

## **CARTIER RESOURCES INC.**

Management's Discussion and Analysis  
For the third quarter ended September 30, 2020

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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 nine months ended September 30, 2020, compared to the three and nine months ended September 30, 2019. This report, dated November 18, 2020, should be read in conjunction with the unaudited interim condensed financial statements for the three and nine months ended September 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](http://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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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**

#### **Exploration activities**

##### **Chimo Mine Property**

Cartier completed its directional drilling on the Chimo Mine Property consisted of 124 holes for 58,054 m, and 21,867 samples were collected. Internal studies to support the drilling results are still underway. The results will be used to optimize resource estimates, industrial material sorting tests, and the mining engineering design for the project. The expenditures on the property amounted to \$2.6 million as of September 30, 2020, out of a planned annual budget of \$3.2 million.

The new results for the project published in the third quarter of 2020 are discussed below.

The engineering study of the hoisting capabilities of the underground infrastructure on the Chimo Mine Property revealed that the shaft's internal structural components could be capable of hoisting skips with a loading capacity of 20 metric tons (tonnes) each and a cruising speed of 2,200 feet per minute (40 km/h). This hoisting rate would raise 492 tonnes of rock per hour to the surface, for a total of 4,921 tonnes per day over 10 hours of hoisting operations per 24-hour period or 1.7 million tonnes per year.

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<b>Current shaft features</b>	
<b>Dimensions of excavated shaft</b>	914 m x 6 m x 2.7 m (represents 15,000 m <sup>3</sup> of excavated rock)
<b>3 compartments</b>	Each measuring 5'0" x 5'6"
<b>State of internal rock walls</b>	In good condition at the time of mine closure
<b>Internal shaft structure</b>	8" x 8" beams of Douglas (BC) fir
<b>State of internal shaft components</b>	In good condition at the time of mine closure Wood submerged under oxygen-free water remains intact* from deterioration for decades
<b>Key additional features required</b>	
<b>Weight of hoisted rock material</b>	4,921 mt/day in 10 hours of operation per 24-hour period 492 mt/hour
<b>Type of skips</b>	2 skips with a loading capacity of 20 t each, in compartments Nos. 2 and 3 Each skip is 14 m height instead including the cage
<b>Number of hoisted skips per hour</b>	30
<b>Skip cruising speed</b>	2,200 ft/min (40 km/h)
<b>Type of cage</b>	4-deck Mary Ann-type cage with 36-person capacity in compartment No. 1
<b>Height of headframe</b>	57 m
<b>Weight suspended below wheel</b>	56 mt
<b>Type of hoist</b>	Drum hoist 5.1 m in diameter with AC drive force of 4880 RMS HP
<b>Type of hoisting cable</b>	Single cable 56 mm in diameter or multi-cable system
*: Careful inspection of shaft components will be required, as will the replacement or reinforcement of components that do not meet the standards.	

Taken from the news release of September 22, 2020, titled [Cartier presents the strong hoisting capabilities of the shaft on the Chimo Mine Property](#). With simple modifications, [the shaft could raise 1.7 million tonnes per year \(4,921 tpd\)](#).

The drilling results from the third quarter are presented below:

Drill Hole	Coordinates UTM (°)	Azimuth (°) / Dip (°)	From (m)	To (m)	Length (m)	Au (g/t)	Gold Zone	Gold Structure
CH19-54D	332637/5320279/-163	185/-58	1153.0	1155.0	2.0	20.4	5CE	5C
Included in			1137.0	1155.0	18.0	2.7		
CH19-55CE	332527/5320277/-585	189/-51	1334.0	1335.6	1.6	11.9	5B4	5B
Included in			1321.0	1335.6	14.6	3.1		
CH19-55C	332555/5320429/-327	198/-72	1328.7	1331.2	2.5	7.5		
Included in			1322.0	1335.7	13.7	3.2		
CH19-54CW	332627/5320190/-276	185/-48	1043.0	1048.0	5.0	2.8		
CH19-55BW	332501/5320261/-671	193/-51	1362.0	1367.0	5.0	2.0		
CH19-55C	332555/5320429/-327	198/-72	1287.0	1294.6	7.6	1.4		

Taken from the news release of August 25, 2020, titled [Cartier cut 20.4 g/t Au over 2.0 m in the new Zone 5CE and 11.9 g/t Au over 1.6 m in Zone 5B4 at Chimo Mine](#). 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 80% to 90% 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. The 2020 exploration expenditures on the property amounted to \$60,000 as of September 30, out of a planned annual budget of \$135,000.

