Cartier Iron Corporation

Condensed Interim Financial Statements
March 31, 2013
(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)

	Notes	As at March 31, 2013 $	As at December 31, 2012 $
Assets			
Current			
Cash and cash equivalents		32,891	786,897
Receivables		150,274	57,179
Due from Eloro Resources Ltd.		6,518	-
Marketable securities	4	68,427	108,285
Prepaid expenses		218,875	164,041
		476,985	1,116,403
Exploration and evaluation	5	1,492,366	757,553
		1,969,351	1,873,956
Liabilities			
Current			
Accounts payable and accrued liabilities	6	415,353	199,203
Due to Champion Iron Mines Limited	7	75,000	-
Due to Eloro Resources Ltd.	8	-	43,482
		490,353	242,685
Shareholders' equity (deficiency)			
Share capital	9	4,906,954	4,906,953
Contributed surplus		18,000	18,000
Deficit		(3,445,956)	(3,293,682)
		1,478,998	1,631,271
		1,969,351	1,873,956
Subsequent events	14		

Approved by the Board:

Paul Ankcorn
Director

Miles Nagamatsu
Director

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

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

	Notes	3 months ended March 31, 2013 $	2012 $
Expenses			
Professional fees		29,424	3,500
Consulting fees	13	-	60,000
General and adminstrative		21,298	994
Investor relations		60,166	-
Loss on sale of marketable securities		3,564	-
Decrease in fair value of marketable securities		37,824	7,007
Loss and comprehensive loss		152,276	71,501
Loss per common share-basic and diluted		0.008	0.003
Weighted average number of common basic and diluted		19,332,320	21,566,604

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

	Notes	Share capital $	Contributed surplus $	Deficit $	Total $
Balance, December 31, 2012		4,906,953	18,000	(3,293,682)	1,631,271
Loss				(152,276)	(152,276)
Balance, March 31, 2013		4,906,953	18,000	(3,445,958)	1,478,995
Balance, December 31, 2011		1,666,399	18,000	(2,938,822)	(1,254,423)
Loss		-	-	(71,501)	(71,501)
Balance, March 31, 2012		1,666,399	18,000	(3,010,323)	(1,325,924)

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

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

	3 months ended March 31, 2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Loss	(152,276)	(71,501)
Item not affecting cash		
Loss on sale of marketable securities	3,564	-
Decrease in fair value of marketable securities	37,824	7,007
Changes in non-cash working capital		
Receivables	(93,095)	18,382
Prepaid expenses	(54,834)	
Accounts payable and accrued liabilities	216,151	66,434
	(42,666)	20,322
Financing activities		
Advances from Champion Iron Mines Limited	75,000	36,210
Advances from Eloro Resources Ltd.	50,000	-
	125,000	36,210
Investing activities		
Proceeds on sale of marketable securities	4,040	-
Purchase of marketable securities	(5,570)	(29,153)
Option payment	(100,000)	-
Exploration and evaluation	(734,813)	-
	(836,343)	(29,153)
Net increase (decrease) in cash	(754,009)	27,379
Cash, beginning of period	786,897	1,165
Cash, end of period	32,889	28,544

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

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 301, Toronto, Ontario, M5C 2T6.

2. Going concern
The Company is in the exploration stage and has no revenue. As at March 31, 2013, the Company had a working capital deficit of $13,368 (December 31, 2012 – working capital of $873,718) and for the 3 months ended March 31, 2013, the Company incurred losses of $152,276 (2012 - $71,501). The working capital deficit and losses limit the Company's ability to fund operations and the acquisition, exploration and development of mineral resource properties. As a result, there is significant doubt about the Company's ability to continue as a going concern.

The continued operations of the Company is dependent upon the support of its creditors and 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 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.

These interim 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, 2012.

These interim financial statements were approved and authorized for issue by the Board of Directors on May 30, 2013.

