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, 2012 compared to the year ended December 31, 2011. This report, dated April 22, 2013, should be read in conjunction with the audited financial statements for the years ended December 31, 2012 and December 31, 2011, 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 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 (Québec) since February 14, 2011. The Company's head office is located at 1740, chemin Sullivan, Suite 1000, Val-d'Or, Québec. Its activities include mainly the acquisition and exploration of mining properties. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

The Company's ability to continue as a going concern depends on its ability to realize its assets and additional financings. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The application of IFRS on a going concern basis may be inappropriate, since there is a doubt as to the appropriateness of the going concern assumption.

The 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 growth and sustainability of the company for the benefit of its shareholders and employees.

VISION AND STRATEGY

The Company's vision is to develop its current and future assets 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 2012

1. **Financings amounting to $2,000,400 as follows:**
   The Company issued a total of 3,576,923 common shares and 1,500,000 warrants for gross proceeds of $750,000, and 4,344,746 flow-through common shares for gross proceeds of $1,250,400.

2. **Signing of an option agreement to acquire a 100% interest in the Benoist property;**

3. **Signing of an option agreement to acquire a 50% interest in the Fenton property;**

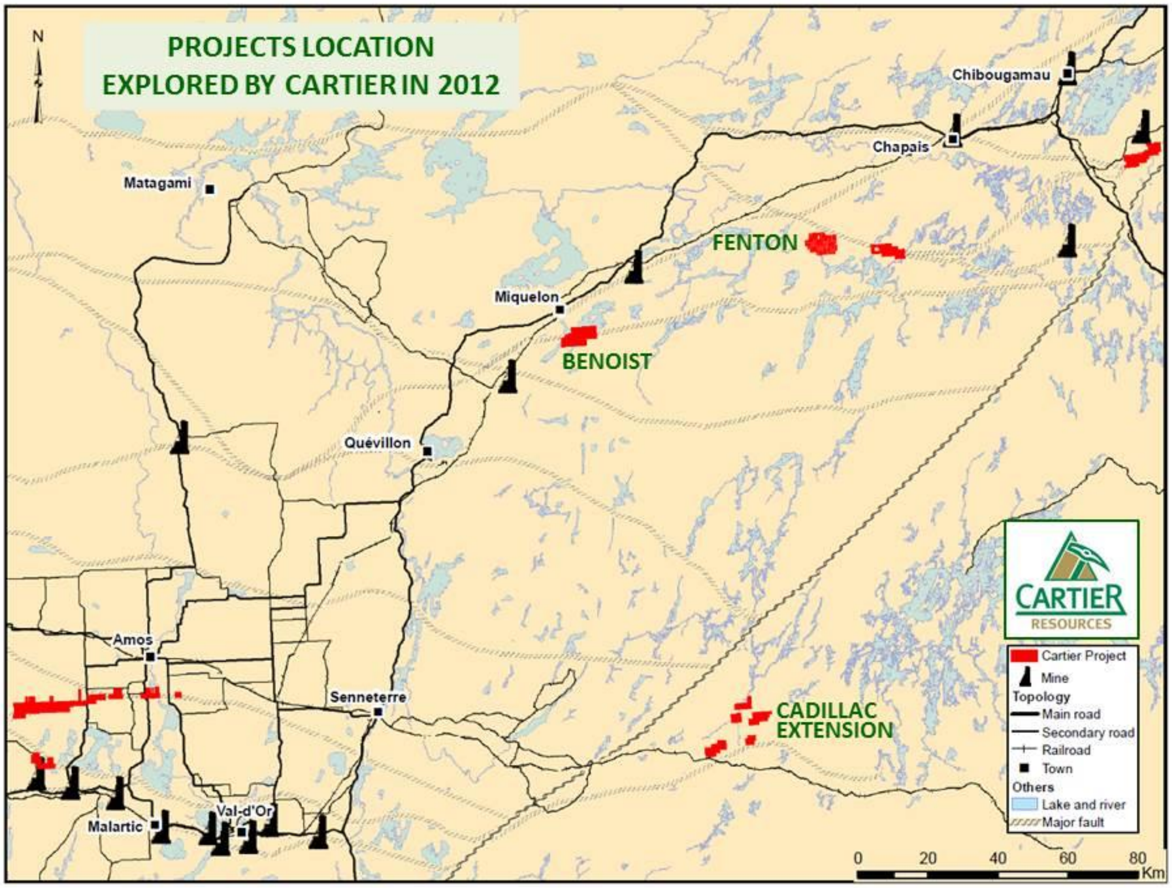
4. **Acquisition of a 100% interest in the Xstrata-Option property;**

