

## **Cartier Resources Inc.**

(an exploration company)

*Consolidated Financial statements*

***Years ended December 31, 2023 and December 31, 2022***



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Cartier Resources Inc.

### ***Opinion***

We have audited the consolidated financial statements of Cartier Resources Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 2 in the financial statements ("Note 2"), which indicates that the Entity is still in the exploration stage and, as such, no revenue has yet been generated from its operating activities. Accordingly, the Entity depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business.

As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "***Material Uncertainty related to Going Concern***" section of the auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

### ***Evaluation of indicators of impairment for mining assets and deferred exploration costs***

#### ***Description of the Matter***

We draw attention to Notes 3.4, 3.8, 3.12 and 9 of the financial statements. The Entity has mining assets of \$8,881,140 and deferred exploration costs of \$33,071,601. The carrying amounts of mining assets and deferred exploration costs are assessed by the Entity for impairment when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have expired or will expire in the near future;
- No significant future exploration expenditures are foreseen;
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

The Entity completes an evaluation at each reporting period of potential impairment indicators. If any such indicator exists, then the asset's recoverable amount is estimated.



***Why the matter is a key audit matter***

We identified the evaluation of indicators of impairment for mining assets and deferred exploration costs as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of mining assets and deferred exploration costs. This matter was of most significance due to the difficulties in evaluating the results of our audit procedures to assess the Entity's determination of whether the factors, individually and in the aggregate, resulted in indicators of impairment.

***How the matter was addressed in the audit***

The primary procedures we performed to address this key audit matter included the following:

We assessed that the Entity's evaluation of potential impairment indicators was consistent with:

- Information included in Entity's press releases, management's discussion and analysis, and other public filings;
- Evidence obtained in other areas of the audit, including the results of exploration activities and any updates to estimates of mineral reserves and resources;
- Information obtained from:
  - (i) Reading internal communications to management and the Board of Directors;
  - (ii) Inspecting publicly available information for changes in the price of applicable commodity prices.

We assessed the status of the Entity's rights to explore by discussing with management if any rights were not expected to be renewed and by inspecting government registries.

We considered the activities to date in each area to which the Entity has a right to explore by comparing the actual expenditures to the budgeted expenditures and available cash flow to meet these budgeted expenditures. We evaluated the Entity's ability to accurately budget the expenditures by comparing the Entity's prior year's budgeted expenditures to the actual expenditures incurred.

We assessed if substantive expenditures on further exploration for the evaluation of mineral resources in each area that the Entity has a right to explore are planned or discontinued by inspecting budgeted expenditures and discussion with management on the Entity's plans.

***Other Information***

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Marc-André Fontaine.

*KPMG LLP\**

Montréal, Canada

April 16, 2024

# Cartier Resources Inc.

(an exploration company)

## Consolidated Statements of Financial Position

(In Canadian \$)

|   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
|   | \$                   | \$                   |
| <b>Assets</b>   |                      |                      |
| <b>Current</b>  |                      |                      |
| Cash and cash equivalents (note 5)                    | 4,739,698            | 6,973,515            |
| Other short-term financial assets (note 6)            | 110,200              | 40,800               |
| Receivables (note 7)                                  | 287,015              | 359,776              |
| Prepaid expenses                                      | 41,091               | 73,014               |
|   | <u>5,178,004</u>     | <u>7,447,105</u>     |
| <b>Non-current</b>                                    |                      |                      |
| Property, plant and equipment                         | 14,778               | 19,239               |
| Right-of-use assets (note 8)                          | 117,768              | 41,578               |
| Mining assets and deferred exploration costs (note 9) | 41,952,741           | 37,629,230           |
|   | <u>47,263,291</u>    | <u>45,137,152</u>    |
| <b>TOTAL ASSETS</b>                                   |                      |                      |
|   | <u>47,263,291</u>    | <u>45,137,152</u>    |
| <b>Liabilities</b>                                    |                      |                      |
| <b>Current</b>  |                      |                      |
| Accounts payable and accrued liabilities              | 161,523              | 869,210              |
| Current portion of lease obligations (note 10)        | 35,662               | 36,030               |
| Liability related to flow-through shares (note 18)    | 147,749              | 647,378              |
| Current portion of loan (note 11)                     | -                    | 40,000               |
|   | <u>344,934</u>       | <u>1,592,618</u>     |
| <b>Non-current</b>                                    |                      |                      |
| Lease obligations (note 10)                           | 83,004               | 9,214                |
| Deferred income and mining taxes (note 17)            | 4,716,948            | 4,028,679            |
|   | <u>5,144,886</u>     | <u>5,630,511</u>     |
| <b>TOTAL LIABILITIES</b>                              |                      |                      |
|   | <u>5,144,886</u>     | <u>5,630,511</u>     |
| <b>EQUITY</b>   |                      |                      |
| Share capital (note 12)                               | 58,999,825           | 55,129,043           |
| Warrants  | 443,800              | 443,800              |
| Contributed surplus                                   | 4,100,303            | 3,818,810            |
| Deficit   | (21,264,579)         | (19,876,668)         |
| Accumulated other comprehensive loss                  | (160,944)            | (8,344)              |
|   | <u>42,118,405</u>    | <u>39,506,641</u>    |
| <b>TOTAL EQUITY</b>                                   |                      |                      |
|   | <u>42,118,405</u>    | <u>39,506,641</u>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>                   |                      |                      |
|   | <u>47,263,291</u>    | <u>45,137,152</u>    |

**Basis of preparation and going concern** (note 2)

**Contingencies and commitments** (note 18)

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)

## Consolidated Statements of changes in equity

(In Canadian \$)

