Cartier Iron Corporation
(formerly Northfield Metals Inc.)
Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Cartier Iron Corporation (formerly Northfield Metals Inc.) (the "Company") for the year ended December 31, 2012 and should be read in conjunction with the audited financial statements and the accompanying notes. The MD&A is the responsibility of management and is dated as of April 29, 2013.

All dollar amounts are stated in Canadian dollars unless otherwise indicated. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Forward-Looking Statements
This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

The Company
The Company is a public company engaged in the acquisition, exploration and development of mineral resource properties.

The Company is a reporting issuer in Ontario and Alberta, and on January 29, 2013, its common shares commenced trading on the Canadian National Stock Exchange under the trading symbol "CFE".

Overall Performance

Borel River Property, Quebec
The Company owns a 100% interest in in the Borel River iron ore property ("Borel River"), which consists of 108 claims covering 4,459.14 hectares situated on the western shore of Ungava Bay in northern Quebec.

On July 5, 2012, the Company acquired a 100% interest in Borel River which consisted of 89 claims covering 3,630.85 hectares, subject to the vendor retaining a 2% royalty. In order to acquire its interest, the Company paid $25,000 and issued 500,000 common shares with a fair value of $100,000. The Company has the right of first refusal on the sale of the royalty and has the option to reduce the royalty from 2% to 1% by making a payment of $1,000,000. The Company subsequently staked an additional 19 claims covering 828.29 hectares.

Pursuant to the terms of the acquisition, the Company agreed that in the event that the Company did not complete a listing of its common shares on a Canadian stock exchange by December 31, 2012, the Company would make monthly payments of $5,000 to the vendor commencing January 1, 2013 until its common shares were listed or the agreement was terminated upon 30 days written notice given by either the Company or the vendor. At December 31, 2012, the Company had not completed a listing of its common shares and made a payment of $5,000 to the vendor subsequent to December 31, 2012. On January 29, 2013 the Company commenced trading on the Canadian National Stock Exchange.

The Borel River is located near the western shores of Ungava Bay in northern Quebec (*NTS 24N/12*). The area is accessible via helicopter or float plane from Kangirsuk Airport, 50 km to the north, or from Aupaluk Airport, 25 km to the south; both of which are serviced by Air Inuit from Montreal, Quebec City and Sept-Iles. Borel River is underlain by approximately 20 km of a north-south trending iron formation between the Morgan Lake and Hopes Advance property holdings of Oceanic Iron Ore Corp. The property is named after the Borel River, which flows from west to east across the middle of the Property and drains into False Bight in Ungava Bay.

Several highly metamorphosed, magnetite-specularite and meta-taconite iron deposits that contain 30% to 35% Iron (Fe) are known to exist in the vicinity of the Borel River Property (i.e. Morgan, Castle Mountain). These contain significant historic iron resources and are being aggressively explored by Oceanic Iron Ore Corp. Although considered speculative, these deposits point to the considerable potential for additional iron resources within the area. The iron formation underlying the Borel River Property remains unexplored and untested along the 20 km extent of the Property.

Future exploration programs at the Borel River project are contingent upon the Company raising an adequate amount of financing.

Acquisition of Gagnon Holdings
On December 10, 2012, Champion Iron Mines Limited (“Champion”) granted an option to the Company (the “Agreement”) to acquire a 65% interest in the Aubertin-Tougard, Aubrey-Ernie, Black Dan, Jeannine Lake, Penguin Lake, Silicate-Brutus and Three Big Lakes properties covering approximately 220 square kilometres in the Fermont Iron Ore District in the Labrador Trough in northeastern Quebec (“Gagnon Holdings”), referred to as “Cluster 3” by Champion. In order to earn its interest, the Company must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments $	**Common shares**	**Exploration expenditures $**
Option payment due upon conditional approval from a stock exchange for the listing of the shares of the Company, common shares due upon execution of Agreement (paid and issued)	100,000	1,000,000	–
December 10, 2013	150,000	500,000	500,000
December 10, 2014	250,000	500,000	750,000
December 10, 2015	250,000	500,000	–
December 10, 2016	250,000	–	4,750,000
	1,000,000	2,500,000	6,000,000

Pursuant to the Agreement, the Company issued 1,000,000 common shares to Champion and completed a concurrent private placement with Champion, issuing 2,000,000 common shares to Champion at a price of $0.25 per share for cash proceeds of $500,000 (the “Private Placement”).

