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 June 30, 2011 compared to the three-month period ended June 30, 2010. This report, dated August 16, 2011, should be read in conjunction with the unaudited interim condensed financial statements for the period ended June 30, 2011 and with the audited financial statements for the year ended December 31, 2010, as well as with the accompanying notes. The June 30, 2011 interim condensed financial statements are the Company's second financial statements prepared under IFRS. Consequently, the comparative figures for 2010 have been restated from Canadian GAAP, to comply with IFRS. The reconciliations from the previously published Canadian GAAP financial statements are summarized in note 13 to the interim condensed financial statements. In addition, IFRS 1 on first adoption allows certain exemptions from retrospective application of IFRS in the opening statement of financial position. Where these exemptions have been used they have also been explained in note 13 to the interim condensed financial statements. 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, is now governed by the Business Corporations Act (Quebec) since February 14, 2011. The Company's head office is located at 1740, chemin Sullivan, Suite 1000, Val-d'Or, Québec. Its activities include mainly the acquisition and exploration of mining properties. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

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.

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 2.17.

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

HIGHLIGHTS OF THE PERIOD

1. Exploration Work

The main components of the Company's exploration work during the second quarter was field work on the Cadillac Extension property and continued drilling on the Xstrata-Option property.

Highlights from the second quarter are as follows:

Dollier Property

- A gold-enriched zone was located at depth in the western part of the drilled area and high gold grades were confirmed with 11.92 g/t over 1.0 m at the end of hole DO-11-03.

Xstrata-Option Property

- A total of 2,158 metres were drilled on the Xstrata-Option property, leading to the discovery of a new zone of dykes more than 2 kilometres west of the known zones on the McCormack property.
- Two potential geophysical targets were located along the favourable contact for massive sulphides.

Cadillac-Extension Property

- Systematic channelling was performed at 10-metre intervals on the Langlade deposit, for a total of 590 samples.

Rivière Doré Property

- Work was suspended on the Rivière Doré project and the expiry dates for the claims extended (press release of July 8).

2. 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, 2011, the Company recorded a loss of $315,308 and $466,669 compared to $288,921 and $556,081 for the same period ended June 30, 2010.

EXPLORATION ACTIVITIES
Deferred Exploration Costs

	Three-month period ended June 30, 2011 $	Three-month period ended June 30, 2010 (a) $	Six-month period ended June 30, 2011 $	Six-month period ended June 30, 2010 (a) $
Balance – Beginning of period	**5,155,330**	**3,827,682**	**4,699,484**	3 425 785
Expenses incurred				
Drilling	405,122	53,261	665,540	328 958
Geophysics	46,517	106,929	111,079	160 688
Stripping	101,496	17,917	102,767	23 697
Geology	167,679	126,821	244,169	212 670
Geochemistry	37,015	642	37,015	642
Geotechnics	40,382	6,839	57,236	9 664
Core shack rental and maintenance	12,333	6,600	18,668	18 628
Office expenses	21,758	15,357	30,065	29 219
Duties, taxes and permits	10,573	15,827	13,281	24 924
Depreciation of exploration equipment	1,708	3,098	4,806	6 196
Loss on write-off of leasehold improvements	-	-	14,583	-
Share-based payments employees	222	16,734	1,442	46 017
Share-based payments consultants	-	2,691	-	2 691
	844,805	**327,716**	**1,300,651**	863 994
Tax credits	**(2,289)**	**(36,320)**	**(2,289)**	(125 701)
	842,516	**336,396**	**1,298,362**	738 293
Write-off of deferred exploration costs (net)	**-**	**(47,275)**	**-**	(47 275)
Balance – End of period	**842,516**	**289,121**	**1,298,362**	691 018
Balance – End of period	**5,997,846**	**4,116,803**	**5,997,846**	4 116 803

(a) Restated IFRS

Deferred exploration costs by property for the six-month period ended June 30, 2011:

	December 31, 2010 Restated IFRS	Addition	Reclassi-fication	Write-off	Tax credits	June 30, 2011
	$	$		$	$	$
MacCormack	1,693,644	15,937	-	-	(17)	1,709,564
Rivière Doré	497,054	-	-	-	-	497,054
Preissac	408,024	4,348	-	-	(9)	412,363
Rambull	403,254	598	-	-	-	403,852
Dollier	376,470	412,557	-	-	(255)	788,772
Xstrata-Option	354,821	431,491	-	-	(895)	785,417
Newconex Ouest	333,492	551	-	-	-	334,043
Cadillac Extension	258,667	343,813	-	-	(1,067)	601,413
Dieppe-Collet	146,135	198	-	-	-	146,333
La Pause	122,980	513	-	-	-	123,493
Diego	104,943	83,322	-	-	(46)	188,219
Other	-	7,323	-	-	-	7,323
TOTAL	4,699,484	1,300,651	-	-	(2,289)	5,997,846

Exploration Activities

Xstrata-Option Property

Work performed:

Two drill holes were completed on the geophysical (InfiniTEM) anomaly in the southern rhyolite. A geophysical (Pulse-EM) survey was also completed down both holes. The drill rig was then moved to the gold targets and the silver showing near hole XTA-11-06. In all, 2,158 metres were drilled on this property during the quarter.

Results:

On the base metal (copper-zinc) target, the favourable contact was intersected by two holes drilled on the geophysical anomaly, one of which passed through a small massive sulphide zone. Downhole geophysics indicate conductive bodies at depth and proximal to the holes. The geophysical anomalies represent new potential drill targets.

A new zone of dykes was discovered north of the river. It is similar to the North and South gold-bearing dyke zones on the MacCormack property, more than 2 kilometres to the west.

Dollier Property

Work performed:
An interpretation of the initial drill results yielded a longitudinal section showing a zone of enrichment to the west and at depth. Drilling will test this zone during the third quarter.

Results:
New results outside the mineralized zones demonstrated that gold enrichment extends beyond the main shear zone. A grade of 11.92 g/t over 1.0 m was obtained at the end of hole DO-11-03.

Diego Property

Work performed:
The planning of the drill program was two-fold, consisting of an interpretation of structural lineaments using recent data from an airborne survey completed by Cartier and the identification of drill targets. The goal was to identify the most favourable areas for gold enrichment along a gold-bearing structure that has been traced for more than 20 kilometres.

Results:
Twenty-one drill targets were identified on the property. Eight of these will be tested by the first drill program (approximately 1,600 metres), scheduled to begin in the third quarter.

Rivière Doré Property

Following discussions with the *Ministère de Ressources naturelles et de la Faune*, the *Secrétariat aux affaires autochtones* and the Algonquin Community of Rapid Lake, Cartier suspended its work on the Rivière Doré project. The MRNF granted Cartier an extension of the expiry dates for the 1,052 claims comprising the property. This extension is valid for a period of two years (press release of July 8).

Cadillac Extension Property

Work performed:
Field work was completed on the property. The program included a till and humus geochemistry survey, prospecting with sampling by blasting conductors in the northeast half of the property, the expansion of stripped areas on both the Langlade deposit and a mineralized horizon along the extension of the Bongard showing, and detailed mapping and the completion of systematic channelling at 10-metre intervals on the mineralized zone of the Langlade deposit (590 samples).

The program yielded 108 till samples and 339 humus samples. Twenty-two conductors were sampled by prospecting.

The channel sampling work will provide a means for assessing the average Cu, Ag, Zn and Au grade of the entire mineralized zone at the Langlade deposit, and for defining the controls on mineralization in order to optimize follow-up drilling work.

Results:
Results of the sampling programs are pending.

PRESS RELEASES

The following four press releases were issued during the second quarter of 2011 :

- May 5, 2011 : Cartier Confirms Continuity of Gold Zones on Dollier;
- May 5, 2011 : Cartier cuts 618.5 g/t (18,0 oz/t) Silver in drilling;
- May 24, 2011 : Cartier Resources Inc. Annonces the results of the Annual General Meeting;
- May 26, 2011 : Cartier Selects 35 Priority Targets for First Drill Program on its Copper-Nickel Rivière Doré Project;

