

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Financial Statements (unaudited)

Third quarter ended September 30, 2022 and 2021

The interim condensed financial statements for the period ended September 30, 2022 have not been reviewed by the Company's independent auditor.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Statements of Financial Position

(In Canadian \$)

	<u>September 30,</u> <u>2022</u>	December 31,
	\$	2021 \$
Assets		
Current		
Cash and cash equivalents (note 4)	5,372,037	6,200,786
Other short-term financial assets (note 5)	54,000	80,500
Receivables (note 6)	257,572	124,307
Prepaid expenses	108,172	66,928
	<u>5,791,781</u>	<u>6,472,521</u>
Non-current		
Property, plant and equipment	17,070	6,171
Right-of-use assets (note 7)	49,893	74,840
Mining assets and deferred exploration costs (note 8)	35,343,075	26,748,469
	<u>35,343,075</u>	<u>26,748,469</u>
TOTAL ASSETS	<u>41,201,819</u>	<u>33,302,001</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	671,108	211,934
Current portion of lease obligations (note 9)	38,456	39,416
Liability related to flow-through shares (note 16)	320,167	813,787
	<u>1,029,731</u>	<u>1,065,137</u>
Non-current		
Lease obligations (note 9)	15,593	40,573
Loan (note 10)	40,000	40,000
Deferred income and mining taxes	3,407,660	3,405,657
	<u>3,407,660</u>	<u>3,405,657</u>
TOTAL LIABILITIES	<u>4,492,984</u>	<u>4,551,367</u>
EQUITY		
Share capital (note 11)	51,964,762	43,928,692
Warrants	443,800	-
Contributed surplus	3,763,763	3,592,816
Deficit	(19,446,563)	(18,822,947)
Accumulated other comprehensive loss	(16,927)	52,073
	<u>36,708,835</u>	<u>28,750,634</u>
TOTAL EQUITY	<u>36,708,835</u>	<u>28,750,634</u>
TOTAL LIABILITIES AND EQUITY	<u>41,201,819</u>	<u>33,302,001</u>

Basis of preparation and going concern (note 2)

Contingencies and commitments (note 16)

Subsequent event (note 19)

The accompanying notes are an integral part of these consolidated 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 Consolidated 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, 2021	218,145,393	43,928,692	-	3,592,816	(18,822,947)	52,073	28,750,634
Net loss for the period	-	-	-	-	(623,616)	-	(623,616)
Change in fair value of other short-term financial assets	-	-	-	-	-	(69,000)	(69,000)
Total comprehensive loss	-	-	-	-	(623,616)	(69,000)	(692,616)
Issuance of shares for acquisition of East Cadillac Property net of issue costs (note 11)	46,273,265	6,686,197	-	-	-	-	6,686,197
Issuance of shares net of issue costs (note 11)	14,000,000	1,349,873	443,800	-	-	-	1,793,673
Effect of share-based payments (note 11)	-	-	-	170,947	-	-	170,947
BALANCE AS AT SEPTEMBER 30, 2022	278,418,658	51,964,762	443,800	3,763,763	(19,446,563)	(16,927)	36,708,835
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	-	-	-	-	(84,466)	-	(84,466)
Change in fair value of other short-term financial assets	-	-	-	-	-	(35,000)	(35,000)
Total comprehensive loss	-	-	-	-	(84,466)	(35,000)	(119,466)
Issuance of shares net of issue costs (note 11)	1,261,431	400,000	-	-	-	-	400,000
Effect of share-based payments (note 11)	-	-	-	491,684	-	-	491,684
Exercise of options (note 11)	1,000,000	224,300	-	(99,300)	-	-	125,000
BALANCE AS AT SEPTEMBER 30, 2021	218,145,393	43,928,692	75,004	3,521,472	(18,691,972)	69,573	28,902,769

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Statements of loss and comprehensive loss (unaudited)

(In Canadian \$)

