

## **Cartier Resources Inc.**

(an exploration company)

*Interim Condensed Financial Statements (unaudited)*

***Third quarter ended September 30, 2021***

The interim condensed financial statements for the period ended September 30, 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 \$)	September 30, 2021	December 31, 2020
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (note 2)	7,048,084	13,271,206
Other short-term financial assets (note 3)	98,000	-
Receivables (note 4)	289,291	970,486
Prepaid expenses	113,513	138,560
	<u>7,548,888</u>	<u>14,380,252</u>
<b>Non-current</b>		
Property, plant and equipment	3,765	5,651
Right-of-use assets (note 5)	83,155	111,840
Mining assets and deferred exploration costs (note 6)	26,144,418	19,258,870
	<u>26,144,418</u>	<u>19,258,870</u>
<b>TOTAL ASSETS</b>	<b><u>33,780,226</u></b>	<b><u>33,756,613</u></b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	443,634	314,287
Current portion of lease obligations (note 7)	39,730	44,458
Liability related to flow-through shares (note 14)	994,951	2,940,057
	<u>1,478,315</u>	<u>3,298,802</u>
<b>Non-current</b>		
Lease obligations (note 7)	48,749	72,692
Loan (note 8)	40,000	40,000
Deferred income and mining taxes	3,310,393	2,339,568
	<u>3,310,393</u>	<u>2,339,568</u>
<b>TOTAL LIABILITIES</b>	<b><u>4,877,457</u></b>	<b><u>5,751,062</u></b>
<b>EQUITY</b>		
Share capital (note 9)	43,928,692	43,304,392
Warrants	75,004	75,004
Contributed surplus	3,521,472	3,129,088
Deficit	(18,691,972)	(18,607,506)
Accumulated other comprehensive loss	69,573	104,573
	<u>28,902,769</u>	<u>28,005,551</u>
<b>TOTAL EQUITY</b>	<b><u>28,902,769</u></b>	<b><u>28,005,551</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>33,780,226</u></b>	<b><u>33,756,613</u></b>

**Basis of preparation and going concern** (note 1)

**Contingencies and commitments** (note 14)

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 \$
<b>BALANCE AS AT DECEMBER 31, 2020</b>	<b>215,883,962</b>	<b>43,304,392</b>	<b>75,004</b>	<b>3,129,088</b>	<b>(18,607,506)</b>	<b>104,573</b>	<b>28,005,551</b>
Net loss for the period	-	-	-	-	(84,466)	-	(84,466)
Change in fair value of other short-term financial assets	-	-	-	-	-	(35,000)	(35,000)
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(84,466)</b>	<b>(35,000)</b>	<b>(119,466)</b>
Issuance of shares net of issue costs (notes 6 and 9)	1,261,431	400,000	-	-	-	-	400,000
Effect of share-based payments (note 9)	-	-	-	491,684	-	-	491,684
Issuance of options (note 9)	1,000,000	224,300	-	(99,300)	-	-	125,000
<b>BALANCE AS AT SEPTEMBER 30, 2021</b>	<b>218,145,393</b>	<b>43,928,692</b>	<b>75,004</b>	<b>3,521,472</b>	<b>(18,691,972)</b>	<b>69,573</b>	<b>28,902,769</b>
<b>BALANCE AS AT DECEMBER 31, 2019</b>	<b>191,630,762</b>	<b>37,203,150</b>	<b>-</b>	<b>2,888,116</b>	<b>(17,755,275)</b>	<b>21,725</b>	<b>22,357,716</b>
Net loss for the period	-	-	-	-	(493,754)	-	(493,754)
Change in fair value of other short-term financial assets	-	-	-	-	-	82,848	82,848
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(493,754)</b>	<b>82,848</b>	<b>(410,906)</b>
Issuance of shares net of issue costs (note 9)	21,778,200	5,682,029	-	-	-	-	5,682,029
Effect of share-based payments (note 9)	-	-	-	282,120	-	-	282,120
Issuance of options (note 9)	1,175,000	224,083	-	(92,833)	-	-	131,250
Issuance of warrants (note 9)	-	-	75,004	-	-	-	75,004
<b>BALANCE AS AT SEPTEMBER 30, 2020</b>	<b>214,583,962</b>	<b>43,109,262</b>	<b>75,004</b>	<b>3,077,403</b>	<b>(18,249,029)</b>	<b>104,573</b>	<b>28,117,213</b>

