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 year ended December 31, 2013 compared to the year ended December 31, 2012. This report, dated April 17, 2014, should be read in conjunction with the audited financial statements for the years ended December 31, 2013 and December 31, 2012, as well as with the accompanying notes. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Unless otherwise indicated, all amounts are expressed in Canadian dollars.

Percentage calculations are based on numbers in the financial statements and may not correspond to rounded figures presented in this MD&A.

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 or 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 price of gold, risks inherent to the mining industry, uncertainty regarding mineral resource estimations, and additional funding requirements or the Company's ability to obtain such funding.

NATURE OF ACTIVITIES AND CONTINUATION OF EXPLORATION ACTIVITIES

The Company, initially incorporated under Part 1A 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 primarily include the acquisition and exploration of mining properties. The Company has not yet determined whether its properties contain economically recoverable ore reserves. The recoverability of the amounts shown for mining properties is dependent upon the existence of economic ore reserves, the ability of the Company to obtain the 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 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

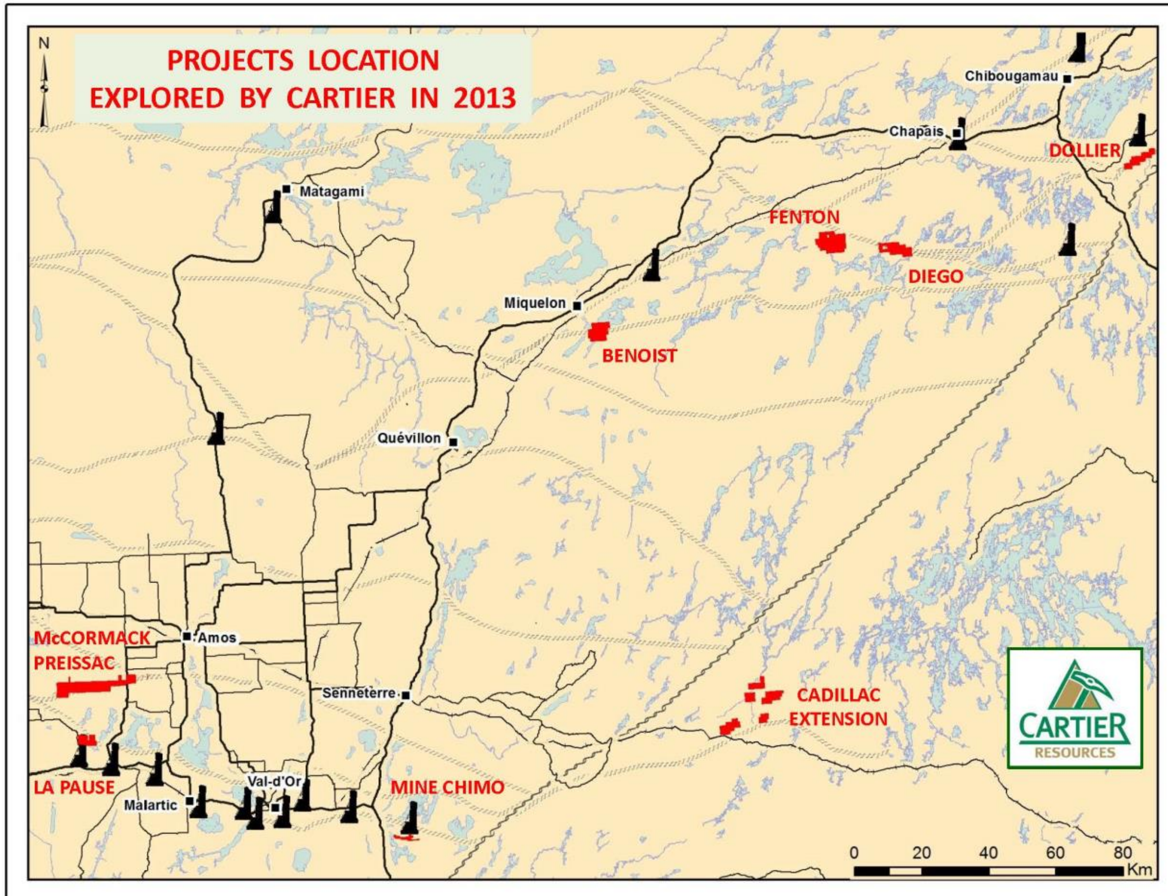
The Company's vision is to develop its current and future assets into mineral production with a schedule consistent with its human and financial resources while respecting sustainable development practices.

