

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Financial Statements (unaudited)

Third quarter ended September 30, 2023

The interim condensed consolidated financial statements for the period ended September 30, 2023 have not been reviewed by the Company's independent auditor.

Cartier Resources Inc.

(an exploration company)

Interim Condensed Consolidated Statements of Financial Position (unaudited)

(In Canadian \$)

	September 30, 2023	December 31, 2022
	\$	\$
Assets		
Current		
Cash and cash equivalents (note 4)	2,733,188	6,973,515
Other short-term financial assets (note 5)	147,000	40,800
Receivables (note 6)	230,297	359,776
Prepaid expenses	61,114	73,014
	3,171,599	7,447,105
Non-current		
Fixed assets	16,010	19,239
Right-of-use assets (note 7)	16,631	41,578
Mining assets and deferred exploration costs (note 8)	41,861,602	37,629,230
	45,065,842	45,137,152
TOTAL ASSETS	45,065,842	45,137,152
Liabilities		
Current		
Accounts payable and accrued liabilities	122,853	869,210
Current portion of lease obligations (note 9)	18,345	36,030
Liability related to flow-through shares (note 16)	112,213	647,378
Current portion of loan (note 10)	40,000	40,000
	293,411	1,592,618
Non-current		
Lease obligations (note 9)	-	9,214
Deferred income and mining taxes	4,642,347	4,028,679
	4,935,758	5,630,511
TOTAL LIABILITIES	4,935,758	5,630,511
EQUITY		
Share capital (note 11)	56,566,641	55,129,043
Warrants	443,800	443,800
Contributed surplus	4,030,387	3,818,810
Deficit	(20,786,600)	(19,876,668)
Accumulated other comprehensive loss	(124,144)	(8,344)
	40,130,084	39,506,641
TOTAL EQUITY	40,130,084	39,506,641
TOTAL LIABILITIES AND EQUITY	45,065,842	45,137,152

Basis of preparation and going concern (note 2)

Contingencies and commitments (note 16)

The accompanying notes are an integral part of these interim condensed 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, 2022	314,820,044	55,129,043	443,800	3,818,810	(19,876,668)	(8,344)	39,506,641
Net loss for the period	-	-	-	-	(909,932)	-	(909,932)
Other comprehensive income	-	-	-	-	-	(115,800)	(115,800)
Total comprehensive loss	-	-	-	-	(909,932)	(115,800)	(1,025,732)
Issuance of shares net of issue costs (note 11)	11,474,033	1,437,598	-	-	-	-	1,437,598
Effect of share-based payments (note 11)	-	-	-	211,577	-	-	211,577
BALANCE AS AT SEPTEMBER 30, 2023	326,294,077	56,566,641	443,800	4,030,387	(20,786,600)	(124,144)	40,130,084
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)
Other comprehensive loss	-	-	-	-	-	(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

The accompanying notes are an integral part of these interim condensed 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, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Administrative expenses				
Salaries	141,710	126,121	405,607	406,357
Consultants	64	2,618	1,175	7,732
Share-based payments-employees (note 11)	53,296	52,084	170,272	133,527
Share-based payments-consultants (note 11)	0	4,112	1,290	11,580
Professional fees	12,773	25,393	83,762	73,774
Business development expenditures (analysts and brokers)	79,411	76,530	253,729	194,316
Road shows and gold shows	8,830	30,727	92,222	54,492
Investor relations	27,818	25,922	121,891	111,083
Insurance, taxes and permits	5,151	5,168	17,290	16,047
Depreciation of fixed assets	768	768	2,304	2,012
Depreciation of right-of-use assets	4,917	4,917	14,751	15,868
Office supplies	16,058	13,394	45,509	28,289
Telecommunications	1,277	1,437	4,243	6,768
Training and travel	689	2,988	10,048	9,632
Advertising and sponsoring	292	5,824	8,788	14,230
Information to shareholder	3,199	3,006	37,453	35,459
Part XII.6 tax related to flow-through shares	(4,801)	-	(4,801)	-
	351,452	381,009	1,265,533	1,121,166
Other expenses (income)				
Sale of a written-off property option (note 8 (a))	-	(4,000)	(94,000)	(11,000)
Other exploration costs	2,869	523	4,145	53,121
Financial expenses (note 13)	1,448	2,832	5,876	9,452
Interest income	(27,554)	(35,690)	(111,020)	(55,685)
	(328,215)	(344,674)	(1,070,534)	(1,117,054)
Loss before deferred income and mining taxes				
	(328,215)	(344,674)	(1,070,534)	(1,117,054)
Deferred income and mining taxes				
	(37,574)	(449,454)	(160,602)	(493,438)
Net loss for the period attributable to shareholders				
	(290,641)	104,780	(909,932)	(623,616)
Change in fair value of other short-term financial assets	(66,044)	10,000	(115,800)	(69,000)
Comprehensive loss for the period attributable to shareholders				
	(356,685)	114,780	(1,025,732)	(692,616)
Loss per share				
basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding				
basic and diluted	326,294,077	278,418,658	321,165,817	254,797,754

