

NEWS RELEASE

Cartier Iron Amends Gagnon Holdings Option Agreement Terms and Consolidates Iron Deposits with Historic Resources

Toronto, Ontario, May 17, 2016 – Cartier Iron Corporation (CSE: CFE) (“Cartier Iron” or the “Company”), is pleased to announce that its Gagnon Holdings Option and Joint Venture Agreement (the “Agreement”) with Champion Iron Mines Limited (“Champion”) has been amended to reflect recent changes to the Company’s land holding position in the southern Labrador Trough and a 10% reduction in the Gagnon Holdings property (“Gagnon Holdings”) earn-in, from a 65% interest to a 55% interest.

In order to reduce land maintenance expenditure commitments, Cartier Iron and Champion collaborated to eliminate claims in the Gagnon Holdings demarcated in the Agreement equating to an approximate 40% reduction in the acreage of the original Gagnon Holdings; not including claims that have been added since the signing of the Agreement. As well, Cartier Iron and Champion have agreed to amend the earn-in interest in the Agreement, whereby Cartier Iron will have the option to acquire a 55% interest in the Gagnon Holdings, versus a 65% interest in the original Agreement. As such, with the reduction in acreage and reduced earn-in interest, Cartier Iron and Champion have agreed to a concomitant reduction in required exploration expenditures, from \$6.0M to \$3.05M, in order for Cartier Iron to fulfil its earn-in obligations, as defined in the Agreement. Cartier Iron has expended sufficient funds to satisfy the revised exploration expenditure requirement in the amended Agreement.

Additionally, a portion of the \$250,000 payment due by Cartier Iron on December 10, 2015 has been deferred such that \$50,000 has been paid and the remaining balance is due on December 10, 2016, together with the final payment of an additional \$250,000 (\$450,000 in aggregate). On December 10, 2015, Cartier Iron issued the remaining 500,000 shares of the 2.5 million due to Champion pursuant to the terms of the Agreement.

Cartier Iron and Champion also concurrently executed a Term Loan Agreement, whereby the demand loan due from Cartier Iron to Champion in the amount of \$1,284,716 plus accrued interest was converted to a term loan (“Term Loan”) repayable on September 30, 2017 having an interest rate of Libor plus 2%. The Agreement was further amended whereby the full repayment of the Term Loan by Cartier Iron to Champion has been added as a condition in order to fully vest its 55% interest in the Gagnon Holdings.

In agreeing to reduce Cartier Iron’s required earn-in expenditure obligations, Champion gave consideration to the exploration-target potential that Cartier Iron has added to the Gagnon Holdings portfolio since 2012:

- Cartier Iron recently staked 25 claims covering 13.3 km² in the vicinity of Lac Silicate and Lac Brutus from ground that recently became available. The claims were staked in order to consolidate the Lac Silicate West (Silicate) and Lac Silicate East (Brutus) iron occurrences, which have a combined volumetric mineral resource potential of between 290 - 480 Mt with an average grade of 29.8% FeT, based on volumetric calculation by Cartier Iron using historic¹ (1961) drilling by Quebec Cartier Mining Co. (see GM67715²);

¹ All historical Mineral Resource estimates outlined in this disclosure are non-compliant to National Instrument (“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 GM67715 Cartier Iron Corp. (2013). Assessment Report on the 2013 Exploration Programme: Silicate-Brutus Property. Can be viewed on-line at <http://sigeom.mines.gouv.qc.ca/>

- Cartier Iron staked the Lac Jeannine tailings that host over 125 Mt grading 9% FeT, the re-processing of which could generate significant cash flow.

About Cartier Iron Corporation

Cartier Iron is an exploration and development Company focused on discovering and developing significant iron ore resources in north-eastern Quebec. The Company's focus is on its Gagnon Holdings in the southern Labrador Trough region, which hosts its flagship Lac Penguin Project.

The technical information in this news release was prepared by John Langton, P. Geo., Company President and a Director of the Company, and a Qualified Person under National Instrument 43-101 standards.

The CSE has not reviewed nor accepts responsibility for the adequacy or accuracy of this release. Statements in this release that are not historical facts are "forward-looking statements" and readers are cautioned that any such statements are not guarantees of future performance, and that actual developments or results, may vary materially from those in these "forward-looking statements".

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