**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 with characteristics that 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.Geo., Ph.D., and Cartier's senior geologist, project manager and geomatician, Ronan Déroff, P.Geo., 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**

	<b>Chimo Mine</b>	<b>Wilson</b>	<b>Benoist</b>	<b>Fenton</b>	<b>Total</b>
<i>Percent participation</i>	100%	100%	100%	50%	
	\$	\$	\$	\$	\$
<b>Mining assets</b>					
<b>Balance as at September 30, 2020 and December 31, 2019</b>	<b>457,024</b>	<b>72,000</b>	<b>737,723</b>	<b>24,644</b>	<b>1,291,391</b>
<b>Deferred exploration costs</b>					
Balance as at December 31, 2019	10,550,684	1,092,447	2,391,967	1,526,180	15,561,278
<b>Additions</b>					
Geology	281,432	-	55,355	276	337,063
Drilling	1,793,340	-	102	-	1,793,442
Geochemistry	87,888	-	-	-	87,888
Exploration office expenses	3,785	-	-	-	3,785
Engineering	290,411	-	-	-	290,411
Surveying and access roads	-	-	2,850	-	2,850
Core shack rental and maintenance	2,496	-	-	-	2,496
Duties, taxes and permits	25,830	-	1,492	41	27,363
Depreciation of exploration leasehold improvements	1,463	-	-	-	1,463
Depreciation of right-of-use assets	16,788	-	-	-	16,788
Interest on lease obligations	2,904	-	-	-	2,904
Share-based payments - employees	60,438	-	-	-	60,438
Total deferred exploration costs during the period	2,566,775	-	59,799	317	2,626,891
Tax credits	(15,993)	-	(2,863)	-	(18,856)
<b>Additions during the period</b>	<b>2,550,782</b>	<b>-</b>	<b>56,936</b>	<b>317</b>	<b>2,608,035</b>
<b>Total deferred exploration costs as at September 30, 2020</b>	<b>13,101,466</b>	<b>1,092,447</b>	<b>2,448,903</b>	<b>1,526,497</b>	<b>18,169,313</b>
<b>Total of mining assets and deferred exploration costs as at September 30, 2020</b>	<b>13,558,490</b>	<b>1,164,447</b>	<b>3,186,626</b>	<b>1,551,141</b>	<b>19,460,704</b>
<b>Total of mining assets and deferred exploration costs as at December 31, 2019</b>	<b>11,007,708</b>	<b>1,164,447</b>	<b>3,129,690</b>	<b>1,550,824</b>	<b>16,852,669</b>

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**

	<b>Chimo Mine <sup>(1)</sup></b>	<b>Wilson</b>	<b>Benoist</b>	<b>Fenton</b>	<b>Total</b>
<i>Percent interest</i>	100%	100%	100%	50%	
	\$	\$	\$	\$	\$
<b>Mining assets</b>					
Balance as at December 31, 2018	107,024	72,000	737,723	24,644	941,391
Additions	350,000	-	-	-	350,000
<b>Balance as at September 30, 2019</b>	<b>457,024</b>	<b>72,000</b>	<b>737,723</b>	<b>24,644</b>	<b>1,291,391</b>
<b>Deferred exploration costs</b>					
Balance as at December 31, 2018	8,478,524	1,089,748	2,383,664	1,523,839	13,475,775
<b>Additions</b>					
Geology	297,127	208	3,450	2,872	303,657
Drilling	1,388,409	-	409	-	1,388,818
Geochemistry	104,310	-	-	-	104,310
Core shack rental and maintenance	2,650	-	355	-	3,005
Duties, taxes and permits	744	1,993	1,008	160	3,905
Depreciation of exploration leasehold improvements	2,429	-	-	-	2,429
Depreciation of right-of-use assets	25,638	-	-	-	25,638
Interest on lease obligations	4,351	-	-	-	4,351
Share-based payments - employees	53,952	-	-	-	53,952
Total deferred exploration costs during the period	1,879,610	2,201	5,222	3,032	1,890,065
Tax credits	(509,665)	(58)	(1,180)	(804)	(511,707)
<b>Additions during the period</b>	<b>1,369,945</b>	<b>2,143</b>	<b>4,042</b>	<b>2,228</b>	<b>1,378,358</b>
<b>Balance as at September 30, 2019</b>	<b>9,848,469</b>	<b>1,091,891</b>	<b>2,387,706</b>	<b>1,526,067</b>	<b>14,854,133</b>
<b>Balance of mining assets and deferred exploration costs as at September 30, 2019</b>	<b>10,305,493</b>	<b>1,163,891</b>	<b>3,125,429</b>	<b>1,550,711</b>	<b>16,145,524</b>

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

<sup>(1)</sup> On June 19, 2019, the Company bought back 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**