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		Nine-month periods ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
<b>Administrative expenses</b>				
Salaries	111,709	98,439	347,997	315,894
Consultants	728	1,093	4,423	3,133
Share-based payments-employees (note 9)	102,374	103,497	357,542	200,757
Share-based payments-consultants (note 9)	10,956	-	21,696	20,925
Professional fees	10,334	10,880	80,743	64,818
Business development expenditures (analysts and brokers)	42,725	49,534	122,413	112,956
Road shows and gold shows	-	1,294	4,575	14,689
Investor relations	43,755	39,978	67,468	107,334
Insurance, taxes and permits	4,146	3,038	12,246	11,337
Depreciation of property, plant and equipment	165	165	496	438
Depreciation of right-of-use assets	4,917	4,917	14,752	14,752
Office supplies	7,959	6,789	19,049	18,873
Telecommunications	1,918	2,027	6,358	6,414
Training and travel	3,506	2,185	10,979	9,223
Advertising and sponsoring	3,362	2,090	10,110	5,504
Information to shareholder	7,271	3,518	42,501	28,816
Part XII.6 tax related to flow-through shares	-	(12,692)	-	-
	<b>355,825</b>	316,752	<b>1,123,348</b>	935,863
<b>Other expenses (income)</b>				
Sale of a written-off property options (note 6 (a))	-	-	(52,000)	-
Other exploration costs	5,700	1,226	6,039	5,957
Gain linked to an interest-free loan	-	-	-	(10,000)
Financial expenses (note 11)	3,875	4,156	14,687	11,680
Interest income	(8,963)	(11,896)	(33,327)	(56,638)
<b>Loss before deferred income and mining taxes</b>	<b>(356,437)</b>	(310,238)	<b>(1,058,747)</b>	(886,862)
<b>Deferred income and mining taxes</b>	<b>(316,247)</b>	(27,879)	<b>(974,281)</b>	(393,108)
<b>Net loss for the period attributable to shareholders</b>	<b>(40,190)</b>	(282,359)	<b>(84,466)</b>	(493,754)
<b>Items that will not be reclassified to profit or loss</b>				
Gain on disposal of other short-term financial assets	-	65,073	-	82,848
Change in fair value of other short-term financial assets	7,500	-	(35,000)	-
<b>Comprehensive loss for the period attributable to shareholders</b>	<b>(32,690)</b>	(217,286)	<b>(119,466)</b>	(410,906)
<b>Loss per share basic and diluted</b>	<b>(0.00)</b>	(0.00)	<b>(0.00)</b>	(0.00)
<b>Weighted average number of common shares outstanding</b>				
basic	218,145,393	204,641,740	217,175,712	196,201,511
diluted	222,035,830	210,463,952	222,119,584	199,562,517

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 \$)

	Nine-month periods ended	
	September 30, 2021	September 30, 2020
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net Loss	(84,466)	(493,754)
Adjustments for:		
Deferred income and mining taxes	(974,281)	(393,108)
Share-based payments-employees (note 9)	357,542	200,757
Share-based payments-consultants (note 9)	21,696	20,925
Gain linked to an interest-free loan	-	(10,000)
Sale of Written-off property options	(52,000)	-
Interests on lease obligations	832	-
Depreciation of property, plant and equipment	496	438
Depreciation of right-of-use assets	14,752	14,754
Interest paid on lease obligations capitalized as mining assets and deferred exploration costs	(2,037)	(1,175)
Interest income	(33,327)	(56,638)
Interest paid	(832)	(1,175)
Interest received	30,645	55,750
	<b>(720,980)</b>	<b>(663,226)</b>
Net change in non-cash working capital items		
Receivables	(199,898)	60,766
Prepaid expenses	25,047	(114,754)
Accounts payables and accrued liabilities	(75,318)	(9,449)
Cash flows used in operating activities	<b>(971,149)</b>	<b>(726,663)</b>
<b>FINANCING ACTIVITIES</b>		
Shares issue	-	9,364,626
Shares issue expenses	-	(674,246)
Loan	-	40,000
Exercise of options	125,000	131,250
Payments on lease obligations	(28,671)	(30,043)
Cash flows used in financing activities	<b>96,329</b>	<b>8,831,587</b>
<b>INVESTING ACTIVITIES</b>		
Disposal of other short-term financial assets	-	111,486
Disposal of property's option (note 6)	210,000	-
Acquisition of property, plant and equipment	-	(1,685)
Tax credits received	882,997	530,023
Acquisition of mining assets and deferred exploration costs	(6,441,299)	(2,684,017)
Cash flows used in investing activities	<b>(5,348,302)</b>	<b>(2,044,193)</b>
<b>Net change in cash and cash equivalents</b>	<b>(6,223,122)</b>	<b>6,060,731</b>
<b>Cash and cash equivalents at the beginning</b>	<b>13,271,206</b>	<b>7,670,167</b>
<b>Cash and cash equivalents at the end (note 2)</b>	<b>7,048,084</b>	<b>13,730,898</b>