The accompanying notes are an integral part of these interim condensed 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, 2023	September 30, 2022
	\$	\$
OPERATING ACTIVITIES		
Net Loss	(909,932)	(623,616)
Adjustments for:		
Deferred income and mining taxes	(160,602)	(493,438)
Share-based payments-employees (note 11)	170,272	133,527
Share-based payments-consultants (note 11)	1,290	11,580
Sale of a written-off property option	(94,000)	(11,000)
Interests on lease obligations (note 13)	427	993
Depreciation of fixed assets	2,304	2,012
Depreciation of right-of-use assets	14,751	15,868
Interest paid on lease obligations	(911)	(1,872)
Interest income	(111,020)	(55,685)
Interest received	107,783	53,249
	(979,638)	(968,382)
Net change in non-cash working capital items		
Receivables	295,974	(120,156)
Prepaid expenses	11,900	(41,244)
Accounts payables and accrued liabilities	(86,010)	48,783
Cash flow used in operating activities	(757,774)	(1,080,999)
FINANCING ACTIVITIES		
Shares issue (note 11)	1,750,700	1,820,000
Shares issue expenses	(73,938)	(49,753)
Payments on lease obligations	(26,899)	(25,940)
Cash flow from financing activities	1,649,863	1,744,307
INVESTING ACTIVITIES		
Disposal of property's option (note 8)	-	150,000
Acquisition of property, plant and equipment	(962)	(14,183)
Tax credits received	10,328	-
Acquisition of mining assets and deferred exploration costs	(5,141,782)	(1,627,874)
Cash flow used in investing activities	(5,132,416)	(1,492,057)
Net change in cash and cash equivalents	(4,240,327)	(828,749)
Cash and cash equivalents at the beginning of the period	6,973,515	6,200,786
Cash and cash equivalents at the end of the period (note 4)	2,733,188	5,372,037

Additional information (note 14)

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

Cartier Resources Inc.

(an exploration company)

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine-month periods ended September 30, 2023 and 2022 (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, 2023, the Company's Board of Directors approved these unaudited interim condensed consolidated financial statements for the period ended September 30, 2023.

1. Acquisition

On April 7, 2022, the Company completed the acquisition 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. Issuance costs of \$23,426 were applied against the share capital.

On April 21, 2022 Chalice Gold Québec inc. changed its name to 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.

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 East Cadillac's property:

Cartier Resources Inc.

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Notes to the Interim Condensed Consolidated Financial Statements

Three and nine-month periods ended September 30, 2023 and 2022 (Unaudited)

(In Canadian \$)

1. ACQUISITION (continued)

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 consolidated financial statements have been prepared by the Company's management in accordance with ("IFRS"), and in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). They do not include all the information required in annual financial statements in accordance with IFRS. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022.

These unaudited interim condensed consolidated 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 measured at fair value.

The unaudited interim condensed consolidated 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 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 consolidated 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 consolidated 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 consolidated financial statements for the year ended December 31, 2022.

Cartier Resources Inc.

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Notes to the Interim Condensed Consolidated Financial Statements

Three and nine-month periods ended September 30, 2023 and 2022 (Unaudited)

(In Canadian \$)

3. New accounting method

As of the date of approval of these unaudited interim condensed consolidated financial statements, several new standards, amendments to existing standards and interpretations of existing standards had been issued by the IASB but were not yet effective. None of these standards or amendments to existing standards have been early adopted by the Company. Management expects that all relevant pronouncements will be adopted on the first fiscal year beginning on or after their effective date. New standards, amendments and interpretations not adopted for the current fiscal year have not been disclosed, since they should not have a material impact on the Company's Interim unaudited interim condensed consolidated financial statements.

4. Cash and cash equivalents

As at September 30, 2023 and as at December 31, 2022, cash and cash equivalents included an account bearing interest and an account without interest, as shown below:

	September 30, 2023		December 31, 2022	
	\$	Interest rate	\$	Interest rate
Account bearing interest	2,610,163	4.05%-4.30%	6,729,014	0.60%-4.05%
Account without interest	123,025	-	244,501	-
Total	2,733,188		6,973,515	

Cash and cash equivalents include \$725,696 (\$3,107,418 as at December 31, 2022) of funds to be incurred in eligible exploration expenses before December 31, 2024.