The strategy is to pursue a dynamic process that allows the Company to develop and maintain a balanced portfolio of mining projects progressing from the exploration stage to the resource definition, development and production stages.

HIGHLIGHTS OF 2013

1. Financing for an amount of $819,784 distributed as follows: $569,784 from the issuance of flow-through shares and $250,000 from the issuance of common shares and warrants.
2. Drilling of 4,155 metres on the Pusticamica gold deposit on the Benoist property.
3. Acquisition of a 100% interest in the Benoist property.
4. Acquisition of a 100% interest in the Chimo Mine property.
5. Write-off of expenses for 188 claims, of which 171 were abandoned.

EXPLORATION ACTIVITIES



Benoist Property

During the first quarter of 2013, a drilling program of five (5) holes totalling 4,155 m confirmed the continuity of gold mineralization between depths of 450 and 700 m below the Pusticamica deposit. The program yielded results such as 12.3 g/t Au over 1.0 m included in an interval of 27.0 m at 1.1 g/t Au, and 7.5 g/t Au over 1.0 m included in an interval of 10.0 m at 1.0 g/t Au. Six (6) drill intersections encountered over a distance of 225 m yielded grades of more than 4.6 g/t Au over 1.0 m, reaching up to 24.5 g/t Au over 3.0 m. This mineralization has been added to the large gold-bearing Pusticamica-type envelope associated with strong chlorite-rich alteration.

The data reveal an excellent potential for increasing the volume of mineralization in the Pusticamica gold deposit. For this reason, on July 29, the Company acquired from Murgor Resources Inc. a 100% interest in the Benoist property consisting of 98 claims. The sale was made in exchange for a cash payment of $250,000 and the issuance of 650,000 common shares of the Company. Murgor retains a 1% NSR royalty on all claims of the property. Sixteen (16) of

these claims are also subject to a 1.5% NSR royalty payable to the previous vendor, which can be bought back by the Company for $1,500,000. Finally, 42 claims, including the 16 mentioned above, are subject to an additional 1% NSR royalty in favour of another party.

Chimo Mine Property

The Chimo mine produced 379,000 ounces of gold between 1964 and 1997 (MRNF: DV 86-04 to DV 97-01). Unmined high-grade gold zones have been documented near the historical workings. It is important to note that the Chimo mine closed during a period of low gold prices. The Company believes that there is good potential for these reported gold zones to constitute additional resources that could be added to the known resource base left behind when the mine closed down.

On July 23, 2013, Cartier acquired a 100% interest in the Chimo and Nova properties in exchange for a cash payment of $261,000. These contiguous properties are located 50 km east of the prolific Val-d'Or gold mining camp, along the Larder Lake–Cadillac Fault. The Chimo Mine property (formerly the Chimo and Nova properties) comprises two mining leases subject to a 3% NSR royalty plus 2% of the gross revenue, and 38 claims subject to a 1% NSR royalty.

A digital 3D model was generated in GEMCOM. The model displays the 14 gold zones of the Chimo mine and all the underground workings (shaft, ramps, drifts, stopes) as well as 3,600 drill holes that encountered intersections grading more than 5 g/t gold.

The main gold zone was mined down to a depth of 965 m. The other thirteen (13) gold zones were mined to a maximum depth of 130 m, except for one zone that was mined to 380 m, and have not yet been explored any deeper. The exploration potential remains open along strike and at depth for all 14 gold zones, which are contained within a volume of rock measuring 1 cubic kilometre (1 km^3).

Write-off of exploration expenses for 188 claims, of which 171 have been abandoned.

The Company wrote off the expenses associated with 188 claims and abandoned 177 of these claims over the course of the year. The Company conducts an annual review of all its claims with the objective of abandoning any claims with a low discovery potential that unnecessarily deduct renewal credits from other claims. The 2013 review led to 171 claims being abandoned, which has the net effect of increasing the discovery potential for the remaining property coverage.

Technical Reports

In 2013, a petrographic report on drill core from the Pusticamica deposit was produced by IOS Services Géoscientifiques for the Benoist project.

For more information about the Company's properties, please consult the projects page on the Company's web site.