|   | Number of<br>shares | Share<br>capital<br>\$ | Warrants<br>\$ | Contributed<br>surplus<br>\$ | Deficit<br>\$       | Accumulated<br>other<br>comprehensive<br>(loss)<br>\$ | Total<br>equity<br>\$ |
|---|---------------------|------------------------|----------------|------------------------------|---------------------|---|-----------------------|
| <b>BALANCE AS AT DECEMBER 31, 2022</b>  | <b>314,820,044</b>  | <b>55,129,043</b>      | <b>443,800</b> | <b>3,818,810</b>             | <b>(19,876,668)</b> | <b>(8,344)</b>  | <b>39,506,641</b>     |
| Net loss for the year   | -                   | -                      | -              | -                            | (1,387,911)         | -   | (1,387,911)           |
| Other comprehensive loss  | -                   | -                      | -              | -                            | -                   | (152,600)   | (152,600)             |
| <b>Total comprehensive loss</b>   | <b>-</b>            | <b>-</b>               | <b>-</b>       | <b>-</b>                     | <b>(1,387,911)</b>  | <b>(152,600)</b>                                      | <b>(1,540,511)</b>    |
| Issuance of shares net of issue costs<br>(note 12)  | 36,980,033          | 3,870,782              | -              | -                            | -                   | -   | 3,870,782             |
| Effect of share-based payments<br>(note 12)   | -                   | -                      | -              | 281,493                      | -                   | -   | 281,493               |
| <b>BALANCE AS AT DECEMBER 31, 2023</b>  | <b>351,800,077</b>  | <b>58,999,825</b>      | <b>443,800</b> | <b>4,100,303</b>             | <b>(21,264,579)</b> | <b>(160,944)</b>                                      | <b>42,118,405</b>     |
| <br>  |                     |                        |                |                              |                     |   |                       |
| 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 year   | -                   | -                      | -              | -                            | (1,053,721)         | -   | (1,053,721)           |
| Other comprehensive loss  | -                   | -                      | -              | -                            | -                   | (60,417)  | (60,417)              |
| <b>Total comprehensive loss</b>   | <b>-</b>            | <b>-</b>               | <b>-</b>       | <b>-</b>                     | <b>(1,053,721)</b>  | <b>(60,417)</b>                                       | <b>(1,114,138)</b>    |
| Issuance of shares for acquisition of East<br>Cadillac Property net of issue costs<br>(note 12) | 46,273,265          | 6,686,197              | -              | -                            | -                   | -   | 6,686,197             |
| Issuance of shares net of issue costs<br>(note 12)  | 50,401,386          | 4,514,154              | 443,800        | -                            | -                   | -   | 4,957,954             |
| Effect of share-based payments (note 12)  | -                   | -                      | -              | 225,994                      | -                   | -   | 225,994               |
| <b>BALANCE AS AT DECEMBER 31, 2022</b>  | <b>314,820,044</b>  | <b>55,129,043</b>      | <b>443,800</b> | <b>3,818,810</b>             | <b>(19,876,668)</b> | <b>(8,344)</b>  | <b>39,506,641</b>     |

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

# Cartier Resources Inc.

(an exploration company)

## Consolidated Statements of loss and comprehensive loss Years ended December 31

(In Canadian \$)

|   | <u>2023</u>        | <u>2022</u>        |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| <b>Administrative expenses</b>                                      |                    |                    |
| Salaries  | 552,478            | 536,426            |
| Consultants   | 1,387              | 8,156              |
| Share-based payments-employees (note 12)                            | 225,962            | 172,911            |
| Share-based payments-consultants (note 12)                          | 1,290              | 13,757             |
| Professional fees   | 100,174            | 92,879             |
| Business development expenditures (analysts and brokers)            | 378,463            | 257,870            |
| Road shows and gold shows   | 100,292            | 78,308             |
| Investor relations  | 163,010            | 141,322            |
| Insurance, taxes and permits  | 27,271             | 25,951             |
| Depreciation of property, plant and equipment                       | 3,072              | 2,780              |
| Depreciation of right-of-use assets                                 | 19,668             | 20,784             |
| Office supplies   | 65,392             | 46,157             |
| Telecommunications  | 5,487              | 8,230              |
| Training and travel   | 11,787             | 21,442             |
| Advertising and sponsoring  | 10,868             | 18,143             |
| Information to shareholder  | 40,485             | 39,686             |
| Part XII.6 tax related to flow-through shares                       | 6,215              | 20,209             |
|   | <u>1,713,301</u>   | <u>1,505,011</u>   |
| <b>Other expenses (income)</b>                                      |                    |                    |
| Sale of a written-off property option (note 9 (a))                  | (94,000)           | (11,000)           |
| Other exploration costs   | 7,355              | 55,406             |
| Financial expenses (note 14)  | 7,303              | 12,302             |
| Interest income   | (140,583)          | (109,540)          |
|   | <u>(1,493,376)</u> | <u>(1,452,179)</u> |
| <b>Loss before deferred income and mining taxes</b>                 | <u>(1,493,376)</u> | <u>(1,452,179)</u> |
| <b>Deferred income and mining taxes (note 17)</b>                   | <u>(105,465)</u>   | <u>(398,458)</u>   |
| <b>Net loss for the period attributable to shareholders</b>         | <u>(1,387,911)</u> | <u>(1,053,721)</u> |
| Change in fair value of other short-term financial assets           | (152,600)          | (82,200)           |
| Deferred income taxes   | -                  | 21,783             |
|   | <u>(1,540,511)</u> | <u>(1,114,138)</u> |
| <b>Comprehensive loss for the year attributable to shareholders</b> | <u>(1,540,511)</u> | <u>(1,114,138)</u> |
| <b>Loss per share</b>   |                    |                    |
| basic and diluted   | <u>(0.00)</u>      | <u>(0.00)</u>      |
| <b>Weighted average number of common shares outstanding</b>         |                    |                    |
| basic and diluted   | <u>323,646,370</u> | <u>267,489,020</u> |

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

# Cartier Resources Inc.

(an exploration company)

## Consolidated Statements of Cash Flows

Years ended December 31

(In Canadian \$)

|  | <u>2023</u>        | <u>2022</u>        |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>OPERATING ACTIVITIES</b>  |                    |                    |
| Net Loss   | (1,387,911)        | (1,053,721)        |
| Adjustments for:   |                    |                    |
| Deferred income and mining taxes   | (105,465)          | (398,458)          |
| Share-based payments-employees (note 12)   | 225,962            | 172,911            |
| Share-based payments-consultants (note 12)   | 1,290              | 13,757             |
| Write-down and write-off of mining assets and deferred exploration costs (note 9)                        | (94,000)           | (11,000)           |
| Interests on lease obligations (note 10)   | 491                | 1,080              |
| Depreciation of property, plant and equipment  | 3,071              | 2,780              |
| Depreciation of right-of-use assets (note 8)   | 19,668             | 20,784             |
| Interest paid on lease obligations capitalized as mining assets and deferred exploration costs (note 10) | (1,050)            | (2,335)            |
| Interest income  | (140,583)          | (109,540)          |
| Interest received  | 140,583            | 109,540            |
|  | <u>(1,337,944)</u> | <u>(1,254,202)</u> |
| Net change in non-cash working capital items   |                    |                    |
| Receivables  | 291,986            | (224,796)          |
| Prepaid expenses   | 31,923             | (6,086)            |
| Accounts payables and accrued liabilities  | (61,259)           | 49,606             |
|  | <u>(1,075,294)</u> | <u>(1,435,478)</u> |
| Cash flow used in operating activities   | <u>(1,075,294)</u> | <u>(1,435,478)</u> |
| <b>FINANCING ACTIVITIES</b>  |                    |                    |
| Shares issue (note 12)   | 4,260,700          | 6,020,160          |
| Shares issue expenses (note 12)  | (88,151)           | (210,599)          |
| Loan (note 11)   | (40,000)           | -                  |
| Payments on lease obligations (note 10)  | (36,030)           | (34,745)           |
|  | <u>4,096,519</u>   | <u>5,774,816</u>   |
| Cash flow from financing activities  | <u>4,096,519</u>   | <u>5,774,816</u>   |
| <b>INVESTING ACTIVITIES</b>  |                    |                    |
| Disposal of property's option (note 9)   | -                  | 150,000            |
| Acquisition of property, plant and equipment   | (962)              | (17,553)           |
| Tax credits received   | 10,328             | -                  |
| Acquisition of mining assets and deferred exploration costs (note 9)                                     | (5,264,408)        | (3,699,056)        |
|  | <u>(5,255,042)</u> | <u>(3,566,609)</u> |
| Cash flow used in investing activities   | <u>(5,255,042)</u> | <u>(3,566,609)</u> |
| <b>Net change in cash and cash equivalents</b>   | <b>(2,233,817)</b> | <b>772,729</b>     |
| <b>Cash and cash equivalents at the beginning of the year</b>  | <b>6,973,515</b>   | <b>6,200,786</b>   |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>4,739,698</b>   | <b>6,973,515</b>   |