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
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	39,597,837
10-12-31 (a)	8,765	(258,351)	(0.01)	114,388	28,167,304
10-09-30 (a)	755	(164,916)	(0.01)	468,293	29,094,844
10-06-30 (a)	836	(288,921)	(0.01)	289,121	26,733,409
10-03-31 (a)	2,849	(267,160)	(0.01)	401,897	25,559,516
09-12-31	1,806	(407,614)	(0.02)	352 867	22,521,641
09-09-30	2,251	(130,312)	(0.01)	530 391	25,403,900

(a)Restated IFRS

SELECTED ANNUAL FINANCIAL INFORMATION

	Three-month period ended June 30, 2011 $	Three-month period ended June 30, 2010 (a) $	Six-month period ended June 30, 2011 $	Six-month period ended June 30, 2010 (a) $
Interest income	11,828	836	30,728	3,685
Net loss and comprehensive loss	(315,308)	(288,921)	(466,669)	(556,081)
Basic and diluted net loss per share	(0.01)	(0.01)	(0.01)	(0.02)
Basic and diluted weighted average number of shares outstanding	40,573,544	26,733,409	39,597,837	26,149,706

(a)Restated IFRS

	Balance sheet June 30, 2011 $	Balance sheet December 31, 2010 Restated IFRS $
Cash and cash equivalents	3,884,227	3,432,175
Cash reserved for exploration	-	1,260,000
Property, plant and equipment	71,742	21,984
Mining properties	1,372,593	1,372,489
Deferred exploration costs	5,997,846	4,699,484
Total assets	11,764,556	11,228,902
Current liabilities	418,720	540,813
Deferred income and mining taxes	1,347,295	1,061,832
Equity	9,998,541	9,626,257

RESULTS OF OPERATIONS

For the three-month and six-month periods ended June 30, 2011, the net loss amounted to $315,308 and $466,669 (or $0.01 and $0.01 per share) compared to a net loss of $288,921 and $556,081 (or $0.01 and $0.02 per share) as of June 30, 2010.

Interest and management income stood at $11,828 and $30,728 for the three-month and six-month periods ended June 30, 2011 compared to $836 and $3,685 for the three-month and six-month periods ended June 30, 2010. Administrative expenses amounted to $290,435 and $516,703 for the same periods ended June 30, 2011 compared to

$210,080 and $407,401 for those in 2010. The increase in administrative expenses for the three-month and six-month periods ended June 30, 2011 than those for the same periods in 2010 is explained by an increase of salaries by $9,260 and $8,861, an increase of consultants by $17,661 and $25,003 and an increase of share-based compensation-employees by $7,669 and $17,447 respectively.

The main items which constituted the administrative expenses for the three-month and six-month periods ended June 30, 2011 are as follows: salaries which amounted to $68,025 and $118,294, consultant-related fees for an amount of $43,161 and $73,847, share-based compensation-employees for $42,645 and $62,861, professional fees for $24,770 and $29,865, business development of $35,558 and $109,120, advertising for $11,668 and $13,868 and shareholder's information expenses for $17,388 and $31,596. For the three-month and six-month periods ended June 30, 2010, the administrative expenses mainly consisted of salaries which amounted to $58,765 and $109,433, consultant-related fees for an amount of $25,500 and $48,844, share-based compensation-employees for $34,976 and $45,414, 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's information expenses for $11,046 and $23,610

BALANCE SHEETS

Current Assets

As at June 30, 2011 and December 31, 2010, the cash and cash equivalents and the cash reserved for exploration are detailed below:

	$	Interest rate	Expiring date	$	Interest rate	Expiring date
	June 30, 2011			December 31, 2010		
1) Banker's acceptance	303,138	0.917%	11-07-08	200,314	0.956%	11-01-05
2) Banker's acceptance	349,310	1.030%	11-09-08	701,231	1.096%	11-03-14
3) Banker's acceptance	203,975	1.040%	11-07-05	-	-	-
4) Banker's acceptance	352,888	1.150%	11-07-18	-	-	-
5) Banker's acceptance	349,427	1.019%	11-08-19	-	-	-
6) Account bearing a high interest	1,841,922	1.200%	-	867,800	1.200%	-
7) Account wihout interest	483,567	-	-	2,409,816	-	-
8) Bond	-	-	-	308,946	1.497%	11-02-16
9) Bond	-	-	-	204,068	1.250%	11-02-28
Total	3,884,227	-	-	4,692,175	-	-

Working capital was $3,903,655 compared to $4,594,132 at the same date. The exploration costs incurred during the period explain the reduction.

