Cartier Iron Corporation

Condensed Interim Financial Statements

March 31, 2021
(expressed in Canadian dollars)
(unaudited)

Management's Comments on Unaudited Condensed Interim Financial Statements

These unaudited condensed interim financial statements of Cartier Iron Corporation (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

Cartier Iron Corporation

Statements of Financial Position

(expressed in Canadian dollars)

	Notes	As at March 31, 2021 $	2020 $
Assets			
Current			
Cash		24,774	943,051
Receivables	4	184,551	68,833
Prepaid expenses		77,355	127,746
		286,680	1,139,630
Investment in Eloro Resources Ltd.	5	7,968,750	-
Investment in associate	5	-	415,390
Right-of-use asset	6	31,743	42,325
Exploration and evaluation	7	2,304,747	1,342,801
		10,591,920	2,940,147
Liabilities			
Current			
Accounts payable and accrued liabilities	13	910,963	632,737
Refundable tax credit notices of assessments payable	4	159,742	-
Lease liabilities	8	33,914	44,884
Unrenounced flow-through share premium		-	16,630
		1,104,619	694,251
Canada Emergency Business Account loan	9	40,000	40,000
		1,144,619	734,251
Shareholders' equity			
Share capital	10	11,376,433	11,357,434
Contributed surplus	10	674,999	42,999
Warrants	10	1,199,751	1,207,000
Deficit		(3,803,882)	(10,401,538)
		9,447,301	2,205,895
		10,591,920	2,940,147

Going concern 2

Approved by the Board:

Thomas G. Larsen — **Director**

Francis Sauve — **Director**

Cartier Iron Corporation
Statements of Loss and Comprehensive Loss
(expressed in Canadian dollars)

	Notes	3 months ended March 31, 2021 $	2020 $
Expenses			
Professional fees		7,000	7,000
Consulting fees	13	78,000	78,000
Stock-based compensation	10	632,000	-
General and administrative		51,239	51,903
Investor relations		22,727	180
Interest		619	1,256
Depreciation	6	10,582	10,582
Gain on sale of investment in associate		-	(61,371)
Increase in fair value of investment in Eloro	5	(7,535,190)	-
Other recoveries		(7,744)	(4,500)
Part XII.6 tax		-	1,160
Refundable tax credit notices of assessments	4	159,742	-
		(6,581,026)	84,210
Income (loss) before loss on investment of an associate		6,581,026	(84,210)
Dilution gain on change in interest in associate		-	(2,804)
Share of loss of an associate		-	(42,780)
Income (loss) before income taxes		6,581,026	(129,794)
Deferred income tax recovery		16,630	6,815
Income (loss) and comprehensive income (loss)		6,597,656	(122,979)
Income (loss) per common share-basic and diluted		0.073	(0.002)
Weighted average number of common shares-basic and diluted		90,187,443	65,535,221

Cartier Iron Corporation
Statements of Changes in Equity
(expressed in Canadian dollars)

	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance, December 31, 2020	11,357,434	42,999	1,207,000	(10,401,538)	2,205,895
Exercise of warrants	11,750	-	-	-	11,750
Stock-based compensation	-	632,000	-	-	632,000
Fair value of exercised warrants	7,249	-	(7,249)	-	-
Loss	-	-	-	6,597,656	6,597,656
Balance, March 31, 2021	11,376,433	674,999	1,199,751	(3,803,882)	9,447,301
Balance, December 31, 2019	10,107,371	196,149	371,000	(9,960,851)	713,669
Loss	-	-	-	(122,979)	(122,979)
Balance, March 31, 2020	10,107,371	196,149	371,000	(10,083,830)	590,690

Cartier Iron Corporation
Statements of Cash Flows
(expressed in Canadian dollars)

