

Cartier Resources Inc.

(an exploration company)

Interim Condensed Financial Statements (unaudited)

First quarter ended March 31, 2021

The interim condensed financial statements for the period ended March 31, 2021 have not been reviewed by the Company's independent auditor.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Financial Position (unaudited)

(In Canadian \$)	Mach 31, 2021	December 31, 2020
	\$	\$
Assets		
Current		
Cash and cash equivalents (note 2)	10,747,148	13,271,206
Receivables (note 3)	1,213,124	970,486
Prepaid expenses	286,243	138,560
	<u>12,246,515</u>	<u>14,380,252</u>
Non-current		
Property, plant and equipment	4,998	5,651
Right-of-use assets (note 4)	102,122	111,840
Mining assets and deferred exploration costs (note 5)	21,536,605	19,258,870
	<u>21,536,605</u>	<u>19,258,870</u>
TOTAL ASSETS	<u>33,890,240</u>	<u>33,756,613</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	669,579	314,287
Current portion of lease obligations (note 6)	33,611	44,458
Liability related to flow-through shares (note 13)	2,279,188	2,940,057
	<u>2,982,378</u>	<u>3,298,802</u>
Non-current		
Lease obligations (note 6)	74,088	72,692
Loan (note 7)	40,000	40,000
Deferred income and mining taxes	2,689,403	2,339,568
	<u>2,689,403</u>	<u>2,339,568</u>
TOTAL LIABILITIES	<u>5,785,869</u>	<u>5,751,062</u>
EQUITY		
Share capital (note 8)	43,304,392	43,304,392
Warrants	75,004	75,004
Contributed surplus	3,287,438	3,129,088
Deficit	(18,667,036)	(18,607,506)
Accumulated other comprehensive loss	104,573	104,573
	<u>28,104,371</u>	<u>28,005,551</u>
TOTAL EQUITY	<u>28,104,371</u>	<u>28,005,551</u>
TOTAL LIABILITIES AND EQUITY	<u>33,890,240</u>	<u>33,756,613</u>

Basis of preparation and going concern (note 1)

Contingencies and commitments (note 13)

Subsequent event (note 16)

The accompanying notes are an integral part of these unaudited interim condensed 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, 2020	215,883,962	43,304,392	75,004	3,129,088	(18,607,506)	104,573	28,005,551
Net loss for the period	-	-	-	-	(59,530)	-	(59,530)
Total comprehensive loss	-	-	-	-	(59,530)	-	(59,530)
Effect of share-based payments (note 8)	-	-	-	158,350	-	-	158,350
BALANCE AS AT MARCH 31, 2021	215,883,962	43,304,392	75,004	3,287,438	(18,667,036)	104,573	28,104,371
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

The accompanying notes are an integral part of these unaudited interim condensed 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, 2021	March 31, 2020
	\$	\$
Administrative expenses		
Salaries	112,744	106,516
Consultants	604	1,205
Share-based payments-employees (note 8)	121,010	40,719
Professional fees	42,919	42,032
Business development expenditures (analysts and brokers)	39,725	35,222
Road shows and gold shows	4,575	13,395
Investor relations	16,946	42,033
Insurance, taxes and permits	4,964	5,608
Depreciation of property, plant and equipment	166	-
Depreciation of right-of-use assets	4,916	4,917
Office supplies	5,510	8,505
Telecommunications	2,087	2,169
Training and travel	2,704	6,579
Advertising and sponsoring	4,247	2,902
Information to shareholder	15,109	11,171
Part XII.6 tax related to flow-through shares	-	7,309
	378,226	330,282
Other expenses (income)		
Other exploration costs	40	1,175
Financial expenses (note 10)	5,832	4,285
Interest income	(13,534)	(30,084)
	(370,564)	(305,658)
Loss before deferred income and mining taxes	(370,564)	(305,658)
Deferred income and mining taxes	(311,034)	(224,388)
Net loss for the period attributable to shareholders	(59,530)	(81,270)
Change in fair value of other short-term financial assets	-	17,775
Comprehensive loss for the period attributable to shareholders	(59,530)	(63,495)
Loss per share		
basic and diluted	(0.00)	(0.00)
Weighted average number of common shares outstanding		
basic	215,883,962	191,630,762
diluted	221,546,637	192,538,224