In connection with the Private Placement, the two companies signed a Pre-emptive Rights Agreement whereby the Company granted Champion the right to participate in the Company’s private placements over a period of approximately two (2) years expiring December 31, 2014, giving Champion the opportunity to maintain its proportionate interest in the outstanding shares of the Company. Champion also reserved the right to participate in the Company’s private placements to increase Champion’s holdings of the Company’s shares up to 38%, which right will expire on June 30, 2013 or such later date when the Company has at least 30,000,000 shares outstanding.

The two companies also signed a Board Representation and Standstill Agreement whereby, for a period of approximately five (5) years expiring December 31, 2017, Champion will have the right to nominate one director to the Company’s Board of Directors and will be restricted from voting in certain circumstances, including not voting against the election of any nominee to the Board of Directors proposed by the Company or against any resolutions supported by the Company’s Board of Directors, subject to certain exceptions. The agreement also provides for restrictions on sales of the Company’s shares by Champion without the Company’s consent for a period of approximately five years expiring December 31, 2017 and then limited monthly sales thereafter.

The Company has the option to satisfy the exploration expenditures by (i) paying cash to Champion or the applicable governmental authorities on account of assessment work and/or taxes; or (ii) by issuing the number of common shares to Champion determined by dividing the amount by the 20 day average closing price of the common shares within 5 trading days prior to the date of issue.

Upon the Company earning its 65% interest, a joint venture will be formed 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 the Company or Champion proposes to acquire any property within 10 kilometres of the Gagnon Holdings, the acquirer must offer the property at cost to the other party for inclusion in the Gagnon properties. Subsequent staking, announced by the Company on February 20, 2013, has increased the Gagnon Holdings to approximately 344 square kilometres comprising 649 claims. The newly acquired claims border the Penguin Lake, Black Dan and Aubrey-Ernie properties, which were amalgamated, along with the new claims, into the new, contiguous Round Lake Property (see Table 1 below).

Table 1: Summary of Gagnon Holdings: Cartier Iron Corporation

Property	# of Claims	Area (km²)
Aubertin-Tougard	52	27.59
Jeannine Lake	13	6.92
Round Lake *(formerly Aubrey-Ernie, Penguin Lake & Black Dan properties)*	519	274.66
Silicate-Brutus	56	29.75
Three Big Lakes	9	4.77
Totals	**649**	**343.69**

Two officers of the Company are officers of Champion, and subsequent to the signing of the Agreement, on January 10, 2013, Champion's nominee was elected to the Company's Board of Directors at the Company's Annual and Special Shareholders' Meeting. Champion's nominee director on the Company's Board is an officer and director of Champion.

Gagnon Holdings - Exploration

Five of the seven acquired mineral concessions enclose catalogued iron occurrences, which, in the aggregate, host historic mineral resources[1] of 267.5 million tonnes @ 30.0% iron. These historical mineral resources estimates pre-date National Instrument (NI) 43-101 and, accordingly, are not compliant with the requirements of NI 43-101- *Standards of Disclosure for Mineral Projects.* As a result, the historical estimates should not be relied upon. No "qualified person", (as defined in NI 43-101) has done sufficient work to classify the historical estimates as current "mineral resources" (as defined in NI 43-101). The Company is not treating the historical resource estimates as current mineral resources or mineral reserves.