Property, Plant and Equipment

Property, plant and equipment stood at $71,742 as at June 30, 2011 compared to $21,984 as at December 31, 2010. During the three-month period ended June 30, 2011, the Company moved into new premise and invested an amount of $70,289 in leasehold improvements and furniture and equipment.

Mining Properties

As at June 30, 2011, the Company's mining properties amounted to $1,372,593 compared to $1,372,489 as at December 31, 2010.

Deferred Exploration Costs

As at June 30, 2011, deferred exploration costs amounted to $5,997,846 compared to $4,699,484 as at December 31, 2010. The distribution was mainly of $1,709,564 on the MacCormack property, $334,043 on the Newconex West property, $412,363 on the Preissac property, $403,852 on the Rambull property, $788,772 on Dollier property, $785,417 on Xstrata-Option property and $497,054 on the Rivière Doré property. During the six-month period ended June 30, 2011, the exploration costs were $1,298,362 compared to $691,018 incurred during the six-month period of 2010. During the six-month period ended June 30, 2011, most of the exploration costs consisted of drilling for $405,122, geology for $167,679, geophysics for $46,517 and share-based compensation-employees for $222. During the six-month period ended June 30, 2010, the exploration costs mainly consisted of geology for $126,821, geophysics for $106,929, drilling for $53,261, office expenses for $15,357 and stripping for $17,917.

Liabilities

As at June 30, 2011, current liabilities amounted to $418,720 compared to $540,813 as at December 31, 2010. The reduction is mainly the renouncement of the tax deduction related to the flow-through financing shares' tax benefits. When exploration costs related to flow-through shares are engaged, the liabilities related to flow-through shares are transferred to deferred income and mining taxes.

Future income tax liabilities amounted to $1,347,295 as at June 30, 2011 compared to $1,061,832 as at December 31, 2010. This increase is explained by the renouncement of tax deductions in accordance with flow-through public offerings of $1,810,000 completed in June and December, 2010. The Company has waived, in 2011, the related tax deductions for a total of $460,555 and this amount is reduced by the tax benefit of $175,092 resulting of the net loss of the period.

Shareholders' Equity

As at June 30, 2011, the shareholders' equity was $9,998,541 compared to $9,626,257 as at December 31, 2010. This variation comes mainly from the net operating losses which amounted to $466,669 and the exercise of warrants amounted to $735,848.

CASH FLOWS

Cash flows used in operating activities amounted to $234,966 and $421,971 respectively for the three and six-month periods ended June 30, 2011 compared to $174,121 and $358,008 for the same periods of 2010. The cash flows resulted mainly from the net operating losses for the same periods, which amounted to $278,607 and $485,975 respectively and the share-based compensation-employees of $42,645 and $62,861 for the three-month and six-month periods ended June 30, 2011 compared to $23,509 and $45,414 for the same periods in 2010.

Cash flows from financing activities for the three-month and six-month periods ended June 30, 2011 amounted to $684,330 and $774,648 respectively for the three and six-month periods ended June 30, 2011 compared to $1,186,134 for the same periods of 2010. The cash flows resulted mainly from shares issued following the exercise of warrants of $656,330 and $735,848 respectively for the three and six-month periods ended June 30, 2011 and the exercise of options for an amount of $28,000 and $38,800 compared to $1,186,134 and resulted from the two financing completed in May and June of 2010.

Cash flows used in investing activities amounted to $25,798 and $52,549 respectively for the three and six-month periods ended June 30, 2011. The cash used in investing activities for the three-month and six-month periods ended June 30, 2011 consisted mainly of deferred exploration costs of $759,872 and $1,242,156 compared to $190,886 and $741,826 for the same periods of 2010, the variation of cash reserved for exploration for $804,467 and $1,260,000 for three-month and six-month periods ended June 30, 2011 compared to $314,761 and $120,335 for the same periods of 2010 and an addition of $70,289 of leasehold improvements and furniture and equipment in 2011.
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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.

