

CARTIER RESOURCES INC.

Management's Discussion and Analysis
For the second quarter ended June 30, 2020

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 operation and exploration results and our financial position for the three and six months ended June 30, 2020, compared to the three and six months ended June 30, 2019. This report, dated August 18, 2020, should be read in conjunction with the unaudited interim condensed financial statements for the three and six months ended June 30, 2020, and the audited financial statements and accompanying notes for the year ended December 31, 2019. The interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in Canadian dollars unless otherwise indicated.

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

The Company regularly discloses additional information on its operations, which is recorded in 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 regarding future events. Such forward-looking statements are subject to certain factors and involve a number of risks and uncertainties. Actual results may differ from expected results. Factors that could cause our results, our operations or future events to change materially compared to expectations expressed or implied by the forward-looking statements include, but are not limited to, volatility in the price of gold, risks inherent to the mining industry, uncertainty regarding mineral resource estimates, and additional funding requirements or the Company's ability to obtain such funding.

NATURE OF ACTIVITIES AND CONTINUATION OF EXPLORATION ACTIVITIES

The Company, initially incorporated under Part 1A of the *Québec Companies Act* on July 17, 2006, has been governed by the *Business Corporations Act* (Québec) since February 14, 2011. The Company's head office is located at 1740, Chemin Sullivan, Suite 1000, Val-d'Or, Québec. Its activities primarily include the acquisition and exploration of mining properties in Canada. The Company has not yet determined whether its properties contain economically recoverable ore reserves.

The unaudited 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 the Company has been successful in securing financings in the past, 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, nor has it 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 explore and develop its properties, and upon future profitable production or proceeds from the disposal of properties.

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In March 2020, the World Health Organization declared the COVID-19 epidemic a pandemic. The situation is continually 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 have 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 the search for future financing, which could have a direct impact on the Company's 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.

The shares of the Company are listed on the TSX Venture Exchange (TSXV) and trade under the symbol ECR.

MISSION

The Company's [mission](#) is to ensure growth and sustainability for the benefit of its shareholders and employees.

VISION AND STRATEGY

The Company's [vision](#) is to advance its current and future assets to the production stage according to a schedule consistent with its human and financial resources while respecting sustainable development practices.

The Company's [strategy](#) is to pursue a dynamic process that allows it to develop and maintain a balanced portfolio of mining projects, progressing from the exploration stage toward resource definition, development and production.

COMPANY'S ACTIVITIES

Financing

On August 11, 2020, the Company completed a private placement through Paradigm Capital Inc. The Company issued 21,778,200 flow-through shares at a price of \$0.43 per flow-through share for total gross proceeds of \$9,364,626.

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In connection with the offering, the agent received a cash commission equal to 6% of the gross proceeds received by the Company and broker warrant, equal to 6% of the number of flow-through shares sold pursuant. Each broker warrant shall entitle the holder thereof to acquire one common share at a price of \$0.43 for a period of 12 months following the closing date.

Exploration activities

Chimo Mine Property

At the time of writing, Cartier's controlled directional drilling on the Chimo Mine Property consisted of 124 drill holes for 58,054 m, resulting in the collection of 21,867 samples. The 2020 exploration expenditures on the property amounted to \$2.4 million as of June 30, 2020, out of a planned annual budget of \$3.22 million.

The work carried out in 2020 has achieved the following objectives:

- 1) Production of a resource estimate (**FIGURE**) for the Central, North and South gold corridors, with a gold price of US\$1,300/oz and a cut-off grade of 2.5 g/t Au:
 - ✓ 4,017,600 tonnes at an average grade of 4.53 g/t Au for a total of 585,190 ounces of gold in the indicated resource category;
 - ✓ 4,877,900 tonnes at an average grade of 3.82 g/t Au for a total of 597,800 ounces of gold in the inferred resource category.
- 2) Fifteen (15) drill holes totalling 8,811 m, which demonstrated the continuity of mineralization in Zones 5B4-5M4-5NE over a length of 1.3 km;
- 3) Completion of two internal engineering studies, yielding positive conclusions. Two other internal engineering studies are still underway, as is an internal study to prepare for a new resource estimate on the Chimo Mine Property.