In late January, 2013, the Company commenced with an exploration drilling program at the Penguin Lake Project, part of the newly amalgamated property designated the Round Lake Property. Ten NQ-diameter drill-holes, totalling 3,315 m were completed at the Penguin Lake Project. The drill holes were designed to intersect magnetite/ hematite-rich iron formation, coincident with a strong magnetic-response anomaly[2], in the area of the catalogued "Lac Pingouin Zone 1" Occurrence[3] (http://sigeom.mrnf.gouv.qc.ca/ Cogite # 23C/01-0004), which has an historic mineral resource[1] of 46.7 Million tonnes grading 30% FeT (Total Iron)[4], estimated from the results of nine historic diamond-drill holes.

The Phase 1 drilling campaign intersected a total of 1600 metres of iron formation with an average grade of 29.5% FeT. Selected "best" intervals include: 242 m grading 25.2% FeT from hole PL13-04; 129 m grading 34.4% FeT in hole PL13-05; 112 m of 29.4% FeT encountered in hole PL13-07, and; 300 m grading 33% FeT in hole PL13-10. A comprehensive list of composite assay results from the drill programme can be found in the Company's press release dated April 25, 2013, which is available under the Company's filings on SEDAR at www.sedar.com and on the Company's website at www.cartieriron.com.

The Phase 1 drilling campaign results and previous magnetic survey data has provided the Company's technical team with a better understanding of the sub-surface geology and has led them to postulate a bowl-shaped geometry to the iron formation. The Phase 1 drilling mainly intersected the south-east part of the "bowl", indicating there may be significant upside resource potential to the west, where the iron formation is interpreted to re-surface.

The Company has commissioned MRB & Associates of Val d'Or, Quebec to complete a National Instrument 43-101 compliant Mineral Resource Estimate for the Penguin Lake Project with results expected by early Q3 2013.

The Gagnon Holdings are adjacent and in close proximity to Arcelormittal's Mont Reed property which encompasses the suspended Mont Reed Mine open pit.

Further exploration programs at the Gagnon Holdings are contingent upon the Company raising an adequate amount of financing.

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[1] *All historical Mineral Resource estimates outlined in this disclosure are non-compliant to NI 43-101 Mineral Resources and Mineral Reserves standards, and should therefore not be relied upon. A Qualified Person has not done sufficient work to upgrade or classify these Historical Mineral Resources as current NI 43-101 compliant Mineral resources.*

[2] *2008 GPR Geophysics Report & Survey Data: 2008 Airborne Survey, Fermont Properties, for Champion Iron Mines Limited (GM63919); 2011 Fugro Airborne Survey, for Champion Iron Mines Limited (GM65900).*

[3] *The on-line documented information on the Lac Pingouin Occurrence describes the rocks hosting the mineralization and the historic resource, and can be viewed on-line at http://sigeom.mrnf.gouv.qc.ca/ (COGITE #23C/01-0004).*

[4] *Historical Mineral Resource for the Lac Pingouin occurrence are from MRNFQ Assessment Files GM12096 and GM13035.*

Appointments to the Company`s Board of Directors and Changes to Senior Management
On June 5, 2012, the Board of Directors accepted the resignation of Thomas Larsen as Director, Chairman, President and CEO, who indicated he had elected to resign in order to focus on his continuing role as Chairman, President and CEO of Champion Iron Mines Limited.

The Company appointed Paul Ankcorn as Director and President. As well as being the former Vice President, Finance for the Company from 1989 to 1996, Mr. Ankcorn has extensive experience in the resource sector. In his nearly 30 years in the sector, Mr. Ankcorn has served as a senior officer and/or a director of numerous publicly traded mineral exploration companies.

On September 5, 2012, the Board of Directors accepted the resignation of Francis Sauve as Director and on November 29, 2012 the Company appointed John Langton, P. Geo. as Vice President, Exploration.

At the Company's Annual and Special Shareholders' meeting held on January 10, 2013, the Company welcomed the election of Alexander Horvath and Marcus Moser as independent directors. Alexander Horvath has over 30 years of wide ranging experience in the base and precious metals exploration business and serves and Champion's nominee on the Company's Board of Directors. Marcus Moser is based out of Switzerland and has over 20 years of in-depth exposure to capital markets in both the public and private sectors and is experienced in fund and portfolio management, investment consultancy, equity research and is a published author of numerous articles in European financial publications.