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, 2011, the Company had not concluded any off-balance sheet arrangements.

CAPITAL STRUCTURE ON AUGUST 16, 2011:

Common shares outstanding	42,067,047
Stock options (weighted average exercise price of $0.42)	2,685,000
Agent compensation options (weighted average exercise price of $0.38)	661,080
Warrants (weighted average exercise price of $0.49)	8,352,549
Total fully diluted	53,765,676

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation, adoption of IFRS and going concern

These interim condensed financial statements have been prepared by the Company's management in accordance with International Financial Reporting Standards ("IFRS"), and in accordance with IAS 34 "Interim Financial Reporting". They do not include all the information required in annual financial statements in accordance with IFRS. As these financial statements represent the Company's second quarter financial statements under IFRS, they have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards". These interim condensed financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its December 31, 2011 financial statements. Those accounting policies are based on the IFRS standards that the Company expects to be applicable at that time. The policies described in Note 2 were consistently applied to all the periods presented unless otherwise noted below.

The Company's financial statements were previously prepared in accordance with the Canadian generally accepted accounting principles ("Canadian GAAP"). The transition date from Canadian GAAP to IFRS is January 1, 2010. Canadian GAAP differs in some areas from IFRS. In preparing these interim condensed financial statements in accordance with IFRS, management has amended certain accounting and measurement methods previously applied in the Canadian GAAP financial statements to comply with IFRS. The comparative figures for 2010 were restated to reflect these adjustments. Disclosures, that are considered significant to the understanding of the Company's interim condensed financial statements and which are normally included in annual financial statements prepared in accordance with IFRS, are provided in note 13. This note also presents reconciliations and descriptions of the effect of the transition from

Canadian GAAP to IFRS on the equity, the net loss and the comprehensive loss. Moreover, in addition to the supplemental disclosures in note 13, other notes have been added for ease of understanding of the interim condensed financial statements.

These interim condensed financial statements were prepared on a going concern basis, using the historical cost, 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 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 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 2.17.

CHANGES TO ACCOUNTING POLICIES

Transitions to IFRS

The Company has adopted IFRS for its 2011 fiscal year as required by the Accounting Standards Board of the Canadian Institute of Chartered Accountants

Also, note 13 of our interim condensed financial statements for the three-month period ended June 30, 2011 contains a detailed description of our conversion to IFRS, including a line-by-line reconciliation of financial statements previously prepared under Canadian GAAP to those under IFRS.

A summary of the important elements regarding the transition are:

IFRS 1 "First-time adoption of IFRS is a financial reporting standard that provides the framework for the transition to IFRS. The general principle under IFRS 1 is retroactive application, such that the opening balance sheet for the comparative year financial statements is to be restated as though the Company had always applied IFRS, with the net impact shown as an adjustment to opening retained earnings. However, IFRS 1 contains certain mandatory exceptions and permits certain optional exemptions from full retroactive application. Furthermore, several important differences exist between the accounting methods previously applied under Canadian GAAP and the new accounting methods applied under IFRS. The following section provides a brief description of the prescribed exceptions, the used exemptions, as well as the differences between the accounting methods using Canadian GAAP and the new accounting methods using IFRS that have an impact for the Company.

Initial elections upon adoption:

Upon transition, IFRS 1 permits certain optional exemptions and dictates certain mandatory exceptions from full retrospective application. The Company applied mandatory exceptions and certain optional exemptions. The following exemptions and exceptions were adopted by the Company.

IFRS optional exemptions applied at the time of the transition

Share-based payments – IFRS 1 encourages, but does not require, the application of IFRS 2 "Shared-base Payment" to equity instruments that were granted on or before November 7, 2002. A first-time adopter is also encouraged, but not required, to apply IFRS 2 to equity instruments that were granted after November 7, 2002 and vested before the date of transition. The Company has elected to apply IFRS 2 only to equity instruments that were granted before the date of transition but that were not entirely vested at that time.