	<b>Three months ended September 30, 2020 (\$)</b>	Three months ended September 30, 2019 (\$)	<b>Nine months ended September 30, 2020 (\$)</b>	Nine months ended September 30, 2019 (\$)
<b>Interest income</b>	<b>11,896</b>	23,430	<b>56,638</b>	<b>83,929</b>
<b>Net loss for the period attributable to shareholders</b>	<b>(282,359)</b>	(248,903)	<b>(493,754)</b>	<b>(827,809)</b>
<b>Basic and diluted loss per share</b>	<b>(0.00)</b>	(0.00)	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding, basic</b>	<b>204,641,740</b>	177,104,747	<b>196,201,511</b>	<b>177,104,747</b>

	<b>Statement of financial position as at:</b>	
	<b>September 30, 2020</b>	December 31, 2019
	<b>\$</b>	\$
Cash and cash equivalents	<b>13,730,898</b>	7,670,167
Mining assets and deferred exploration costs	<b>19,460,704</b>	16,852,669
<b>Total assets</b>	<b>33,643,308</b>	25,489,264
Current liabilities	<b>3,032,511</b>	1,055,048
Deferred income and mining taxes	<b>2,373,861</b>	1,969,674
<b>Equity</b>	<b>28,117,213</b>	22,357,716

**RESULTS OF OPERATIONS**

For the three and nine months periods ended September 30, 2020, the net loss amounted to (\$282,359) or (\$0.00) per share and (\$493,754) or (\$0.00) per share, respectively, compared to (\$248,903) or \$0.00 per share and (\$827,809) or \$0.00 per share for the same periods in 2019.

Interest income was \$11,896 and \$56,638 for the three and nine months ended September 30, 2020, respectively, compared to \$23,430 and \$83,929 for the same periods in 2019.

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General and administrative ("G&A") expenses amounted to \$320,908 and \$947,543 for the three and nine months ended September 30, 2020, respectively, compared to \$270,479 and \$908,286 for the same periods in 2019. The increase in G&A expenses was primarily related to salaries, share-based payments—employees, business development expenditures and Investor relations. This increase is offset by a decrease in the costs related to road shows and gold shows.

The following constituted the main G&A expense items for the three and nine months ended September 30, 2020, respectively: salaries for \$98,439 and \$315,894; business development expenditure for \$49,534 and \$112,956; road shows and gold shows for \$1,294 and \$14,689; investors relations for \$39,978 and \$107,334; the share-based payments—employees for \$103,497 and \$200,757, information to shareholder for \$3,518 and \$28,816 and professional fees for \$10,880 and \$64,818. For the same periods in 2019, the main G&A expense items were: salaries for \$89,921 and \$275,057; business development expenditures for \$30,220 and \$103,519; road shows and gold shows for \$16,158 and \$103,292; investor relations for \$44,426 and \$82,022; share-based payments—employees for \$48,842 and \$175,181; shareholder information for \$3,201 and \$34,502; and professional fees for \$11,195 and \$34,109.

## FINANCIAL INFORMATION SUMMARY

Quarter ended	Interest income	Net loss	Basic and diluted loss per share	Additions to deferred exploration costs	Weighted average number of common shares outstanding, basic
	\$	\$	\$	\$	
20-09-30	11,896	(282,359)	(0.00)	252,034	204,641,740
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	(264,576)	(0.00)	1,280,994	177,104,747
18-12-31	42,863	(4,797,472)	(0.03)	1,429,814	177,104,747

During the nine months ended September 30, 2020, the additions to deferred exploration costs amounted to \$2,626,891, including \$2,566,775 on the Chimo Mine Property and \$59,799 on the Benoist Property. For the same period in 2019, the additions to deferred exploration costs amounted to \$1,890,065, including \$1,879,610 on the Chimo Mine Property, \$5,222 on the Benoist Property and \$3,032 on the Fenton Property.



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**STATEMENT OF FINANCIAL POSITION****Current**

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

	September 30, 2020		December 31, 2019	
	Amount (\$)	Interest rate (%)	Amount (\$)	Interest rate (%)
Account bearing interest	13,312,932	0.20-1.85	6,868,800	1.10-2.50
Account without interest	417,966	-	801,367	-
Total	13,730,898		7,670,167	

As at September 30, 2020 and December 31, 2019, cash and cash equivalents included an amount of \$9,263,210 (\$2,373,548 as at December 31, 2019) in funds to be expensed as eligible exploration costs before December 31, 2021.

As at September 30, 2020, working capital was \$11,021,968, compared to \$7,421,666 as at December 31, 2019.

