

Cartier Iron Corporation

Condensed Interim Financial Statements

September 30, 2022

(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)
(unaudited)

		September 30, 2022	December 31, 2021
	Notes	\$	\$
Assets			
Current			
Cash	14	214,511	2,618,554
Receivables		25,155	248,595
Prepaid expenses		56,227	170,827
		295,892	3,037,975
Investment in Eoro Resources Ltd.	4	8,199,750	8,800,000
Right-of-use asset	5	188,487	-
Exploration and evaluation	6	6,433,944	4,262,397
		15,118,073	16,100,373
Liabilities			
Current			
Accounts payable and accrued liabilities	13	1,321,843	1,531,493
Refundable tax credit assessments payable	7	113,742	142,242
Current portion of lease liability	8	20,199	-
Unrenounced flow-through share premium		-	252,080
		1,455,784	1,925,815
Canada Emergency Business Account loan	9	40,000	40,000
Lease liability	8	176,588	-
		1,672,371	1,965,815
Shareholders' equity			
Share capital	10	12,405,788	12,405,788
Contributed surplus	10	652,952	652,952
Warrants	10	4,595,314	4,595,314
Deficit		(4,208,352)	(3,519,496)
		13,445,702	14,134,558
		15,118,073	16,100,373
Going concern	2		
Commitment	14		
Subsequent events	15		

Approved by the Board:

Thomas G. Larsen
Director

Francis Sauve
Director

Cartier Iron Corporation

Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

	Notes	3 months ended September 30,		9 months ended September 30,	
		2022 \$	2021 \$	2022 \$	2021 \$
Expenses					
Professional fees		9,250	8,272	27,250	25,026
Consulting fees	13	78,000	88,000	234,000	244,000
Stock-based compensation		-	-	-	632,000
General and administrative		44,969	47,097	147,530	155,921
Investor relations		120	21,275	41,697	63,573
Interest		3,050	285	9,555	1,357
Depreciation	5	11,088	10,582	33,264	31,746
Impairment of exploration and evaluation		-	7,241	3,053	7,241
Gain on statute-barred accounts payable		(374)	-	(35,041)	-
Flow-through share premium		-	(83,406)	(252,080)	(100,036)
Part XII.6 tax		(3,565)	-	(3,070)	-
Refundable tax credit assessments	7	-	-	-	159,742
Other recoveries		(4,500)	(8,559)	(13,252)	(19,303)
		138,038	90,787	192,906	1,201,267
Loss before investment income (loss)		(138,038)	(90,787)	(192,906)	(1,201,267)
Gain on sale of investment in Eoro		-	-	96,811	13,158
Increase (decrease) in fair value of investment in Eoro	4	1,057,239	(1,973,181)	(592,761)	7,014,184
Income (loss) and comprehensive income (loss)		919,201	(2,063,968)	(688,856)	5,826,075
Income per common share-basic and diluted		0.007	(0.015)	(0.005)	0.055
Weighted average number of common shares-basic and diluted		140,081,138	135,876,066	140,081,138	105,648,479

Cartier Iron Corporation

Statements of Changes in Equity

(expressed in Canadian dollars)

(unaudited)

	Share capital \$	Contributed surplus \$	Warrants \$	Deficit \$	Total \$
Balance, December 31, 2021	12,405,788	652,952	4,595,314	(3,519,496)	14,134,558
Loss	-	-	-	(688,856)	(688,856)
Balance, September 30, 2022	12,405,788	652,952	4,595,314	(4,208,352)	13,445,702
Balance, December 31, 2020	11,357,434	42,999	1,207,000	(10,401,538)	2,205,895
Acquisition costs, Big Easy					
Option payment	130,000	-	-	-	130,000
Finder's fee	6,500	-	-	-	6,500
Private placement of units	1,725,000	-	-	-	1,725,000
Fair value of warrants issued	(888,000)	-	888,000	-	-
Private placement of flow-through units	3,450,000	-	-	-	3,450,000
Fair value of warrants issued	(2,478,000)	-	2,478,000	-	-
Unrenounced flow-through premium	(664,125)	-	-	-	(664,125)
Share issue costs	(389,936)	-	-	-	(389,936)
Exercise of warrants	96,750	-	-	-	96,750
Fair value of exercised warrants	59,686	-	(59,686)	-	-
Stock-based compensation	-	632,000	-	-	632,000
Income	-	-	-	5,826,075	5,826,075
Balance, September 30, 2021	12,405,309	674,999	4,513,314	(4,575,463)	13,018,159