	3 months ended March 31, 2021	2020
	$	$
Cash provided by (used in)		
Operating activities		
Loss	6,597,656	(122,979)
Items not affecting cash		
Stock-based compensation	632,000	-
Depreciation	10,582	10,582
Gain on sale of investment in associate	-	(61,371)
Increase in fair value of investment in Eloro	(7,535,190)	-
Dilution gain on change in interest in associate	-	2,804
Share of loss of an associate	-	42,780
Refundable tax credit notices of assessments	159,742	-
Deferred income tax recovery	(16,630)	(6,815)
Changes in non-cash working capital		
Receivables	(115,718)	(14,370)
Prepaid expenses	50,391	(62,709)
Accounts payable and accrued liabilities	278,226	79,808
	61,059	(132,270)
Financing activities		
Advance from a related party	-	32,000
Repayment of lease liabilities	(10,970)	(10,333)
Exercise of warrants	11,750	-
	780	21,667
Investing activities		
Purchase of investment in associate	(18,170)	-
Proceeds on sale of investment in associate	-	146,580
Repayment of advances to Eloro	-	16,530
Exploration and evaluation	(961,946)	(27,648)
	(980,116)	135,462
Net increase in cash	(918,277)	24,859
Cash, beginning of period	943,051	19,614
Cash, end of period	24,774	44,473
Supplementary information		
Interest paid	619	1,256
Income taxes paid	-	-

1. Nature of operations
Cartier Iron Corporation (the “Company”) is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the laws of Ontario and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

2. Going concern
The Company is in the exploration stage and does not generate revenue. As at March 31, 2021, the Company had cash of $24,774. As a result, there is material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The outbreak of the COVID-19 pandemic and the measures adopted by governments to mitigate the spread of the pandemic have not significantly impacted the Company. To date, there has been no significant impact on the Company, however, there is significant uncertainty over the impact of the pandemic on the Company’s ability to secure funds in the future.

The continued operation of the Company is dependent upon the Company’s ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption is inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance
These interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these interim condensed financial statements are consistent with those disclosed in the Company’s audited financial statements for the year ended December 31, 2020.

These interim condensed financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2020.

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on May 31, 2021.

4. Receivables
The Company files a Québec Corporation Income Tax Return claiming a refundable tax credit on eligible exploration expenditures incurred in Québec (“Refundable Tax Credits”) and a Québec Mining Duties Return claiming a credit on duties refundable for losses (“Credit on Duties”). It is the Company’s policy to record an estimate of amounts to be received for unassessed claims for Refundable Tax Credits and Credits on Duties as a receivable and a reduction to exploration and evaluation assets when there is reasonable assurance that the Company has complied with all conditions needed to obtain the credits. The amounts of the unassessed claims are subject to audit by Revenu Québec and Ressources naturelles de la Faune Québec.

	In respect returns filed for years ended December 31, 2018	2017 $	2016 $	2015 $
Refundable Tax Credits				
As filed	–	166,069	22,476	251,079
As assessed	–	–	–	251,079
Received	–	–	–	(251,079)
Included in receivables at March 31, 2021	–	–	–	–
Credit on Duties				
As filed	–	34,162	4,641	71,699
As assessed	–	–	–	–
Received during the period	–	–	–	–
Included in receivables at March 31, 2021	–	–	–	–

Notices of assessment
On November 8, 2018, the Company received notices of assessments from Revenu Québec for the repayment refunds received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2013, 2014 and 2015 (“Notices”). The Company filed notices of objection with respect to the Notices and Revenu Québec has now ruled that the Notices were deemed valid and binding in conformity with the *Taxation Act*. Accordingly, the amount of the Notices of $159,742 has been recorded as a liability in these financial statements.

5. Investment in Eloro Resources Ltd.

At December 31, 2020, the Company held 2,115,000 common shares of Eloro Resources Ltd. (“Eloro”), representing 4.43% of the outstanding common shares of Eloro. Although the Company held less than 20% of the voting rights of Eloro, the Company determined that it had significant influence in Eloro as three directors of the Company are also directors of Eloro and the Company accounted for its investment in Eloro as an investment in associate.

In the 3 months ended March 31, 2021, pursuant to two bought deal financings, Eloro issued 10,669,160 common shares, thereby further diluting the Company’s percentage interest in Eloro. As a result, the Company reassessed the level of influence that it has over Eloro and determined that it no longer has significant influence over Eloro and effective January 1, 2021, the Company accounted for its investment in Eloro at fair value.

	Number of Eloro common shares held	$
Investment in associate at December 31, 2020	2,115,000	415,390
Purchases	10,000	18,170
Unrealized gain on investment in Eloro	–	7,535,190
Investment in Eloro at fair value at March 31, 2021	2,125,000	7,968,750

6. Right-of-use assets

	March 31, 2021 $	December 31, 2019 $
Right-of-use assets	126,981	126,981
Accumulated depreciation	(95,238)	(84,656)
	31,743	42,325

7. Exploration and evaluation

	December 31, 2020 $	Exploration expenditures $	March 31, 2021 $
Property			
Gagnon	–	–	–
Big Easy	1,342,801	961,946	2,304,747
	1,342,801	961,946	2,304,747

Gagnon, Quebec
A joint venture was formed between the Company and Champion to incur additional exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest would be reduced solely to a 1% royalty. The other joint venture partner will have the option to reduce the royalty from 1% to 0.5% by making a payment of $3,000,000.