**Additional information** (note 15)

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

# Cartier Resources Inc.

(an exploration company)

## Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(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 April 16, 2024, the Company's Board of Directors approved these annual financial statements.

### 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.

On december 31, 2023, Chimex Resources Inc. has been liquidated.

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:

#### Fair value of consideration for acquisition

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

# Cartier Resources Inc.

(an exploration company)

## Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

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### 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 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 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 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.

### 3. Material accounting policies

#### 3.1. Overall considerations

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

#### 3.2. Principles of consolidation

These consolidated financial statements include the accounts of the Company 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 the Company are deconsolidated from the date control ceases. All intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

# Cartier Resources Inc.

(an exploration company)

## Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

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### 3. Material accounting policies (continued)

#### 3.3. Share-based compensation

The Company has a stock option plan under which it may grant options to directors, officers, employees and consultants to acquire common shares of the Company. This plan does not include a cash settlement feature.

When an employee is compensated by means of share-based payments, the fair value of the options granted is measured at the date of grant using the Black-Scholes valuation model. Share-based compensation is recorded as an expense or as exploration costs, with the counterpart as an increase in "contributed surplus".

Where vesting periods or conditions apply, the expense is allocated over the vesting period on the basis of the best available estimate of the number of stock options expected to vest. Estimates are then revised at the end of each reporting period, or when there are indications that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustments prior to vesting are recognized in the current period. No adjustment is made to expenses recognized in prior periods if the number of stock options ultimately exercised differs from that expected at vesting.

When a stock option is exercised, the amounts received are credited to share capital. The fair value of each option is reversed from contributed surplus to share capital.

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

The Company records its mining assets, including wholly-owned mining properties, undivided interests in mining properties and deferred exploration costs, at cost less certain recoveries.

Exploration costs are capitalized on the basis of each specific mining property or areas of geological interest until the mining assets to which they relate are placed into production, sold or allowed to lapse.

These costs will be amortized over the estimated useful life of the mining assets following commencement of production or written off if the mining assets or projects are sold or allowed to lapse.

General exploration costs not related to specific mining assets are expensed in the statement of loss as incurred.

The recoverability of the amounts recorded under mining assets and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing needed to complete development, and future profitable production or proceeds from the disposal of these properties. The amounts shown for mining properties and deferred exploration costs are not necessarily indicative of present or future values.

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

# Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

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## 3. Material accounting policies (continued)

### 3.4. Exploration and evaluation expenditures and exploration and evaluation assets (continued)

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, and the expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are capitalized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less tax credits related to these expenses and any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable or is abandoned, the capitalized amounts are written down to their recoverable amounts and the difference is then immediately recognized in net loss.

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property, plant and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

At present, no technical feasibility or commercial viability of extracting a mineral resource has been confirmed.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

#### *Disposal of interest in connection with option agreement*

On the disposal of interest in connection with an option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the considerations received directly from the acquirer are credited against the costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets or the sale of a written-off property option in profit or loss.

### 3.5. Credit on duties refundable and refundable tax credit for resources

The Company is entitled to a credit on duties refundable under the Mining Duties Act. This credit on duties refundable on exploration costs incurred in the Province of Quebec is recognized as a tax recovery on income. In accordance with IAS 12- *Income tax*, the credits on duties are applied against the deferred income taxes in the statement of financial position when the Company expects to continue holding the mining property once ready for production.

Furthermore, the Company is entitled to a refundable tax credit for resources for mining companies on qualified expenditures incurred. The refundable tax credit for resources may reach 28% of qualified expenditures incurred. In accordance with IAS 20- *Accounting for government grants and disclosure of government assistance*, this tax credit is accounted against the qualified expenditures.

# Cartier Resources Inc.

(an exploration company)

## Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

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### 3. Material accounting policies (continued)

#### 3.6. Income and mining taxes

The income and mining tax expense is composed of current and deferred taxes. Taxes are recognized in the statement of loss unless they relate to items carried in other comprehensive income or directly in shareholders' equity.

##### *Current income taxes and mining taxes*

Current income tax and mining tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods that are unpaid at the reporting date. The current income tax expense is based on the income for the period adjusted for non-taxable or non-deductible items. The mining tax expense is based on the income for the period for each mining site under production adjusted for non-taxable or non-deductible items. Calculation of current income tax and mining taxes is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Management regularly examines positions in tax returns where tax regulations are subject to interpretation.

##### *Deferred income taxes and deferred mining taxes*

Deferred income taxes is recognized in respect of temporary differences between the tax basis of the assets and liabilities and their carrying amount in the statement of financial position. Deferred income tax assets and liabilities are calculated, on an undiscounted basis, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

#### 3.7. Cash reserved for exploration

The Company raises flow-through funds for exploration under subscription agreements which require the Company to incur prescribed resource expenditures. These funds must be used for qualifying exploration expenditures for a pre-determined period. If the Company does not incur the resource expenditures, within a pre-determined timeframe, then it will be required to indemnify these shareholders for any tax and other costs payable by them.

#### 3.8. Impairment of long-lived assets

##### **Non-financial assets**

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment at the end of each reporting period or when indicators of impairment exist, typically when one of the following circumstances applies:

- Exploration rights have expired or will expire in the near future and it is not expected that they will be renewed;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

At each reporting date, the entity performs an assessment of potential indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated.

