

Cartier Resources Inc.

(an exploration company)

Interim condensed Financial statements (unaudited)

First quarter ended March 31, 2020

The interim condensed financial statements for the period ended March 31, 2020 have not been reviewed by the Company's independent auditor.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Financial Position

(In Canadian \$)	Mach 31, 2020 (Unaudited) \$	December 31, 2019 (Audited) \$
Assets		
Current		
Cash and cash equivalents (note 2)	5,841,129	7,670,167
Other short-term financial assets (note 3)	46,413	28,638
Receivables (note 4)	829,344	742,074
Prepaid expenses	118,938	35,835
	<u>6,835,824</u>	<u>8,476,714</u>
Non-current		
Property, plant and equipment	7,637	6,520
Right-of-use assets (note 5)	142,848	153,361
Mining assets and deferred exploration costs (note 6)	18,285,001	16,852,669
	<u>18,292,646</u>	<u>16,852,669</u>
TOTAL ASSETS	<u>25,271,310</u>	<u>25,489,264</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	267,882	241,541
Current portion of lease obligations (note 7)	48,839	50,018
Liability related to flow-through shares (note 13)	311,805	763,489
	<u>628,526</u>	<u>1,055,048</u>
Non-current		
Lease obligations (note 7)	98,099	106,826
Deferred income and mining taxes	2,196,970	1,969,674
	<u>2,295,069</u>	<u>2,076,500</u>
TOTAL LIABILITIES	<u>2,923,595</u>	<u>3,131,548</u>
EQUITY		
Share capital (note 8)	37,203,150	37,203,150
Warrants	-	-
Contributed surplus	2,941,610	2,888,116
Deficit	(17,836,545)	(17,755,275)
Accumulated other comprehensive loss	39,500	21,725
	<u>22,347,715</u>	<u>22,357,716</u>
TOTAL EQUITY	<u>22,347,715</u>	<u>22,357,716</u>
TOTAL LIABILITIES AND EQUITY	<u>25,271,310</u>	<u>25,489,264</u>

Basis of preparation and going concern (note 1)

Contingencies and commitments (note 13)

Subsequent event (note 17)

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors

(Signed) Philippe Cloutier, Director

(Signed) Daniel Massé, Director

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of changes in equity

(Unaudited)

(In Canadian \$)

	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive (loss) \$	Total equity \$
BALANCE AS AT DECEMBER 31, 2019	191,630,762	37,203,150	-	2,888,116	(17,755,275)	21,725	22,357,716
Net loss for the period	-	-	-	-	(81,270)	-	(81,270)
Change in fair value of other short-term financial assets	-	-	-	-	-	17,775	17,775
Total comprehensive loss	-	-	-	-	(81,270)	17,775	(63,495)
Effect of share-based payments (note 8)	-	-	-	53,494	-	-	53,494
BALANCE AS AT MARCH 31, 2020	191,630,762	37,203,150	-	2,941,610	(17,836,545)	39,500	22,347,715
BALANCE AS AT DECEMBER 31, 2018	177,104,747	35,288,268	183,985	2,625,207	(16,954,397)	20,737	21,163,800
Net loss for the period	-	-	-	-	(264,576)	-	(264,576)
Change in fair value of other short-term financial assets	-	-	-	-	-	2,963	2,963
Total comprehensive loss	-	-	-	-	(264,576)	2,963	(261,613)
Effect of share-based payments (note 9)	-	-	-	82,814	-	-	82,814
Expired warrants (note 9)	-	-	(89,971)	-	89,971	-	-
BALANCE AS AT MARCH 31, 2019	177,104,747	35,288,268	94,014	2,708,021	(17,129,002)	23,700	20,985,001

The accompanying notes are an integral part of these financial statements.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of loss and comprehensive loss

(Unaudited)

(In Canadian \$)