In the event that a joint venture partner proposes to acquire any property within 10 kilometres of Gagnon, the acquirer must offer the property at cost to the other party for inclusion in Gagnon.

The Company has incurred the following cumulative exploration and evaluation expenditures on Gagnon:

	$
Balance, December 31, 2020 and March 31, 2021	3,896,732

As at March 31, 2021, Champion held 14,644,971 common shares of the Company (December 31, 2020 - 14,644,971), representing 16.25% of the outstanding common shares of the Company (December 31, 2020 - 16.25%). Pursuant to a standstill agreement, Champion may not sell or transfer more than 2,000,000 common shares during any 30-day period.

Big Easy, Newfoundland and Labrador
Pursuant to a definitive agreement dated October 26, 2017, ("Definitive Agreement"), the Company acquired a 100% interest in Big Easy consisting of 507 mining claims covering 127 square kilometres located in Newfoundland and Labrador. On October 6, 2020, the Company staked an additional 256 claims to hold 763 mining claims covering 191 square kilometres.

On May 1, 2020, the Company and the vendors of the Big Easy amended the terms of the Definitive Agreement. Pursuant to the amendment, in order to complete the acquisition of Big Easy, the Company must issue common shares and incur exploration expenditures, as follows:

	Common shares		**Exploration**
	Number	**Fair value**	**expenditures**
			$
Upon signing of definitive agreement (issued)	500,000	12,500	–
November 21, 2018 (issued and incurred)	500,000	56,000	500,000
May 15, 2020 (issued)	500,000	15,000	–
September 6, 2021	500,000	15,000	500,000
September 6, 2022	500,000	–	500,000
September 6, 2023	–	–	500,000
	2,500,000	98,500	2,000,000

Upon completion of the acquisition, the Company agreed to issue 100,000 common shares as a finder's fee, of which, 50,000 common shares with a fair value of $4,500 have been issued and 50,000 common shares will be issued.

In the event that the Company does not issue common shares or incur exploration expenditures, the definitive agreement will terminate and the Company will transfer the mining licences and claims to the vendor.

With respect to the common shares issued or to be issued to the vendor:

a) the vendor will not grant a security interest in the common shares;
b) the vendor has the right to sell tranches of less than 300,000 common shares;
c) until November 21, 2021, the Company has a right of first refusal in the event that the vendor receives a third party offer to acquire any tranche of more than 300,000 common shares; and
d) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote against any resolution put before the shareholders of the Company upon the recommendation of the Board of Directors
e) until November 21, 2021, the vendor shall not vote or encourage anyone else to vote in favour of:
   (i) the election of board nominees that have not been proposed by the then Board of Directors, or
   (ii) any shareholder resolution or proposal unless the Board of Directors recommends voting in favour of such shareholder resolution or proposal.

Big Easy is subject to a 3% net smelter royalty ("NSR"). The Company has options to further reduce the NSR by:

a) 0.25% by making a payment of $250,000 by November 21, 2021; and
b) a further 0.25% by making a payment of $250,000 by November 21, 2022.

8. Lease liabilities

	$
Balance, December 31, 2020	44,884
Accretion of interest	619
Lease payments	(11,589)
Balance, March 31, 2021	33,914
Current portion of lease liabilities	33,914
Long-term lease liabilities	–
	33,914

The lease for premises is a joint and several commitment with Eloro. The remaining lease term is 0.75 years.

9. Canada Emergency Business Account loan

The Government of Canada announced that it will be providing the Canada Emergency Business Account ("CEBA") to support Canadian businesses that have been adversely affected by COVID-19. On April 20, 2020, the Company received a $40,000 CEBA term loan. The term loan is government guaranteed, interest-free until December 31, 2022, and if not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing interest at the rate of 5%. The term loan can be repaid at any time without penalty, and if, $30,000 is repaid by December 31, 2022, the remaining $10,000 will be forgiven.

10. Share capital

Authorized

An unlimited number of common shares.
An unlimited number of Class A preferred shares 5% voting, redeemable, convertible, non-cumulative dividend, which are redeemable at $0.10 per share and convertible on the basis of one common share for each Class A preferred share.