Additional information (note 12)

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 and nine-month periods ended September 30, 2021 and 2020 (Unaudited)

(In Canadian \$)

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### 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 November 17, 2021, the Company's Board of Directors approved these unaudited interim condensed financial statements for the period ended September 30, 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 except for other short-term financial assets and share-based payments which are recorded at fair value.

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

# Cartier Resources Inc.

(an exploration company)

## Interim Condensed Notes to the Financial Statements

Three-month and nine-month periods ended September 30, 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 September 30, 2021 and December 31, 2020, cash and cash equivalents included an account bearing interest and an account without interest, as shown below:

	September 30, 2021		December 31, 2020	
	\$	Interest rate	\$	Interest rate
Account bearing interest	5,936,595	0.20%-0.65%	11,822,829	0.20%-1.85%
Account without interest	1,111,489	-	1,448,377	-
<b>Total</b>	<b>7,048,084</b>		<b>13,271,206</b>	

Cash and cash equivalents include \$5,217,556 (\$9,364,626 as at December 31, 2020) of funds to be incurred in eligible exploration expenses before December 31, 2022.

### 3. Other short-term financial assets

	September 30, 2021	December 31, 2020
Marketable securities of a quoted mining exploration company, at fair value	\$ 98,000	\$ -

### 4. Receivables

	September 30, 2021	December 31, 2020
Other receivable	\$ -	\$ 2,777
Credit on mining rights refundable and refundable tax credit for resources	0	883,775
Commodity taxes	289,291	83,934
	<b>289,291</b>	<b>970,486</b>

### 5. Right-of-use assets

	Building	Other equipment	Total
Balance as at December 31, 2020	\$ 108,104	\$ 3,736	\$ 111,840
Depreciation	(24,949)	(3,736)	(28,685)
Balance as at September 30, 2021	83,155	-	83,155

## Cartier Resources Inc.

(an exploration company)

### Interim Condensed Notes to the Financial Statements

Three-month and nine-month periods ended September 30, 2021 and 2020 (Unaudited)

(In Canadian \$)

