarization survey will be performed (see Figure 1).

The survey will be used to locate sulphide zones along the southern rhyolite that are potentially mineralized with base metals, and sulphide zones along the volcanic-sediment contact that are potentially mineralized with gold. The latter type of sulphide zones is being intensely worked by Cartier's immediate neighbours.

Preissac Property

In 1986 and 1987, Queenston Gold Mines Ltd drilled 8 holes,six of which were on Preissac property claims and two on Block 3 of the Xstrata-Option property (see Figure 1).

A review and re-analysis of the drill core revealed gold zones identical to the North Dyke system on MacCormack, and also identified a rhyolitic dome 200 meters thick with anomalous copper and zinc.

Cartier has received some of the analytical results for the holes drilled by Queenston Mining Inc (formerly Queenston Gold Mines Ltd). Some of the anomalous gold grades from the extension of the deformation corridor demonstrate the gold potential of this structure more than 8 kilometers east of MacCormack. This work will improve drill target definition on both the gold and base metal mineralization.

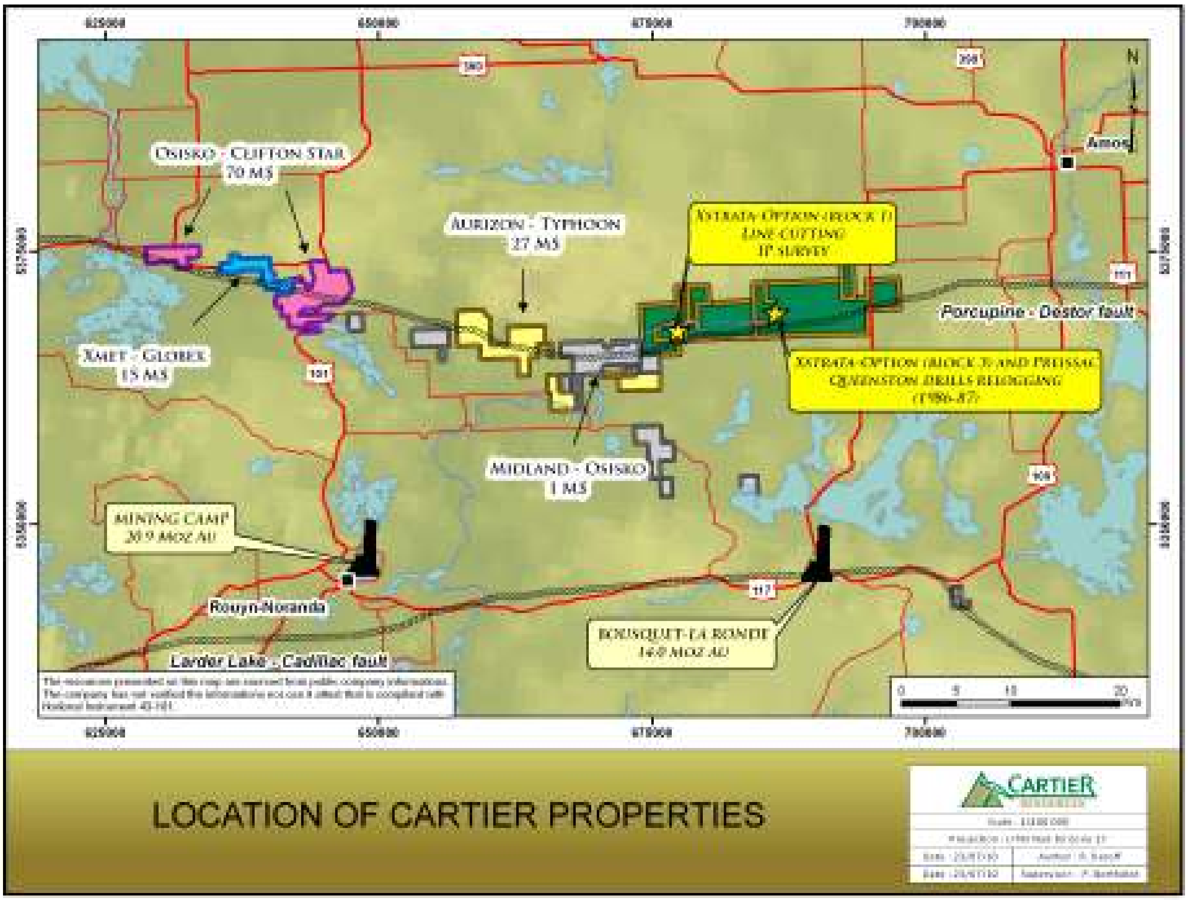

Figure 1

Dollier Property

During the second quarter, Cartier carried out field work and granted line cutting and a IP survey to cover the gold-bearing zone on the Dollier property. The line cutting and the IP survey were delayed by a ban on working in forested areas due to an increased risk of wildfire.

The trenched area from last fall was mapped and sampled, and prospecting work has already confirmed that the gold zone extends over 300 meters along strike on either side of the trenched area. A geophysical (Beep Mat) survey was completed.

The Company will use this work to locate the best areas along the geophysical anomalies for trenching and drilling. Trenching has begun in the month of August. Cartier is studying the option of exploring the property with a partner to share the exploration costs.

Diego Property

A compilation and interpretation of previous work on the Diego property was completed this past quarter, as was the first field work.

Drill logs were coded and integrated into a digital database, allowing Cartier to compute and study the distribution of gold grades over the property and to generate drill sections with the objective of improving the geological interpretation of the area.

Ten days of prospecting and sampling work were performed in June. Access to the property was facilitated by a network of new logging roads that run through the entire property. The felsic intrusive hosting the gold mineralization was observed over several hundred meters. The mineralization and alteration observed in the intrusion are similar to those seen mainly in gold deposits of the Abitibi.

Channel sampling was carried out in order to quantify the gold content of the deformed intrusive rock in an area with little previous prospecting work. The results are pending.