The following new results were published during the second quarter of 2020:

Gold Corridors Cut-off grade 2.5 g/t Au	Indicated Resources			Inferred Resources		
	Metric tonnes (t)	Grade (g/t Au)	Troy ounces (oz)	Metric tonnes (t)	Grade (g/t Au)	Troy ounces (oz)
Central (1)	3,263,300	4.40	461,280	3,681,600	3.53	417,250
North (2)	505,300	5.35	86,860	715,700	4.59	105,710
South (2)	249,000	4.63	37,060	480,600	4.84	74,840
Total	4,017,600	4.53	585,190	4,877,900	3.82	597,800

Taken from the new release of June 12, 2020, titled [Cartier Files NI 43-101 Technical Report on SEDAR for the Mineral Resource Estimate of the North, Central and South Gold Corridors on the Chimo Mine Property](#). Claude Savard, InnovExplo Inc. (2020) and Christian D'Amours, GéoPointCom Inc. (2019).

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Drill Hole	Drill Hole Collar Coordinate (m) UTM (E/N/Elev.)	Azimuth (°) / Dip (°)	From (m)	To (m)	Length (m)	Au (g/t)	Gold Zone	Gold Structure
CH19-55B	332529/5320363/-518	200 / -66	1,321.5	1,323.5	2.0	32.0	5NE	5N
<i>Included in</i>			1,319.0	1,323.5	4.5	16.5		
<i>Included in</i>			1,317.4	1,329.5	12.1	7.1		
CH19-54	332674/5320415/381	200 / -82	1,152.0	1,160.0	8.0	1.4		
CH19-54BW	332577/5320163/-459	199 / -49	1,181.0	1,190.5	9.5	1.1	5CE	5C

Taken from the news release of May 28, 2020, titled [Cartier Cuts 16.5 g/t Au over 4.5 m at Chimo Mine, 500 m below the New Zones 5B4-5M4-5NE](#). The lengths of the mineralized intersections are expressed as lengths measured along the drill core. The estimated true thickness of the mineralized intersections is approximately 85% to 90% of the measured length.

Drill Hole	Drill Hole Collar Coordinate (m) UTM (E/N/Elev.)	Azimuth (°) / Dip (°)	From (m)	To (m)	Length (m)	Au (g/t)	Gold Zone	Gold Structure
CH19-55B	332529/5320363/-518	200 / -66	1,371.0	1,375.0	4.0	20.8	5B4	5B
<i>Included in</i>			1,364.0	1,375.0	11.0	9.4		
<i>Included in</i>			1,361.0	1,377.0	16.0	6.7		
CH19-54BW	332577/5320163/-459	199 / -49	1,120.0	1,132.8	12.8	1.1		
CH19-54B	332623/5320281/-268	200 / -71	1,161.5	1,181.0	19.5	1.3	5CE	5C

Taken from the news release of May 21, 2020, titled [Cartier Cuts 20.8 g/t Au over 4.0 m at Chimo Mine, 500 m below the New Zones 5B4-5M4-5NE](#). The lengths of the mineralized intersections are expressed as lengths measured along the drill core. The estimated true thickness of the mineralized intersections is approximately 85% to 90% of the measured length.

Drill Hole	From (m)	To (m)	Length (m)	Au (g/t)	Gold Zone	Gold Structure
CH19-54B	1,123.5	1,134.4	10.9	5.0	5B4	5B
<i>Included in</i>	1,109.0	1,135.1	26.1	2.5		
CH19-54E	1,189.0	1,191.0	2.0	9.5		
<i>Included in</i>	1,189.0	1,204.8	15.8	2.0		
CH19-55E	1,384.5	1,386.5	2.0	5.1		
<i>Included in</i>	1,369.6	1,386.5	16.9	1.1		
CH19-54E	1,162.5	1,167.5	5.0	3.4	5NE	5N
CH19-54A	1,166.0	1,169.0	3.0	3.1		
CH19-54E	1,256.0	1,258.0	2.0	11.9	5CE	5C

Taken from the news release of April 7, 2020, titled [Cartier Intersects 5.0 g/t Au over 10.9 m, 250 m below the New Zones 5B4-5M4-5NE](#). The lengths of the mineralized intersections are expressed as lengths measured along the drill core. The estimated true thickness of the mineralized intersections is approximately 70% to 85% of the measured length.

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Benoist Property

An internal study on mineralization is underway for the two gold zones on the Benoist Property to better delineate future exploration drilling targets.