#### 6. Mining assets and deferred exploration costs

	Chimo Mine	Wilson <sup>(b)</sup>	Benoist	Fenton <sup>(c)</sup>	Total
<i>Percentage interest</i>	100%	100%	100%	100%	
	\$	\$	\$	\$	\$
<b>Mining assets</b>					
Balance as at December 31, 2020	457,024	72,000	737,723	24,644	1,291,391
Additions (note 6 (c))	-	-	-	700,000	700,000
<b>Balance as at September 30, 2021</b>	<b>457,024</b>	<b>72,000</b>	<b>737,723</b>	<b>724,644</b>	<b>1,991,391</b>
<b>Deferred exploration costs</b>					
Balance as at December 31, 2020	12,479,389	1,092,447	2,868,318	1,527,325	17,967,479
<b>Additions</b>					
Geology	87,049	-	161,220	34,608	282,877
Drilling	325	-	5,459,541	-	5,459,866
Geophysics	-	-	116,151	-	116,151
Geochemistry	-	-	238,212	10,883	249,095
Exploration office expenses	274	-	4,288	-	4,562
Engineering	144,753	-	-	-	144,753
Surveying and access roads	-	-	20,468	-	20,468
Core shack rental and maintenance	157	-	2,464	-	2,621
Duties, taxes and permits	30,615	40	33,884	1,032	65,571
Depreciation of exploration leasehold improvements	83	-	1,307	-	1,390
Depreciation of right-of-use assets	836	-	13,097	-	13,933
Interest on lease obligations	122	-	1,915	-	2,037
Share-based payments - employees (note 9)	6,747	-	105,699	-	112,446
Option sale on properties (note 6 (b))	-	(291,000)	-	-	(291,000)
Total deferred exploration costs during the year	270,961	(290,960)	6,158,246	46,523	6,184,770
Tax credits	778	-	-	-	778
<b>Additions during the period</b>	<b>271,739</b>	<b>(290,960)</b>	<b>6,158,246</b>	<b>46,523</b>	<b>6,185,548</b>
<b>Total deferred exploration costs as at September 30, 2021</b>	<b>12,751,128</b>	<b>801,487</b>	<b>9,026,564</b>	<b>1,573,848</b>	<b>24,153,027</b>
<b>Total of mining assets and deferred exploration costs as at September 30, 2021</b>	<b>13,208,152</b>	<b>873,487</b>	<b>9,764,287</b>	<b>2,298,492</b>	<b>26,144,418</b>
<b>Total of mining assets and deferred exploration costs as at December 31, 2020</b>	<b>12,936,413</b>	<b>1,164,447</b>	<b>3,606,041</b>	<b>1,551,969</b>	<b>19,258,870</b>

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

Certain of the Company's properties are subject to royalties.



# Cartier Resources Inc.

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## Interim Condensed Notes to the Financial Statements

Three-month and nine-month periods ended September 30, 2021 and 2020 (Unaudited)

(In Canadian \$)

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### 6. Mining assets and deferred exploration costs

- (a) On May 12, 2021, an option agreement with Delta Resources Limited ("Delta") was signed, Delta has the option to acquire 100% of the interests of the Dollier property, located 30 km south of the municipality of Chibougamau . During the 4 years option period, Delta will have the exclusive right to acquire 100% interest by issuing the Company a total of 600,000 common shares of Delta and incurring expenses of at least \$1,000,000 on the Dollier property.

Upon signing of the agreement, the Company received \$10,000 in cash and 100,000 common shares of Delta with a fair value of \$42,000. 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 Delta acquires a 100% interest in the Dollier property, the Company will retain a production royalty of 2% NSR on the Dollier property, of which 1% will be redeemable for an amount of \$2,000,000 and the other 1% will be redeemable, by Delta, for an amount of \$15,000,000.

The property Dollier was written off during the year ended December 31, 2015.

- (b) On April 26, 2021, an option agreement with Hawkmoon Resources Corporation ("Hawkmoon") was signed, Hawkmoon has the option to acquire 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 acquire 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 with a fair value of \$91,000. 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.

- (c) On April 13, 2021, the Company acquired from SOQUEM Inc. ("SOQUEM") 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 with a fair value of \$400,000.

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.

# Cartier Resources Inc.

(an exploration company)

## Interim Condensed Notes to the Financial Statements

Three-month and nine-month periods ended September 30, 2021 and 2020 (Unaudited)

(In Canadian \$)

<b>7. Lease obligations</b>	<b>September 30, 2021</b>	December 31, 2020
Lease obligations included in the statement of financial position	<u>\$</u>	<u>\$</u>
Balance at the beginning of the period	<b>117,150</b>	156,844
Interests	<b>2,869</b>	5,220
Payments	<b>(31,540)</b>	(44,914)
Balance at the end of the period	<b>88,479</b>	117,150
Current portion of lease obligations	<b>(39,730)</b>	(44,458)
<b>Non-current lease obligations</b>	<b>48,749</b>	72,692
Maturity analysis – contractual undiscounted cash flows		
Less than one year	37,080	40,810
One to five years	55,620	83,430
<b>Total undiscounted lease obligations</b>	<b>92,700</b>	124,240