Rivière Doré Property

Compilation and interpretation work for the Rivière Doré property suggest that the region has the potential for a mineralization similar to that of the Voisey's Bay deposit, the Sudbury mining camp, and the Noront discovery in the James Bay region. The size of the intrusive system suggests that significant mineralization could be present in this area.

The contract for a helicopter-borne magnetic and electromagnetic geophysical survey has been awarded and it will cover the entire property for a total of 3,800 survey kilometers on lines spaced 200 meters apart. The results of the geophysical survey will be used to locate the best zones for mineralization that will be sampled through prospecting or trenching. The sampling phase has began in August.

Cadillac Extension Property

The acquisition of the Langlade Cu-Zn-Ag-Au deposit increases the value of this property. Cartier enlarged the Cadillac Extension property by 83 cells to the east, and staked the Cu-Au Bongard showing which lies along the Langlade extension. Along with the addition of these claims, the Cadillac Extension and DeCorta properties were merged to form a single property called Cadillac Extension, which now comprise a group of 304 cells totalling 17,430 hectares.

Channel sampling was performed on Cominco's Langlade trenching and on one of its extensions. In all, 130 samples were collected for the purposes of characterizing and locating gold and silver-bearing zones associated with this mineralization.

Gold anomalies grading up to 13.60 g/t Au in till suggest the presence of high-grade gold mineralization.

Press releases

The following six press releases were issued during the second quarter of 2010:

- Cartier acquires major land holding along extension of prolific Larder-Lake Cadillac Fault;
- Cartier Resources Inc. announces a $745,000 financing;
- Cartier Resources Inc. announces closing of a $745,000 financing;
- Cartier Resources Inc. announces Annual General Meeting ("AGM") election results;
- Cartier Resources Inc. announces the conclusion of agreements with several institutional funds for a total of $580,000 financing; and
- Cartier Resources Inc. announces closing of a $580,000 financing.

	Balance sheet June 30, 2010 $	Balance sheet December 31, 2009 $
Cash and cash equivalents	1,463,306	1,484,131
Exploration funds	314,761	194,426
Property, plant and equipment	28,475	34,966
Mining properties	1,359,021	1,370,789
Deferred exploration costs	4,122,006	3,425,785
Total assets	7,630,584	6,869,757
Current liabilities	157,496	234,881
Future income taxes	1,033,908	678,968
Shareholders' equity	6,439,180	5,955,908

RESULTS OF OPERATIONS

For the three-month and six-month periods ended June 30, 2010, the net loss amounted to $274,454 and $474,532 (or $0.01 and $0.02 per share) compared to a net loss of $127,261 and $258,028 (or $0.01 and $0.01 per share) as of June 30, 2009.