Financing and Debt Settlement
On September 10, 2012, the Company completed the first tranche of a private placement financing consisting of 2,355,000 common shares at a price of $0.20 per common share for gross proceeds of $471,000. In connection with the financing, the Company paid a commission of $37,680. On October 22, 2012, the Company completed the second and final tranche of a private placement financing consisting of 675,000 common shares at a price of $0.20 per common share for gross proceeds of $135,000.

On December 11, 2012, the Company completed a private placement with Champion, issuing 2,000,000 common shares to Champion at a price of $0.25 per share for cash proceeds of $500,000. On the same day the Company completed non-brokered private placement with various creditors (including Champion and certain current and former officers and directors of Champion and the Company) by issuing 6,510,684 common shares at $0.25 per share to settle debts of $1,627,671.

On December 31, 2012 the Company completed a private placement financing for gross proceeds of $225,000. The Company issued 900,000 common shares at a price of $0.25 per share for aggregate gross proceeds of $225,000, of which 400,000 common shares were issued at $0.25 per share for gross proceeds of $100,000 on a "flow-through" basis under the Income Tax Act (Canada).

The net proceeds of the financings were used to finance exploration on the Company's iron ore properties and for general corporate purposes.

The Company intends to offer and complete additional equity financings and announced on February 11, 2013, that it is proceeding with a non-brokered private placement of up to 6,000,000 units ("Units") of the Company at a price of $0.25 per Unit for gross proceeds of up to $1,500,000. Each Unit will consist of one common share and one half of one common share purchase warrant (a "Warrant") of the Company. Each whole Warrant will entitle the holder to purchase one common share of the Company at a price of $0.50 per share for a term of 24 months.

Risks and Uncertainties
The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain mining licences.

The Company is in the exploration stage. The Company has no revenues and finances its operations by raising capital in the equity markets. The continued operations of the Company is dependent upon the ability of the Company to obtain financing to complete the acquisition, exploration and development of mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

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Results of Operations

	3 months ended December 31,		Years ended December 31,	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Expenses				
Professional fees	65,269	8,193	75,770	20,503
Consulting fees	12,000	60,000	168,000	240,000
General and administrative	23,429	4,307	43,600	11,831
Gain on settlement of debts	(37,889)	-	(37,889)	-
Loss on sale of marketable securities	-	-	7,900	-
Decrease (increase) in fair value of marketable securities	6,813	(38,757)	97,479	71,676
Loss and comprehensive loss	69,622	33,743	354,859	344,010

Summary of Quarterly Results

	Q1 2011	**Q2 2011**	**Q3 2011**	**Q4 2011**	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	-	-	-	-	-	-	-	-
Loss								
- Total	(67,095)	(123,653)	(119,519)	(33,743)	(71,501)	(127,595)	(86,141)	(69,622)
- Per share	(0.012)	(0.012)	(0.014)	(0.008)	(0.012)	(0.037)	(0.014)	(0.014)

Loss for Q2 2011reflects a decrease in the fair value of marketable securities of $54,055.
Loss for Q3 2011reflects a decrease in the fair value of marketable securities of $55,373.
Loss for Q2 2012 reflects a decrease in the fair value of marketable securities of $41,299.

Liquidity and Capital Resources

The Company is in the exploration stage and has no revenue. As at December 31, 2012, the Company had a working capital of $873,718 (December 31, 2011 – working capital deficit of $1,254,423) and for the year ended December 31, 2012, the Company incurred losses of $354,860 (2011 - $344,010). The working capital deficit and losses limit the Company's ability to fund operations and the acquisition, exploration and development of mineral resource properties.

The continued operations of the Company is dependent upon the 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.

Transactions with Related Parties

	Year ended December 31, 2012 $	Outstanding as at December 31, 2012 $
Consulting fees		
847785 Ontario Ltd., a company controlled by Thomas G. Larsen, for his services as President and Chief Executive Officer of the Company	48,000	–
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer of the Company.	60,000	–
J. Estepa Consulting Inc., a company controlled by Jorge Estepa, for his services as Vice President and Corporate Secretary	60,000	–

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts reported in these financial statements and related note disclosures. Actual results could differ materially from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant assumptions and estimation uncertainties include:

Impairment of exploration and evaluation
Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount.