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Statements of Cash Flows (unaudited)

(In Canadian \$)

	Three-month periods ended	
	March 31, 2021	March 31, 2020
	\$	\$
OPERATING ACTIVITIES		
Net Loss	(59,530)	(81,270)
Adjustments for:		
Deferred income and mining taxes	(311,034)	(224,388)
Share-based payments-employees (note 8)	121,010	40,719
Interests on lease obligations	491	687
Depreciation of property, plant and equipment	166	-
Depreciation of right-of-use assets	4,917	4,917
Interest paid on lease obligations capitalized as mining assets and deferred exploration costs	(558)	(781)
Interest income	(13,534)	(30,084)
Interest paid	(491)	(687)
Interest received	13,037	29,153
	<u>(245,526)</u>	<u>(261,734)</u>
Net change in non-cash working capital items		
Receivables	(242,141)	(86,339)
Prepaid expenses	(147,683)	(83,103)
Accounts payables and accrued liabilities	31,498	43,172
	<u>(603,852)</u>	<u>(388,004)</u>
Cash flows used in operating activities		
	<u>(603,852)</u>	<u>(388,004)</u>
FINANCING ACTIVITIES		
Shares issue expenses	-	(6,710)
Payments on lease obligations	(9,451)	(9,906)
	<u>(9,451)</u>	<u>(16,616)</u>
Cash flows used in financing activities		
	<u>(9,451)</u>	<u>(16,616)</u>
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(1,685)
Acquisition of mining assets and deferred exploration costs	(1,910,755)	(1,422,733)
	<u>(1,910,755)</u>	<u>(1,422,733)</u>
Cash flows used in investing activities		
	<u>(1,910,755)</u>	<u>(1,424,418)</u>
Net change in cash and cash equivalents	(2,524,058)	(1,829,038)
Cash and cash equivalents at the beginning	13,271,206	7,670,167
Cash and cash equivalents at the end (note 2)	10,747,148	5,841,129

Additional information (note 11)

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (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 19, 2021, the Company's Board of Directors approved these unaudited interim condensed financial statements for the period ended March 31, 2021.

1. Basis of preparation and going concern

These unaudited 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 unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2020.

These unaudited interim condensed financial statements were prepared on a going concern basis, using historical costs method.

The unaudited interim condensed financial statements have been prepared on a going concern basis, meaning that the Company will be able to realized 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. 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 unauditedunaudited 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.

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Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

1. Basis of preparation and going concern (continued)

These unaudited interim condensed financial statements have been prepared using the same accounting methods used in the audited financial statements for the year ended December 31, 2020.

The preparation of unaudited 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 unaudited 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, 2020.

2. Cash and cash equivalents

As at March 31, 2021 and December 31, 2020, cash and cash equivalents included an account bearing interest and an account without interest, as shown below:

	March 31, 2021		December 31, 2020	
	\$	Interest rate	\$	Interest rate
Account bearing interest	8,830,187	0.20%-0.65%	11,822,829	0.20%-1.85%
Account without interest	1,916,961	-	1,448,377	-
Total	10,747,148		13,271,206	

Cash and cash equivalents include \$7,259,637 (\$9,364,626 as at December 31, 2020) of funds to be incurred in eligible exploration expenses before December 31, 2022.

3. Receivables

	March 31, 2021	December 31, 2020
	\$	\$
Other receivable	-	2,777
Credit on mining rights refundable and refundable tax credit for resources	883,775	883,775
Commodity taxes	329,349	83,934
	1,213,124	970,486

4. Right-of-use assets

	Building	Other equipment	Total
	\$	\$	\$
Balance as at December 31, 2020	108,104	3,736	111,840
Depreciation	(8,316)	(1,402)	(9,718)
Balance as at March 31, 2021	99,788	2,334	102,122