5. **Drilling of 8,145 metres on properties at an advanced stage of exploration;**

6. **Abandonment and write-off of 556 mining titles.**

EXPLORATION ACTIVITIES

Location map of the Company's properties



In 2012, Cartier drilled 8,145 metres, distributed as follows:

Properties	**First quarter** (metres)	**Second quarter** (metres)	**Third quarter** (metres)	**Fourth quarter** (metres)	**Total by property** (metres)
Benoist	-	1,098	1,368	-	2,466
Cadillac Extension	594	2,072	-	-	2,666
Fenton	-	1,876	1,137	-	3,013
Total	594	5,046	2,505	-	**8,145**

Benoist property

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

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

Work performed

The 2012 exploration program comprised three drill holes (Pu-12-01 to -03) for a total of 2,466 m and a borehole Pulse-EM geophysical survey. The objective of this work was to demonstrate the presence of the Pusticamica mineralized zone at depth, more than 200 m vertically below the deposit of the same name.

Results

- Drill hole Pu-12-01 intersected 24.5 g/t Au over 3.0 m within a mineralized envelope grading 0.9 g/t Au over 134.0 m, at a depth of 450 m below the Pusticamica gold deposit. This interval occurs at a horizontal distance of 27 m from an interval in drill hole Pu-12-02 of 9.3 g/t Au over 3.0 m. Drill hole Pu-12-02 also intersected an interval grading 0.6 g/t Au over 73.0 m.

- This new economic type gold intersection representing the results from drill holes Pu-12-01 and Pu-12-02 is located 200 m vertically below historical drilling on the Pusticamica deposit and suggests the deposit's mineralization continues at depth.

Cadillac Extension property

Work performed

- **Polymetallic gold-rich potential in the southwest part of the property (Langlade Block)**

  The objective of the first phase of the 2012 program, which consisted of nine drill holes (Lan-12-11 to -19) for a total of 1 937 m, was to spatially delineate the mineralized zone forming the Langlade deposit. Geophysical work comprising an IPower survey of 22.5 km, a magnetometric survey of 56 km, and four borehole Pulse-EM surveys were completed to better define the setting of the mineralizing system hosting the Langlade deposit.

- **Gold potential in the northeast part of the property**

  The second phase of the program was designed to investigate the gold potential of the northeast part of the property. A 67-km induced polarization (IP) survey generated 16 top-priority anomalies. Five drill holes (CAE-12-01 to -05) for a total of 729 m were drilled on five of the geophysical targets.

Results

The work on the Cadillac Extension property highlighted the discovery potential of the hydrothermal system hosting the Langlade deposit.

- **Polymetallic gold-rich potential in the southwest part of the property (Langlade Block)**

  Eight of the nine drill holes encountered mineralized zones of the Langlade deposit. The width of the intersected zones ranges from 9.0 to 72.4 m. The best grades obtained for the four main metals of interest are as follows:

Zinc:	15.5% over 0.5 metre (LAN-12-12) and 9.8% over 0.5 metre (LAN-12-13);
Copper:	10.4% over 0.6 metre (LAN-12-11) and 6.9% over 0.5 metre (LAN-11-05);
Silver:	162 g/t over 0.6 metre (LAN-11-09) and 140 g/t over 0.5 metre (LAN-11-05);
Gold:	3.6 g/t over 0.6 metre (LAN-12-11) and 2.8 g/t over 1.0 metre (LAN-12-11).

  Although Langlade is not large enough to pursue work with a view to mining the deposit on its own, it nonetheless occurs within a mineralized system more than 5 km long of a type generally characterized by clusters of variably sized deposits. Exploration will continue to investigate the many geophysical anomalies identified within this favourable setting.

- **Gold potential in the northeast part of the property**

All drill holes intersected mineralization consisting of disseminated to semi-massive pyrite and/or pyrrhotite. Although these observations explain the borehole anomalies, no significant gold values were associated with the sulphide concentrations in any of the holes.

Fenton property

On March 19, 2012, the Company signed an option agreement to acquire an undivided 50% interest in the project by issuing 50,000 common shares to SOQUEM Inc. and committing to exploration expenditures of $1,500,000 before March 19, 2015. SOQUEM will act as the operator. Following the Company's acquisition of a 50% undivided interest, SOQUEM and Cartier will form a joint venture.