	Three-month periods ended	
	March 31, 2020	March 31, 2019
	\$	\$
Administrative expenses		
Salaries	106,516	92,878
Consultants	1,205	2,250
Share-based payments-employees (note 8 and 9)	40,719	60,187
Share-based payments-consultants (note 8)	-	3,837
Professional fees	42,032	5,520
Business development expenditures (analysts and brokers)	35,222	30,884
Road shows and gold shows	13,395	24,969
Investor relations	42,033	26,107
Insurance, taxes and permits	5,608	5,464
Financial expenses (note 10)	4,285	3,407
Depreciation of right-of-use assets	4,917	656
Office supplies	8,505	8,088
Telecommunications	2,169	2,367
Training and travel	6,579	13,796
Advertising and sponsoring	2,902	2,483
Information to shareholder	11,171	13,653
Part XII.6 tax related to flow-through shares	7,309	-
	<u>334,567</u>	<u>296,546</u>
Other expenses (income)		
Other exploration costs	1,175	385
Interest income	(30,084)	(31,077)
	<u>(30,084)</u>	<u>(31,077)</u>
Loss before deferred income and mining taxes	(305,658)	(265,854)
Deferred income and mining taxes	(224,388)	(1,278)
	<u>(224,388)</u>	<u>(1,278)</u>
Net loss for the period attributable to shareholders	(81,270)	(264,576)
	<u>(81,270)</u>	<u>(264,576)</u>
Change in fair value of other short-term financial assets	17,775	2,963
	<u>17,775</u>	<u>2,963</u>
Comprehensive loss for the period attributable to shareholders	(63,495)	(261,613)
	<u>(63,495)</u>	<u>(261,613)</u>
Loss per share		
basic and diluted	(0.00)	0.00
	<u>(0.00)</u>	<u>0.00</u>
Weighted average number of common shares outstanding		
basic	191,630,762	177,104,747
diluted	192,538,224	177,847,971
	<u>191,630,762</u>	<u>177,104,747</u>
	<u>192,538,224</u>	<u>177,847,971</u>

The accompanying notes are an integral part of these financial statements.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Cash Flows (Unaudited)

(In Canadian \$)

	Three-month periods ended	
	March 31, 2020	March 31, 2019
	\$	\$
OPERATING ACTIVITIES		
Net Loss	(81,270)	(264,576)
Adjustments for:		
Deferred income and mining taxes	(224,388)	(1,278)
Share-based payments-employees (note 8 and 9)	40,719	60,187
Share-based payments-consultants (note 8)	-	3,837
Interests on lease obligations	687	354
Depreciation of right-of-use assets	4,917	656
Interest income	(30,084)	(31,077)
Interest paid	(687)	-
Interest received	29,153	28,181
	<u>(260,953)</u>	<u>(203,716)</u>
Net change in non-cash working capital items		
Receivables	(86,339)	28,858
Prepaid expenses	(83,103)	1,044
Accounts payables and accrued liabilities	43,172	(28,866)
	<u>(126,270)</u>	<u>(1,044)</u>
Cash flows used in operating activities	<u>(387,223)</u>	<u>(202,680)</u>
FINANCING ACTIVITIES		
Shares issue expenses	(6,710)	-
Payments on lease obligations	(9,906)	(11,373)
	<u>(16,616)</u>	<u>(11,373)</u>
Cash flows used in financing activities	<u>(16,616)</u>	<u>(11,373)</u>
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,685)	-
Interest paid on lease obligations capitalized as mining assets and deferred exploration costs	(781)	-
Acquisition of mining assets and deferred exploration costs	(1,422,733)	(1,213,771)
	<u>(1,425,199)</u>	<u>(1,213,771)</u>
Cash flows used in investing activities	<u>(1,425,199)</u>	<u>(1,213,771)</u>
Net change in cash and cash equivalents	(1,829,038)	(1,427,824)
Cash and cash equivalents at the beginning	7,670,167	7,572,963
Cash and cash equivalents at the end (note 2)	5,841,129	6,145,139

Additional information (note 11)

The accompanying notes are an integral part of these financial statements.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

Incorporation and Nature of Operations

Cartier Resources Inc. (the "Company"), initially incorporated under Part 1 A of the Québec *Companies Act* on July 17, 2006, has been governed by the *Business Corporations Act* (Quebec) 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 in Canada.