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

7. Mining assets and deferred exploration costs

	Chimo Mine	Wilson	Benoist	Fenton	Total
<i>Percentage interest</i>	100%	100%	100%	50%	
	\$	\$	\$	\$	\$
Mining assets					
Balance as at March 31, 2021 and December 31, 2020	457,024	72,000	737,723	24,644	1,291,391
Deferred exploration costs					
Balance as at December 31, 2020	12,479,389	1,092,447	2,868,318	1,527,325	17,967,479
Additions					
Geology	45,602	-	71,562	-	117,164
Drilling	75	-	1,863,182	-	1,863,257
Geophysics	-	-	53,664	-	53,664
Geochemistry	-	-	84,014	-	84,014
Exploration office expenses	131	-	2,047	-	2,178
Engineering	78,913	-	-	-	78,913
Core shack rental and maintenance	96	-	1,511	-	1,607
Duties, taxes and permits	445	-	33,267	40	33,752
Depreciation of exploration leasehold improvements	29	-	459	-	488
Depreciation of right-of-use assets	288	-	4,512	-	4,800
Interest on lease obligations	33	-	525	-	558
Share-based payments - employees (note 8)	2,240	-	35,100	-	37,340
Additions during the period	127,852	-	2,149,843	40	2,277,735
Total deferred exploration costs as at March 31, 2021	12,607,241	1,092,447	5,018,161	1,527,365	20,245,214
Total of mining assets and deferred exploration costs as at March 31, 2021	13,064,265	1,164,447	5,755,884	1,552,009	21,536,605

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

The Company is subject to royalties on certain properties.

Cartier Resources Inc.

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Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

6. Lease obligations	March 31, 2021	December 31, 2,020
Lease obligations included in the statement of financial position	\$	\$
Balance at the beginning of the period	117,150	156,844
Interests	1,049	5,220
Payments	(10,500)	(44,914)
Balance at the end of the period	107,699	117,150
Current portion of lease obligations	(33,611)	(44,458)
Lease obligations	74,088	72,692
 Maturity analysis – contractual undiscounted cash flows		
Less than one year	30,310	40,810
One to five years	83,433	83,430
Total undiscounted lease obligations	113,743	124,240

7. Loan

Loan of \$60,000 from the Canadian Small Business Emergency Account, interest free, repayable by December 31, 2022 with 33.33% write-off of the loan, up to \$20,000, conditional on repaying the loan at maturity by the Company. The Company recognized a gain related to this loan of \$20,000 during the year ended December 31, 2020, because it considers reasonable that the conditions required to recognize the gain will be met.

8. Share capital

Authorized

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

	March 31, 2021		December 31, 2020	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of the period	215,883,962	43,304,392	191,630,762	37,203,150
Shares issued and paid				
Flow-through private placements (a)	-	-	21,778,200	9,289,622
Renouncement of tax deductions on flow-through shares (a)	-	-	-	(2,940,057)
Exercise of options (b)	-	-	2,475,000	419,213
	-	-	24,253,200	6,768,778
Share issue expenses (a)	-	-	-	(667,536)
Balance, at end of the period	215,883,962	43,304,392	215,883,962	43,304,392

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

8. Share capital (continued)

(a) Issuance of flow-through shares on August 11, 2020

On August 11, 2020, the Company completed a private placement through a broker. The Company issued 21,778,200 flow-through shares at a price of \$0.43 per share for total gross proceeds of \$9,364,626. In connection with the offering, the agent received a cash fee equal to 6% of the gross proceeds of the offering and broker warrants, equal to 6% of the number of 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. The financing is presented net of the value of the broker warrants amounting to \$75,004. Share issue expenses totalling \$742,540 were applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares, which reduced share capital by \$2,940,057, and the consideration is presented as a liability related to flow-through shares.

- (b) During the year ended December 31, 2020, the Company issued 1,300,000 common shares at a price of \$0.10 per share, 950,000 common shares at a price of \$0.105 per share and 225,000 common share at a price of \$0.14 per share totalling \$261,250 following exercise of options whose fair value of the common shares ranged from \$0.165 to \$0.25 per share. During the year 2019, the Company issued 800,000 common shares at a price of \$0.10 per share, totalling \$80,000 following exercise of options whose fair value of the common share ranged from \$0.135 and \$0.14 per share 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 optionee 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.