Work performed

The work carried out on the Fenton property in 2012 consisted of 12 short drill holes for a total of 3,013 m. Of this work, 10 holes explored anomalies around the Fenton deposit and two holes attempted to explain the IP geophysical anomalies to the northeast of the deposit.

Results

The best results obtained in drill holes completed around the deposit are as follows:

Drill hole 1354-12-02: 2.54 g/t Au / 5.1 m (west of Zone 23)
Drill hole 1354-12-04: 6.57 g/t Au / 0.5 m (around the Dyke Zone)
Drill hole 1354-12-06: 5.43 g/t Au / 0.5 m (south of the A Zone)
Drill hole 1354-12-07: 3.32 g/t Au / 3.2 m (Zone 75)
Drill hole 1354-12-08: 1.47 g/t Au / 2.0 m (southeast of Zone 75)
Drill hole 1354-12-10: 0.32 g/t Au / 6.5 m (below the A Zone)

The best results obtained in holes drilled northeast of the deposit are as follows:

Drill hole 1354-12-11: 2.89 g/t Au / 1.4 m, 4.63 g/t Au / 0.5 m and 3.87 g/t Au / 0.6 m.
Drill hole 1354-12-12: 4.85 g/t Au and 1.96% Zn / 0.6 m.

This work led to a better understanding of the data on the Fenton deposit, which will allow the Company to plan a strategic drilling program that will test the potential for new mineralization in the alteration zone plunging at depth below the deposit.

La Pause property

Work performed

An IP survey of 42 km was completed over the course of winter 2012 in the northeast part of the property, which is less than 2 km north of the Mouska mine.

Results

The survey generated roughly a dozen drill targets in four areas of interest spread over a distance of 4 km along the NW-SE La Pause Fault.

Acquisition of a 100% interest in the Xstrata-Option property

On September 11, 2012, Xstrata Canada Corporation provided Cartier with documents recognizing the exercise of the option and proceeded with the request to transfer the property rights for the 50 mining titles in question. The *Ministère des Ressources naturelles et de la Faune du Québec* (MRNF) officially recorded these mining titles under the name of Cartier Resources Inc. in its public registry of mining titles.

Abandonment and write-off of 556 mining titles

The Company proceeded with the abandonment of property rights and the write-off of expenses relative to 556 of its mining titles over the course of 2012.

These transactions respond to two specific objectives: i) adapt the property portfolio to the new corporate strategy, which was revised in 2012; and ii) optimize the Company's exploration investments in light of the current market situation which makes it difficult for junior mineral exploration companies to obtain financing.

The Company's initial exploration strategy was to focus on early stage exploration projects. The new strategy, redefined in 2012, is to concentrate on projects at a more advanced stage of exploration.

Several properties in the Company's portfolio include areas with characteristics that satisfy the new strategy. The parts of the properties with suitable grades and volumes of mineralized material have been kept. The other parts of these properties, which do not meet the criteria established by the strategy, have been abandoned and the associated expenses written off.

These actions allow the Company to concentrate its efforts on areas deemed strategically advantageous while eliminating the obligations relating to the abandoned mining titles.

Technical reports

The Company files reports on a regular basis with the MRNF to obtain statutory work credits. The Company has received notice of approval for the statutory work credits for the majority of its submitted reports, and the others are pending.

Also in 2012, EnviroCri prepared a socio-environmental diagnostic for the Benoist Project.

For more information about the Company's mining properties, please consult the projects page on the following Company's web site : Projects section.

EXPLORATION ACTIVITIES

Deferred Exploration Costs

	December 31, 2012 $	December 31, 2011 $
Balance – Beginning of year	**6,077,212**	**4,699,484**
Expenses incurred during the year		
Geology	931,944	363,407
Geophysics	356,898	149,403
Drilling	1,137,509	1,508,774
Stripping	84	158,379
Office expenses	64,770	46,267
Surveying and acces roads	144,478	93,115
Geochemistry	3,850	67,550
Core shack rental and maintenance	81,976	59,853
Duties, taxes and permits	39,433	37,372
Depreciation of exploration equipment	18,855	10,243
Loss on write-off of leasehold improvements	-	14,583
Share-based payments – employees	29,282	7,944
	2,809,079	**2,516,890**
Sale of deferred exploration costs	-	(455,695)
Write-off of deferred exploration costs	(661,204)	(260,304)
Tax credits	(132,694)	(423,163)
Net expenses during year	**2,015,181**	**1,377,728**
Balance – End of year	**8,092,393**	**6,077,212**

Exploration assets and deferred exploration costs for the year ended December 31, 2012:

The carrying amount can be analyzed as follows:

	Participation	Balance as at December 31 2011	Addition	Tax credit	Write-off	**Balance as at December 31 2012**
		$	$	$	$	**$**
Quebec						
Xstrata-Option	100%					
Mining rights		-	750	-	-	**750**
Exploration and evaluation		899,484	38,864	(10)	-	**938,338**
		899,484	39,614	(10)	-	**939,088**
Preissac	100%					
Mining rights		412,963	-	-	(154,441)	**258,522**
Exploration and evaluation		413,278	5,077	(11)	(139,619)	**278,725**
		826,241	5,077	(11)	(294,060)	**537,247**
MacCormack	100%					
Mining rights		252,367	-	-	-	**252,367**
Exploration and evaluation		1,716,723	13,802	(430)	-	**1,730,095**
		1,969,090	13,802	(430)	-	**1,982,462**
Rambull	100%					
Mining rights		214,607	-	-	(83,977)	**130,630**
Exploration and evaluation		407,890	3,430	(28)	(4,112)	**407,180**
		622,497	3,430	(28)	(88,089)	**537,810**
Newconex-West	100%					
Mining rights		169,995	-	-	-	**169,995**
Exploration and evaluation		264,662	2,284	(11)	-	**266,935**
		434,657	2,284	(11)	-	**436,930**

	Participation	Balance as at December 31 2011	Addition	Tax credit	Write-off	**Balance as at December 31 2012**
		$	$	$	$	**$**
Quebec						
Cadillac Extension	100%					
Mining rights		52,884	689	-	(42,034)	**11,539**
Exploration and evaluation		887,007	1,202,080	(14,941)	(486,841)	**1,587,305**
		939,891	1,202,769	(14,941)	(528,875)	**1,598,844**
Dollier	100%					
Mining rights		39,631	-	-	(9,796)	**29,835**
Exploration and evaluation		945,356	33,755	-	(1,641)	**977,470**
		984,987	33,755	-	(11,437)	**1,007,305**
La Pause	100%					
Mining rights		8,612	371	-	(1,604)	**7,379**
Exploration and evaluation		123,848	101,870	(437)	(21,819)	**203,462**
		132,460	102,241	(437)	(23,423)	**210,841**
Diego	100%					
Mining rights		4,574	-	-	(1,819)	**2,755**
Exploration and evaluation		418,964	30,563	-	(4,917)	**444,610**
		423,538	30,563	-	(6,736)	**447,365**
Benoist	Option 100%					
Mining rights		-	193,801	-	(3,194)	**190,607**
Exploration and evaluation		-	818,460	(82,299)	(2,255)	**733,906**
		-	1,012,261	(82,299)	(5,449)	**924,513**
Fenton	Option 50%					
Mining rights		-	16,000	-	-	**16,000**
Exploration and evaluation		-	558,894	(34,527)	-	**524,367**
		-	574,894	(34,527)	-	**540,367**

		Balance as at December 31 2011	Addition	Tax credit	Write-off	**Balance as at December 31 2012**
		$	$	$	$	**$**
Summary						
Mining rights		1,155,633	211,611	-	(296,865)	**1,070,379**
Exploration and evaluation		6,077,212	2,809,079	(132,694)	(661,204)	**8,092,393**
		7,232,845	**3,020,690**	**(132,694)**	**(958,069)**	**9,162,772**

SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended December 31, 2012 $	**Year ended December 31, 2011 $**	**Year ended December 31, 2010 $**
Interest income and management income	**26,812**	47,348	13,205
Net loss for the year	**(2,128,946)**	(1,614,618)	(1,131,793)
Basic net loss per share	**(0.04)**	(0.04)	(0.04)
Basic weighted average number of shares outstanding	**50,850,972**	41,280,451	28,167,304

	Statement of Financial Position December 31, 2012 $	**Statement of Financial Position December 31, 2011 $**	**Statement of Financial Position December 31, 2010 $**
Cash and cash equivalents	**2,670,297**	3,263,143	3,432,175
Cash reserved for exploration	**873,129**	2,031,040	1,260,000
Property, plant and equipment	**100,255**	91,261	21,984
Exploration assets and deferred exploration costs	**9,162,772**	7,232,845	6,071,973
Total assets	**13,261,889**	13,704,582	11,228,902
Current liabilities	**449,970**	930,999	497,063
Deferred income and mining taxes	**2,198,723**	1,608,475	1,258,028
Equity	**10,613,196**	11,165,108	9,473,811

RESULTS OF OPERATIONS

For the year ended December 31, 2012, the net loss amounted to $2,128,946 or $0.04 per share compared to a net loss of $1,614,618 or $0.04 per share for the year ended December 31, 2011.