5. Other short-term financial assets

Marketable securities of a quoted mining exploration company, at fair value

	September 30, 2023	December 31, 2022
	\$	\$
Balance at the beginning of the period	40,800	80,500
Additions (note 8)	222,000	42,500
Change of value	(115,800)	(82,200)
Balance at the end of the period	147,000	40,800

6. Receivables

	September 30, 2023	December 31, 2022
	\$	\$
Credit on mining rights refundable and refundable tax credit for resources	202,207	38,949
Commodity taxes	28,090	320,827
	230,297	359,776

Cartier Resources Inc.

(an exploration company)

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine-month periods ended September 30, 2023 and 2022 (Unaudited)

(In Canadian \$)

7. Right-of-use assets

	Building Total
	\$
Balance as at December 31, 2022	41,578
Depreciation	(24,947)
Balance as at September 30, 2023	16,631

8. Mining assets and deferred exploration costs

	Chimo Mine	East Cadillac	Wilson ^(b)	Benoist	Fenton ^(c)	Total
<i>Ownership interest</i>	100%	100%	100%	100%	100%	
	\$	\$	\$	\$	\$	\$
Mining assets						
Balance as at June 30, 2023 and December 31, 2022	457,024	6,889,749	72,000	737,723	724,644	8,881,140
Deferred exploration costs						
Balance as at December 31, 2022	13,278,652	3,578,078	622,857	9,181,135	2,087,368	28,748,090
Additions						
Geology	-	301,579	-	-	-	301,579
Drilling	-	3,607,960	-	-	-	3,607,960
Geochemistry	-	198,772	-	-	-	198,772
Exploration office expenses	-	7,682	-	-	-	7,682
Surveying and access roads	-	1,471	-	-	-	1,471
Core shack rental and maintenance	-	3,182	-	-	-	3,182
Duties, taxes and permits	351,031	6,956	255	2,419	128	360,789
Depreciation of exploration leasehold improvements	-	1,887	-	-	-	1,887
Depreciation of right-of-use assets	-	10,196	-	-	-	10,196
Interest on lease obligations	-	484	-	-	-	484
Share-based payments - employees (note 11)	-	40,015	-	-	-	40,015
Option sale on properties (note 8 (b))	-	-	(128,000)	-	-	(128,000)
Total deferred exploration costs during the period	351,031	4,180,184	(127,745)	2,419	128	4,406,017
Tax credits	-	(173,645)	-	-	-	(173,645)
Additions during the period	351,031	4,006,539	(127,745)	2,419	128	4,232,372
Total deferred exploration costs as at September 30, 2023	13,629,683	7,584,617	495,112	9,183,554	2,087,496	32,980,462
Total mining asset and deferred exploration costs as at September 30, 2023	14,086,707	14,474,366	567,112	9,921,277	2,812,140	41,861,602

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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Notes to the Interim Condensed Consolidated Financial Statements

Three and nine-month periods ended September 30, 2023 and 2022 (Unaudited)

(In Canadian \$)

8. Mining assets and deferred exploration costs (continued)

- (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 property option.

On the second anniversary date, May 26, 2023, the Company received 200,000 common shares of Delta with a fair value of \$94,000. This amount was recorded in the Interim Condensed Consolidated Statements of loss and comprehensive loss as the sale of a property option.

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

- (b) On April 26, 2021, an option agreement with Earthwise (formerly Hawkmoon Resources Corporation) ("Earthwise") 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, Earthwise 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 Earthwise, 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 Earthwise 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 Earthwise 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 Earthwise 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 year ended December 31, 2022.

On the second anniversary date, May 4, 2023, pursuant to the terms of the option agreement, Earthwise issued to Cartier 1,600,000 common shares at a price of \$0.08 per share, with a fair value of \$128,000 in satisfaction of the scheduled share issuance required to be made by Earthwise under the terms of the option agreement. The 1,600,000 shares will be subject to a contractual release period, as follows: (a) July 22, 2023: 25%; (b) October 22, 2023: 25%; (c) January 22, 2024: 25%; and (d) April 22, 2024: 25%. The amount was recorded as a reduction of the cost of the asset during the nine-month period ended September 30, 2023.

Following the transaction, the Company owns 1,740,000 common shares, representing approximately 15.74% of the issued and outstanding common shares of Earthwise on a non-diluted basis.