Interest income stood at $836 and $3,685 for the three-month and six-month periods ended June 30, 2010 compared to $4,133 and $11,143 for the three-month and six-month periods ended June 30, 2009. Administrative expenses amounted to $198,613 and $401,499 for the same periods ended June 30, 2010 compared to $189,577 and $327,354 for those in 2009. The increase in administrative expenses for the three-month and six-month periods ended June 30, 2010 than those for the same periods in 2009 is explained by an increase of stock-based compensation by $17,965 and $29,182 respectively.

The main items which constituted the administrative expenses for the three-month and six-month periods ended June 30, 2010 are as follows: salaries which amounted to $58,765 and $109,433, consultant-related fees for an amount of $25,500 and $48,844, stock-bases compensation for $23,509 and $39,512, professional fees for $30,977 and $32,232, business development of $20,067 and $65,183, advertising for $6,361 and $43,992 and shareholder information expenses for $11,046 and $23,610. For the three-month and six-month periods ended June 30, 2009, the administrative expenses mainly consisted of salaries which amounted to $54,135 and $95,662, consultant-related fees for an amount of $23,375 and $40,595, professional fees for $27,200 and $31,466, business development of $18,486 and $34,764 advertising for $6,885 and $20,234 and shareholder information expenses for $24,028 and $35,287.

BALANCE SHEETS

Current Assets

As at June 30, 2010, the Company's cash and cash equivalents amounted to $1,463,306, compared to $1,484,131 as at December 31, 2009. As at June 30, 2010, the cash reserved for exploration which consisted exclusively of cash, stood at $314,761 compared to $194,426 as at December 31, 2009. The working capital was $1,963,586 at the six-month period ended June 30, 2010 compared to $1,803,336 as at December 31, 2009. 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 $28,475 as at June 30, 2010 compared to $34,966 as at December 31, 2009, and consisted of leasehold improvements, furniture and equipment.

Mining Properties

As at June 30, 2010, the Company's mining properties amounted to $1,359,021 compared to $1,370,789 as at December 31, 2009. During the three-month and six-month periods ended June 30, 2010, the Company acquired for $4,524 and $48,806 mining properties.

Deferred Exploration Costs

As at June 30, 2010, deferred exploration costs amounted to $4,122,006 and the distribution was mainly of $1,682,477 on the MacCormack property, $427,266 on the Newconex West property, $406,525 on the Preissac property, $308,570 on the Rambull property, $261,901 on Dollier property, $254,393 on Xstrata-Option property and $253,516 on the Rivière Doré property. During the six-month period ended June 30, 2010, the exploration costs were $869,197 compared to $525,797 incurred during the six-month period of 2009. During the six-month period ended June 30, 2010, most of the exploration costs consisted of drilling for $328,958, geology for $212,670, geophysics for $160,688 and stock-based compensation for employees and consultants for $53,911. During the six-month period ended June 30, 2009, the exploration costs mainly consisted of geology for $203,076, drilling for $177,865, office expenses for $38,212 and geochemistry for $20,357.

Liabilities

As at June 30, 2010, current liabilities amounted to $157,496 compared to $234,881 as at December 31, 2009.

Future income tax liabilities amounted to $1,033,908 as at June 30, 2010 compared to $678,968 as at December 31, 2009. This increase is explained by the renouncement of tax deductions in accordance with a flow-through public offering of $1,000,080 completed on June 26, 2009. The Company has waived, in 2010, the related tax deductions in the amount of $356,752.

Shareholders' Equity

As at June 30, 2010, the shareholders' equity was $6,439,180 compared to $5,955,908 as at December 31, 2009. This variation comes mainly from the two financings completed in May and June of 2010 for a total of $1,325,010 less the net operating losses which amounted to $474,532. Share issue expenses totalling $138,876 have reduced the capital stock.