Fenton and Wilson Properties

Both properties are temporarily on hold until financial and human resources become available.

MacCormack, Xstrata Option, Cadillac Extension and Dollier Properties

Cartier is seeking partners to continue exploration work on these five projects in order to devote its efforts to properties whose characteristics closely match its strategy.

QUALITY ASSURANCE / QUALITY CONTROL

The scientific and technical information presented in this MD&A has been prepared and reviewed by Cartier's vice-president, Gaétan Lavallière (P.Geol., PhD), and Cartier's senior geologist, project manager and geomatician, Ronan Déroff (P.Geol., M.Sc.), both of whom are qualified persons as defined by National Instrument 43-101 ("NI 43-101"). Mr. Lavallière has approved the information contained in this report.

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Mining assets and deferred exploration costs

	Chimo Mine	Wilson	Benoist	Fenton	Total
<i>Percent participation</i>	100%	100%	100%	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	222,511	-	18,034	-	240,545
Drilling	1,771,470	-	-	-	1,771,470
Geochemistry	72,683	-	-	-	72,683
Exploration office expenses	3,265	-	-	-	3,265
Engineering	215,455	-	-	-	215,455
Core shack rental and maintenance	1,815	-	-	-	1,815
Duties, taxes and permits	24,293	-	1,426	41	25,760
Depreciation of exploration leasehold improvements	975	-	-	-	975
Depreciation of right-of-use assets	11,192	-	-	-	11,192
Interest on lease obligations	1,887	-	-	-	1,887
Share-based payments - employees	29,810	-	-	-	29,810
Total deferred exploration costs during the period	2,355,356	-	19,460	41	2,374,857
Additions during the period	2,355,356	-	19,460	41	2,374,857
Total deferred exploration costs as at June 30, 2020	12,906,040	1,092,447	2,411,427	1,526,221	17,936,135
Total of mining assets and deferred exploration costs as at June 30, 2020	13,363,064	1,164,447	3,149,150	1,550,865	19,227,526
Total of mining assets and deferred exploration costs as at December 31, 2019	11,007,708	1,164,447	3,129,690	1,550,824	16,852,669

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

The Company is subject to royalties on certain properties.

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Mining assets and deferred exploration costs

	Chimo Mine ⁽¹⁾	Wilson	Benoist	Fenton	Total
<i>Percent participation</i>	100%	100%	100%	50%	
	\$	\$	\$	\$	\$
Mining assets					
Balance as at December 31, 2018	107,024	72,000	737,723	24,644	941,391
Additions	350,000	-	-	-	350,000
Balance as at June 30, 2019	457,024	72,000	737,723	24,644	1,291,391
Deferred exploration costs					
Balance as at December 31, 2018	8,478,524	1,089,748	2,383,664	1,523,839	13,475,775
Additions					
Geology	164,518	-	3,242	2,872	170,632
Drilling	1,383,942	-	-	-	1,383,942
Geochemistry	104,310	-	409	-	104,719
Core shack rental and maintenance	1,818	-	355	-	2,173
Duties, taxes and permits	744	653	1,008	160	2,565
Depreciation of exploration leasehold improvements	1,565	-	-	-	1,565
Depreciation of right-of-use assets	17,092	-	-	-	17,092
Interest on lease obligations	2,985	-	-	-	2,985
Share-based payments - employees	38,581	-	-	-	38,581
Total deferred exploration costs during the period	1,715,555	653	5,014	3,032	1,724,254
Tax credits	(468,462)	-	(1,122)	(804)	(470,388)
Additions during the period	1,247,093	653	3,892	2,228	1,253,866
Balance as at June 30, 2019	9,725,617	1,090,401	2,387,556	1,526,067	14,729,641
Balance of mining assets and deferred exploration costs as at June 30, 2019	10,182,641	1,162,401	3,125,279	1,550,711	16,021,032

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

⁽¹⁾ On June 19, 2019, the Company repurchased a 2% NSR royalty on the Chimo Mine property for \$350,000 in cash.

The Company is subject to royalties on certain properties.