## 8. 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.

## 9. Share capital

Authorized

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

	<b>September 30, 2021</b>		December 31, 2020	
	<b>Number</b>	<b>Amount</b>	Number	Amount
		\$		\$
<b>Balance, beginning of the period</b>	<b>215,883,962</b>	<b>43,304,392</b>	191,630,762	37,203,150
Shares issued and paid				
Exercise of options (a)	<b>1,000,000</b>	<b>224,300</b>	2,475,000	419,213
Acquisition of properties (note 6 (c))	<b>1,261,431</b>	<b>400,000</b>	-	-
Flow-through private placements (b)	-	-	21,778,200	9,289,622
Renouncement of tax deductions on flow-through shares (b)	-	-	-	(2,940,057)
	<b>2,261,431</b>	<b>624,300</b>	24,253,200	6,768,778
Share issue expenses (b)	-	-	-	(667,536)
<b>Balance, at end of the period</b>	<b>218,145,393</b>	<b>43,928,692</b>	215,883,962	43,304,392

# Cartier Resources Inc.

(an exploration company)

## Interim Condensed Notes to the Financial Statements

Three-month and nine-month periods ended September 30, 2021 and 2020 (Unaudited)

(In Canadian \$)

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### 9. Share capital (continued)

(a) During the nine-month period ended September 30, 2021, the Company issued 1,000,000 common shares at a price of \$0.125 per share following exercise of options whose fair value of the common shares ranged from \$0.27 to \$0.30 per share. 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.

(b) 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 \$667,536 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.

### 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 cannot exceed 5% of the issued and outstanding common shares. The options vest over a period of 12 months and are exercisable over a maximum of five years.

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### 9. Share capital (continued)

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

	September 30, 2021		December 31, 2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
<b>Outstanding - Beginning</b>	<b>16,350,000</b>	<b>0.180</b>	14,600,000	0.16
Granted-employees	1,850,000	0.305	4,300,000	0.23
Granted-consultants	200,000	0.305	-	0.00
Exercised	(1,000,000)	0.125	(2,475,000)	0.11
Expired	-	-	(75,000)	0.14
<b>Outstanding - End</b>	<b>17,400,000</b>	<b>0.20</b>	16,350,000	0.18
<b>Exercisable - End</b>	<b>15,337,500</b>	<b>0.19</b>	13,150,000	0.17

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

Exercise price	Outstanding options September 30, 2021			Exercisable options September 30, 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
			\$			\$
\$0.11 to \$0.205	9,175,000	1.96	0.15	9,175,000	1.96	0.15
\$0.21 to \$0.305	8,225,000	3.37	0.26	6,162,500	2.98	0.25
<b>\$0.11 to \$0.305</b>	<b>17,400,000</b>	<b>2.63</b>	<b>0.20</b>	<b>15,337,500</b>	<b>2.37</b>	<b>0.19</b>

The weighted average fair value of share options granted was estimated using the Black-Scholes model at \$0.16 per option (\$0.13 in 2020) using the following assumptions:

	2021	2020
Risk-free interest rate	0.75%	0.35%
Expected volatility	63%	78%
Dividend yield	Nil	Nil
Weighted average expected life	5 years	5 years

During the three-month and nine-month periods ended September 30, 2021, the share-based payment expense was \$146,006 and \$491,684 (\$134,124 and \$282,120 for the three-month and nine-month periods ended September 30, 2020). An amount of \$113,330 and \$ 379,238 for the three-month and nine-month periods ended September 30, 2021 respectively was presented in the statement of loss (\$103,497 and \$221,682 for the same periods in 2020) and an amount of \$32,676 and \$112,446 for the three-month and nine-month periods ended September 30, 2021 respectively was presented in mining assets and deferred exploration costs (\$30,627 and \$60,438 for the same periods in 2020) .

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### 9. Share capital (continued)

#### Warrants

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

	September 30, 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)
<b>Outstanding - Beginning</b>	<b>1,306,692</b>	<b>0.43</b>	<b>0.61</b>	-	-	-
Granted-agent compensation options <sup>(1)</sup>	-	-	-	1,306,692	0.43	0.81
Expired	<b>(1,306,692)</b>	-	-	-	-	-
<b>Outstanding - End</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,306,692</b>	<b>0.43</b>	<b>0.61</b>
<b>Exercisable - End</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,306,692</b>	<b>0.43</b>	<b>0.61</b>

<sup>(1)</sup> 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.