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Notes to the Interim Condensed Consolidated Financial Statements

Three and nine-month periods ended September 30, 2023 and 2022 (Unaudited)

(In Canadian \$)

9. Lease obligations	September 30,	December 31,
	2023	2022
	\$	\$
Lease obligations included in the statement of financial position		
Balance at the beginning of the period	45,244	79,989
Interests	911	2,335
Payments	<u>(27,810)</u>	<u>(37,080)</u>
Balance at the end of the period	18,345	45,244
Current portion of lease obligations	<u>(18,345)</u>	<u>(36,030)</u>
Lease obligations	<u>-</u>	<u>9,214</u>
Maturity analysis – contractual undiscounted cash flows		
Less than one year	18,540	37,080
One to five years	-	9,270
Total undiscounted lease obligations	<u>18,540</u>	<u>46,350</u>

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.

11. Share capital

Authorized

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

	September 30, 2023		December 31, 2022	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of the period	314,820,044	55,129,043	218,145,393	43,928,692
Shares issued and paid				
Private placement (a) (e)	1,457,143	204,000	14,000,000	1,376,200
Flow-through private placements (b) (c) (d)	10,016,890	1,593,101	36,401,386	4,326,165
Renouncement of tax deductions on flow-through shares (b) (c) (d)	-	(239,164)	-	(875,033)
Acquisition of East-Cadillac Property (Note 1)	-	-	46,273,265	6,709,623
	11,474,033	1,557,937	96,674,651	11,536,955
Share issue expenses (Note 1 and (a)(b) (c) (d) (e))	-	(120,339)	-	(336,604)
Balance, at end of the period	326,294,077	56,566,641	314,820,044	55,129,043

Cartier Resources Inc.

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Notes to the Interim Condensed Consolidated Financial Statements

Three and nine-month periods ended September 30, 2023 and 2022 (Unaudited)

(In Canadian \$)

11. Share capital (continued)

a) Issuance of common shares on May 9, 2023

On May 9, 2022, the Company completed a private placement amounting to \$204,000. The Company issued a total of 1,457,443 common shares at a price of \$0.14 each. Issuance costs of \$10,033 were applied against share capital.

b) Issuance of flow-through shares on May 1, 2023

On May 1, 2023, the Company completed a non-broker private placement. The Company issued 5,140,000 flow-through shares at a price of \$0.155 per share for gross proceeds of \$796,700 and 4,545,455 flow-through shares at a price of \$0.165 per share for gross proceeds of \$750,000, totalling an amount in cash of \$1,546,700. In connection with the offering, the agent received a cash fee equal to 3% of the gross proceeds for an amount of \$46,401 of the offering and shares equal to 3% of the gross proceeds of the offering, which represents 331,435 shares for a value of \$46,401. Share issue expenses totalling \$110,306 were applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares, which reduced share capital by \$239,164. The consideration is presented as a liability related to flow-through shares.

c) 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 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 for an amount of \$81,005 and shares equal to 3% of the gross proceeds of the offering, which represents 900,053 shares for a value of \$81,005. Share issue expenses totalling \$182,336 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. The consideration is presented as a liability related to flow-through shares.

d) 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 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 for an amount of \$45,000 and shares equal to 3% of the gross proceeds of the offering, which represents 500,000 shares for a value of \$45,000. Share issue expenses totalling \$104,515 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. The consideration is presented as a liability related to flow-through shares.

e) On May 20, 2022, the Company completed a private placement amounting to \$1,820,000. The Company issued a total of 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 warrants were valued at \$443,800 using the Black-Scholes model. Issuance costs of \$26,327 were applied against share capital.

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11. Share capital (continued)

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 optionnee 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:

	September 30, 2023		December 31, 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Outstanding - Beginning	18,225,000	0.17	16,400,000	0.20
Granted-employees	2,600,000	0.11	4,750,000	0.12
Granted-consultants	-	-	150,000	0.15
Expired	(2,125,000)	0.17	(3,075,000)	0.25
Outstanding - End of the period	18,700,000	0.16	18,225,000	0.17
Exercisable - End of the period	16,150,000	0.17	14,575,000	0.19

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

Exercise price	Outstanding options September 30, 2023			Exercisable options September 30, 2023		
	Number of options remaining life (years)	Weighted average exercise price	Weighted average exercise price	Number of options remaining life (years)	Weighted average exercise price	Weighted average exercise price
			\$			\$
\$0.01 to \$0.105	2,400,000	4.21	0.09	1,800,000	4.21	0.09
\$0.11 to \$0.215	12,150,000	2.32	0.14	10,200,000	1.88	0.15
\$0.22 to \$0.315	4,150,000	2.43	0.27	4,150,000	2.43	0.27
\$0.085 to \$0.305	18,700,000	2.59	0.16	16,150,000	2.28	0.17

During the three-month and nine-month periods ended September 30, 2023, the share-based payment expense was \$65,910 and \$211,577 (\$68,532 and \$170,947 for the same periods in 2022). An amount of \$53,296 and \$171,562 for the three-month and nine-month periods ended September 30, 2023 respectively was presented in the statement of loss (\$56,196 and \$145,107 for the same periods in 2022) and an amount of \$12,614 and \$40,015 for the three-month and nine-month periods ended September 30, 2023 respectively was presented in mining assets and deferred exploration costs (\$12,336 and \$25,840 for the same periods in 2022).