	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Administrative expenses				
Salaries	126,121	111,709	406,357	347,997
Consultants	2,618	728	7,732	4,423
Share-based payments-employees (note 11)	52,084	102,374	133,527	357,542
Share-based payments-consultants (note 11)	4,112	10,956	11,580	21,696
Professional fees	25,393	10,334	73,774	80,743
Business development expenditures (analysts and brokers)	76,530	42,725	194,316	122,413
Road shows and gold shows	30,727	-	54,492	4,575
Investor relations	25,922	43,755	111,083	67,468
Insurance, taxes and permits	5,168	4,146	16,048	12,246
Depreciation of property, plant and equipment	768	165	2,012	496
Depreciation of right-of-use assets	4,917	4,917	15,867	14,752
Office supplies	13,394	7,959	28,289	19,049
Telecommunications	1,437	1,918	6,768	6,358
Training and travel	2,988	3,506	9,632	10,979
Advertising and sponsoring	5,824	3,362	14,230	10,110
Information to shareholder	3,006	7,271	35,459	42,501
	381,009	355,825	1,121,166	1,123,348
Other expenses (income)				
Sale of a written-off property option (note 8 (a))	(4,000)	-	(11,000)	(52,000)
Other exploration costs	523	5,700	53,121	6,039
Financial expenses (note 13)	2,832	3,875	9,452	14,687
Interest income	(35,690)	(8,963)	(55,685)	(33,327)
	(344,674)	(356,437)	(1,117,054)	(1,058,747)
Loss before deferred income and mining taxes	(344,674)	(356,437)	(1,117,054)	(1,058,747)
Deferred income and mining taxes	(449,454)	(316,247)	(493,438)	(974,281)
Net loss for the period attributable to shareholders	104,780	(40,190)	(623,616)	(84,466)
Change in fair value of other short-term financial assets	10,000	7,500	(69,000)	(35,000)
Comprehensive loss for the period attributable to shareholders	114,780	(32,690)	(692,616)	(119,466)
Loss per share basic and diluted	0.00	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding basic and diluted	278,418,658	218,145,393	254,797,754	217,175,712

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Statements of Cash Flows (unaudited)

(In Canadian \$)

	Nine-month periods ended	
	September 30, 2022	September 30, 2021
	\$	\$
OPERATING ACTIVITIES		
Net Loss	(623,616)	(84,466)
Adjustments for:		
Deferred income and mining taxes	(493,438)	(974,281)
Share-based payments-employees (note 11)	133,527	357,542
Share-based payments-consultants (note 11)	11,580	21,696
Write-down and write-off of mining assets and deferred exploration costs	(11,000)	(52,000)
Interests on lease obligations	993	832
Depreciation of property, plant and equipment	2,012	496
Depreciation of right-of-use assets	15,868	14,752
Interest paid on lease obligations capitalized as mining assets and deferred exploration costs	(1,872)	(2,037)
Interest income	(55,685)	(33,327)
Interest paid	-	(832)
Interest received	53,249	30,645
	<u>(968,382)</u>	<u>(720,980)</u>
Net change in non-cash working capital items		
Receivables	(120,156)	(199,898)
Prepaid expenses	(41,244)	25,047
Accounts payables and accrued liabilities	48,783	(75,318)
	<u>(1,080,999)</u>	<u>(971,149)</u>
FINANCING ACTIVITIES		
Shares issue	1,820,000	-
Shares issue expenses	(49,753)	-
Exercise of options	-	125,000
Payments on lease obligations	(25,940)	(28,671)
	<u>1,744,307</u>	<u>96,329</u>
INVESTING ACTIVITIES		
Disposal of property's option (note 8)	150,000	210,000
Acquisition of property, plant and equipment	(14,183)	-
Tax credits received	-	882,997
Acquisition of mining assets and deferred exploration costs	(1,627,874)	(6,441,299)
	<u>(1,492,057)</u>	<u>(5,348,302)</u>
Net change in cash and cash equivalents	(828,749)	(6,223,122)
Cash and cash equivalents at the beginning of the period	6,200,786	13,271,206
Cash and cash equivalents at the end of the period (note 4)	5,372,037	7,048,084

Additional information (note 14)

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

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Notes to the Financial Statements

Nine-month periods ended September 30, 2022 and 2021 (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 head office is at 1740, chemin Sullivan, Suite 1000, Val-d'Or, Quebec. 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 23, 2022, the Company's Board of Directors approved these annual financial statements.

1. ACQUISITION

On April 7, 2022, the Company signed a definitive share purchase agreement with O3 Mining Inc. ("O3 Mining") for the acquisition by the Company of all of the issued and outstanding shares of Chalice Gold Mines (Quebec) Inc. ("Chalice Quebec"), a wholly-owned subsidiary of O3 Mining, which owns a 100% interest in the East Cadillac property contiguous with the Company's Chimo Mine property in the Val-d'Or Gold Camp, Quebec, Canada.

The acquisition of Chalice Quebec was completed in consideration for the issuance of 46,273,265 shares of the Company representing 17.5% of the common shares outstanding at the closing of the transaction, including the fair value on the date of acquisition is \$6,709,623. Share issue costs of \$23,426 were incurred by the Company and recorded as a reduction of share capital.