Cartier Iron Corporation

Statements of Cash Flows

(expressed in Canadian dollars)

(unaudited)

	9 months ended	
	September 30,	
	2022	2021
	\$	\$
Cash provided by (used in)		
Operating activities		
Income	(688,856)	5,826,075
Items not affecting cash		
Stock-based compensation	-	632,000
Depreciation	33,264	31,746
Gain on sale of investment in associate	(96,811)	(13,158)
Increase in fair value of investment in Eloro	592,761	(7,014,184)
Impairment of exploration and evaluation	3,053	7,241
Gain on statute-barred accounts payable	(35,041)	-
Refundable tax credit notices of assessments	-	159,742
Flow-through share premium	(252,080)	(100,036)
Changes in non-cash working capital		
Receivables	223,440	(11,679)
Prepaid expenses	114,601	(40,039)
Accounts payable and accrued liabilities	(174,611)	(192,059)
Refundable tax credit assessments payable	(28,500)	(10,000)
	<u>(308,781)</u>	<u>(724,350)</u>
Financing activities		
Private placement of units	-	1,725,000
Private placement of flow-through units	-	3,450,000
Share issue costs	-	(389,935)
Advances from officers	-	200,000
Repayment of advances from officers	-	(200,000)
Repayment of lease liabilities	(24,963)	(33,410)
Exercise of warrants	-	96,750
	<u>(24,963)</u>	<u>4,848,405</u>
Investing activities		
Purchase of investment in Eloro	-	(18,170)
Proceeds on sale of investment in Eloro	104,301	13,735
Exploration and evaluation	(2,174,600)	(1,388,624)
Mining tax credit	-	76,500
	<u>(2,070,299)</u>	<u>(1,316,559)</u>
Net decrease in cash	(2,404,043)	2,807,496
Cash, beginning of period	2,618,554	943,051
Cash, end of period	214,511	3,750,547

Cartier Iron Corporation

Notes to Condensed Interim Financial Statements

September 30, 2022

(expressed in Canadian dollars)
(unaudited)

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. At September 30, 2022, the Company had a working capital deficit of \$1,159,892 (December 31, 2021 - working capital of \$1,112,160) and for the 9 months ended September 30, 2022, the Company incurred a cashflow deficit from operating activities of \$308,781 (2021 - \$724,350). The working capital deficit and cashflow deficit from operating activities limit the Company’s ability to fund its operations and the acquisition, exploration and development of its mineral properties.

At September 30, 2022, the Company has an investment in Eloro Resources Ltd. (“Eloro”) with a fair value of \$8,199,750 (see note 4, *Investment in Eloro Resources Ltd.*). The Company has classified the investment in Eloro as a long-term asset as it does not expect to realize the investment within the next 12 months.

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. As a result, there is material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

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, 2021.

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, 2021.

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on November 29, 2022.

4. Investment in Eloro Resources Ltd.

	Number of Eloro common shares held	\$
Balance, December 31, 2021	2,200,000	8,800,000
Dispositions	(25,000)	(7,489)
Unrealized loss	–	(600,250)
Balance, September 30, 2022	2,175,000	8,199,750

Three directors of the Company are also directors of Eloro.