The Company has not yet determined whether these properties contain economically recoverable ore reserves. Although, at the current stage of the exploration work, the Company is taking all industry standard measures to ensure that the mining property titles in which it has a financial interest are in good standing, these measures in place do not guarantee property titles to the Company. Property titles may be subject to prior unregistered agreements or non-compliance with regulatory requirements.

The recoverability of amounts reported for mining properties and deferred exploration expenses is dependent on the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production, or the proceeds of the transfer of such property. At the date of the financial statements, the carrying value of mining properties and deferred exploration expenses represents, in management's opinion, the best estimate of their net recoverable value. This value could however be reduced in the future.

On May 25, 2020, the Company's Board of Directors approved these interim condensed financial statements for the period ended March 31, 2020.

1. Basis of preparation and going concern

These interim condensed 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.

The interim condensed financial statements have been prepared on a going concern basis, meaning that the Company will be able to realize its assets and discharge its commitments and liabilities in the normal course of operations. The Company's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While it has been successful in raising financing to date, there can be no assurance it will be able to do so in the future. The Company believes it has sufficient liquidity to meet its obligations for the next 12 months. The Company has not yet determined whether its properties contain economically recoverable ore reserves and has not yet generated revenues from operations. 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.

In March 2020, the World Health Organization declared the COVID-19 epidemic a pandemic. The situation is constantly evolving, and the measures put in place have numerous economic repercussions at the global, national, provincial and local levels. These measures, which include travel bans, solitary confinement or quarantine, voluntary or not, and social distancing, have caused significant disruption among businesses, globally and in Canada, due to the economic slowdown. Governments and central banks responded by implementing monetary and fiscal measures to stabilize the world economy; however, the current challenging economic climate may cause adverse changes in cash flow, the level of working capital and/or the search for future financing, which could have a direct impact on its future financial position. The Company has implemented measures to mitigate the impact of the pandemic on its future operations.

The above conditions indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These interim condensed financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

1. Basis of preparation and going concern (continued)

These interim condensed financial statements have been prepared by the Company's management in accordance with ("IFRS"), and in accordance with IAS 34, "Interim Financial Reporting". They do not include all the information required in annual financial statements in accordance with IFRS. These interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

These interim condensed financial statements have been prepared using the same accounting methods used in the audited financial statements for the year ended December 31, 2019.

The preparation of interim condensed financial statements in accordance with IAS 34 requires the use of certain critical judgments and accounting estimates. It also requires management to exercise judgment when applying the Company's accounting policies.

In preparing these interim condensed financial statements, the important judgments that were made by management in applying the Company's accounting policies and the main sources of estimation uncertainty were the same as those described in the audited financial statements for the year ended December 31, 2019.

2. Cash and cash equivalents

As at March 31, 2020 and December 31, 2019, cash and cash equivalents included an account bearing interest and an account without interest, as shown below:

	March 31, 2020		December 31, 2019	
	\$	Interest rate	\$	Interest rate
Account bearing interest	5,494,171	0.20%-1.85%	6,868,800	1.10%-2.50%
Account without interest	346,958	-	801,367	-
Total	5,841,129		7,670,167	

Cash and cash equivalents include \$956,189 (\$2,373,548 as at December 31, 2019) of funds to be expensed in eligible exploration expenses before December 31, 2020.