On April 21, 2022 Chalice Gold Québec inc. change its name for Chimex Resources inc.

Management has concluded that Chalice Quebec does not meet the definition of a business because the assets and activities acquired do not include a substantial process and there are no outputs, therefore the transaction was accounted for as an asset acquisition. The fair value of the shares issued as consideration was determined based on the market price of the shares.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Notes to the Financial Statements

Nine-month periods ended September 30, 2022 and 2021 (Unaudited)

(In Canadian \$)

1. ACQUISITION (continued)

The following table details the fair value of the total consideration transferred and the fair value of identifiable assets acquired and identifiable liabilities assumed at the date of acquisition of Chimex Resources inc.:

Fair value of consideration for acquisition

	\$
Equity consideration	<u>6,709,623</u>
Transaction fees	<u>180,126</u>
Total value of consideration paid	<u>6,889,749</u>
Amount recognized as Mining Property	<u>6,889,749</u>

2. Basis of preparation and going concern

Cartier Resources Inc. and its subsidiary Chimex Resources Inc. (the "Company") are exploration companies with activities in Canada.

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, 2021.

These financial statements were prepared on a going concern basis, using historical costs method, except for "Other short-term financial assets" which are measured at fair value.

The 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.

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, 2021, except for the accounting methods presented in note 3.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Notes to the Financial Statements

Nine-month periods ended September 30, 2022 and 2021 (Unaudited)

(In Canadian \$)

3. New accounting method

Principles of consolidation

These consolidated financial statements include the accounts of Cartier and its subsidiary Chimex Resources Inc. A subsidiary is an entity over which the Company exercises control. The Company controls an entity when it has power over it, when it is exposed or has rights to variable returns arising from its participation in the entity and when it can influence these returns.

Subsidiaries are fully consolidated from the date control is transferred to Cartier and deconsolidated from the date control ceases. All intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

4. Cash and cash equivalents

As at September 30, 2022 and December 31, 2021, cash and cash equivalents included an account bearing interest and an account without interest, as shown below:

	September 30, 2022		December 31, 2021	
	\$	Interest rate	\$	Interest rate
Account bearing interest	5,208,159	0.60%-3.05%	6,092,383	0.20%-0.60%
Account without interest	163,878	-	108,403	-
Total	5,372,037		6,200,786	

Cash and cash equivalents include \$1,019,791 (\$2,592,066 as at December 31, 2021) of funds to be incurred in eligible exploration expenses before December 31, 2022.

5. Other short-term financial assets

	September 30, 2022	December 31, 2021
Marketable securities of a quoted mining exploration company, at fair value	\$ 54,000	\$ 80,500

During the nine-month period ended September 30, 2022 and the year ended on December 31, 2021, the Company received marketable securities of a quoted mining exploration company the following the sale of options on properties (see note 8). During the nine-month period ended September 30, 2022, the Company did not sell short-term financial assets (nil during the year ended on December 31, 2021).

6. Receivables

	September 30, 2022	December 31, 2021
Credit on mining rights refundable and refundable tax credit for resources	\$ 38,949	\$ 28,276
Commodity taxes	218,623	96,031
Total	257,572	124,307

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Notes to the Financial Statements

Nine-month periods ended September 30, 2022 and 2021 (Unaudited)

(In Canadian \$)

7. Right-of-use assets

	Building	Other equipment	Total
	\$	\$	\$
Balance as at December 31, 2020	108,104	3,736	111,840
Depreciation	(33,264)	(3,736)	(37,000)
Balance as at December 31, 2021	74,840	-	74,840
Depreciation	(24,947)	-	(24,947)
Balance as at September 30, 2022	49,893	-	49,893