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SELECTED FINANCIAL INFORMATION

	Three months ended June 30, 2020 (\$)	Three months ended June 30, 2019 (\$)	Six months ended June 30, 2020 (\$)	Six months ended June 30, 2019 (\$)
Interest income	14,656	29,423	44,741	60,500
Net loss for the period attributable to shareholders	(130,129)	(314,328)	(211,399)	(578,904)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding, basic	192,239,277	177,104,747	191,935,022	177,104,747

	Statement of financial position as at:	
	June 30, 2020 \$	December 31, 2019 \$
Cash and cash equivalents	5,432,621	7,670,167
Mining assets and deferred exploration costs	19,227,526	16,852,669
Total assets	25,623,251	25,489,264
Current liabilities	641,541	1,055,048
Deferred income and mining taxes	2,344,939	1,969,674
Equity	22,508,412	22,357,716

RESULTS OF OPERATIONS

For the three and six months periods ended June 30, 2020, the net loss amounted to (\$130,129) or (\$0.00) per share and (\$211,399) or (\$0.00) per share, respectively, compared to (\$314,328) or \$0.00 per share and (\$578,904) or \$0.00 per share for the same periods in 2019.

Interest income was \$14,656 and \$44,741 for the three and six months ended June 30, 2020, respectively, compared to \$29,423 and \$60,500 for the same periods in 2019.

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General and administrative ("G&A") expenses amounted to \$292,070 and \$626,638 for the three and six months ended June 30, 2020, respectively, compared to \$341,260 and \$637,806 for the same periods in 2019. The decrease in G&A expenses was primarily the result of a reduction in share-based payments—employees, road shows and gold shows, and training and travel expenditures.

The following constituted the main G&A expense items for the three and six months ended June 30, 2020, respectively: salaries for \$110,939 and \$217,455; the share-based payments—employees for \$56,542 and \$97,261, professional fees for \$11,906 and \$53,938; business development expenditure for \$28,200 and \$63,422; and investors relations for \$25,323 and \$67,356. For the same periods in 2019, the main G&A expense items were: salaries for \$92,258 and \$185,136; business development expenditure for \$42,415 and \$73,299; share-based payments—employees for \$64,085 and \$124,273; and information to shareholders for \$17,648 and \$31,300.

FINANCIAL INFORMATION SUMMARY

Quarter ended	Interest income	Net loss	Basic and diluted loss per share	Additions of deferred exploration costs	Weighted average number of common shares outstanding, basic
	\$	\$	\$	\$	
20-06-30	14,656	(130,129)	(0.00)	942,525	192,239,277
20-03-31	30,084	(81,270)	(0.00)	1,432,332	191,630,762
19-12-31	28,395	(157,056)	(0.00)	721,672	179,441,539
19-09-30	23,430	(248,903)	(0.00)	165,811	177,104,747
19-06-30	29,423	(314,328)	(0.00)	443,260	177,104,747
19-03-31	31,077	(265,854)	(0.00)	1,280,994	177,104,747
18-12-31	42,863	(4,797,472)	(0.03)	1,429,814	177,104,747
18-09-30	40,424	(300,964)	(0.00)	1,316,184	177,104,747

During the six months ended June 30, 2020, the additions to deferred exploration costs amounted to \$2,374,857, including \$2,355,356 on the Chimo Mine Property and \$19,460 on the Benoist Property. For the same period in 2019, the additions to deferred exploration costs amounted to \$1,724,254, including \$1,715,555 on the Chimo Mine Property, \$5,014 on the Benoist Property and \$3,032 on the Fenton Property.

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STATEMENT OF FINANCIAL POSITION**Current**

As at June 30, 2020 and December 31, 2019, cash and cash equivalents included an account bearing interest and an account without interest, as follows:

	June 30, 2020		December 31, 2019	
	Amount (\$)	Interest rate (%)	Amount (\$)	Interest rate (%)
Account bearing interest	4,805,554	0.20-1.85	6,868,800	1.10-2.50
Account without interest	627,067	-	801,367	-
Total	5,432,621		7,670,167	

As at June 30, 2020 and December 31, 2019, cash and cash equivalents included an amount of \$56,210 (\$2,373,548 as at December 31, 2019) in funds to be expensed as eligible exploration costs before December 31, 2020.

As at June 30, 2020, working capital was \$5,614,893, compared to \$7,421,666 as at December 31, 2019.

Mining assets and deferred exploration costs

As at June 30, 2020, the Company's mining assets and deferred exploration costs amounted to \$19,227,526, compared to \$16,852,669 as at December 31, 2019.