3. Other short-term financial assets

	March 31, 2020	December 31, 2019
Marketable securities of a quoted mining exploration company, at fair value	\$ 46,413	\$ 28,638

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

4. Receivables

	March 31, 2020	December 31, 2019
	\$	\$
Credit on mining rights refundable and refundable tax credit for resources	634,487	634,487
Commodity taxes	194,857	107,587
	829,344	742,074

5. Right-of-use assets

	Building	Automotive equipment	Other equipment	Total
	\$	\$	\$	\$
Balance as at December 31, 2019	141,366	2,652	9,343	153,361
Depreciation	(8,315)	(796)	(1,402)	(10,513)
Balance as at March 31, 2020	133,051	1,856	7,941	142,848

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

6. Mining assets and deferred exploration costs

	<u>Chimo Mine</u>	<u>Wilson</u>	<u>Benoist</u>	<u>Fenton</u>	<u>Total</u>
<i>Percentage interest</i>	100%	100%	100%	Option 50%	
	\$	\$	\$	\$	\$
Mining assets					
Balance as at March 31, 2020 and December 31, 2019	457,024	72,000	737,723	24,644	1,291,391
Deferred exploration costs					
Balance as at December 31, 2019	10,550,684	1,092,447	2,391,967	1,526,180	15,561,278
Additions					
Geology	96,267	-	998	-	97,265
Drilling	1,156,415	-	-	-	1,156,415
Geochemistry	43,777	-	-	-	43,777
Exploration office expenses	2,006	-	-	-	2,006
Engineering	110,152	-	-	-	110,152
Core shack rental and maintenance	1,691	-	-	-	1,691
Duties, taxes and permits	-	-	1,306	-	1,306
Depreciation of exploration leasehold improvements	568	-	-	-	568
Depreciation of right-of-use assets	5,596	-	-	-	5,596
Interest on lease obligations	781	-	-	-	781
Share-based payments - employees (note 9)	12,775	-	-	-	12,775
Total deferred exploration costs during the period	1,430,028	-	2,304	-	1,432,332
Additions during the period	1,430,028	-	2,304	-	1,432,332
Total deferred exploration costs as at March 31, 2020	11,980,712	1,092,447	2,394,271	1,526,180	16,993,610
Total of mining assets and deferred exploration costs as at March 31, 2020	12,437,736	1,164,447	3,131,994	1,550,824	18,285,001

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

The Company is subject to royalties on certain properties.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

7. Lease obligations

	\$
Lease obligations included in the statement of financial position as at March 31, 2020	
Recognition upon adoption of IFRS 16 as at December 31, 2019	156,844
Theoretical interests on lease obligations	1,468
Payments on lease obligations	<u>(11,374)</u>
	146,938
Current portion of lease obligations	<u>(48,839)</u>
Lease obligations	<u>98,099</u>
Maturity analysis – contractual undiscounted cash flows	
Less than one year	44,040
One to five years	<u>113,740</u>
Total undiscounted lease obligations as at March 31, 2020	<u>157,780</u>

8. Share capital

Authorized

Unlimited number of common shares, without par value, voting and participating

	March 31, 2020		December 31, 2019	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of the period	<u>191,630,762</u>	<u>37,203,150</u>	<u>177,104,747</u>	<u>35,288,268</u>
Shares issued and paid				
Flow-through private placements (a) (b)	-	-	13,726,015	3,021,873
Renouncement of tax deductions on flow-through shares (a) (b)	-	-	-	(970,097)
Exercise of options (c)	-	-	800,000	123,920
	-	-	14,526,015	2,175,696
Share issue expenses (a) (b)	-	-	-	(260,814)
Balance, at end of the period	<u>191,630,762</u>	<u>37,203,150</u>	<u>191,630,762</u>	<u>37,203,150</u>

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

8. Share capital (continued)

(a) Issuance of flow-through shares on December 19, 2019

On December 19, 2019, the Company completed a private placement. The Company issued 356,300 flow-through shares at a price of \$0.22 per flow-through share for total gross proceeds of \$78,386. The Company has not paid any finder's fees. Share issue expenses totalling \$6,451 were also applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares representing an amount of \$32,067 which reduced the share capital and increased the liabilities related to flow-through shares.