8. Mining assets and deferred exploration costs

	Chimo Mine	East Cadillac	Wilson	Benoist	Fenton	Total
	100%	100%	100%	100%	100%	
	\$	\$	\$	\$	\$	\$
<i>Ownership interest</i>						
Mining assets						
Balance as at December 31, 2021	457,024		72,000	737,723	724,644	1,991,391
Additions (note 1)	-	6,889,749	-	-	-	6,889,749
Balance as at September 30, 2022	457,024	6,889,749	72,000	737,723	724,644	8,881,140
Deferred exploration costs						
Balance as at December 31, 2021	12,785,792	-	801,647	9,168,837	2,000,802	24,757,078
Additions						
Geology	87,027	119,737	-	13,668	45,159	265,591
Drilling	19,047	1,140,978	-	1,106	863	1,161,994
Geochemistry	-	22,523	-	(2,480)	-	20,043
Exploration office expenses	1,674	1,421	-	-	796	3,891
Geophysics	-	-	-	-	32,443	32,443
Surveying and access roads	4,564	50,516	-	-	-	55,080
Core shack rental and maintenance	297	1,537	-	252	214	2,300
Duties, taxes and permits	229,159	80,733	593	1,339	4,975	316,799
Depreciation of exploration leasehold improvements	334	750	-	-	188	1,272
Depreciation of right-of-use assets	2,193	5,110	-	-	1,776	9,079
Interest on lease obligations	267	592	-	-	18	877
Share-based payments - employees (note 11)	7,639	18,068	-	-	133	25,840
Option sale on properties (note 8 (b))	-	-	(181,500)	-	-	(181,500)
	352,201	1,441,965	(180,907)	13,885	86,565	1,713,709
Total deferred exploration costs during the year	-	-	-	-	-	-
Tax credits	3,000	(8,852)	-	(3,000)	-	(8,852)
Additions during the period	355,201	1,433,113	(180,907)	10,885	86,565	1,704,857
Total deferred exploration costs as at September 30, 2022	13,140,993	1,433,113	620,740	9,179,722	2,087,367	26,461,935
Total mining assets and deferred exploration costs as at September 30, 2022	13,598,017	8,322,862	692,740	9,917,445	2,812,011	35,343,075

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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(an exploration company)

Interim Condensed Consolidated Notes to the Financial Statements

Nine-month periods ended September 30, 2022 and 2021 (Unaudited)

(In Canadian \$)

8. 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.

On the first anniversary date, May 25, 2022, the Company received 100,000 common shares of Delta with a fair value of \$11,000. This amount was recorded in the Interim Condensed Consolidated Statements of loss and comprehensive loss as the sale of a written-off property option.

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. The amount of \$291,000 has been recorded as a reduction of the cost of the asset during the year ended December 31, 2021. 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.

On the first anniversary date, April 22, 2022, the Company received an amount totaling \$150,000 in cash and 700,000 common shares of Hawkmoon with a fair value of \$31,500. The amount of \$181,500 was recorded as a reduction of the cost of the asset during the nine-month period ended September 30, 2022.

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Interim Condensed Consolidated Notes to the Financial Statements

Nine-month periods ended September 30, 2022 and 2021 (Unaudited)

(In Canadian \$)

8. Mining assets and deferred exploration costs (continued)

- (c) On April 13, 2021, the Company acquired from SOQUEM Inc. ("SOQUEM") all of SOQUEM's rights and interests (i.e., 50%) in a group of 14 mining claims located 50 km southwest of Chapais in consideration 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, thereby allowing the Company to hold 100% of the Fenton Property. In exchange, the Company granted SOQUEM a 1% net smelter return ("NSR") royalty on the property (the "Fenton Royalty"), 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% NSR royalty on the property (the "Cadillac Extension Royalty"), 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 Cadillac Extension Property was written off during the year ended December 31, 2018.

9. Lease obligations

	September 30, 2022	December 31, 2021
Lease obligations included in the statement of financial position	\$	\$
Balance at the beginning of the period	79,989	117,150
Interests	1,870	3,649
Payments	(27,810)	(40,810)
Balance at the end of the period	54,049	79,989
Current portion of lease obligations	(38,456)	(39,416)
Lease obligations	15,593	40,573
Maturity analysis – contractual undiscounted cash flows		
Less than one year	37,080	37,080
One to five years	18,540	46,350
Total undiscounted lease obligations	55,620	83,430

10. Loan

Loan of \$60,000 from the Canadian Small Business Emergency Account, interest free, repayable by December 31, 2023 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.

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Interim Condensed Consolidated Notes to the Financial Statements

Nine-month periods ended September 30, 2022 and 2021 (Unaudited)

(In Canadian \$)

11. Share capital

Authorized

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

	September 30, 2022		December 31, 2021	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of the period	218,145,393	43,928,692	215,883,962	43,304,392
Shares issued and paid				
Acquisition of East-Cadillac Property (Note 1)	46,273,265	6,709,623	-	-
Private placements (a)	14,000,000	1,820,000	-	-
Exercise of options (b)	-	-	1,000,000	224,300
Acquisition of properties (Note 8 (c))	-	-	1,261,431	400,000
	60,273,265	8,529,623	2,261,431	624,300
Share issue expenses (Note 1 and (a))	-	(49,753)	-	-
Warrants (a)	-	(443,800)	-	-
Balance, at end of the period	278,418,658	51,964,762	218,145,393	43,928,692