On May 19, 2010, the Company completed a public offering of $745,000.05 by way of a short-form offering document. The offering consisted of the issuance of 1,250,000 flow-through shares at a price of $0.44 per flow-through share for an amount of $550,000 and 557,143 units at a price of $0.35 per unit for an amount of $195,000.05. Each unit is comprised of one common share and one common share purchase warrant, each warrant entitling the holder to subscribe for one common share at a price of $0.45 for a period of two years following the closing date. The Company paid the agent a fee equal to 8.5% of the gross proceeds from the sale of flow-through shares and units sold pursuant to the offering. In addition the agent received non transferable compensation options entitling it to subscribe for such number of common shares of the Company equal to 5% of the total number of shares sold pursuant the offering, exercisable in whole or in part at a price of $0.35 per common share for a period of 12 months from closing. The financing is presented net of the value of the related warrants and the agent compensation options which was established at $67,136 and $21,195 respectively. Share issue expenses totalling $109,736 have reduced the capital stock.

On June 15, 2010, the Company completed a private placement of $580,010 before share issue expenses. The Company issued 1,657,170 units. Each unit consists of one common share at a price of $0.35 per share and one share purchase warrant with each warrant entitling the holder to subscribe to one common share at a price of $0.45 for a period of two years following the date of closing. The financing is presented net of the value of the related warrants which was established at $206,649. Share issue expenses totalling $29,140 have reduced the capital stock.

CASH FLOWS

Cash flows used in operating activities amounted to $202,569 and $332,852 respectively for the three and six-month period ended June 30, 2010 compared to $547,760 and $431,107 for the same periods of 2009. The cash flows resulted mainly from the net operating losses for the same periods, which amounted to $277,454 and $474,532 respectively and the stock-based compensation of $23,509 and $39,512 for the three-month and six-month periods ended June 30, 2010 compared to $5,544 and $10,330 for the same period in 2009.

Cash flows from financing activities for the three-month and six-month periods ended June 30, 2010 amounted to $1,186,134 and resulted from the two financings completed in May and June of 2010.

The cash used in investing activities for the three-month and six-month periods ended June 30, 2010 consisted mainly of deferred exploration costs of $190,886 and $741,826 compared to $264,519 and $451,443 for the same period of 2009 and the variation of cash reserved for exploration for $314,761 and $120,335 for three-month and six-month periods ended June 30, 2010 compared to $741,567 and $504,092 for the same period of 2009.

LIQUIDITY AND FINANCING SOURCES

The Company is an exploration company. Its ability to continue as a going concern depends on obtaining additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

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 to support its current activities, the Company has to maintain its exposure within the financial community to realize new financings.

As at June 30, 2010, the Company's cash and cash equivalents amounted to $1,463,306 compared to $1,484,131 as at December 31, 2009.

Cash reserved for exploration amounted to $314,761 as at June 30, 2010 and the cash reserved for exploration was exclusively constituted of cash. Cash reserved for exploration amounted to $194,426 as at December 31, 2009.

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 which the Company is exposed to are listed in the last annual report and remain unchanged.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2010, the Company had not concluded any off-balance sheet arrangements.

CAPITAL STRUCTURE ON AUGUST 23, 2010:

Common shares outstanding	29,090,496
Warrants (weighted average exercise price of $0.37)	6,025,405
Agent compensation options (weighted average exercise price of $0.31)	478,677
Stock options (weighted average exercise price of $0.41)	2,460,000
Total fully diluted	38,054,578

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited interim financial statements of the Company have been prepared in accordance with Canadian GAAP and contain the financial position, results of operations and cash flows of the Company. The same accounting policies used in the last annual report have been applied in the unaudited interim financial statements. The unaudited interim financial statements do not include all the information and notes required according to the GAAP for the annual financial statements that the Company presented in its annual report for the year ended December 31, 2009. As a result, these unaudited interim financial statements should be read in conjunction with the audited financial statements of the Company in the annual report for the year ended December 31, 2009.

Use of estimates

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

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

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

IMPACT OF NEW ACCOUNTING STANDARDS NOT YET ADOPTED

INTERNATIONAL FINANCIAL REPORTING STANDARDS («IFRS»)

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

The IFRS conversion is a major initiative for the Company and all the necessary resources are being allocated to ensure the project's smooth transition.