### 10. Employee remuneration

Employee benefits recognized are detailed below:

	Three-month periods ended		Nine-month periods ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Salaries and fees	<b>159,596</b>	134,583	<b>497,085</b>	457,203
Fringe benefits	<b>6,509</b>	5,740	<b>44,259</b>	36,754
Share-based payments-employees	<b>135,050</b>	134,124	<b>469,988</b>	261,195
Defined contribution pension plan	<b>9,692</b>	9,221	<b>27,951</b>	26,664
	<b>310,847</b>	283,668	<b>1,039,283</b>	781,816
Less: salaries and share-based payments-employees capitalized in exploration and evaluation assets	<b>(96,764)</b>	(80,459)	<b>(328,156)</b>	(257,238)
<b>Employee benefits</b>	<b>214,083</b>	203,209	<b>711,127</b>	524,578

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### 10. Employee remuneration (continued)

Employee benefits expense is allocated to the following items:

	Three-month periods ended		Nine-month periods ended	
	September 30,	September 30,	September 30,	September 30,
	2021	2020	2021	2020
	\$	\$	\$	\$
Salaries	111,709	98,439	347,997	315,894
Share-based payments-employees	102,374	103,497	357,542	200,757
Road shows and gold shows	-	813	4,575	6,483
Training and travel	-	460	1,013	1,444
	<b>214,083</b>	<b>203,209</b>	<b>711,127</b>	<b>524,578</b>

### 11. Financial expenses

	Three-month periods ended		Nine-month periods ended	
	September 30,	September 30,	September 30,	September 30,
	2021	2020	2021	2020
	\$	\$	\$	\$
Interest and bank charges	3,714	3,923	13,855	10,505
Interests on lease obligations	161	233	832	1,175
Total of financial expenses	<b>3,875</b>	<b>4,156</b>	<b>14,687</b>	<b>11,680</b>

### 12. Cash flows

	Nine-month periods ended	
	September 30,	September 30,
	2021	2020
	\$	\$
<b>Items not affecting cash and cash equivalents related to operating, financing and investing activities</b>		
Shares issued for the acquisition of mining properties	400,000	-
Variation of share issue expenses included in accounts payable and accrued liabilities	-	(6,710)
Depreciation of property, plant and equipment capitalized to deferred exploration costs	1,390	1,463
Depreciation of right-of-use assets capitalized to deferred exploration costs	13,933	16,788
Variation of deferred exploration costs included in accounts payable and accrued liabilities	204,666	(138,166)
Share-based payments-employees capitalized to deferred exploration costs	112,446	60,438
Interest on lease obligations capitalized to deferred exploration costs	2,037	2,904
Credits on mining taxes capitalized to deferred exploration costs	778	(18,856)
Option sale on properties	291,000	-

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### 13. 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 the loan, which matures 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 disclosed below:

	<b>September 30, 2021</b>	December 31, 2020
	\$	\$
Cash and cash equivalents	<b>7,048,084</b>	13,271,206

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.

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### 13. 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 and evaluated 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 September 30, 2021.

### 14. 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 2021, 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 nine-month period ended September 30, 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 \$6,195,523 (nil as of December 31, 2020) was used for deferred exploration costs.

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 9). Management was required to incur eligible exploration expenditures before December 31, 2022. As at September 30, 2021, the flow-through share liability was \$994,951 (\$2,940,057 as of December 31, 2020).



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### 15. 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		Nine-month periods ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	\$	\$	\$	\$
Short-term employee benefits				
Salaries and fees including bonuses and benefits	127,210	114,190	401,993	382,731
Social security costs and contributions to the pension plan	12,128	3,864	56,641	42,752
Total short-term employee benefits	139,338	118,054	458,634	425,483
Share-based payments-employees	120,081	118,810	416,477	231,181
Total remuneration	259,419	236,864	875,111	656,664

During the nine-month periods ended as at September 30, 2021 the key management personnel exercised a total of 1,000,000 share options granted through the share-based payment plans (450,000 in 2020).

### 16. Capital disclosures

The Company's objectives in managing its capital are to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions. The Company manages its capital structure and makes adjustments 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 September 30, 2021, the Company has \$3,169,103 cash reserved for exploration (\$9,364,626 as of December 31, 2020).