# Cartier Resources Inc.

(an exploration company)

## Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

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### 3. Material accounting policiess (continued)

#### 3.8. Impairment of long-lived assets (continued)

##### Non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use, that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit (group of units) on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### 3.9. Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs.

##### Unit placements

The proceeds of unit issuances are allocated to the shares and warrants by using the Black-Scholes model to calculate the fair value of warrants and the residual amount to the shares.

##### Flow-through financing

Canadian tax law allows a company to issue investment securities to investors for whom tax deductions for exploration expenses may be claimed by investors and not by the Company. These securities are called flow-through shares. The Company finances a portion of its exploration programs through the issuance of flow-through shares. On the issue date of the shares, the Company allocates the issue proceeds between the share capital and the obligation to remit tax deductions, which is recognized as a flow-through share liability. The Company estimates the fair value of the flow-through share liability using the residual method, deducting the market price of a common share at the price of a flow-through share on the closing date of the financing. A corporation may waive tax deductions based on what is known as the "general method" or the "retrospective method". When the waiver of tax deductions is made according to the general method, which the Company intends to make the waiver and capitalizes the expenses in the current year, then the Company records a deferred tax liability, with an expense of deferred tax. At this point, the obligation is reduced, with a tax recovery as a counterpart. When tax deductions are retrospectively waived, the Company records a deferred tax liability, with a deferred tax expense when the expenditures are made and capitalized. At this point, the obligation is reduced to zero, with a tax recovery as consideration. The Company uses the general method.

##### Warrants

Warrants are classified as equity as they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

# Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

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## 3. Material accounting policies (continued)

### 3.10. Presentation and functional currency

The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

### 3.11. Financial instruments

#### *Classification and valuation of financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The Company made the irrevocable election to designate its investment in marketable securities as financial assets measured at FVOCI. As a result, changes in fair value will be recorded in other comprehensive income. When the financial asset will be derecognized, the accumulated gains and losses previously recognized in other comprehensive income will not be reclassified to net income as a reclassification adjustment.

# Cartier Resources Inc.

(an exploration company)

## Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

### 3. Material accounting policies (continued)

#### 3.11. Financial instruments (continued)

##### *Classification and measurement of financial liabilities*

Financial liabilities are classified into the following categories:

A financial liability is subsequently measured at amortized cost using the effective interest rate method. The Company currently classifies its trade and other payables and its borrowings as financial liabilities measured at amortized cost.

Financial liabilities at fair value are initially measured at their fair value and are revalued at each closing date, any variation being recognized in net income.

The Company derecognizes a financial liability when its contractual obligations are discharged, canceled or expired.

Financial assets and financial liabilities are offset, and the net balance is presented in the statements of financial position, if and only if, the Company has an established right to offset the amounts recognized and if it intends either to settle the net amount, or realize the asset and settle the liability simultaneously.

The following table summarizes the classification of different financial assets and liabilities.

| Asset/Liability                          | Classification under IFRS 9                   |
|--|---|
| Cash and cash equivalents                | Amortized cost                                |
| Other short-term financial assets        | Fair value through other comprehensive income |
| Accounts payable and accrued liabilities | Amortized cost                                |
| Loan                                     | Amortized cost                                |

#### 3.12. Accounting estimates and critical judgments

The preparation of financial statements requires management to make estimates, assumptions and judgments with respect to future events. These estimates and judgments are constantly challenged. They are based on past experience and other factors, in particular, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgments made by management, and will seldom equal the estimated results.

The following paragraphs describe the judgments in applying accounting policies.

##### **Critical judgments:**

##### *Impairment of assets*

An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its recoverable value. Management regularly reviews the impairment assessment of its mining assets and deferred exploration costs. Each year, the Company performs an assessment of potential indicators of impairment. If there is such an indicator, the recoverable amount of the asset is estimated (note 3.10).

##### *Income taxes and deferred mining taxes*

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in interpreting and applying the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

# Cartier Resources Inc.

(an exploration company)

## Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

### 4. New accounting method

On January 1, 2023, the Company adopted the following new accounting standards and interpretations.

Accounting policies (amendments to IAS 1 and IFRS 2).

On February 12, 2021, the IASB published Disclosure Initiative - Accounting.

The main changes :

- require companies to disclose information about their significant accounting policies, rather than their significant accounting policies;
- clarify that accounting policies relating to immaterial transactions, other events or conditions are themselves immaterial and need not be disclosed;
- state that accounting policies relating to significant transactions, other events or conditions are not themselves all material in relation to a company's financial statements.

### 5. Cash and cash equivalents

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

|                          | December 31, 2023 |               | December 31, 2022 |               |
|--------------------------|-------------------|---------------|-------------------|---------------|
|                          | \$                | Interest rate | \$                | Interest rate |
| Account bearing interest | 4,535,725         | 4.05%-4.30%   | 6,729,014         | 0.60%-4.05%   |
| Account without interest | 203,973           | -             | 244,501           | -             |
| Total                    | 4,739,698         |               | 6,973,515         |               |

Cash and cash equivalents include \$3,106,820 (\$3,107,418 as at December 31, 2023) of funds to be incurred in eligible exploration expenses before December 31, 2024.

### 6. Other short-term financial assets

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

|                                      | December 31,<br>2023 | December 31,<br>2022 |
|--------------------------------------|----------------------|----------------------|
|                                      | \$                   | \$                   |
| Balance at the beginning of the year | 40,800               | 80,500               |
| Additions (note 9)                   | 222,000              | 42,500               |
| Change of value                      | (152,600)            | (82,200)             |
| Balance at the end of the year       | 110,200              | 40,800               |

### 7. Receivables

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
|  | \$                   | \$                   |
| Credit on mining rights refundable and refundable tax credit for resources | 258,174              | 38,949               |
| Commodity taxes  | 28,841               | 320,827              |
|  | 287,015              | 359,776              |

# Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

## 8. Right-of-use assets

|  | <b>Building</b> |
|--|-----------------|
|  | <b>\$</b>       |
| Balance as at December 31, 2022        | <b>74,840</b>   |
| Depreciation                           | <b>(33,262)</b> |
| Balance as at December 31, 2022        | <b>41,578</b>   |
| Addition                               | <b>109,452</b>  |
| Depreciation                           | <b>(33,262)</b> |
| <b>Balance as at December 31, 2023</b> | <b>117,768</b>  |