Deferred Exploration Costs

	December 31, 2013 $	December 31, 2012 $
Balance – Beginning of year	**8,092,393**	**6,077,212**
Expenses incurred during the year		
Geology	**384,852**	931,944
Geophysics	**-**	356,898
Drilling	**609,833**	1,141,443
Office expenses	**41,256**	64,770
Surveying and access roads	**17,712**	144,478
Core shack rental and maintenance	**47,435**	81,976
Duties, taxes and permits	**25,104**	39,433
Depreciation of exploration equipment	**19,729**	18,855
Share-based payments – employees	**17,560**	29,282
	1,163,481	**2,809,079**
Write-off of exploration assets and deferred exploration costs	**(699,061)**	(661,204)
Tax credits	**50,013**	(132,694)
Net expenses during year	**514,433**	**2,015,181**
Balance – End of year	**8,606,826**	**8,092,393**

Exploration assets and deferred exploration costs for the year ended December 31, 2013:

The carrying amount can be analyzed as follows:

	Participation	Balance as at December 31, 2012	Addition	Tax credit	Write-off	**Balance as at December 31, 2013**
		$	$	$	$	**$**
Quebec						
Benoist	100%					
Mining rights		190,607	358,905	-	(1,789)	**547,723**
Exploration and evaluation		733,906	857,715	(37,714)	(571)	**1,553,336**
		924,513	1,216,620	(37,714)	(2,360)	**2,101,059**
Chimo Mine	100%					
Mining rights		-	261,616	-	-	**261,616**
Exploration and evaluation		-	100,012	(30,731)	-	**69,281**
		-	361,628	(30,731)	-	**330,897**
Cadillac Extension	100%					
Mining rights		11,539	-	-	(103)	**11,436**
Exploration and evaluation		1,587,305	65,238	8,985	-	**1,661,528**
		1,598,844	65,238	8,985	(103)	**1,672,964**
MacCormack	100%					
Mining rights		252,367	-	-	-	**252,367**
Exploration and evaluation		1,730,095	17,851	53,340	-	**1,801,286**
		1,982,462	17,851	53,340	-	**2,053,653**
Preissac	100%					
Mining rights		258,522	-	-	-	**258,522**
Exploration and evaluation		278,725	38,114	14,530	-	**331,369**
		537,247	38,114	14,530	-	**589,891**

	Participation	Balance as at December 31, 2012	Addition	Tax credit	Write-off	**Balance as at December 31, 2013**
		$	$	$	$	**$**
Québec						
Dollier	100%					
Mining rights		29,835	-	-	(12,023)	**17,812**
Exploration and evaluation		977,470	25,356	13,955	(6,395)	**1,010,386**
		1,007,305	25,356	13,955	(18,418)	**1,028,198**
La Pause	100%					
Mining rights		7,379	54	-	(1,699)	**5,734**
Exploration and evaluation		203,462	14,946	(10)	(5,147)	**213,251**
		210,841	15,000	(10)	(6,846)	**218,985**
Diego	100%					
Mining rights		2,755	-	-	(1,092)	**1,663**
Exploration and evaluation		444,610	30,384	12,259	(2,171)	**485,082**
		447,365	30,384	12,259	(3,263)	**486,745**
Xstrata-Option	100%					
Mining rights		750	-	-	(285)	**465**
Exploration and evaluation		938,338	667	16,013	(9,388)	**945,630**
		939,088	667	16,013	(9,673)	**946,095**
Fenton	Option 50%					
Mining rights		16,000	8,000	-	-	**24,000**
Exploration and evaluation		524,367	11,884	(574)	-	**535,677**
		540,367	19,884	(574)	-	**559,677**
Rambull	100%					
Mining rights		130,630	-	-	(130,630)	**-**
Exploration and evaluation		407,180	968	(20)	(408,128)	**-**
		537,810	968	(20)	(538,758)	**-**

	Participation	Balance as at December 31, 2012	Addition	Tax credit	Write-off	**Balance as at December 31, 2013**
		$	$	$	$	**$**
Québec						
Newconex-West	100%					
Mining rights		169,995	-	-	(169,995)	**-**
Exploration and evaluation		266,935	346	(20)	(267,261)	**-**
		436,930	346	(20)	(437,256)	**-**
Summary						
Mining rights		1,070,379	628,575	-	(317,616)	**1,381,338**
Exploration and evaluation		8,092,393	1,163,481	50,013	(699,061)	**8,606,826**
		9,162,772	1,792,056	50,013	(1,016,677)	**9,988,164**

All the mining properties held by the Company are located in the northwestern Quebec.

SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended December 31, 2013 $	**Year ended December 31, 2012 $**	**Year ended December 31, 2011 $**
Interest income	**29,031**	26,812	47,348
Net loss for the year	**(1,537,936)**	(2,128,946)	(1,614,618)
Basic net loss per share	**(0.03)**	(0.04)	(0.04)
Basic weighted average number of shares outstanding	**58,454,542**	50,850,972	41,280,451

	Statement of financial position December 31, 2013 $	**Statement of financial position December 31, 2012 $**
Cash and cash equivalents	**1,573,320**	2,670,297
Cash reserved for exploration	**569,784**	873,129
Property, plant and equipment	**73,366**	100,255
Exploration assets and deferred exploration costs	**9,988,164**	9,162,772
Total assets	**12,447,599**	13,261,889
Current liabilities	**393,903**	449,970
Deferred income and mining taxes	**2,166,959**	2,198,723
Equity	**9,886,737**	10,613,196

RESULTS OF OPERATIONS

For the year ended December 31, 2013, the net loss amounted to $1,537,936 or $0.03 per share compared to a net loss of $2,128,946 or $0.04 per share for the year ended December 31, 2012.

Interest income and management income stood at $29,031 and $26,812 for the years ended December 31, 2013 and 2012, respectively.

Administrative expenses amounted to $794,473 and $1,102,966 for the same periods. The decrease in administrative expenses for the year ended December 31, 2013 compared to 2012 is explained mainly by measures taken by the management and the Board of Directors. There was a reduction in personnel and all expenses were reduced, which resulted in a decrease in salaries by $35,454, consultant-related fees by $35,899, share-based payments-employees by $62,084, professional fees by $47,550, business development expenses by $55,376 and shareholders' information by $25,789. The actions taken by the management and the Board will continue in 2014 through additional reductions in employees, a salary freeze, and a four-day week schedule for part of the year.

The main items which constituted the administrative expenses for the year ended December 31, 2013 are as follows: salaries for an amount of $253,426, consultant fees for $108,275, share-based payments–employees for $72,739, professional fees for $73,697 and business development for $116,956. For the year ended December 31, 2012, the administrative expenses mainly consisted of salaries for an amount of $288,880, consultant fees for $144,174, share-based payments–employees for $134,823, professional fees for $121,247 and business development for $172,332.

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
13-12-31	3,872	164,711	0.00	140,470	59,536,699
13-09-30	4,688	884,816	0.02	158,706	58,399,254
13-06-30	5,765	217,846	0.00	186,439	57,954,145
13-03-31	14,706	269,563	0.01	677,866	57,917,715
12-12-31	6,431	983,904	0.02	(551,509)	53,124,160
12-09-30	2,022	226,291	0.00	701,508	50,557,309
12-06-30	8,729	473,752	0.01	1,189,341	49,976,981
12-03-31	9,630	445,001	0.01	675,841	49,723,685

The net loss amounted to $164,711 for the fourth quarter in 2013 compared to a net loss of $983,904 for the same period in 2012. The decrease of the net loss is mainly the result of the write-off of $317,616 and $699,061 in, respectively, exploration assets and deferred exploration costs, which was charged to the statement of loss in the third quarter 2013 compared of the fourth quarter in 2012.

STATEMENT OF FINANCIAL POSITION

Current

As at December 31, 2013 and 2012, the cash and the cash equivalents and the cash reserved for exploration are as follows:

	December 31, 2013			December 31, 2012		
	$	**Interest rate**	**Expiry date**	$	Interest rate	Expiry date
1) Banker's acceptance	**101,952**	0.810%	2014-01-22	153,840	0.902%	2013-02-11
2) Banker's acceptance	**401,321**	0.813%	2014-03-18	400,546	0.828%	2013-02-19
3) Banker's acceptance	**-**	-	-	518,226	1.450%	2013-03-11
4) Banker's acceptance	**-**	-	-	356,413	0.781%	2013-03-19
5) Account bearing a high interest rate	**726,731**	1.200%	-	1,036,730	1.200%	-
6) Account without interest	**913,100**	-	-	1,077,671	-	-
Total	**2,143,104**			3,543,426		

From the total amount of cash and cash equivalents of $2,143,104 as at December 31, 2013, the cash reserved for exploration was amounted to $569,784. From the total amount of cash and cash equivalents of $3,543,426 as at December 31, 2012, the cash reserved for exploration amounted to $873,129.