5. Right-of-use asset

	September 30, 2022 \$	December 31, 2021 \$
Right-of-use asset	221,751	–
Accumulated depreciation	(33,264)	–
	188,487	–

On January 1, 2022, the Company renewed its lease for offices premises until December 31, 2026. At January 1, 2022, the Company used its incremental borrowing rate of 6% to measure its right-of-use asset and lease liability.

	\$
Lease commitments at January 1, 2022	258,134
Discount using the incremental borrowing rate of 6%	(36,383)
Right-of-use asset and lease liability recognized at January 1, 2022	221,751

At January 1, 2022, the impact of the lease renewal on the Company's statement of financial position was as follows:

	\$
Assets	
Right-of-use asset	221,751
Liabilities	
Current	
Current portion of lease liability	34,926
Non-current	
Lease liability	189,325
	221,751

See note 8, *Lease liability*.

6. Exploration and evaluation

	December 31, 2021 \$	Acquisition costs \$	Expenditures \$	Impairment \$	September 30, 2022 \$
Property					
Big Easy	4,262,397	7,800	2,163,747	–	6,433,944
Gagnon	–	–	3,053	(3,053)	–
	4,262,397	7,800	2,166,800	(3,053)	6,433,944

Big Easy, Newfoundland and Labrador

The Company owns 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.

Big Easy is subject to a 3% net smelter royalty ("NSR"). The Company has an option to reduce the NSR by 0.25% by making a payment of \$250,000 by November 21, 2022 ("NSR Option"). See note 15, *Subsequent events, Big Easy NSR Option*.

Gagnon, Quebec

The Company owns a 55% interest in Round Lake (formerly known as Round Lake, Penguin Lake, Black Dan and Aubrey-Ernie), consisting of 111 claims covering 58.75 square kilometres in the Fermont Iron Ore District in the Labrador Trough in northeastern Québec ("Gagnon").

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.

As at September 30, 2022, facts and circumstances suggested that the carrying amount of Gagnon may exceed its recoverable amount. As required by International Financial Reporting Standard 6, *Exploration for and Evaluation of Mineral Resources* ("IFRS 6"), the Company assessed Gagnon for impairment. The Company concluded that there were a number of indicators of impairment and, recorded an impairment of exploration and evaluation of \$3,053 (2021 - \$Nil).

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

	\$
Balance, December 31, 2021	3,906,363
Expenditures	3,053
<u>Balance, September 30, 2022</u>	<u>3,909,416</u>

7. Refundable tax credit notices of assessments payable

On November 8, 2018, the Company received notices of assessments from Revenu Québec for the repayment of 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. The Company made monthly payments of \$2,500 until June 30, 2022, and thereafter, agreed to make monthly payments of \$4,000 until July 31, 2025.

8. Lease liability

	\$
Balance, December 31, 2021	—
Renewal lease liability	221,751
Accretion of interest	9,555
Lease payments	(34,518)
<u>Balance, September 30, 2022</u>	<u>196,789</u>

The lease for premises is a joint and several commitment with Eloro. The remaining lease term is 4.25 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, 2023, and if not repaid by December 31, 2023, 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, 2023, 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	\$
<u>Balance, December 31, 2021 and September 30, 2022</u>	<u>140,081,138</u>	<u>12,405,788</u>

See note 15, *Subsequent events, Share consolidation and Subsequent events, Proposed private placement.*

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 September 30, 2022, there were 14,008,113 stock options (December 31, 2021 - 14,008,113) authorized to be issued under the stock option plan, of which, 4,350,000 stock options (2021 - 4,350,000) 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, 2021 and September 30, 2022	0.17	4,350,000

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	4,150,000
		4,350,000

Warrants

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

	Weighted-average exercise price \$	Number of warrants
Balance, December 31, 2021 and September 30, 2022	0.10	65,997,228

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	10,509,132
\$0.14	July 7, 2024	19,166,667
\$0.14	July 7, 2024	28,750,000
		65,997,228

The weighted average remaining contractual life of the outstanding warrants is 1.5 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, receivables, accounts payable and accrued liabilities and CEBA loan

The fair values of cash, receivables, accounts payable and accrued liabilities and CEBA loan at September 30, 2022 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 using level 1 inputs.