- (a) On May 20, 2022, the Company completed a private placement totaling \$1,820,000. In total, the Company has issued 14,000,000 units (the "units") at a price of \$0.13 per unit, each unit consisting of one common share with a value of \$0.10 per share and one half-warrant with a value of \$0.03, each entitling its holder to subscribe for one common share at a price of \$0.16 for a period of 36 months following the closing date. The investment is presented net of warrants which have been valued at \$443,800. Issuance costs of \$26,327 also reduced share capital.
- (b) In 2021, the Company issued 1,000,000 common shares at a price of \$0.125 per share, for total proceeds of \$125,000 following the exercise of the options. The fair value of the common shares under the options ranged from \$0.27 to \$0.30 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.

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11. Share capital (continued)

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

	September 30, 2022		December 31, 2021	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding - Beginning	16,400,000	0.20	16,350,000	0.18
Granted-employees	2,350,000	0.15	1,850,000	0.31
Granted-consultants	150,000	0.15	200,000	0.31
Exercised	-	-	(1,000,000)	0.13
Expired	(1,875,000)	0.30	(1,000,000)	0.18
Outstanding - End of the period	17,025,000	0.19	16,400,000	0.20
Exercisable - End of the period	15,150,000	0.19	15,375,000	0.20

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

Exercise price	Outstanding options September 30, 2022			Exercisable options September 30, 2022		
	Number of options	Weighted average remaining life (years)	Weighted average exercise price	Number of options	Weighted average remaining life (years)	Weighted average exercise price
			\$			\$
\$0.115 to \$0.215	12,875,000	2.12	0.16	11,000,000	1.68	0.16
\$0.22 to \$0.31	4,150,000	3.43	0.27	4,150,000	3.43	0.27
\$0.115 to \$0.31	17,025,000	2.44	0.19	15,150,000	2.16	0.19

The weighted average fair value of share options granted was estimated using the Black-Scholes model at \$0.08 (\$0.16 in 2021) per option using the following assumptions:

	2022	2021
Risk-free interest rate	2.62%	0.75%
Expected volatility	61%	63%
Dividend yield	Nil	Nil
Weighted average expected life	5 years	5 years

During the three-month and nine-month periods ended September 30, 2022, the share-based payment expense was \$68,532 and \$170,947 (\$187,328 and \$345,678 for the three-month and nine-month periods ended September 30, 2021). An amount of \$56,196 and \$145,107 for the three-month and nine-month periods ended September 30, 2022 respectively was presented in the statement of loss (\$144,899 and \$265,909 for the same periods in 2021) and an amount of \$12,336 and \$25,840 for the three-month and nine-month periods ended September 30, 2022 respectively was presented in mining assets and deferred exploration costs (\$32,676 and \$112,446 for the same periods in 2021).

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11. Share capital (continued)

Warrants

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

	September 30, 2022			December 31, 2021		
	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-private placements	7,000,000	0.16	2.63	-	-	-
Expired	-	-	-	(1,306,692)	0.43	-
Outstanding - End	7,000,000	0.16	2.89	-	-	-

⁽¹⁾ At issuance, the warrants are subject to a 4 month and 1 day statutory hold period. These warrants have a maximum term of 36 months following their date of issue.

The outstanding warrants are as follows:

<u>Maturity date</u>	<u>Exercise price</u> \$	<u>Number</u>
May 2025	0.16	7,000,000

The weighted average fair value of warrants granted, was estimated on the grant date using the Black-Scholes option-pricing model at \$0.06 per warrant using the following assumptions:

Risk-free interest rate	<u>2022</u> 2.45%
Expected volatility	64%
Dividend yield	nil
Weighted average expected life	3 year

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12. Employee remuneration

Employee benefits recognized are detailed below:

	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Salaries and fees	215,358	159,596	642,670	497,085
Fringe benefits	7,681	6,509	45,053	44,259
Share-based payments-employees	64,420	135,050	159,367	469,988
Defined contribution pension plan	11,232	9,692	32,172	27,951
	298,691	310,847	879,262	1,039,283
Less: salaries and share-based payments-employees capitalized in exploration and evaluation assets	(106,189)	(96,764)	(271,989)	(328,156)
Less: salaries reclassified in other exploration costs	-	-	(42,058)	-
Employee benefits	192,502	214,083	565,215	711,127