## 9. Mining asset and deferred exploration costs

|  | Chimo Mine        | East Cadillac     | Wilson <sup>(b)</sup> | Benoist          | Fenton           | Total             |
|--|-------------------|-------------------|-----------------------|------------------|------------------|-------------------|
| <i>Ownership interest</i>  | 100%              | 100%              | 100%                  | 100%             | 100%             |                   |
|  | \$                | \$                | \$                    | \$               | \$               | \$                |
| <b>Mining assets</b>   |                   |                   |                       |                  |                  |                   |
| Balance as at December 31, 2023 and 2022   | 457,024           | 6,889,749         | 72,000                | 737,723          | 724,644          | 8,881,140         |
| <b>Deferred exploration costs</b>  |                   |                   |                       |                  |                  |                   |
| Balance as at December 31, 2022  | 13,278,652        | 3,578,078         | 622,857               | 9,181,135        | 2,087,368        | 28,748,090        |
| <b>Additions</b>   |                   |                   |                       |                  |                  |                   |
| Geology  | -                 | 400,747           | -                     | -                | -                | 400,747           |
| Drilling   | -                 | 3,614,132         | -                     | -                | -                | 3,614,132         |
| Geochemistry   | -                 | 200,507           | -                     | -                | -                | 200,507           |
| Exploration office expenses  | -                 | 8,501             | -                     | -                | -                | 8,501             |
| Surveying and access roads   | -                 | 18,742            | -                     | -                | -                | 18,742            |
| Core shack rental and maintenance  | -                 | 4,197             | -                     | -                | -                | 4,197             |
| Duties, taxes and permits  | 351,632           | 10,906            | 255                   | 2,419            | 387              | 365,599           |
| Depreciation of exploration leasehold improvements                               | -                 | 2,352             | -                     | -                | -                | 2,352             |
| Depreciation of right-of-use assets  | -                 | 13,594            | -                     | -                | -                | 13,594            |
| Interest on lease obligations  | -                 | 559               | -                     | -                | -                | 559               |
| Share-based payments - employees (note 12)                                       | -                 | 54,241            | -                     | -                | -                | 54,241            |
| Option sale on properties (note 9 (b))   | -                 | -                 | (128,000)             | -                | -                | (128,000)         |
|  | 351,632           | 4,328,478         | (127,745)             | 2,419            | 387              | 4,555,171         |
| Tax credits  | -                 | (231,660)         | -                     | -                | -                | (231,660)         |
| <b>Additions during the year</b>   | <b>351,632</b>    | <b>4,096,818</b>  | <b>(127,745)</b>      | <b>2,419</b>     | <b>387</b>       | <b>4,323,511</b>  |
| <b>Total deferred exploration costs as at December 31, 2023</b>                  | <b>13,630,284</b> | <b>7,674,896</b>  | <b>495,112</b>        | <b>9,183,554</b> | <b>2,087,755</b> | <b>33,071,601</b> |
| <b>Total mining asset and deferred exploration costs as at December 31, 2023</b> | <b>14,087,308</b> | <b>14,564,645</b> | <b>567,112</b>        | <b>9,921,277</b> | <b>2,812,399</b> | <b>41,952,741</b> |

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

The Company is subject to royalties on certain properties.

# Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

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## 9. Mining assets and deferred exploration costs (continued)

|  | Chimo Mine        | East Cadillac     | Wilson <sup>(b)</sup> | Benoist          | Fenton           | Total             |
|--|-------------------|-------------------|-----------------------|------------------|------------------|-------------------|
| <i>Ownership interest</i>  | 100%              | 100%              | 100%                  | 100%             | 100%             |                   |
|  | \$                | \$                | \$                    | \$               | \$               | \$                |
| <b>Mining assets</b>   |                   |                   |                       |                  |                  |                   |
| 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         |
| <b>Balance as at December 31, 2022</b>   | <b>457,024</b>    | <b>6,889,749</b>  | <b>72,000</b>         | <b>737,723</b>   | <b>724,644</b>   | <b>8,881,140</b>  |
| <b>Deferred exploration costs</b>  |                   |                   |                       |                  |                  |                   |
| Balance as at December 31, 2021  | 12,785,792        | -                 | 801,647               | 9,168,837        | 2,000,802        | 24,757,078        |
| <b>Additions</b>   |                   |                   |                       |                  |                  |                   |
| Geology  | 87,723            | 215,175           | -                     | 13,667           | 45,160           | 361,725           |
| Drilling   | 19,047            | 3,067,466         | -                     | 1,106            | 863              | 3,088,482         |
| Geochemistry   | -                 | 95,460            | -                     | (2,480)          | -                | 92,980            |
| Exploration office expenses  | 978               | 3,312             | -                     | -                | 796              | 5,086             |
| Geophysics   | -                 | -                 | -                     | -                | 32,443           | 32,443            |
| Surveying and access roads   | 4,564             | 67,651            | -                     | -                | -                | 72,215            |
| Core shack rental and maintenance  | 297               | 2,551             | -                     | 252              | 214              | 3,314             |
| Duties, taxes and permits  | 366,818           | 93,099            | 2,710                 | 2,753            | 4,975            | 470,355           |
| Depreciation of exploration leasehold improvements                               | 334               | 1,183             | -                     | -                | 188              | 1,705             |
| Depreciation of right-of-use assets  | 2,193             | 8,509             | -                     | -                | 1,776            | 12,478            |
| Interest on lease obligations  | 267               | 970               | -                     | -                | 18               | 1,255             |
| Share-based payments - employees (note 12)                                       | 7,639             | 31,554            | -                     | -                | 133              | 39,326            |
| Option sale on properties (note 9 (b))   | -                 | -                 | (181,500)             | -                | -                | (181,500)         |
|  | 489,860           | 3,586,930         | (178,790)             | 15,298           | 86,566           | 3,999,864         |
| Tax credits  | 3,000             | (8,852)           | -                     | (3,000)          | -                | (8,852)           |
| <b>Additions during the year</b>   | <b>492,860</b>    | <b>3,578,078</b>  | <b>(178,790)</b>      | <b>12,298</b>    | <b>86,566</b>    | <b>3,991,012</b>  |
| <b>Total deferred exploration costs as at December 31, 2022</b>                  | <b>13,278,652</b> | <b>3,578,078</b>  | <b>622,857</b>        | <b>9,181,135</b> | <b>2,087,368</b> | <b>28,748,090</b> |
| <b>Total mining asset and deferred exploration costs as at December 31, 2022</b> | <b>13,735,676</b> | <b>10,467,827</b> | <b>694,857</b>        | <b>9,918,858</b> | <b>2,812,012</b> | <b>37,629,230</b> |

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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## 9. 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 written-off 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 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 Earthwise Minerals Corp. (formerly Hawkmoon Resources Corp.) ("Earthwise") was signed, Earthwise 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 year ended December 31, 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.