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11. Share capital (continued)

Warrants

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

	September 30, 2023			December 31, 2022		
	Number	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Number	Weighted average exercise price \$	Weighted average remaining contractual life (years)
Outstanding - Beginning	7,000,000	0.16	2.39	-	-	-
Granted-private placements	-	-	-	7,000,000	0.16	2.39
Outstanding - End	7,000,000	0.16	1.64	7,000,000	0.16	2.39

⁽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

12. Employee remuneration

Employee benefits recognized are detailed below:

	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Salaries and fees	229,349	215,358	683,645	642,670
Fringe benefits	8,738	7,681	50,428	45,053
Share-based payments-employees	65,910	64,420	210,287	159,367
Defined contribution pension plan	9,795	11,232	34,123	32,172
	313,792	298,691	978,483	879,262
Less: salaries and share-based payments-employees capitalized in exploration and evaluation assets	(113,309)	(106,189)	(349,023)	(271,989)
Employee benefits	200,483	192,502	629,460	607,273

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12. Employee remuneration (continued)

Employee benefits expense is allocated to the following items:

	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Salaries	141,710	126,121	405,607	406,357
Share-based payments-employees	53,296	52,084	170,272	133,527
Road shows and gold shows	5,477	14,297	49,924	25,128
Training and travel	-	-	3,657	203
Other exploration costs	-	-	-	42,058
	200,483	192,502	629,460	607,273

13. Financial expenses

	Three-month periods ended		Nine-month periods ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Interest and bank charges	1,344	2,730	5,449	8,730
Interests on lease obligations	104	102	427	722
Total of financial expenses	1,448	2,832	5,876	9,452

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14. Cash flows

Additional information	Nine-month periods ended	
	September 30, 2023	September 30, 2022
	\$	\$
Items not affecting cash and cash equivalents related to operating, financing and investing activities		
Shares issued for the acquisition of mining properties and royalty	-	6,709,623
Variation of deferred exploration costs included in accounts payable and accrued liabilities	(660,347)	410,392
Option sale on properties	128,000	181,500

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.

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.

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Notes to the Interim Condensed Consolidated Financial Statements

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15. Financial Instruments (continued)

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, 2023	December 31, 2022
	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	<u>2,733,188</u>	<u>6,973,515</u>

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

The credit risk for cash and cash equivalents 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, accounts payables and accrued liabilities and loan approximate fair value based on the close date.

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:

- One year 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, 2023, the Company receive an amount of \$1,546,700 from flow-through financings. Of the total 2023 flow-through financing, an amount of \$821,004 was used as deferred exploration expenses as at September 30, 2023. The Company renounced tax deductions in connection with this flow-through financings and a liability related to the flow-through shares issued in 2023 totaling \$239,164 which was recorded as a liability related to the flow-through shares at the time of the issuances. Management is required to incur eligible exploration expenditures by December 31, 2024. As at September 30, 2023, the portion of the liability related to flow-through shares is \$112,213.

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Three and nine-month periods ended September 30, 2023 and 2022 (Unaudited)

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16. Contingencies and commitments (continued)

During the year ended December 31, 2022, the Company received an amount of \$4,200,160 from flow-through financings. The Company has used all of this amount in exploration expenses and therefore no longer has any liability related to flow-through shares with respect to this financing.

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, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Short-term employee benefits				
Salaries and fees including bonuses and benefits	195,095	174,249	575,619	534,728
Social security costs and contributions to the pension plan	24,715	23,071	68,002	61,532
Total short-term employee benefits	219,810	197,320	643,621	596,260
Share-based payments-employees	60,247	58,937	192,390	145,072
Total remuneration	280,057	256,257	836,011	741,332

During the three and nine month periods ended September 30, 2023 and 2022, no key management personnel exercised share options granted through the share-based payment plans.

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, 2023, the Company has \$725,696 cash reserved for exploration (\$3,107,418 as of December 31, 2022).

19. Subsequent Event

On November 9, 2023, the Company repaid the loan from the Canadian Small Business Emergency Account for a total amount of \$40,000.