TEAM:

The Company convergence team is composed of the Chief Financial Officer (the"CFO"), who is a Chartered Accountant (CA), and the accountant, who is a Certified General Accountant (CGA). The president and the audit committee are informed of the progress along the way.

TRAINING:

The CFO participated in various training session given by the specialized firms and also by National Accounting Firm.

The objectives were:

- See the impact of IFRS including IFRS 1 and an overview of impacts on mining industry;
- Specific subject such as fixed assets, business combinations, financial instruments and provision and contingent liabilities;
- More specific to mining industry such as a complete set of financials statements and compared Canadian GAAP to IFRS with the explanation of differences; and
- Analyse the impact on each of the account of the financial statements of a specific company.

The president of the audit committee has also attended training sessions given by two national accounting firms.

In addition the member of the audit committee received periodically by email update information regarding IFRS.

As IFRS is expected to change prior to 2011, any changes impacting the Company will have to be monitored.

ACCOUNTING POLICIES IMPACTED:

The detailed analysis of the accounting policies impacted by the IFRS convergence will be completed throughout 2010. Overall, a lot of effort will be put in the financial statements presentation as IFRS requires more disclosure.

Set out below are the main areas where changes in accounting policies are expected to have a significant impact on the Company's financial statements. The list below should not be regarded as a complete list of changes that will result from transition to the IFRS. It is intended to highlight areas that the Company believes to be the most significant; however, analysis of changes is still in process and the selection of accounting policies where choices are available under IFRS has not been completed. We note that the regulatory bodies that promulgate the Canadian GAAP and the IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's financial statements in future years. The standards listed below are those existing based on current Canadian GAAP and IFRS. At this stage, the Company is not able to reliably quantify the expected impacts of these differences on its financial statements. They are as follows:

First time adoption (IFRS 1)
IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:
• Optional exemptions from specific aspects of certain IFRS standards in the preparation of the Company's opening balance sheet; and
• Mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

Impairment of assets (IAS 36)
IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss).

IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.

Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit.

Share-based payments (IFRS 2)
Per IFRS, the forfeiture rate, with respect to share options, needs to be estimated by the Company at the grant date instead of recognizing the entire compensation expense and only record actual forfeitures as they occur.

For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ.

Mineral property interests, exploration and evaluation costs (IFRS 6)
Under IFRS, the Company would be required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicates that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment.

Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

Property, plant and equipment (IAS 16, IFRIC 1)
Under IFRS, the Company can elect to measure fixed assets using either the cost model or the revaluation model. Canadian GAAP only accepts the cost model. The Company will not select the revaluation model due to the difficulty and effort needed to determine the fair value.

Under IFRS, each part of a fixed asset with a cost that is significant in relation to the total cost of the asset shall be depreciated separately. In Canadian GAAP, the same requirement exists but when practical, and consequently rarely implemented. The IFRS may result in additional details needed to maintain the fixed assets sub-ledger. Under IFRS, the residual value and the useful life of an asset shall be reviewed at least at each year end. The Canadian GAAP was requesting the same review but only on a regular basis.

INFORMATION SYSTEMS:

The accounting processes of the Company are simple since it is still at the exploration stage and no major challenges are expect at this point to operate the accounting system under the IFRS. Nevertheless, some excel spreadsheets will probably have to be adapted to support the change made in accounting policies.

The Company has yet to establish if historical data will have to be regenerated to comply with some of the choices to be made under IFRS 1.

INTERNAL CONTROLS:

Management is responsible for ensuring that processes are in place to provide it with sufficient knowledge to support its certification of the financial statements and MD&A, more specifically assessing that the SEDAR filings are presenting fairly the results of the Company. Management will make sure that once the convergence process is completed, it can still certify its fillings.

IMPACT ON THE BUSINESS:

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. The Company has no foreign currency transactions, no hedging activities, no debt and no capital obligations.

IFRS ADOPTION PLAN:

IFRS CONVERGENCE

The Company is using a four step action plan to convert to IFRS:

STEP 1: DIAGNOSTIC

The initial diagnostic stage has been completed in 2009 with a preliminary gap analysis of the accounting and business processes.