Cash reserved for exploration is exclusively constituted of cash which has been or must be used for exploration before December 31, 2014.

The working capital was $1,992,166 compared to $3,548,892 for the same periods.

Property, plant and equipment

Property, plant and equipment stood at $73,366 as at December 31, 2013 compared to $100,255 as at December 31, 2012.

Exploration assets and deferred exploration costs

As at December 31, 2013, the Company's exploration assets and deferred exploration costs amounted to $9,988,164 compared to $9,162,772 as at December 31, 2012.

The Company assesses all previous exploration work to determine the future potential of each property. Following this assessment, the Company wrote-off portions of the Xstrata-Option, Dollier, Diego, La Pause, Cadillac Extension and Benoist properties representing 109 mining titles, and wrote-off the Newconex-West and Rambull properties representing 79 mining titles. The related exploration assets and deferred exploration costs, amounting to $317,616 and $699,061 respectively, for a total of $1,016,177, were written off and charged to the statement of loss.

As at December 31, 2013, mining rights amounted to $1,381,338 compared to $1,070,379 as at December 31, 2012. The increase is due mainly to acquiring a 100% interest in the Benoist property and acquiring the Chimo mine property for $334,500 and $261,000 respectively.

As at December 31, 2013, deferred exploration costs amounted to $8,606,826 compared to $8,092,393 as at December 31, 2012.

During the year ended December 31, 2013, the exploration costs before tax credits were $1,163,481 compared to $2,809,079 for the fiscal year ended December 31, 2012. Most of the exploration costs consisted of drilling for $609,833 and geology for $384,852. During the year ended December 31, 2012, most of the exploration costs consisted of drilling for $1,137,509, geology for $931,944, geophysics for $356,898 and surveying and access roads for $144,478.

Liabilities

As at December 31, 2013, current liabilities amounted to $393,903 compared to $449,970 as at December 31, 2012. The reduction is mainly due to the increase of accounts payables and accrued liabilities amounting to $39,927 and the decrease of the liability related to the flow-through shares of $95,994.

Deferred income and mining taxes amounted to $2,166,959 as at December 31, 2013 compared to $2,198,723 as at December 31, 2012. This decrease of $31,764 is explained by the renouncement of tax deductions and by the exploration costs incurred by the flow-through shares issued.

Equity

As at December 31, 2013, the equity was $9,886,737 compared to $10,613,196 as at December 31, 2012. This variation comes mainly from the comprehensive loss for the period of $1,537,936, the acquisition of two properties, Benoist and Fenton, in exchange of cash and common shares amounting to $92,500, and from private placements completed in December 2013 for a total of $819,784 before share issue expenses. As at December 31, 2012, the variation comes mainly from the comprehensive loss for the period of $2,398,946, the acquisition of two properties, Benoist and Fenton, in exchange of cash and common shares amounting to $209,801, and from private placements completed in August, November and December 2012 for a total of $2,000,400 before share issue expenses.

On March 2, 2012, the Company issued 250,000 common shares and paid $100,00 in cash pursuant to the option agreement enabling it to acquire a 51% undivided interest in the Benoist project. The Company must also issue 100,000 common shares before the first anniversary of the closing date and another 150,000 common shares before the second anniversary of the closing date and incur exploration expenditures aggregating $3,000,000 by March 1, 2015. Both parties amended the agreement and the Company paid $18,000 to Murgor Resources Inc. ("Murgor") instead of issuing 100,000 common shares before the first anniversary. In addition, before the third anniversary, the Company will have a second option to acquire an additional 49% undivided interest in the property by issuing 500,000 common shares to Murgor before the fourth anniversary of the closing date and incurring additional exploration expenditures aggregating $3,000,000 by March 1, 2018. During the option period, the Company will act as operator. Murgor will retain a 1% NSR. The project is also subject to a 2.5% NSR payable to previous vendors of which a 1.5% NSR can be bought back by the Company for a consideration of $1,500,000.