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

	March 31, 2021		December 31, 2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding - Beginning	16,350,000	0.18	14,600,000	0.16
Granted-employees	-	-	4,300,000	0.23
Exercised	-	-	(2,475,000)	0.11
Expired	-	-	(75,000)	0.14
Outstanding - End	16,350,000	0.18	16,350,000	0.18
Exercisable - End	14,225,000	0.18	13,150,000	0.17

Cartier Resources Inc.

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Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

8. Share capital (continued)

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

Exercise price	Outstanding options March 31, 2021			Exercisable options March 31, 2021		
	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	10,175,000	2.24	0.15	10,175,000	2.24	0.15
\$0.21 to \$0.30	6,175,000	3.45	0.25	4,050,000	2.85	0.26
\$0.10 to \$0.30	16,350,000	2.69	0.18	14,225,000	2.41	0.18

During the three-month period ended March 31, 2021, the share-based payment expense was \$158,350 (2020 - \$53,494). An amount of \$121,010 (2020 - \$40,719) was presented in the statement of loss and an amount of \$37,340 (2020 - \$12,775) was presented in mining assets and deferred exploration costs.

Warrants

The following table presents the changes that occurred during the period:

	March 31, 2021			December 31, 2020		
	Number	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Number	Weighted average exercise price \$	Weighted average remaining contractual life (years)
Outstanding - Beginning	1,306,692	0.43	0.61	-	-	-
Granted-agent compensation options ⁽¹⁾	-	-	-	1,306,692	0.43	0.81
Outstanding - End	1,306,692	0.43	0.36	1,306,692	0.43	0.61
Exercisable - End	1,306,692	0.43	0.36	1,306,692	0.43	0.61

⁽¹⁾ At issuance, the warrants are subject to a 4 month and 1 day statutory hold period. These warrants have a maximum term of 12 months following their date of issue.

The outstanding warrants are as follows:

<u>Maturity date</u>	<u>Exercise price</u> \$	<u>Number</u>
August 2021	0.43	1,306,692

Cartier Resources Inc.

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Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

9. Employee remuneration

Employee benefits recognized are detailed below:

	Three-month periods ended	
	March 31, 2021	March 31, 2020
	\$	\$
Salaries and fees	172,236	166,520
Fringe benefits	18,937	16,768
Share-based payments-employees	158,350	53,494
Defined contribution pension plan	9,667	4,769
	<u>359,190</u>	<u>241,551</u>
Less: salaries and share-based payments-employees capitalized in exploration and evaluation assets	<u>(120,248)</u>	<u>(87,784)</u>
Employee benefits	<u>238,942</u>	<u>153,767</u>

Employee benefits expense is allocated to the following items:

Salaries	112,744	105,516
Share-based payments-employees	121,010	40,719
Road shows and gold shows	4,575	5,670
Training and travel	613	862
	<u>238,942</u>	<u>152,767</u>

10. Financial expenses

	Three-month periods ended	
	March 31, 2021	March 31, 2020
	\$	\$
Interest and bank charges	5,341	3,598
Interests on lease obligations	491	687
Total of financial expenses	<u>5,832</u>	<u>4,285</u>

11. Cash flows

	Three-month periods ended	
	March 31, 2021	March 31, 2020
	\$	\$

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	488	568
Depreciation of right-of-use assets	4,800	5,596
Variation of deferred exploration costs included in accounts payable and accrued liabilities	323,794	(10,121)
Share-based payments-employees charged to deferred exploration costs	37,340	12,775
Interest on lease obligations capitalized to deferred exploration costs	558	781

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash equivalents bear interest at a fixed rate. In relation to these, the Company is exposed to a limited extent to a change in fair value, because they are redeemable at any time or the Company plans to use them in the short term for its operations. The Company's exposure to cash flow risk related to the interest rate of its loan is limited, since it does not bear 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, and while it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Liquidity risk analysis

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

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

All financial liabilities mature in less than 12 months except for liability related to flow-through shares and loan, which mature on December 31, 2022.

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, 2021	December 31, 2020
	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	<u>10,747,148</u>	<u>13,271,206</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.

Cartier Resources Inc.

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Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

12. Financial Instruments (continued)

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.