Interest income and management income stood at $26,812 and $47,348 for the year ended December 31, 2012 and 2011, respectively.

Administrative expenses amounted to $1,102,966 and $1,189,871 for the same periods. The decrease in administrative expenses for the year ended December 31, 2012 compared to the same period of 2011 is explained mainly by the decrease of salaries by $27,090 and share-based payments-employees costs by $101,354.

The main items which constituted the administrative expenses for the year ended December 31, 2012 are as follows: 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. For the year ended December 31, 2011, the administrative expenses mainly consisted of salaries for an amount of $315,970, consultant fees for $127,783, share-based payments-employees for $236,177, professional fees for $102,180 and business development for $160,827.

FINANCIAL INFORMATION SUMMARY

Quarter ended	Interest income and other	Net loss	Basic and diluted net loss per share	Deferred exploration costs	Basic weighted average number of shares outstanding
12-12-31	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	(473,750)	(0.01)	1,189,341	49,976,981
12-03-31	9,630	(445,001)	(0.01)	675,841	49,723,685
11-12-31	7,596	(901,210)	(0.02)	(340,813)	41,280,451
11-09-30	9,024	(246,739)	(0.01)	420,179	41,720,960
11-06-30	11,828	(315,308)	(0.01)	842,516	40,573,544
11-03-31	18,900	(151,361)	(0.00)	455,846	39,597,837

The net loss amounted to $983,904 for the last quarter compared to a net loss of $901,210 for the same period in 2011. The increase is mainly the result of the write-off of $296,865 and $661,204 of exploration assets and deferred exploration costs that was charged to the statement of loss.

STATEMENT OF FINANCIAL POSITION

Current assets

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

	December 31, 2012			December 31, 2011		
	$	**Interest rate**	**Expiry date**	$	Interest rate	Expiry date
1) Banker's acceptance	**153,840**	0.902%	2013-02-11	201,168	0,926%	2012-01-18
2) Banker's acceptance	**400,546**	0.828%	2013-02-19	104,880	1,019%	2012-02-10
3) Banker's acceptance	**518,226**	1.450%	2013-03-11	351,333	1,035%	2012-03-07
4) Banker's acceptance	**356,413**	0.781%	2013-03-19			
5) Bond	**-**	-	-	255,106	2,570%	2012-01-30
6) Bond	**-**	-	-	407,599	2,503%	2012-02-23
7) Account bearing a high interest rate	**1,036,730**	1.200%	-	587,599	1,200%	-
8) Account without interest	**1,077,671**	-	-	3,386,498	-	-
Total	**3,543,426**			5,294,183		

The working capital was $3,548,892 as at December 31, 2012 compared to $5,449,477 as at December 31, 2011.

Property, plant and equipment

Property, plant and equipment stood at $100,255 as at December 31, 2012 compared to $91,261 as at December 31, 2011.

Exploration assets and deferred exploration costs

As at December 31, 2012, the mining rights had increased by an amount of $211,611 following the acquisitions of two properties, Benoist and Fenton. Therefore, at the end of each year the Company assesses the previous exploration work to determine the future potential of each property. Following this assessment, the Company wrote-off a portion of the Preissac, Rambull, Dollier, Diego, La Pause, Cadillac Extension and Benoist's properties representing 556 mining titles and their related exploration costs. The related exploration assets and deferred exploration costs amounting to $296,865 and $661,204 were written off and charged to the statement of loss.

As at December 31, 2012, the Company's exploration assets and deferred exploration costs amounted to $9,162,772 compared to $7,232,845 as at December 31, 2011.

During the year ended December 31, 2012, the exploration costs before tax credits were $2,809,079 compared to $2,516,890 for the corresponding period of 2011. 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. During the year ended December 31, 2011, the exploration costs mainly consisted of drilling for $1,508,774, geology for $363,407, stripping for $158,379 and geophysics for $149,403.

Liabilities

As at December 31, 2012, current liabilities amounted to $449,970 compared to $930,999 as at December 31, 2011. The variation is explained by the decrease of the accounts payable and accrued liabilities of $234,789 and the decrease of the liability related to the flow-through shares of $246,240.