On July 29, 2013, the Company reached an agreement with Murgor and acquired a 100% interest in the Benoist property, consisting of 98 mining claims, for a cash payment of $250,000 and the issuance of 650,000 common shares.

On December 18, 2013, the Company completed a private placement conducted without intermediate agent or broker for aggregate gross proceeds of $250,000. The offering consisted of the issuance of 2,500,000 common shares at a cost of $0.10 per share and 2,500,000 share purchase warrants with each warrant entitling the holder to subscribe to one common share at a price of $0.16 for a period of 24 months following the date of closing. The financing is presented net of the value of the related warrants which was established at $78,000. Share issue expenses totalling $12,530 have reduced the share capital.

On December 18, 2013, the Company completed a flow-through shares private placement conducted without intermediate agent or broker for aggregate gross proceeds of $569,784. The

offering consisted of the issuance of 3,561,150 flow-through shares at a cost of $0.16 totalling an amount of $569,784. Share issue expenses totalling $ 6,130 have reduced share capital.

CASH FLOWS

Cash flows used in operating activities amounted to $552,388 and $989,380 respectively for the years ended December 31, 2013 and 2012. The cash flows resulted mainly from the losses before mining and income taxes for the same periods, which amounted to $1,796,918 and $2,109,595 respectively. The impact of the losses is decreased by the share-based payments of $72,739, and the write-off of $1,016,677 for exploration assets and deferred exploration costs, compared to $134,823 and $958,069 respectively for the same period in 2012.

Cash flows from financing activities for the year ended December 31, 2013 amounted to $787,989 compared to $1,873,151 for the year ended December 31, 2012. During the 2013 year, these cash flows resulted mainly from a private placement for $819,784 less the share issue expenses of $31,795. For the period ended 2012, these cash flows resulted mainly from a private placement for $2,000,400 less the share issue expenses of $127,249.

The cash used in investing activities for the year ended December 31, 2013 was $1,635,923 compared to $2,634,528 for 2012. The cash used in investing activities consisted of exploration assets and deferred exploration costs of $1,635,923 in 2013 compared to $2,599,195 in 2012. Moreover, during the 2012 fiscal year, the Company invested a total of $35,333 in property, plant and equipment.

LIQUIDITY AND FINANCING SOURCES

As at December 31, 2013, the Company's cash and cash equivalents amounted to $2,143,104. 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.

During the year ended December 31, 2013, a total of 6,761,150 shares were issued following the acquisition of two mining properties and two private financings. During the year ended December 31, 2012, a total of 8,221,669 shares were issued following the acquisition of two mining properties and three private financings.

Cash reserved for exploration amounted to $569,784 as at December 31, 2013, compared to $873,129 as at December 31, 2012. The variation comes from the flow-through financing of $569,784 completed during the month of December 2013, compared to the flow-through financing of $900,400 completed during the months of November and December 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 which the Company is exposed to 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 Company estimates that the quality of its properties and their geological potential will allow it to obtain the required financing 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 the exploration, development and mining operations on its properties.

Metal prices

Even if the exploration programs of the Company are successful, some factors out of the Company's control may affect the marketing of the minerals found. Historically, metal prices have largely fluctuated and are affected by many factors which are out of 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 rests on some key managers and 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 the success of its operations. The Company's success is linked to its capacity to attract and keep qualified personnel.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2013, the Company had not concluded any off-balance sheet arrangements.

CAPITAL STRUCTURE ON APRIL 17, 2014:

Common shares outstanding	65,215,295
Warrants (weighted average exercise price of $0.21)	4,000,000
Stock options (weighted average exercise price of $0.30)	3,425,000
Total fully diluted	72,640,295

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and going concern

These financial statements were prepared on a going concern basis, using the historical cost method, except for "Other short-term financial assets" which are measured at fair value.

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 appropriateness of the going concern assumption.

These financial statements have been prepared in accordance with IFRS. The Company requires the use of certain critical judgments and accounting estimates. It also requires management to exercise judgment when applying the Company's accounting policies.

On April 17, 2014, the Company's Board of Directors approved these annual financial statements for the years ended December 31, 2013 and December 31, 2012.

Overall considerations

The financial statements have been prepared using accounting policies specified by IFRS that are in effect at December 31, 2013.