# Cartier Resources Inc.

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| <b>10. Lease obligations</b>                                      | <b>December 31,<br/>2023</b> | December 31,<br>2022 |
|---|------------------------------|----------------------|
| Lease obligations included in the statement of financial position | <u>\$</u>                    | <u>\$</u>            |
| Balance at the beginning of the period                            | <b>45,244</b>                | 79,989               |
| Addition  | <b>109,452</b>               | -                    |
| Interests   | <b>1,050</b>                 | 2,335                |
| Payments  | <b>(37,080)</b>              | (37,080)             |
| Balance at the end of the period                                  | <b>118,666</b>               | 45,244               |
| Current portion of lease obligations                              | <b>(35,662)</b>              | (36,030)             |
| <b>Lease obligations</b>  | <b>83,004</b>                | 9,214                |
| Maturity analysis – contractual undiscounted cash flows           |                              |                      |
| Less than one year  | 37,917                       | 37,080               |
| One to five years   | 85,941                       | 9,270                |
| <b>Total undiscounted lease obligations</b>                       | <b>123,858</b>               | 46,350               |

## 11. 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 as it considers it reasonable that the conditions required to recognize the gain will be met. On November 9, 2023, the Company repaid the loan for a total amount of \$40,000.

## 12. Share capital

Authorized

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

|  | <b>December 31, 2023</b> |                   | December 31, 2022 |            |
|--|--------------------------|-------------------|-------------------|------------|
|  | <b>Number</b>            | <b>Amount</b>     | Number            | Amount     |
|  |                          | <u>\$</u>         |                   | <u>\$</u>  |
| <b>Balance, beginning of the period</b>                              | <b>314,820,044</b>       | <b>55,129,043</b> | 218,145,393       | 43,928,692 |
| Shares issued and paid   |                          |                   |                   |            |
| Flow-through private placements (a) (b)(d) (e)                       | <b>35,522,890</b>        | <b>4,253,701</b>  | 36,401,386        | 4,326,165  |
| Renouncement of tax deductions on flow-through shares (a) (b)(d) (e) | -                        | <b>(294,164)</b>  | -                 | (875,033)  |
| Private placement (c)(f)   | <b>1,457,143</b>         | <b>204,000</b>    | 14,000,000        | 1,376,200  |
| Acquisition of East-Cadillac Property (Note 1)                       | -                        | -                 | 46,273,265        | 6,709,623  |
|  | <b>36,980,033</b>        | <b>4,163,537</b>  | 96,674,651        | 11,536,955 |
| Share issue expenses (Note 1 and (a)(b) (c) (d) (e) (f))             | -                        | <b>(292,755)</b>  | -                 | (336,604)  |
| <b>Balance, at end of the period</b>                                 | <b>351,800,077</b>       | <b>58,999,825</b> | 314,820,044       | 55,129,043 |

# Cartier Resources Inc.

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Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

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## 12. Share capital (continued)

### a) Issuance of flow-through shares on December 14, 2023

On December 14, 2023, the Company completed a non-broker private placement. The Company issued 13,000,000 flow-through shares at a price of \$0.10 per share for gross proceeds of \$1,300,000 and 11,000,000 flow-through shares at a price of \$0.11 per share for gross proceeds of \$1,210,000, totalling an amount in cash of \$2,510,000. In connection with the offering, the agent received shares equal to 6% of the gross proceeds of the offering, which represents 1,506,000 shares for a value of \$150,600. Share issue expenses totalling \$172,416 were applied against the share capital.

The Company also renounced the tax deduction related to the flow-through shares, which reduced share capital by \$55,000. The consideration is presented as a liability related to flow-through shares.

### 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 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.

### d) 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 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.

# Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

## 12. Share capital (continued)

### e) 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 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.

### f) 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.

## Share Option Plan

The Company has a share option plan that has been approved by the shareholders. The maximum number of common shares which may be reserved under the plan is limited to 10% of the number of common shares issued and outstanding (on a non-diluted basis). The options granted to any optionee cannot exceed 5% of the issued and outstanding common shares. The options are vested over a period of 12 months and are exercisable over a maximum of five years.

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

|                                      | December 31, 2023 |                                 | December 31, 2022 |                                 |
|--------------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|                                      | Number            | Weighted average exercise price | Number            | Weighted average exercise price |
|                                      |                   | \$                              |                   | \$                              |
| <b>Outstanding - Beginning</b>       | <b>18,225,000</b> | <b>0.17</b>                     | 16,400,000        | 0.20                            |
| Granted-employees                    | 5,250,000         | 0.11                            | 4,750,000         | 0.12                            |
| Granted-consultants                  | -                 | -                               | 150,000           | 0.15                            |
| Expired                              | (3,575,000)       | 0.15                            | (3,075,000)       | 0.25                            |
| <b>Outstanding - End of the year</b> | <b>19,900,000</b> | <b>0.16</b>                     | 18,225,000        | 0.17                            |
| <b>Exercisable - End of the year</b> | <b>15,950,000</b> | <b>0.17</b>                     | 14,575,000        | 0.19                            |

## Cartier Resources Inc.

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Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

### 12. Share capital (continued)

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

| Exercise price     | Outstanding options<br>December 31, 2023 |  |  | Exercisable options<br>December 31, 2023 |  |  |
|--------------------|--|--|--|--|--|--|
|                    | Number<br>of<br>options                  | Weighted<br>average<br>remaining life<br>(years) | Weighted<br>average<br>exercise<br>price<br>\$ | Number<br>of<br>options                  | Weighted<br>average<br>remaining life<br>(years) | Weighted<br>average<br>exercise<br>price<br>\$ |
| \$0.01 to \$0.105  | 5,050,000                                | 4.48   | 0.09   | 2,400,000                                | 4.48   | 0.10   |
| \$0.115 to \$0.215 | 10,700,000                               | 2.36   | 0.15   | 9,400,000                                | 2.36   | 0.14   |
| \$0.22 to \$0.315  | 4,150,000                                | 2.18   | 0.27   | 4,150,000                                | 2.18   | 0.27   |
| \$0.085 to \$0.305 | 19,900,000                               | 2.86   | 0.16   | 15,950,000                               | 2.63   | 0.17   |

  

| Exercise price     | Outstanding options<br>December 31, 2022 |  |  | Exercisable options<br>December 31, 2022 |  |  |
|--------------------|--|--|--|--|--|--|
|                    | Number<br>of<br>options                  | Weighted<br>average<br>remaining life<br>(years) | Weighted<br>average<br>exercise<br>price<br>\$ | Number<br>of<br>options                  | Weighted<br>average<br>remaining life<br>(years) | Weighted<br>average<br>exercise<br>price<br>\$ |
| \$0.01 to \$0.105  | 2,400,000                                | 4.96   | 0.09   | -  | -  | -  |
| \$0.115 to \$0.215 | 11,675,000                               | 2.06   | 0.15   | 10,425,000                               | 1.78   | 0.16   |
| \$0.22 to \$0.315  | 4,150,000                                | 3.18   | 0.27   | 4,150,000                                | 3.18   | 0.27   |
| \$0.085 to \$0.305 | 18,225,000                               | 2.70   | 0.17   | 14,575,000                               | 2.18   | 0.19   |