Deferred income and mining taxes amounted to $2,198,723 as at December 31, 2012 compared to $1,608,475 as at December 31, 2011. This increase of $590,248 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, 2012, the equity was $10,613,196 compared to $11,165,108 as at December 31, 2011. This 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. As at December 31, 2011, the variation comes mainly from the flow-through private placement of $3,080,840 before share issue expenses completed in December 2011, the net operating losses amounting to $1,614,618, the effect of exercise of warrants amounting to $1,077,096, and the exercise of stock options of $48,050.

On March 2, 2012, the Company issued 250,000 common shares following the option to earn 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 1st, 2015. In addition, before the third anniversary, the Company will have a second option to earn 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 1st, 2018. During the option period, the Company will act as operator. Murgor will retain a 1% NSR. The project is also subject to a 2.5% NSR payable to previous vendors of which a 1.5% NSR can be bought back by the Company for a consideration of $1,500,000.

On March 19, 2012, the Company issued 50,000 common shares following the option to acquire a 50% undivided interest in the project by issuing 50,000 common shares to SOQUEM inc. upon receipt of regulatory approvals and incurring exploration expenditures aggregating $1,500,000 by March 19, 2015. In addition, the Company has a firm commitment to invest $500,000 in exploration work over the first year, and to issue 50,000 common shares to SOQUEM on each of the first and second anniversaries of the signature of the agreement. SOQUEM will be the operator. After the Company earns its undivided interest of 50%, SOQUEM and the Company will form a joint venture.

On August 30th, 2012 the Company completed a private placement of $500,000 before share issue expenses. The offering consisted of issuance of 1,129,032 flow-through shares at a cost of $0.31 and 576,923 common shares at a cost of $0.26. Share issue expenses totalling $50,226 have reduced the share capital.

On November 16, 2012 the Company completed a flow-through shares private placement conducted without intermediate agent or broker for aggregate gross proceeds of $500,000. The offering consisted of the issuance of 1,785,714 flow-through shares at a cost of $0.28 for an amount of $500,000. Share issue expenses totalling $8,528 have reduced the share capital.

On December 19, 2012 the Company completed a private placement conducted without intermediate agent or broker for aggregate gross proceeds of $600,000. The offering consisted of the issuance of 3,000,000 common shares at a cost of $0.20 per share and a half share purchase warrant with each warrant entitling the holder to subscribe to one common share at a price of $0.30 for a period of 18 months following the date of closing. The financing is presented net of the value of the related warrants, which was established at $45,900. Share issue expenses totalling $35,635 have reduced the share capital.

On December 20, 2012 the Company completed a flow-through shares private placement conducted without intermediate agent or broker for aggregate gross proceeds of $400,400. The offering consisted of the issuance of 1,430,000 flow-through shares at a cost of $0.28 totalling an amount of $400,400. Share issue expenses totalling $8,424 have reduced the share capital.

CASH FLOWS

Cash flows used in operating activities amounted to $989,380 and $946,316 respectively for the years ended December 31, 2012 and 2011. The cash flows resulted mainly from the losses before mining and income taxes for the same periods, which amounted to $2,109,595 and $1,586,581 respectively. The impact of the losses is decreased by the share-based payments of $134,823, the write-off of $958,069 for exploration assets and deferred exploration costs, compared to $236,177 and $389,319 for the same period in 2011.

Cash flows from financing activities for the year ended December 31, 2012 amounted to $1,873,151 compared to $3,555,922 for the year ended December 31, 2011. During the 2012 year, these cash flows resulted mainly from a private placement for $2,000,400 less the share issue expenses of $127,249. For the period ended 2011, the cash flows used from financing activities consisted from a private placement for $3,080,840 less the share issue expenses of $308,816. Moreover, during the 2011 fiscal year, 155,000 stock options were exercised for a total of $48,050, and the Company issued 3,331,087 shares following the exercise of 2,437,768 warrants, and 893,319 shares to be issued as at December 31, 2010 were exercised for a total of $735,848.

The cash used in investing for the year ended December 31, 2012 was $2,634,528 compared to $2,007,598 for 2011. The cash used in investing activities consisted of exploration assets and deferred exploration costs of $2,599,195 in 2012 compared to $2,072,486 in 2011. During the year ended December 31, 2011, the Company sold the Rivière-Doré property and received a portion of the payment in cash for an amount of $150,000. Moreover, during the 2012 fiscal year the Company invested a total of $35,333 in property, plant and equipment compared to $85,112 in 2011.

LIQUIDITY AND FINANCING SOURCES

As at December 31, 2012, the Company's cash and cash equivalents amounted to $3,543,426 allowing it to cover its current operation for the next two years.

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.