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

Basis of evaluation

These financial statements were prepared on a going concern basis, using the historical cost method, except for "Other short-term financial assets" 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 approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been 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 financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRIC 21 - *Levies* ("IFRIC 21") - In May 2013, the IASB issued *International Financial Reporting Interpretations Committee* (IFRIC) 21, Levies, IFRIC 21, is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company will adopt IFRIC 21 in its financial statements for the annual period beginning January 1, 2014. The extent of the impact of the adoption of IFRIC 21 has not yet been determined.

IFRS 9 – Financial Instruments: The amendments to IFRS 9 are the first of a multi-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety. It simplifies the measurement and classification for financial assets by reducing the number of measurement categories and removing complex rule-driven embedded derivative guidance in IAS 39. The new standard also provides for a fair value option in the designation of a non-derivative financial instrument and its related classification and measurement. The IASB tentatively decided that IFRS 9 would apply for annual periods beginning on or after January 1st, 2018. Early adoption is permitted. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

In May 2013, the IASB amended IAS 36 "*Impairment of Assets*", providing guidance on recoverable amount disclosures for non-financial assets. The amendments to IAS 36 must be applied retrospectively by the Company for the annual period beginning January 1st, 2014. The Company is currently assessing the impact on the presentation of its financial statements.

Share-based payments

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

Where employees are rewarded using share-based payments, the fair values of employees' 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 financial statements are presented in accordance with IAS 1, Presentation of Financial Statements.

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 the 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 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 properties. 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 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, and the 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 and the difference is then immediately recognized in profit or loss.

When the 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.

At present, no technical feasibility or commercial viability of extracting a mineral resource has been confirmed.

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

Disposal of interest in connection with option agreement

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

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 that 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 at December 31, 2013 the Company has not recorded any 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 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.

Basic and diluted earnings per share

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

Cash reserved for exploration

The Company raises flow-through funds for exploration under subscription agreements which require the Company to incur prescribed resource expenditures. The Company must use these funds for the exploration of mining properties in accordance with restrictions imposed by the financing. If the Company does not incur the resource expenditures, then it will be required to indemnify these shareholders for any tax and other costs payable by them.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term investments with maturity dates of less than three months from the date of acquisition.

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.

- 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 loss.

Impairment

Non-financial assets

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

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

- Exploration rights have / 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.

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 CPA Canada 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 statement of loss 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 proceeds are allocated first to warrants issued according to their fair value using the Black-Scholes pricing model, and the residual value is allocated to 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 years 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 a financial asset expire, or when a 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 or minus 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 or 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 or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is an 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 "Administrative expenses" or "Other expenses (income)".

Loans and receivables

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

Financial assets at fair value through profit or loss

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

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

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". The variation of the fair value is recognized in the statement of comprehensive loss.

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.

If applicable, all interest-related charges and changes in an instrument's fair value that are recognized in the income statement are presented in "Administrative expenses" or "Other expenses (income)".

Accounting estimates and critical judgments

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

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

Impairment of assets

An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its recoverable value. Management reviews on a regular basis the impairment assessment of its Mining assets. Each year, the Company conducts an annual review of the geological potential of all its claims with the objective of abandoning any claims with a low discovery potential. All amount incurred on those claims are recorded to the Statements of loss of the year.

Share-based payments

The estimate 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 expected life of options and expected extinguishments. The model used by the Company is the Black-Scholes model.

Income taxes and deferred mining taxes

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

Changes to accounting policies

IAS 1 - Presentation of financial statements

The Company has adopted the amendments to IAS 1 "*Presentation of financial statements*" in the year ended December 31, 2013. The amendments require the Company to group into two categories the items of other comprehensive income, segregating those that will be reclassified subsequently to net income from those that will not. The Company has presented its statements of comprehensive income according to this new requirement.

IFRS 11 – Joint Arrangements (IFRS 11)

IFRS 11 supersedes IAS 31, *Interests in Joint Ventures* (IAS 31). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates. IFRS 11 did not have a material impact on the financial statements.

IFRS 12 – Disclosure of Interests in Other Entities (IFRS 12)

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. IFRS 12 did not have a material impact on the financial statements.

IFRS 13 – Fair Value Measurement (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 did not have a material impact on the 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 following paragraphs describe the main financial risks to which the Company is exposed and its risk management policies.

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 December 31, 2013, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Variable and fixed interest rate
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 December 31, 2013, the Company received interests on the bankers' acceptances.