The weighted average fair value of share options granted was estimated using the Black-Scholes model at \$0.06 (\$0.06 in 2022) per option using the following assumptions:

|                                | 2023    | 2022    |
|--------------------------------|---------|---------|
| Risk-free interest rate        | 3.26%   | 3.24%   |
| Expected volatility            | 75%     | 61%     |
| Dividend yield                 | Nil     | Nil     |
| Weighted average expected life | 5 years | 5 years |

During the year ended December 31, 2023, the share-based payment expense was \$281,493 (\$225,994 in 2022). An amount of \$227,252 was presented in the statement of loss (\$186,668 in 2022) and an amount of \$54,241 was presented in mining assets and deferred exploration costs (\$39,326 in 2022).

# Cartier Resources Inc.

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Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

## 12. Share capital (continued)

### Warrants

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

|                                | December 31, 2023 |                                       |  | December 31, 2022 |                                       |  |
|--------------------------------|-------------------|---------------------------------------|--|-------------------|---------------------------------------|--|
|                                | Number            | Weighted average exercise price<br>\$ | Weighted average remaining contractual life<br>(years) | Number            | Weighted average exercise price<br>\$ | Weighted average remaining contractual life<br>(years) |
| <b>Outstanding - Beginning</b> | <b>7,000,000</b>  | <b>0.16</b>                           | <b>2.39</b>  | -                 | -                                     | -  |
| Granted-private placements     | -                 | -                                     | -  | 7,000,000         | 0.16                                  | 2.39   |
| <b>Outstanding - End</b>       | <b>7,000,000</b>  | <b>0.16</b>                           | <b>1.39</b>  | <b>7,000,000</b>  | <b>0.16</b>                           | <b>2.39</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 36 months following their date of issue.

The outstanding warrants are as follows:

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

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><br>2.47% |
| Expected volatility            | 64%                  |
| Dividend yield                 | nil                  |
| Weighted average expected life | 3 years              |

The warrants were valued at \$443,800 using the Black-Scholes model.

# Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

## 13. Employee remuneration

Employee benefits recognized are detailed below:

|   | <b>December 31,<br/>2023</b> | December 31,<br>2022 |
|---|------------------------------|----------------------|
|   | <u>\$</u>                    | <u>\$</u>            |
| Salaries and fees   | <b>912,829</b>               | 861,479              |
| Fringe benefits   | <b>59,709</b>                | 42,200               |
| Share-based payments-employees  | <b>280,203</b>               | 212,237              |
| Defined contribution pension plan   | <b>44,597</b>                | 55,624               |
|   | <b>1,297,338</b>             | 1,171,540            |
| Less: salaries and share-based payments-employees<br>capitalized in exploration and evaluation assets | <b>(462,031)</b>             | (378,117)            |
| Employee benefits   | <b>835,307</b>               | 793,423              |

Employee benefits expense is allocated to the following items:

|                                | <b>December 31,<br/>2023</b> | December 31,<br>2022 |
|--------------------------------|------------------------------|----------------------|
|                                | <u>\$</u>                    | <u>\$</u>            |
| Salaries                       | <b>552,478</b>               | 536,426              |
| Share-based payments-employees | <b>225,962</b>               | 172,911              |
| Road shows and gold shows      | <b>53,210</b>                | 38,461               |
| Training and travel            | <b>3,657</b>                 | 3,566                |
| Other exploration costs        | <b>-</b>                     | 42,059               |
|                                | <b>835,307</b>               | 793,423              |

## 14. Financial expenses

|                                | <b>December 31,<br/>2023</b> | December 31,<br>2022 |
|--------------------------------|------------------------------|----------------------|
|                                | <u>\$</u>                    | <u>\$</u>            |
| Interest and bank charges      | <b>6,812</b>                 | 11,493               |
| Interests on lease obligations | <b>491</b>                   | 809                  |
| Total of financial expenses    | <b>7,303</b>                 | 12,302               |

# Cartier Resources Inc.

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Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

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## 15. Cash flows

| Additional information  | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
|   | \$                   | \$                   |
| <b>Items not affecting cash and cash equivalents related to operating, financing and investing activities</b> |                      |                      |
| Shares issued for the acquisition of mining properties  | -                    | 6,709,263            |
| Variation of share issue expenses included in accounts payable and accrued liabilities                        | 7,603                | -                    |
| Variation of deferred exploration costs included in accounts payable and accrued liabilities                  | 654,031              | 607,670              |
| Reversal of the provision of mining rights  | 2,048                |                      |

## 16. 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.

# Cartier Resources Inc.

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Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

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## 16. 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.

### 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:

|                           | <b>December 31,<br/>2023</b> | December 31,<br>2022 |
|---------------------------|------------------------------|----------------------|
|                           | <u>\$</u>                    | <u>\$</u>            |
| Cash and cash equivalents | <b><u>4,739,698</u></b>      | <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 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, accounts payables and accrued liabilities and loan approximate their fair value based on the close date.

## Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

### 17. Deferred income and mining taxes

The reconciliation of the income tax expense, calculated using the statutory income tax rates of the federal government and the Province of Quebec, to the income tax expense as per the financial statements, is as follows:

|   | December 31,<br>2023    | December 31,<br>2022 |
|---|-------------------------|----------------------|
|   | \$                      | \$                   |
| Loss before income and mining taxes   | <u>(1,493,376)</u>      | <u>(1,452,179)</u>   |
| Recovery of combined federal and provincial income tax at 26.5% (26.5% as at December 31, 2022) | <b>(395,745)</b>        | (384,827)            |
| Deferred taxes related to exploration and evaluation assets funded by flow-through shares       | <b>1,468,740</b>        | 1,409,806            |
| Non-deductible expenses for income tax purposes   | <b>62,976</b>           | 53,603               |
| Share issue expenses not affecting earnings   | <b>(77,580)</b>         | (89,200)             |
| Change in unrecognised tax benefits   | <b>(378,070)</b>        | 2,991,441            |
| Adjustment from previous years  | <b>747</b>              | 247,769              |
| Tax attributes following the liquidation of a subsidiary  | -                       | (3,621,758)          |
| Other   | <b>7,201</b>            | 37,971               |
|   | <b>688,269</b>          | 644,805              |
| Mining taxes  | <b>58</b>               | (1,821)              |
| Flow-through premium  | <b>(793,792)</b>        | (1,041,442)          |
| Deferred income and mining taxes  | <u><b>(105,465)</b></u> | <u>(398,458)</u>     |

# Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

## 17. Deferred income and mining taxes (continued)

The Company has accumulated, for federal and provincial income tax purposes, non-capital losses which can be applied against future years' taxable income and which will expire as follows:

| Year | December 31, 2023 |                   |
|------|-------------------|-------------------|
|      | Federal           | Provincial        |
|      | \$                | \$                |
| 2025 | 8,387             | 7,530             |
| 2026 | 5,699             | 4,765             |
| 2027 | 524,066           | 521,001           |
| 2028 | 725,416           | 718,518           |
| 2029 | 724,776           | 720,746           |
| 2030 | 955,459           | 952,206           |
| 2031 | 792,271           | 777,709           |
| 2032 | 1,114,872         | 1,100,591         |
| 2033 | 865,813           | 842,225           |
| 2034 | 808,358           | 800,904           |
| 2035 | 697,789           | 694,214           |
| 2036 | 584,553           | 580,931           |
| 2037 | 1,557,695         | 1,557,695         |
| 2038 | 1,337,806         | 1,337,806         |
| 2039 | 1,232,485         | 1,232,485         |
| 2040 | 1,468,539         | 1,468,539         |
| 2041 | 1,448,595         | 1,446,228         |
| 2042 | 1,555,613         | 1,550,295         |
| 2043 | 1,659,138         | 1,652,236         |
|      | <b>18,067,330</b> | <b>17,966,624</b> |

### Deferred tax asset unrecognized

Deferred tax assets have not been recognized as it is not probable that future taxable profits will be available and against which unused tax losses and unused tax credits could be charged. Deferred tax assets have not been recognized in respect of:

|                    | December 31,<br>2023 | December 31,<br>2022 |
|--------------------|----------------------|----------------------|
|                    | \$                   | \$                   |
| Non-capital losses | <b>3,497,039</b>     | <b>3,875,109</b>     |

Deferred tax assets related to share issue costs in the amount of \$150,964 (\$155,942 as at December 31, 2022) have been recognized.

# Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

## 17. Deferred income and mining taxes (continued)

Significant components of the Company's deferred tax assets and liabilities are as follows:

|   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
|   | \$                   | \$                   |
| Property, plant and equipment                   | 75,416               | 73,977               |
| Right-of-use assets                             | 239                  | 972                  |
| Non-capital losses                              | 1,279,223            | 461,286              |
| Financial assets at fair value                  | 75,634               | 55,414               |
| Share issue cost                                | 150,964              | 155,942              |
| Deferred tax assets                             | 1,581,476            | 747,591              |
| Mining assets and deferred exploration expenses | <b>(6,298,424)</b>   | <b>(4,776,270)</b>   |
| Deferred tax liabilities                        | <b>(4,716,948)</b>   | <b>(4,028,679)</b>   |

### Change in deferred tax

|                                | Balance<br>December 31,<br>2022 | Recognized<br>in profit<br>or (loss) | Balance<br>December 31,<br>2023 |
|--------------------------------|---------------------------------|--------------------------------------|---------------------------------|
|                                | \$                              | \$                                   | \$                              |
| Property, plant and equipment  | 73,977                          | 1,439                                | 75,416                          |
| Right-of-use assets            | 972                             | (733)                                | 239                             |
| Deferred exploration costs     | (4,776,270)                     | (1,522,154)                          | <b>(6,298,424)</b>              |
| Financial assets at fair value | 55,414                          | 20,220                               | 75,634                          |
| Share issue cost               | 155,942                         | (4,978)                              | 150,964                         |
| Non-capital losses             | 461,286                         | 817,937                              | 1,279,223                       |
| Total                          | (4,028,679)                     | (688,269)                            | <b>(4,716,948)</b>              |

### Change in deferred tax

|                                | Balance<br>December 31,<br>2021 | Recognized<br>in profit<br>or (loss) | Balance<br>December 31,<br>2022 |
|--------------------------------|---------------------------------|--------------------------------------|---------------------------------|
|                                | \$                              | \$                                   | \$                              |
| Property, plant and equipment  | 57,058                          | 16,919                               | 73,977                          |
| Right-of-use assets            | 1,364                           | (392)                                | 972                             |
| Deferred exploration costs     | (6,677,851)                     | 1,901,581                            | (4,776,270)                     |
| Financial assets at fair value | 44,523                          | 10,891                               | 55,414                          |
| Share issue cost               | 133,784                         | 22,158                               | 155,942                         |
| Non-capital losses             | 3,035,465                       | (2,574,179)                          | 461,286                         |
| Total                          | (3,405,657)                     | (623,022)                            | (4,028,679)                     |

# Cartier Resources Inc.

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

## 18. 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 year ended December 31, 2023, the Company received an amount of \$4,056,700 from flow-through financings. Of the total 2023 flow-through financing, an amount of \$949,880 was used as deferred exploration expenses as at December 31, 2023. The Company renounced tax deductions in connection with this flow-through financing and a liability related to the flow-through shares issued in 2023 totaling \$294,164 (\$875,033 in 2022) 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 December 31, 2023, the portion of the liability related to flow-through shares is \$147,749 (\$647,378 in 2022).

During the year ended December 31, 2022, the Company received an amount of \$4,200,160 from flow-through financings. From flow-through financings received in 2022, an amount of \$3,107,418 was used for deferred exploration costs as at December 31, 2023 (\$1,092,742 in 2022).

## 19. 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:

|   | <b>December 31,<br/>2023</b> | December 31,<br>2022 |
|---|------------------------------|----------------------|
|   | <b>\$</b>                    | \$                   |
| Short-term employee benefits                                |                              |                      |
| Salaries and fees including bonuses and benefits            | <b>763,354</b>               | 720,137              |
| Social security costs and contributions to the pension plan |                              |                      |
|   | <b>83,025</b>                | 77,997               |
| Total short-term employee benefits                          | <b>846,379</b>               | 798,134              |
| Share-based payments-employees                              | <b>255,628</b>               | 193,476              |
| Total remuneration  | <b>1,102,007</b>             | 991,610              |

During the years ended December 31, 2023 and 2022, no key management personnel exercised share options granted through the share-based payment plans.

# **Cartier Resources Inc.**

(an exploration company)

Notes to the Consolidated Financial Statements for the years ended December 31, 2023 and 2022

(In Canadian \$)

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## **20. 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 December 31 2023, the Company has \$3,106,820 cash reserved for exploration (\$3,107,418 as of December 31, 2022).