Estimates of mineral resources
The amounts used in impairment calculations are based on estimates of mineral resources. Resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Company expects that, over time, its resource estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in commodity prices.

Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Changes in Accounting Policies including Initial Adoption

Exploration and evaluation

Recognition and measurement
Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Non-repayable mining tax credits earned in respect to costs incurred in Quebec are recorded as a reduction to exploration and evaluation when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

The recoverability of amounts shown for exploration and evaluation is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property, plant and equipment or expensed to the statement of loss and comprehensive loss to the extent of any impairment. As at December 31, 2012, the Company had no property, plant and equipment.

Impairment
Exploration and evaluation is assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

An impairment loss is recognized in the statement of loss and comprehensive loss if the carrying amount of a property exceeds its estimated recoverable amount. The recoverable amount of property used in the assessment of impairment of exploration and evaluation is the greater of its value in use ("VIU") and its fair value less costs to sell ("FVLCTS"). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. FVLCTS refers to the amount obtainable from the sale of a property in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. For a property that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the property belongs. Impairment losses previously recognized 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 only to the extent that the property's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Decommissioning liabilities
The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the balance sheet date. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. As at December 31, 2012, the Company had no decommissioning liabilities.

New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations are effective for periods beginning on or after January 1, 2013:

IFRS 10, Consolidation ("IFRS 10")
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11, Joint Arrangements ("IFRS 11")
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities

have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off-balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13, Fair Value Measurement ("IFRS 13")
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement.

Amendments to other standards
In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10-13.

The following amendment to standards and interpretations is effective for periods beginning on or after January 1, 2015:

IFRS 9, Financial Instruments ("IFRS 9")
IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments - Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

Effect of new standards
IFRS 9, IFRS 10, IFRS 11 and IFRS 12 are expected to have an effect on the consolidated financial statements of the Company. The Company has not determined the extent of the impact of these standards and does not plan to early adopt these new standards.

Financial Instruments and Other Instruments

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 and cash equivalents, accounts payable and accrued liabilities and due to Champion and Eloro
The fair values of cash and cash equivalents, accounts payable and accrued liabilities and due to Champion and Eloro are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2012, the fair value of these balances approximated their carrying value due to their short term to maturity.

Marketable securities
The fair value of marketable securities is estimated based on observable inputs.

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

Marketable securities are classified as Level 1 financial assets.

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. Credit risk arises principally from the Company's cash and cash equivalents. The Company's limits its exposure to credit risk on its cash and cash equivalents 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 is liabilities as they come due.

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 it marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at December 31, 2012 had changed by 25%, with all other variables held constant, the net loss would have decreased or increased by $27,071.

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 and cash equivalents 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 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 issue 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.

Other Information

Additional Disclosure for Venture Companies without Significant Revenue

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

	Years ended December 31,	
	2012	**2011**
	$	**$**
General and administrative expenses		
Office	25,506	493
Public company costs	18,095	11,338
	43,600	11,831

Exploration and evaluation

	December 31, 2011	**Acquisition costs**	**Exploration expenditures**	**December 31, 2012**
	$	**$**	**$**	**$**
Property				
Borel River	–	131,506	185,415	316,921
Gagnon	–	250,000	190,633	440,633
	–	381,506	376,048	757,554

Shares Outstanding as at April 29, 2013

Shares

Authorized:

Unlimited number of common shares.

Outstanding:

19,332,320 common shares.

Share consolidation:

Effective May 4, 2012, the Company consolidated the issued common shares on the basis of 1 new common share for 4 old common shares. Following the share consolidation, there were 5,391,636 common shares outstanding.

Stock options

Authorized:

1,933,232 stock options, representing 10% of the issued and outstanding common shares.

Outstanding:

50,000 options exercisable at $0.35 for a five year term expiring February 1, 2018.