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.

Liquidity risk analysis

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

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

The following table summarizes the Company's financial liabilities as at December 31, 2013 and 2012 :

	December 31, 2013		
	$		
	Less than one year	Between one and three years	More than three years
	$	$	$
Accounts payables and accrued liabilities	**251,457**	-	-
Liability related to flow-through shares	**142,446**	-	-
	393,903	-	-

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

Credit risk analysis

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

	December 31, 2013	December 31 2012
	$	$
Cash and cash equivalents	**1,070,047**	1,241,272
Cash reserved for exploration expenses	**569,784**	873,129
Bankers' acceptances	**503,273**	1,429,025
Receivables (other than goods and services tax receivable)	**116,787**	260,707
Carrying amounts	**2,259,891**	3,804,133

The Company has no trade receivables. The receivables comprised mainly tax credits, mining taxes and sale taxes receivable; consequently, the exposure to credit risk for the Company's receivables is considered immaterial. 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 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 and cash reserved for exploration is considered negligible, since the counterparties are reputable financial institutions 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 assigned to the following levels. Level 1 features a valuation based on quoted prices (unadjusted) in active markets 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. Marketable securities 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 met are subject to a combined tax rate of 30% (Canada and Québec).

During the year, the Company received $569,784 from flow-through financing for which the Company had renounced tax deductions after December 31, 2013.

As at February 28, 2014, the Company renounced to tax deductions of $569,784 and management is required to fulfil its commitments before the stipulated deadline of December 31, 2014. The amount has been presented as “Cash reserved for exploration”.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	December 31, 2013	December 31, 2012
	$	$
Short-term employee benefits		
Salaries including bonuses and benefits	**354,573**	439,460
Social security costs	**28,454**	22,514
Total short-term employee benefits	**383,027**	461,974
Share-based payments	**42,757**	146,269
Total remuneration	**425,784**	608,243

During the years 2013 and 2012, key management personnel did not exercise any share options granted through the share-based payment plans.

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 in the case that the Company completes a flow-through financing for which the cash must be reserved for exploration. As at December 31, 2013, the Company's cash reserved for exploration was $569,784 ($873,129 as at December 31, 2012).

As at December 31, 2013, the shareholders' equity was $9,886,737 ($10,613,196 as at December 31, 2012).

RELATED PARTY TRANSACTIONS

	December 31, 2013 $	December 31, 2012 $
Consultants	-	1,000

During the year 2013, the Company had no related party transactions. During the year 2012, a company in which a director of the Company is a minority shareholder provided the Company with consultation services amounting to $1,000. This transaction occurred within the normal course of business and was measured at the exchange value, which is the amount of consideration established and agreed to by the related parties. As at December 31, 2013 and 2012, no amount was included in accounts payable and accrued liabilities.

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**
December 31, 2013	**89,175**	416,052	97,714	602,941
December 31, 2012	**89,175**	427,056	175,884	692,115

The Company rents its offices under a lease expiring in March 2021. The lease covering a Company's vehicle expires in October 2017. The Company also leases equipment under an agreement expiring in March 2016.

Lease payments recognized as an expense during the reporting period amount to $89,175 ($89,175 in 2012) and represent minimum lease payments.

SUBSEQUENT EVENT

On April 14, 2014, Cartier repurchased a 1% net smelter return (NSR) royalty on the Benoist property. The Company exercised its first refusal right in respect of this royalty.

The Company issued 500,000 common shares, at a price of $0.15 per share for a total value of $75,000, in consideration for the redemption of this royalty.

OUTLOOK

In 2014, Cartier will continue its drilling activities on the Benoist Project by exploring the depth extension of the Pusticamica deposit with five (5) holes totalling 3,200 m. The compilation, interpretation and planning work for the Chimo Mine property will continue during the first two quarters. At the end of the second quarter, the Company will have in place a detailed assessment of the project's potential and a work program that will aim to increase the historical resources.

Other exploration expenditures will be reduced to a minimum to safeguard the quality of the Company's assets during the current difficult period. Proposed work programs for all properties in the Company's portfolio are available on Cartier's website with the objective of concluding strategic alliances and developing the resources on these projects.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The financial statements and other financial information contained in this MD&A are the responsibility of the Company's management and have been approved by the Board of Directors on April 17, 2014.

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