Changes in accounting standards
On January 1, 2013, the Company adopted the following new standards, amendments to standards and interpretations which are effective for periods beginning on or after January 1, 2013:

- IFRS 10 *Consolidation*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IAS 27 *Separate Financial Statements*
- IAS 28 *Investments in Associates and Joint Ventures*

The adoption of these accounting standards had no impact on these financial statements.

New standards and interpretations not yet adopted
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 is 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.

4. Due to Eloro Resources Ltd.

The amount due from Eloro is unsecured, non-interest bearing and payable on demand. Two directors of the Company are directors of Eloro.

5. Marketable securities

Marketable securities consists of the following investments in related parties:

	March 31, 2013		December 31, 2012	
	Cost	**Fair value**	**Cost**	**Fair value**
	$	**$**	**$**	**$**
Eloro Resources Ltd. ("Eloro")	154,789	50,000	156,585	72,540
Champion Iron Mines Limited ("Champion")	27,461	18,315	27,461	35,520
Bear Lake Gold Ltd. ("Bear Lake")	5,375	113	5,375	225
	187,625	68,428	189,421	108,285

Two directors of the Company are directors of Eloro, one director of the Company is a director of Champion and one director of the Company is a director of Bear Lake.

6. Exploration and evaluation

	December 31, 2012	**Acquisition costs**	**Exploration expenditures**	**March 31, 2013**
	$	**$**	**$**	**$**
Property				
Borel River	284,763	5,000	76,624	366,387
Gagnon	472,791	100,000	553,188	1,125,979
	757,554	105,000	629,812	1,492,366

Borel River
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, subject to a 2% royalty. 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.

Pursuant to the purchase agreement, the Company made a payment of $5,000 to the vendor as the Company did not complete a listing of its common shares on a Canadian stock exchange by December 31, 2012.

Gagnon Holdings
The Company has an option to acquire a 65% interest in Aubertin-Tougard, Aubrey-Ernie, Black Dan, Jeannine Lake, Penguin Lake, Silicate-Brutus and Three Big Lakes comprising 378 claims covering 200.24 square kilometres in the Fermont Iron Ore District in the Labrador Trough in northeastern Quebec ("Gagnon Holdings"). 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 Number	Common shares Fair value $	Exploration expenditures $
Option payment due upon conditional approval from a stock exchange for the listing of the shares of the Company and common shares due upon execution of agreement (paid and issued)	100,000	1,000,000	250,000	–
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	250,000	6,000,000

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.

Two officers of the Company are officers of Champion.

7. Due to Champion
The amount due to Champion is unsecured, non-interest bearing and payable on demand. Two officers of the Company are officers of Champion.

8. Share capital

Authorized
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.

An unlimited number of common shares.

Issued

	Number of common shares	Amount $
Balance, December 31, 2012 and March 31, 2013	19,332,320	4,906,953

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 Mrch31, 2013, there were 1,933,232 stock options available to be issued under the stock option plan (December 31, 2012 - 1,933,232) and no stock options were outstanding.

9. 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, due from Eloro, accounts payable and accrued liabilities and due to Champion
The fair values of cash, due from Eloro, accounts payable and accrued liabilities and due to Champion are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At March 31, 2013, 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.

10. 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. Accounts payable and accrued liabilities are subject to normal trade terms and the amount due to Champion is payable upon demand.

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 March 31, 2013 had changed by 25%, with all other variables held constant, the net loss would have decreased or increased by $17,107.

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.

11. Related party transactions

	3 months ended		Outstanding as at	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**December 31, 2012**
	$	**$**	**$**	**$**
Exploration and evaluation				
Paid to a company, in which, a director has an ownership interest	319,273	–	165,318	–

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		Outstanding as at	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**December 31, 2012**
	$	**$**	**$**	**$**
Consulting fees for key management personnel payable pursuant to consulting contracts to three companies controlled by three officers, two of whom are also directors	–	60,000	–	–