As at June 30, 2020, deferred exploration costs amounted to \$17,936,135 compared to \$15,561,278 as at December 31, 2019.

The additions to deferred exploration costs during the six months ended June 30, 2020 consisted of the following: drilling for \$1,771,470; geology for \$240,545; and engineering for \$215,455. The additions to deferred exploration costs as at December 31, 2019 consisted of the following: drilling for \$1,963,829; geology for \$408,512; and geochemistry for \$104,310.

As at June 30, 2020 and December 31, 2019, mining assets amounted to \$1,291,391.

Liabilities

Current liabilities amounted to \$641,541 as at June 30, 2020, compared to \$1,055,048 as at December 31, 2019. The decrease is mainly due to the provision of flow-through shares of \$740,494.

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As at June 30, 2020, the non-current liabilities comprised deferred income and mining taxes amounting to \$2,344,939, compared to \$1,969,674 as at December 31, 2019. This variation of \$375,265 is mainly due to the renouncement of tax deductions for exploration costs incurred by the flow-through shares issued.

Equity

As at June 30, 2020, equity was \$22,508,412, compared to \$22,357,716 as at December 31, 2019. The variation comes mainly from the net loss for the period, the effect of share-based payments and the exercise of options.

CASH FLOWS

Cash flows used in operating activities amounted to (\$426,236) and (\$291,920), respectively, for the six months ended June 30, 2020 and 2019. The cash flows resulted mainly from the net loss for the same periods, which amounted to (\$211,399) and (\$578,904), respectively. The main items that impacted the cash flows for six months ended June 30, 2020, were deferred income and mining taxes of (\$365,229) and the share-based payments-employees of \$97,261. For the same period in 2019, the main items that impacted the cash flows were the share-based payments-employees of \$124,273 and the interest income of (\$60,500).

Cash flows from (used in) financing activities amounted to \$144,620 and (\$22,749) for the six months ended June 30, 2020 and 2019, respectively. The main items that impacted the cash flows for the six months ended June 30, 2020, were a loan of \$40,000, the exercise of options for \$131,250, and the payments on lease obligations of (\$19,920). The main items that impacted the cash flows for six months ended June 30, 2019, were the payments on lease obligations of (\$22,749).

Cash used in investing activities amounted to (\$1,955,930) and (\$2,175,230) for the six months ended June 30, 2020 and 2019, respectively. The cash flows consisted mainly of exploration assets and deferred exploration costs amounting to (\$2,063,843) and (\$2,173,617), respectively.

LIQUIDITY AND FINANCING SOURCES

Significant increases or decreases in the Company's cash and capital resources are primarily determined by the success or failure of exploration programs and the Company's ability to issue shares or obtain other sources of financing.

As at June 30, 2020, the Company's cash and cash equivalents amounted to \$5,432,621. The Company's financing comes mostly from share issuances. The success of these issuances depends on the stock markets, investor interest in exploration companies, and the price of metals. To continue its exploration work and support its current activities, the Company has to maintain its exposure within the financial community to realize new financings.

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During the second quarter ended June 30, 2020, the Company issued a total of 1,175,000 shares following the exercise of options. The Company issued 14,526,015 shares during the year ended December 31, 2019, broken down as follows: 13,726,015 for two private placements and 800,000 following the exercise of options.

As at June 30, 2020, the Company had \$56,210 (\$2,373,548 as at December 31, 2019) in cash reserved for exploration purposes.

The Company expects that its current liquidity of \$5,432,621 and its ability to obtain additional financing will support further exploration and development of its mining properties for the next fiscal year.

The following table presents the sources of funding for the last eight (8) quarters:

Table of Financing Sources				
Date	Type	Financing	Amount (\$)	Primary use of net proceeds
Between May 11 and 20, 2020	Exercise of options	Common shares	131,250	G&A expenses
December 19, 2019	Private placement without broker	Common shares	78,386	Drilling programs on the Chimo Mine Property
Between November 8 and 28, 2019	Exercise of options	Common shares	80,000	G&A expenses
October 31, 2019	Private placement with broker	Common shares	2,943,387	Drilling programs on the Chimo Mine Property

ACCOUNTING ESTIMATES AND CRITICAL JUDGMENTS

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.