**Mining assets and deferred exploration costs**

As at September 30, 2020, the Company's mining assets and deferred exploration costs amounted to \$19,460,704, compared to \$16,852,669 as at December 31, 2019.

As at September 30, 2020, deferred exploration costs amounted to \$18,169,313 compared to \$15,561,278 as at December 31, 2019.

The additions to deferred exploration costs during the nine months ended September 30, 2020 consisted of the following: drilling for \$1,793,442; geology for \$337,063; and engineering for \$290,411. 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 September 30, 2020 and December 31, 2019, mining assets amounted to \$1,291,391.

**Liabilities**

Current liabilities amounted to \$3,032,511 as at September 30, 2020, compared to \$1,055,048 as at December 31, 2019. The increase is mainly due to the provision of flow-through shares of \$2,144,728.

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As at September 30, 2020, the non-current liabilities comprised deferred income and mining taxes totalling to \$2,373,861, compared to \$1,969,674 as at December 31, 2019. This variation of \$404,187 is mainly due to the renouncement of tax deductions for exploration costs incurred by the flow-through shares issued.

### **Equity**

As at September 30, 2020, equity was \$28,117,213, compared to \$22,357,716 as at December 31, 2019. The variation comes mainly from the issuance of shares following a flow-through private financing, as well as the net loss for the period, the effect of share-based payments and the exercise of options and issuance of warrants.

### **CASH FLOWS**

Cash flows used in operating activities amounted to (\$724,312) and (\$452,419), respectively, for the nine months ended September 30, 2020 and 2019. The cash flows resulted mainly from the net loss for the same periods, which amounted to (\$493,754) and (\$827,809), respectively. The main items that impacted the cash flows for the nine months ended September 30, 2020, were deferred income and mining taxes of (\$393,108) and the share-based payments-employees of \$200,757. For the same period in 2019, the main items that impacted the cash flows were the share-based payments-employees of \$175,181 and the interest income of (\$83,929).

Cash flows from (used in) financing activities amounted to \$8,831,587 and (\$28,769) for the nine months ended September 30, 2020 and 2019, respectively. The main items that impacted the cash flows for the nine months ended September 30, 2020 were shares issuance of \$9,364,626, issue costs of (\$674,246), a loan of \$40,000, exercise of options for \$131,250, and payments on lease obligations of (\$30,043). The main items that impacted the cash flows for the nine months ended September 30, 2019, were payments on lease obligations of (\$28,769).

Cash used in investing activities amounted to (\$2,046,544) and (\$1,418,844) for the nine months ended September 30, 2020 and 2019, respectively. The cash flows consisted mainly of exploration assets and deferred exploration costs amounting to (\$2,683,464) and (\$2,333,198), and tax credits received of \$530,023 and \$915,967, 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 September 30, 2020, the Company's cash and cash equivalents amounted to \$13,730,898. 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 third quarter ended September 30, 2020, the Company issued a total of 22,953,200 shares comprising the issuance of 21,778,200 shares for a flow-through placement and 1,175,000 shares for the exercise of options. The Company issued 14,526,015 shares during the year ended December 31, 2019: 13,726,015 for two private placements and 800,000 for the exercise of options.

As at September 30, 2020, the Company had \$9,263,210 (\$2,373,548 as at December 31, 2019) in cash reserved for exploration purposes.

The Company expects that its current liquidity of \$13,730,898 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
August 11, 2020	Private placement with broker	Common shares	9,364,626	Drilling programs on the Benoist Property
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.

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### **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.

### **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 nine months ended September 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.

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### **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.

#### **Interest risk**

As at September 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:

	<b>September 30,</b>	December 31,
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<b>13,730,898</b>	7,670,167

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

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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, 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 September 30, 2020.

## **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 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.

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### **(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.

### **(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 September 30, 2020, the Company had not concluded any off-balance sheet arrangements.

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**CAPITAL STRUCTURE ON NOVEMBER 18, 2020:**

Common shares outstanding	214,783,962
Stock options (weighted average exercise price of \$0.17)	15,350,000
Warrants (weighted average exercise price of \$0.43)	1,306,692
Total fully diluted	231,440,654

**OUTLOOK****Chimo Mine Project**

Cartier will continue the internal study of the drilling results, which will be used to optimize resource estimates, industrial material sorting tests, and the mining engineering design for the project.

**Benoist Project**

Cartier will complete the internal resource estimate study and finalize the planned drilling program and logistics, including setting up a camp to commence drilling in the early days of January 2021.

**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 November 18, 2020.

(s) Philippe Cloutier

Philippe Cloutier  
President and CEO

(s) Nancy Lacoursière

Nancy Lacoursière  
Chief Financial Officer