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. During the year ended December 31, 2011, a total of 11,101,516 shares were issued following a private financing and the exercise of warrants and stock options.

Cash reserved for exploration amounted to $873,129 as at December 31, 2012 compared to $2,031,040 as at December 31, 2011. The variation comes from the flow-through financing of $900,400 completed during the months of November and December 2012, compared to a flow-through financing of $2,031,040 completed in December 2011. Cash reserved for exploration is exclusively constituted of cash which must be used in exploration before December 31, 2013.

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.

CAPITAL STRUCTURE ON APRIL 22, 2013:

Common shares outstanding	57,954,145
Warrants (weighted average exercise price of $0.38)	2,999,429
Stock options (weighted average exercise price of $0.33)	3,000,000
Total fully diluted	63,953,574

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and going concern

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

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 22, 2013, the Company's Board of Directors approved these annual audited financial statements for the years ended December 31, 2012 and December 31, 2011.

Overall considerations

The financial statements have been prepared using accounting policies specified by IFRS that are in effect at December 31, 2012.

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 historical costs method, except for «Other short-term financial assets» which are measured at fair value through profit or loss.

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

At the date of authorization of these 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.

IFRS 9 - Financial Instruments- The amendments to IFRS 9 is the first of 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, Financial Instruments : Recognition and Measurement. 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. IFRS 9 is effective from periods beginning January 1, 2015 with early adoption permitted. Management does not expect to early adopt this standard.

IFRS 11 – Joint arrangements – IFRS 11 deals with how a joint arrangement, of which two or more parties have joint control, should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights ans obligations of the parties to the arrangements. Joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting whereas jointly controlled entities can be accounted for using the equity method of accounting or proportional consolidation.

The effective date for the application of the revised standard is January 1, 2013. The Company is currently evaluating the impact that the standard may have on the financial statements.

IFRS 12 – Disclosure of Interests in Other Entities – The IASB issued IFRS 12, which aggregates and amends disclosure requirements included within other standards. The standard requires a company to provide disclosures about subsidiaries, joint arrangements, associates and unconsolidated structures entities.

The standard is required to be adopted for periods beginning January 1, 2013.

IFRS 13 – Fair Value Measurement – In May 2011, the IASB issued IFRS 13 which is effective for annual periods beginning on or after January 1, 2013 with earlier adoption permitted. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a "fair value hierarchy" which categorizes the inputs used in valuation techniques into three levels. The hierarchy gives highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The Company is currently evaluating the impact that the standard may have on the 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 assets. The amounts shown for mining properties and deferred exploration costs are not necessarily indicative of present or future values.

Credit on duties refundable for loss and refundable tax credit for resources

The Company is entitled to a credit on duties refundable for loss under the Mining Duties Act. This credit on duties refundable for loss on exploration costs incurred in the Province of Québec has been applied against the deferred income taxes in the statement of financial position. In accordance with IAS 12, the credits on duties are applied against the deferred income taxes in the statement of financial position when the Company expects to continue holding the mining property once ready for production.

Furthermore, the Company is entitled to a refundable tax credit for resources for mining companies on qualified expenditures incurred. The refundable tax credit for resources may reach 35% or 38.75% of qualified expenditures incurred. In accordance with IAS 20, this tax credit is accounted against the qualified expenditures.

In accordance with IAS 12, the credit on duties has been applied against the deferred income taxes in the statement of financial position since the Company expects to continue holding the mining property once 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, 2012 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 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.

At year-end, Management reviewed IAS 1, Presentation of Financial Statements along with the definitions of cash and cash equivalents as well as the guidance related to cash and cash equivalents held by the entity that are not available for use by the Company as outlined in IAS 7, Statement of Cash Flows. Management concluded that the flow-through funds, while restricted in their use were not controlled in a third party trust and therefore should be treated as a component of cash and cash equivalents as they meet the definition per the standard. In the past, variations were presented as investing activities in the statement of cash flows.

The Company is required to separately disclose the impact of corrections of errors, if any, in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. As at December 31, 2011, Restricted Cash of $2,031,040 has been reclassified as a component of cash and cash equivalents in the statement of cash flows.

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 CICA Viewpoint which considers the issuance of flow-through shares in substance: (a) an issue of an ordinary share, and (b) the sale of tax deductions. The sale of tax deductions has been measured based on the relative fair value method. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as a liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". When the Company fulfills its obligation, the liability is reduced, the sale of tax deductions is recognized in the 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 period 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 any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in the income statement are presented within “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. Other short-term financial assets are classified in this category.