Issued

	Number of common shares	$
Balance, December 31, 2020	90,146,971	11,357,434
Exercise of warrants	117,500	11,750
Fair value of warrants exercised	–	7,249
Balance, March 31, 2021	90,264,471	11,376,433

Stock options

The Company may grant options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. Options granted vest immediately and the maximum term of each option is 5 years. The exercise price shall not be less than the closing price of the common shares on a stock exchange in Canada on the last trading day immediately preceding the date of the grant, less any discount permissible under the rules of the principal stock exchange on which the common shares are listed for trading. In the event that the common shares are not listed for trading on any stock exchange, the exercise price shall be the fair market value as determined by the Board of Directors. As at March 31, 2021, there were 9,026,447 stock options (December 31, 2020 - 9,014,697) authorized to be issued under the stock option plan, of which, 4,500,000 stock options (December 31, 2020 - 200,000) were outstanding.

A summary of the Company's stock options is presented below:

	Weighted-average exercise price	Number of stock options outstanding and exercisable
Balance, December 31, 2020	0.10	200,000
Granted	0.17	4,300,000
Balance, March 31, 2021	0.17	4,500,000

A summary of the Company's outstanding stock options is presented below:

Exercise price	Expiry date	Number of stock options
$0.15	April 10, 2023	200,000
$0.17	February 3, 2026	4,300,000
		4,500,000

The Company granted stock options to a directors, officers, employees and consultants. The fair value of the stock options were calculated using the Black-Scholes option pricing model with the following assumptions:

Grant date	February 3, 2021
Expiry date	February 3, 2026
Stock options granted	4,300,000
Exercise price	$0.17
Share price	$0.17
Risk-free interest rate	0.46%
Expected volatility based on historical volatility	133%
Expected life of stock options	5 years
Expected dividend yield	0%
Vesting	On date of grant
Fair value	$632,000
Fair value per stock option	$0.15

Warrants

A continuity of the Company's warrants is presented below:

	Weighted-average exercise price $	Number of warrants
Balance, December 31, 2020 and March 31, 2021	0.10	19,048,061

A summary of the Company's outstanding warrants is presented below:

Exercise price	Expiry date	Number of warrants
$0.10	September 10, 2023	7,571,429
$0.10	September 17, 2023	11,476,632
		19,048,061

The weighted average remaining contractual life of the outstanding warrants is 2.5 years.

11. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash, accounts payable and accrued liabilities and CEBA loan
The fair values of cash, accounts payable and accrued liabilities and CEBA loan at March 31, 2021 approximated their respective carrying value due to their short term to maturity.

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs for the asset or liability that are not based on observable market data

The Company accounts for its investment in Eloro at fair value.

12. Financial risk management
The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s maximum exposure to credit risk is equal to the Company’s cash. The Company limits its exposure to credit risk on its cash by holding deposits with a Canadian chartered bank.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company’s ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral properties. Accounts payable and accrued liabilities are subject to normal trade terms.

The following table sets out financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Accounts payable and accrued liabilities	**Refundable tax credit notice of assessment payable**	**Lease liability**	**Canada Emergency Business Account loan**	**Total**
	$	**$**	**$**	**$**	**$**
Less than 1 year	910,963	159,742	33,914	–	1,104,619
1-5 years	–	–	–	40,000	40,000
More than 5 years	–	–	–	–	–
Balance at March 31, 2021	910,963	159,742	33,914	40,000	1,144,619

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company’s income or the value of its financial instruments.

Equity price risk
Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. At March 31, 2021, the Company owned shares of Eloro (note 5).

Currency risk
Currency risk arises from the Company's financial instruments and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. As all of the Company's purchases are in Canadian dollars, the Company limits it exposure to currency risk by maintaining its cash in Canadian dollars.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

Capital management
Capital of the Company consists of share capital, contributed surplus, warrants and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

13. Related party transactions

Compensation of key management personnel
The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	3 months ended March 31,		**Outstanding at**	
	2021	**2020**	**March 31, 2020**	**December 31, 2020**
	$	**$**		**$**
Consulting fees	78,000	78,000	283,727	274,328
Financing bonus	–	–	37,016	37,016
Stock-based compensation	382,140	–	–	–
	460,140	78,000	320,743	311,344

Additional related party transactions are disclosed in notes 5, 7, and 8.