IFRS mandatory exception at the time of the transition

Estimates – Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have an impact on the total operating, financing or investing cash flows. The following presents the reconciliations from Canadian GAAP to IFRS for the respective periods noted for equity, the statement of net loss and comprehensive loss:

Reconciliation of Equity

For the periods ended:	December 31, 2010 $	June 30, 2010 $	January 1, 2010 $
Equity under Canadian GAAP	9,950,560	6,439,180	5,955,908
Impacts of the transition to IFRS:			
1. Share-based payments	(19,853)	(5,202)	-
2. Flow-through shares	(304,450)	(43,750)	(281,105)
Total Equity under IFRS	9,626,257	6,390,228	5,674,803

Reconciliation of the statement of net loss and comprehensive loss

For the periods ended:	December 31, 2010 $	June 30, 2010 $
The statement of net loss and comprehensive loss under Canadian GAAP	(897,863)	(474,532)
Impacts of the transition to IFRS:		
1. Share-based payments	(5,838)	(5,902)
2. Flow-through shares	(75,647)	(75,647)
The statement of net loss and comprehensive loss under IFRS	(979,348)	(556,081)

Notes relating to reconciliations

In addition to the optional exemptions and mandatory exceptions discussed above, the following narratives explain the significant differences between the previous Canadian GAAP accounting policies and the current IFRS accounting policies applied by the Company. Only those differences that impact the Company as of the transition date are described below. The following is not a complete summary of all of the differences between Canadian GAAP and IFRS. Relative to the impacts on the Company, the descriptive caption next to each numbered item below corresponds to the same numbered and descriptive caption in the tables above, which reflect the quantitative impacts from each change. Unless a quantitative impact was noted below, the impact from the change was not material for the Company.

Share-based payments – As stated in the section entitled “IFRS optional exemptions applied at the time of the transition”, the Company has elected to apply IFRS 2 only to equity instruments that were granted before the date of transition but that were not entirely vested at that time.

Recognition of expense
Canadian GAAP – For grants of share-based payments with graded vesting, the total fair value of the award is recognized on a straight-line basis over the employment period necessary to vest the award.

IFRS – Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. As a result, the Company adjusted its expense for share-based payments to reflect this difference in recognition.

Forfeitures
Canadian GAAP – Forfeitures of awards are recognized as they occur.

IFRS – An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate.

On the transition date, the Company has increased its deficit by $36,629 corresponding to the increase of the share-based payments expenses which were recorded before the transition date resulting in an increase of the contributed surplus by an equivalent amount. Thus, the effect on equity is nil.

Flow-through shares - The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The Company recognizes a deferred tax liability for flow-through-shares and a deferred tax expense, when the eligible expenditures are incurred. The difference between the quoted price of the common shares and the amount the investors pay for the shares (the "premium") is recognized as flow-through-shares liability which is reversed when eligible expenditures have been incurred. The Company decreased its share capital by $281,105 and increased its taxes related to flow-through shares by the same amount.

FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 9: "Financial Instruments" (effective from January 1 2013): The International Accounting Standards Board ("IASB") aims to replace IAS 39 "Financial Instruments: recognition and measurement" in its entirety. The replacement standard (IFRS 9) 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, 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Management has yet assessed the impact that this amendment is likely to have on the financial statements of the Company. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

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 $293,645 during the next five years. Minimum payments are as follows:

	$
2011	59,467
2012	71,053
2013	54,375
2014	54,375
2015	54,375
	293,645

RELATED PARTY TRANSACTIONS

	Three-month period ended		Six-month period ended	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
	$	$	**$**	$
Furniture and equipment	**2,000**	-	**2,000**	-

The Company acquired furniture and equipment from a director of the Company, Daniel Massé, for an amount of $2,000. This transaction occurred within the normal course of business and was measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. As at June 30, 2011, no amount was included in the accounts payable and accrued liabilities.

OUTLOOK

In the third quarter of 2011, Cartier will continue drilling the gold-enriched zones on the Dollier property and the best targets on the Diego property. The Company also expects to receive the analytical results for the systematic sampling of the Langlade deposit on the Cadillac Extension property.

Cartier is seeking a project with a contained mineral resource and the potential for a resource increase within a short timeframe. With this in mind, the Company will be evaluating several projects during the third quarter.

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
Philippe Cloutier
President and CEO

(s) Jean-Yves Laliberté
Jean-Yves Laliberté
Chief Financial Officer