Estimates

Share-based payments and fair value of warrants

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

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Critical judgments

Impairment of assets

An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its recoverable value. Management regularly reviews the impairment assessment of the Company's mining assets. Each year, the Company conducts an annual review of the geological potential of all its claims to identify those with a low discovery potential that should be abandoned. All amounts incurred on those claims are recorded in the statements of loss for the year.

Income taxes and deferred mining taxes

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

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED BY THE COMPANY

At the date of approval of these financial statements, there were no new standards, amendments or interpretations to existing standards that needed to be published or adopted by the Company.

RELATED PARTY TRANSACTIONS

The Company had no related party transactions during the six months ended June 30, 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" in the statements of profit or loss, and no amount is payable.

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 as well as its risk management policies.

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Interest risk

As at June 30, 2020, the Company is not exposed to interest rate risk since no financial instrument bears interest.

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 the Company has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Liquidity risk analysis

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

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

Credit risk analysis

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

	June 30,	December 31,
	2020	2019
	\$	\$
Cash and cash equivalents	5,432,621	7,670,167

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.

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The carrying amount of cash and cash equivalents, accounts payables, and accrued liabilities approximate the fair value based on the closing date of these instruments.

The carrying amount of the non-current liability, which includes the loan, approximates its fair value because market conditions have not changed significantly between the date of the transactions and June 30, 2020.

RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the COVID-19 epidemic a pandemic. The situation is continually 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 have 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 the search for future financing, which could have a direct impact on the Company's future financial position. The Company has implemented measures to mitigate the impact of the pandemic on its future operations.

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 major risks to which the Company is exposed are detailed below.

(a) Financing risk

The Company must periodically obtain new funds to pursue its activities. While it has always succeeded in doing so to date, there is no assurance that it will continue to do so in the future.

The Company believes that the quality of its properties and their geological potential will enable it to obtain the required financing to pursue their exploration and potential development.

(b) Volatility of stock price and limited liquidity

Cartier's common shares are listed on the TSX Venture Exchange under the symbol ECR.

The Company's common shares have experienced significant volatility in price and trading volume over the last few years. There can be no assurance of adequate liquidity in the future for the Company's common shares.

(c) Permits and licences

The Company's operations may require permits and licences from different government authorities. There is no assurance that the Company will obtain the necessary permits and licences to continue exploring and developing its properties.

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(d) Environmental risks

The Company's operations are subject to federal, provincial and local environmental regulations. These regulations mandate, among other things, the maintenance of air and water quality standards, land use standards, land reclamation and labour standards.

Environmental legislation is evolving in a way that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and increased responsibility for companies and their officers, directors and employees. At this time, it is uncertain whether these changes will adversely affect the Company's operations. Compliance costs are expected to rise.

Environmental hazards caused by previous owners or operators may exist on some of the Company's properties but are unknown to management at the present time.

(e) Metal prices

Even if the exploration programs of the Company are successful, some factors beyond the Company's control may affect the marketing of the minerals found. Metal prices are determined by global supply and demand for metals, which are affected by many factors, including international, economic and political trends, inflation expectations, exchange rate fluctuations, interest rates, global and regional consumption levels, speculative activities and global production levels. The effects of these factors cannot be precisely predicted.

(f) Key personnel

The management of the Company relies on certain key personnel, primarily the President and Chief Executive Officer. The loss of the President and Chief Executive Officer could have a negative impact on the development and success of the Company's operations. The Company's success is also linked to its capacity to attract and retain qualified personnel.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2020, the Company had not concluded any off-balance sheet arrangements.

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CAPITAL STRUCTURE ON AUGUST 18, 2020:

Common shares outstanding	214,583,962
Stock options (weighted average exercise price of \$0.17)	15,550,000
Warrants (weighted average exercise price of \$0.43)	1,306,692
Total fully diluted	231,440,654

OUTLOOK**Chimo Mine Project**

Continue the two internal engineering studies as well as the Company's internal study to prepare for a new resource estimate on the Chimo Mine Property.

Benoist Project

Continue the internal study on mineralization study and continue planning the drilling program.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The financial statements and other financial information presented in this MD&A are the responsibility of the Company's management and were approved by the Board of Directors on August 18, 2020.

(s) Philippe Cloutier

Philippe Cloutier
President and CEO

(s) Nancy Lacoursière

Nancy Lacoursière
Chief Financial Officer