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 within «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 are:

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

Share-based payments

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

Income taxes and deferred mining taxes

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

FINANCIAL INSTRUMENTS

Objectives and policies in managing financial risks

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

The Company does not enter into speculative derivative financial instruments.

Financial risks

The main financial risks to which the Company is exposed and the risk management policies are as follows:

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, 2012, 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, 2012, the Company received interests on the following assets:

– Bankers' acceptances;
– Bonds.

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

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

Liquidity risks

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

Credit risk

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

Credit risk analysis

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

	December 31, 2012	December 31 2011	December 31, 2010
	$	$	$
Cash and cash equivalents	**1,241,272**	1,943,057	2,017,616
Cash reserved for exploration expenses	**873,129**	2,031,040	1,260,000
Banker's acceptances and bonds	**1,429,025**	1,320,086	1,414,559
Receivables (other than goods and services tax receivable)	**260,707**	560,771	331,291
Carrying amounts	**3,804,133**	5,854,954	5,023,466

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 under review are of good credit quality.

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

The credit risk for cash and cash equivalents, cash reserved for exploration and banker's acceptances and bonds 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 have the following levels. Level 1 features a valuation based on quoted prices (unadjusted) in active market for identical assets or liabilities. Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and Level 3 includes inputs for the asset or liability that are not based on observable market data. 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 $1,250,400 following flow-through placements for which the Company had renounced tax deductions after December 31, 2012. During the year ended December 31, 2011, the Company received $2,031,040 following a flow-through placement for which the Company renounced tax deductions after December 31, 2011.

The Company has renounced tax deductions of $1,250,400 as at February 28, 2013 and management is required to fulfil its commitments before the stipulated deadline of December 31, 2013. 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:

	2012	2011
	$	$
Short-term employee benefits		
Salaries including bonuses and benefits	**439,460**	462,585
Social security costs	**22,514**	28,850
Total short-term employee benefits	**461,974**	491,435
Share-based payments	**146,269**	117,564
Total remuneration	**608,243**	608,999

During 2012 reporting period, key management personnel did not exercise any share options granted through the share-based payment plans. During 2011, key management personnel exercised share options granted through the share-based payment plans for an amount of $14,250.

CAPITAL DISCLOSURES

The Company's objectives in managing its capital are to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company's capital is composed of shareholders' equity. The Company's primary uses of capital are to finance exploration expenditures and acquire properties. To effectively manage the Company's capital requirements, the Company has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives.

The Company expects its current capital resources and its ability to obtain additional financing will support further exploration and development of its mineral properties.

The Company is not subject, in regards of external rules, to any requirements regarding its capital, except if the Company completes a flow-through financing for which the cash must be reserved for exploration. As at December 31, 2012, the Company's cash reserved for exploration was $873,129 ($2,031,040 as at December 31, 2011).

As at December 31, 2012 the shareholders' equity was $10,613,196 ($11,165,108 as at December 31, 2011).

RELATED PARTY TRANSACTIONS

	December 31, 2012 $	**December 31, 2011** $
Consultants	1,000	-
Furniture and equipment	-	4,100

During the second quarter, the Company was provided consultation services of $1,000 from a company pursuant to which a director of the Company, Jean Carrière, is a minority shareholder. This transaction occurred within the normal course of business and was measured at the amount of consideration established and agreed to by the related parties. As at December 31, 2012, no amount was included in the accounts payable and accrued liabilities. During the year ended December 31, 2011, the Company acquired furniture and equipment from one of its officers Philippe Cloutier, for an amount of $2,100, and from one of its directors, Daniel Massé, for an amount of $2,000. These transactions occurred within the normal course of business and were measured at the amount of consideration established and agreed to by the related parties. As at December 31, 2011, 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, 2012	**89,175**	427,056	175,884	692,115
December 31, 2011	**92,513**	379,495	239,543	711,551

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 ($92,513 in 2011) and represent minimum lease payments. Payments for subleased premises have been received for an amount of $5,000. The Company's lease agreements contain renewal options.

OUTLOOK

In 2013, Cartier will continue its activities on the Benoist Project, the Company's most advanced project, by exploring the depth extension of the Pusticamica deposit. With drill five holes for a total of 4,000 m.

Other exploration expenditures will be reduced to a minimum to safeguard the Company's assets during the current difficult period. Work programs will be proposed and developed for all projects with the best potential for discovery. Some of the less advanced projects needing work will be available for strategic alliance and partnership agreements.

MANAGEMENT'S RESPONSIBILITY 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 on April 22, 2013.

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