(b) Issuance of flow-through shares on October 31, 2019

On October 31, 2019, the Company completed a private placement through Desjardins Securities Inc. The Company issued 11,429,048 flow-through shares at a price of \$0.21 per share and 1,940,667 flow-through shares at a price of \$0.28 per share, for total gross proceeds of \$2,943,387. In connection with the offering, the agent received a cash fee equal to 6% of the gross proceeds of the offering. Share issue expenses totalling \$254,363 were also applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares representing an amount of \$938,030 which reduced the share capital and increased the liabilities related to flow-through shares.

(c) During the year 2019, the Company issued 800,000 common shares at a price of \$0.10, totalling \$80,000 following exercise of options whose fair value of the common share ranged from \$0.135 and \$0.14 at the time of exercise.

Share Option Plan

The Company has a share option plan that has been approved by the shareholders. The maximum number of common shares which may be reserved under the plan is limited to 10% of the number of common shares issued and outstanding (on a non-diluted basis). The options granted to any optionnee cannot exceed 5% of the issued and outstanding common shares. The options are vested over a period of 12 months and are exercisable over a maximum of five years.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

8. Share capital (continued)

The following table summarizes the information about the outstanding share options:

	March 31, 2020		December 31, 2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding - Beginning	14,300,000	0.16	14,100,000	0.17
Granted-employees	-	-	3,400,000	0.12
Exercised	-	-	(800,000)	0.10
Expired	-	-	(2,400,000)	0.18
Outstanding - End	14,300,000	0.16	14,300,000	0.16
Exercisable - End	12,725,000	0.16	11,875,000	0.17

The following table summarizes certain information for share options outstanding and exercisable:

Exercise price	Outstanding options March 31, 2020			Exercisable options March 31, 2020		
	Number of options	Weighted average remaining life (years)	Weighted average exercise price	Number of options	Weighted average remaining life (years)	Weighted average exercise price
			\$			\$
\$0.10 to \$0.20	12,425,000	2.74	0.14	10,850,000	2.48	0.14
\$0.21 to \$0.30	1,875,000	2.13	0.30	1,875,000	2.13	0.30
\$0.10 to \$0.30	14,300,000	2.65	0.16	12,725,000	2.43	0.16

The weighted average fair value of share options granted was estimated using the Black-Scholes model at \$0.16 in 2019 per option using the following assumptions:

Risk-free interest rate	2019
Expected volatility	1.48%
Dividend yield	84%
Weighted average expected life	Nil
	5 years

During the three-month period ended March 31, 2020, the share-based payment expense was \$53,494 (\$82,814 as at March 31, 2019). An amount of \$40,719 (\$64,024 as at March 31, 2019) was presented in the statement of loss and an amount of \$12,775 (\$18,790 as at March 31, 2019) was presented in mining assets and deferred exploration costs.

Cartier Resources Inc.

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Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

9. Employee remuneration

Employee benefits recognized are detailed below:	Three-month periods ended	
	March 31, 2020	March 31, 2019
	\$	\$
Salaries and fees	166,520	164,904
Fringe benefits	16,768	15,995
Share-based payments-employees	53,494	78,977
Defined contribution pension plan	4,769	8,905
	<u>241,551</u>	<u>268,781</u>
Less: salaries and share-based payments-employees capitalized in exploration and evaluation assets	<u>(87,784)</u>	<u>(103,085)</u>
Employee benefits	<u>153,767</u>	<u>165,696</u>
Employee benefits expense is allocated to the following items:		
Salaries	106,516	92,878
Share-based payments-employees	40,719	60,187
Road shows and gold shows	5,670	10,737
Training and travel	862	1,894
	<u>153,767</u>	<u>165,696</u>

10. Financial expenses

	Three-month periods ended	
	March 31, 2020	March 31, 2019
	\$	\$
Interest and bank charges	3,598	3,053
Theoretical interests on lease obligations	687	354
Total of financial expenses	<u>4,285</u>	<u>3,407</u>