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 March 31, 2021.

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, exceptionally for this year, with the federal budget, the Company is entitled to a two-year-delay.

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, 2021, the Company received any amount (\$9,364,626 as of December 31, 2020) from flow-through financings. From flow-through financings received in 2020, an amount of \$2,104,989 (nil as of December 31, 2020) was used.

The Company renounced tax deductions related to flow-through financings and a liability related to flow-through shares issued in 2020, totaling \$2,940,057 was recorded at the time of issuance (see note 8). Management was required to incur eligible exploration expenditures before December 31, 2022. As at March 31, 2021, the flow-through share liability was \$2,279,188 (\$2,940,057 as of December 31, 2020).

Cartier Resources Inc.

(an exploration company)

Interim Condensed Notes to the Financial Statements

Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

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, 2021	March 31, 2020
	\$	\$
Short-term employee benefits		
Salaries and fees including bonuses and benefits	143,075	138,004
Social security costs and contributions to the pension plan	43,037	21,196
Total short-term employee benefits	186,112	159,200
Share-based payments-employees	139,680	47,273
Total remuneration	325,792	206,473

During the three-month periods ended as at March 31, 2021 and 2020, no key management personnel exercised share options granted through the share-based payment plans.

15. 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 of March 31, 2021, the Company has \$7,259,637 cash reserved for exploration (\$9,364,626 as of December 31, 2020).

Cartier Resources Inc.

(an exploration company)

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Three-month periods ended March 31, 2021 and 2020 (Unaudited)

(In Canadian \$)

16. Subsequent Events

- 1) On April 26, 2021, an option agreement with Hawkmoon Resources Corporation ("Hawkmoon") was signed to option 100% of the interests of the Wilson property, located 15 km east of the municipality of Lebel-sur-Quévillon. During the 5 years option period, Hawkmoon will have the exclusive right to earn 100% interest by paying the Company an amount totaling \$1,000,000 in cash, issuing to the Company a total of 5,000,000 common shares of Hawkmoon, incurring expenses of at least \$6,000,000 and completing at least 24,000 m of diamond drilling on the Wilson property.

Upon signing of the agreement, the Company received an amount of \$200,000 in cash and 700,000 common shares of Hawkmoon. All the shares issued to the Company, within the framework of the agreement, will be subject to a statutory holding period of 4 months. In the event Hawkmoon earns a 100% interest in the Wilson property, the Company will retain a production royalty of 2% NSR on the Wilson property, of which 1% will be redeemable for an amount of \$4,000,000.

- 2) On April 13, 2021, the Company proceeded to the execution of a definitive agreements with SOQUEM Inc. ("SOQUEM") in connection with the acquisition by the Company of all the rights and interests of SOQUEM (i.e. 50%) in a group of 14 mining claims located 50 km southwest of Chapais in consideration for a purchase price of \$700,000 payable as follows: (a) an amount of \$300,000 in cash and (b) the issuance of 1,261,431 common shares of the Company.

In addition, SOQUEM transferred to the Company all of its rights and interests in a group of contiguous claims, which allows the Company to hold 100% of the Fenton property. The Company granted SOQUEM a 1% net smelter return royalty on the Fenton Property, which can be bought back at any time by the Company for an amount of \$1,000,000. The Company has a right of first refusal with respect to any future disposition to a third party by SOQUEM of the Fenton Royalty, subject to certain exceptions.

In addition, as part of this transaction, the Company has agreed to transfer to SOQUEM all of its rights and interests in a group of 39 claims comprising the Cadillac Extension Property. SOQUEM granted the Company a 1% net smelter return royalty on the Cadillac Extension Property, which may be bought back at any time by SOQUEM for a consideration of \$1,000,000. SOQUEM has a right of first refusal with respect to any future disposition to a third party by the Company of the Cadillac Extension Royalty, subject to certain exceptions. The property Cadillac Extension was written off during the year ended December 31, 2018.

- 3) During the months of April and May 2021, the Company issued 550,000 common shares at a price of \$0.125, totalling \$68,750 following exercise of options whose fair value of the common share ranged between \$0.27 and \$0.30 at the time of exercise.