STEP 2: DESIGN AND PLANNING

STEP 2.1: ACCOUNTING POLICIES

First time adoption (IFRS 1)
The Company believes that the choices available under IFRS 1 will allow the opening balance as of January 1, 2010 to remain similar to the closing balance of December 31, 2009. The Company expects that key IFRS 1 exemption decisions will be approved by Management during the third quarter of 2010.

Impairment of assets (IAS 36)
The Company believes that the changes of this policy will have no impact on the financial statements on the changeover date. Nevertheless, in the subsequent years, this policy could generate more impairment than Canadian GAAP would since it uses a one-step test.

Share-based payments (IFRS 2)
The Company believes that the changes of this policy will have a very limited impact on the Financial Statements of the Company. In addition, in future years, the stock-based compensation for grants with vesting period will be front loaded instead of being linear.

Mineral property interests, exploration and evaluation costs (IFRS 6)
The Company believes that the changes of this policy will have no impact on the Financial Statements on the changeover date and in subsequent years.

Property, plant and equipment (IAS 16, IFRIC 1)
The Company believes that the changes of this policy will have no impact on the Financial Statements on the changeover date.

STEP 2.2: FINANCIAL STATEMENTS PREPARATION

During the fourth quarter of 2010, we will prepare the financial statement model and we will identify the IFRS convergence adjustments.

STEP 2.3: TRAINING AND COMMUNICATION

During the year 2010, the Company will evaluate if there is a need for additional training to the employees to assist in the transition to IFRS.

STEP 2.4: IT SYSTEMS

Since the Company will do, in 2010, the financial statements under Canadian GAAP, the Company is currently establishing the processes to generate in parallel the accounting under IFRS so that in 2011 it has the comparative information available.

STEP 2.5: INTERNAL CONTROLS

During the fourth quarter 2010, Management will review existing internal control process and procedures to address significant changes to existing accounting policies and practices.

STEP 2.6: IMPACT ON THE BUSINESS

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. The Company has no compensation plan which will be affected by IFRS.

STEP 3: IMPLEMENTATION

In this stage the Company will implement the changes that have been developed including changes to the accounting processes and policies. The Company will also quantify the IFRS impacts.

Management will prepare the structure of the first financial statements as of March 31, 2011 with the opening balance as of January 1st, 2010, the comparables as of March 31, 2010 and the disclosure notes. Management plans to start this step in the third quarter of 2010 and finalize it in the forth quarter of 2010.

STEP 4: POST IMPLEMENTATION

Management will prepare the interim annual financial statements in compliance with IFRS for the year ending December 31, 2011.

COMMITMENTS

The Company has commitments pursuant to various operating leases and equipment rental contracts. The Company has the obligation to pay a total amount of $85,600 during the next three years. Minimum payments are as follows:

	$
2010	22,607
2011	45,214
2012	17,779
	85,600

SUBSEQUENT EVENT

On July 1, 2010, the Company announce the engagement of Linx Inc. (Linx) to perform corporate advisory and investor relations services for the Company for a period of twelve months. As compensation for its services, Linx will receive a fee of $5,000 per month. Additionally, the Company has granted 120,000 stock options to Linx at an exercise price of $0.38 for a period of five years.

OUTLOOK

During the next quarters of 2010, Cartier will pursue its development strategy by focusing on the controlled and dynamic exploration of its projects, searching for new partners and generating new projects.

Most of the exploration field work in the summer of 2010 will be carried out on the Dollier, Diego, Xstrata-Option, Rivière Doré and Cadillac Extension projects. The goal of this work is to discover new mineralized zones and generate new drill targets.

Several properties deserve particular attention:

- Dollier with its gold zone extensions;
- Rivière Doré with its 3,800 kilometers helicopter-borne Mag-EM survey;
- Cadillac Extension with the potential of its sulphide zones and the re-evaluation of the Langlade deposit;
- Xstrata-Option with its ground geophysics survey; and
- Diego with the sampling of the unprospected part of its gold-bearing intrusion.

Cartier is assessing its options to fund the exploration on its properties.

Negotiations are underway with potential partners for certain of our main projects.

MANAGEMENT'S RESPONSABILITY FOR FINANCIAL INFORMATION

The 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.

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