Employee benefits expense is allocated to the following items:

	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Salaries	126,121	111,709	406,357	347,997
Share-based payments-employees	52,084	102,374	133,527	357,542
Road shows and gold shows	14,297	-	25,128	4,575
Training and travel	-	-	203	1,013
	192,502	214,083	565,215	711,127

13. Financial expenses

	Three-month periods ended		Nine-month periods ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Interest and bank charges	2,730	3,714	8,730	13,855
Interests on lease obligations	102	161	722	832
Total of financial expenses	2,832	3,875	9,452	14,687

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14. Cash flows

Additional information	Nine-month periods ended	
	September 30, 2022	September 30, 2021
	\$	\$
Items not affecting cash and cash equivalents related to operating, financing and investing activities		
Shares issued for the acquisition of mining properties	6,709,263	400,000
Variation of deferred exploration costs included in accounts payable and accrued liabilities	410,392	204,666
Option sale on properties	181,500	291,000

15. Financial Instruments

Objectives and policies for 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 these risks.

The Company does not enter into speculative derivative financial instruments.

Financial risks

The following paragraphs describe the main financial risks the Company is exposed to and its risk management policies.

Interest risk

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to 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. While it has been successful in doing so in the past, there is no assurance that it will be able to do so in the future.

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15. Financial Instruments (continued)

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

All financial liabilities mature in less than 12 months upon the exercise of the loan, which matures on December 31, 2023.

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:

	September 30, 2022	December 31, 2021
	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	<u>5,372,037</u>	<u>6,200,786</u>

The Company's financial assets are not secured by collateral or other credit enhancements.

The credit risk for cash and cash equivalents and cash reserved for exploration is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings.

Fair value of financial instruments

The Company discloses the fair value hierarchy by which the financial instruments are evaluated and assigned to the following levels. Level 1 features a valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 includes inputs for the asset or liability that are not based on observable market data. Marketable securities of a quoted mining exploration company 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 September 30, 2022.

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16. Contingencies and commitments

The Company is partially financed through the issuance of flow-through shares. However, there is no guarantee that its expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors. Moreover, tax rules regarding flow-through placements set deadlines for carrying out the exploration work no later than the first of the following dates:

- Two years following the flow-through placements; or
- one year after the Company has renounced the tax deductions relating to the exploration work.

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

During the nine month period ended September 30, 2022, the Company did not received any amount from flow-through financings. From flow-through financings received in 2020, an amount of \$1,572,275 was used for deferred exploration costs as at September 30, 2022 (\$6,772,562 as of December 31, 2021).

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 as liability related to flow-through shares at the time of issuance. Management was required to incur eligible exploration expenditures before December 31, 2022. As at September 30, 2022, the flow-through share liability was \$320,167 (\$813,787 as of December 31, 2021).

17. 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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Short-term employee benefits				
Salaries and fees including bonuses and benefits	174,249	127,210	534,728	401,993
Social security costs and contributions to the pension plan	23,071	12,128	61,532	56,641
Total short-term employee benefits	197,320	139,338	596,260	458,634
Share-based payments-employees	58,937	120,081	145,072	416,477
Total remuneration	256,257	259,419	741,332	875,111

During the three and nine-month periods ended as at September 30, 2022 and 2021, no key management personnel exercised share options granted through the share-based payment plans.

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18. 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 September 30 2022, the Company has \$1,019,791 cash reserved for exploration (\$2,592,066 as of December 31, 2021).

19. Subsequent Event

a) Issuance of flow-through shares on October 28, 2022

On October 28, 2022, the Company completed a non-broker private placement. The Company issued 22,501,333 flow-through shares at a price of \$0.12 per share for total gross proceeds of \$2,700,160. In connection with the offering, the agent received a cash fee equal to 3% of the gross proceeds of the offering and shares equal to 3% of the gross proceeds of the offering. Share issue expenses totaling \$182,136 were applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares, which reduced share capital by \$562,533, and the consideration is presented as a liability related to flow-through shares.

b) Issuance of flow-through shares on October 18, 2022

On October 18, 2022, the Company completed a non-broker private placement. The Company issued 12,500,000 flow-through shares at a price of \$0.12 per share for total gross proceeds of \$1,500,000. In connection with the offering, the agent received a cash fee equal to 3% of the gross proceeds of the offering and shares equal to 3% of the gross proceeds of the offering. Share issue expenses totaling \$104,314 were applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares, which reduced share capital by \$312,500, and the consideration is presented as a liability related to flow-through shares.