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 high credit quality 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 oil and 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 assessment payable \$	Canada Emergency Business Account loan \$	Total \$
Less than 1 year	1,321,843	113,742	–	1,435,585
1-5 years	–	–	40,000	40,000
More than 5 years	–	–	–	–
Balance, September 30, 2022	1,321,843	113,742	40,000	1,475,585

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 September 30, 2022, the Company is exposed to equity price risk on its investment in Eloro (note 4, *Investment in Eloro Resources Ltd.*). At September 30, 2022, the Company estimates that if the market price of its investment in Eloro had changed by 10%, with all other variables held constant, the fair value would have increased or decreased by \$820,000.

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 its 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:

	9 months ended September 30,	September 30,	September 30,	Outstanding at
	2022	2021	2022	December 31,
	\$	\$	\$	2021
				\$
Consulting fees	234,000	234,000	302,664	257,603
Legal fees	—	—	15,000	106,780
Financing bonus	—	—	34,891	34,891
Stock-based compensation	—	382,140	—	—
	<u>234,000</u>	<u>616,140</u>	<u>317,665</u>	<u>399,274</u>

Additional related party transactions are disclosed in notes 4 and 8.

14. Commitment

Flow-through expenditures

Pursuant to a flow-through financing completed on July 7, 2021, at September 30, 2022, the Company is committed to pay accounts payable of \$883,000 for Cumulative Eligible Exploration incurred.

15. Subsequent events

Option agreement

On October 25, 2022, the Company entered into a letter of intent to acquire a 100% interest in the Chorrillos Project located in southern Bolivia, comprising two separate properties known as the Gonalbert Mining area (consisting of 10 grids covering 2.5 sq.km) and the Felicidad Mining area (consisting of 4 grids covering 1 sq. km).

Pursuant to a definitive agreement to be completed by November 24, 2022 ("Definitive Agreement"), the Company's 98%-owned Bolivian subsidiary, Minera Cartier Bolivia S.R.L. will have the right to acquire a 100% interest in the Chorrillos Project by making option payments, as follows:

Deadline after date of signing Definitive Agreement	Option payment US \$
6 months	80,000
1 year	220,000
2 years	500,000
3 years	700,000
4 years	1,000,000
5 years	2,000,000
	<hr/> 4,500,000

Name change

On November 15, 2022, the Company changed its name to Cartier Silver Corporation.

Share consolidation

Effective November 18, 2022, based on the consolidation of 5 pre-consolidation common shares into 1 post-consolidation common share, the Company consolidated the 140,081,138 issued and outstanding pre-consolidation common shares into 28,016,216 post-consolidation common shares. The number of and exercise prices of the outstanding stock options and warrants have been adjusted to reflect the share consolidation.

Big Easy NSR Option

The Company did not exercise the NSR Option and the NSR Option expired on November 21, 2022.

Proposed private placement

On November 22, 2022, the Company announced its intention to complete a private placement of up to 7,500,000 units at a price of \$0.40 per unit for gross proceeds of up to \$3,000,000. Each unit will consist of one common share and one-half of one common share purchase warrant, with each whole warrant will entitling the holder to purchase one common share for \$0.70 for 30 months following the closing of the private placement.

Staking of additional claims

On November 22, 2022, the Company announced the staking of claims for an additional 29.25 km² (CSB-13 and CSB-1) immediately south and west of the Felicidad and Gonalbert properties. An additional claim (CSB-2) has also been acquired in the same belt about 5 km south of Tupiza, Bolivia. The Company's total holdings, including areas under option, in the Chorrillos Project now total 69.75 km².