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

11. Cash flows

Additional information	Three-month periods ended	
	March 31, 2020	March 31, 2019
	\$	\$
Items not affecting cash and cash equivalents related to operating, financing and investing activities		
Variation of share issue expenses included in accounts payable and accrued liabilities	(6,710)	-
Depreciation of property, plant and equipment transferred to deferred exploration costs	568	782
Depreciation of right-of-use assets	5,596	2,848
Variation of deferred exploration costs included in accounts payable and accrued liabilities	(10,121)	36,370
Share-based payments-employees charged to deferred exploration costs	12,775	18,790
Interest on lease obligations capitalized to deferred exploration costs	781	1,534
Credits on mining taxes applied against deferred exploration costs	-	354,207

12. Financial Instruments

Objectives and policies in managing financial risks

The Company is exposed to various financial risks resulting from its operations and investing 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

As at March 31, 2020, the Company is not exposed to interest rate risk since they are all short-term items.

Liquidity risks

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. 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.

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Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

12. Financial Instruments (continued)

Liquidity risk analysis

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

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

All financial liabilities mature in less than 12 months.

Sensitivity to credit risk

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 disclose below:

	March 31, 2020	December 31, 2019
	\$	\$
Cash and cash equivalents	<u>5,841,129</u>	<u>7,670,167</u>

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 carrying amount of cash and cash equivalents, cash reserved for exploration, accounts payables and accrued liabilities approximate fair value based on the close date.

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Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

13. 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; or
- one year after the Company has renounced the tax deductions relating to the exploration work.

If the Company does not incur eligible exploration expenditures it will be required to indemnify the holders of such shares against all taxes and other expenses incurred as a result of the Company not incurring the required exploration expenses.

During the three-month period ended March 31, 2020, the Company received any amount (\$3,021,873 as at December 31, 2019) from flow-through financings. From this amount received in 2019, \$1,417,359 was used (\$648,325 as at December 31, 2019)

The Company renounced tax deductions related to the 2017 flow-through financings and a liability related to flow-through shares issued in 2019, totaling \$970,097 was recorded at the time of issuance (see note 8). Management was required to incur eligible exploration expenditures before December 31, 2020. As at March 31, 2020, the flow-through share liability was \$311,805 (\$763,489 as at December 31, 2019).

14. Transactions with key management personnel

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

	Three-month periods ended	
	March 31, 2020	March 31, 2019
	\$	\$
Short-term employee benefits		
Salaries and fees including bonuses and benefits	138,004	138,882
Social security costs and contributions to the pension plan	21,196	19,989
Total short-term employee benefits	159,200	158,871
Share-based payments-employees	47,273	70,689
Total remuneration	206,473	229,560

During the three-month periods ended as at March 31, 2020 and 2019, no key management personnel exercised share options granted through the share-based payment plans.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2020 and 2019 (Unaudited)

(In Canadian \$)

15. Related party transactions

The Company had no related party transactions during the three months ended March 31, 2020. During the year ended December 31, 2019, the Company paid \$680 to the spouse of a director for consultant fees. As at December 31, 2019, this amount has been recorded in administrative expenses under "business development (analysts and brokers)" in the statements of profit or loss, and no amount is payable.

16. 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 that its current capital resources and its ability to obtain additional financing will support further exploration and development of its mineral properties for the next 12 months.

The Company is not subject, with regards to external rules, to any requirements regarding its capital, unless the Company completes a flow-through financing for which the cash must be reserved for exploration. As at March 31, 2020, the Company has \$956,189 (\$2,373,547 as at December 31, 2019) cash reserved for exploration.

17. Subsequent Event

During the month of May 2020, the Company issued 950,000 common shares at a price of \$0.105, totalling \$99,750 following exercise of options whose fair value of the common share ranged from \$0.165 to \$0.17 at the time of exercise.