Cartier Iron Corporation

Condensed Interim Financial Statements
March 31, 2019
(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, 2019 $	As at December 31, 2018 $
Assets			
Current			
Cash		23,822	18,489
Receivables	4	37,362	71,851
Grant receivable-Junior Exploration Assistance	8	58,839	-
Marketable securities	5	47,181	36,501
Prepaid expenses		31,917	36,498
		199,121	163,339
Investment in associate	6	365,174	368,562
Right-of-use asset	7	116,399	-
Exploration and evaluation	8	925,990	942,584
		1,606,684	1,474,485
Liabilities			
Current			
Accounts payable and accrued liabilities	14	605,690	531,256
Due to Eloro Resources Ltd.	9	258,678	195,617
Current portion of lease liabilities	10	40,421	-
		904,788	726,873
Lease liabilities	10	76,827	-
		981,616	726,873
Shareholders' equity (deficiency)			
Share capital	11	9,201,955	9,201,955
Contributed surplus	11	256,000	256,000
Warrants	11	624,000	624,000
Deficit		(9,456,887)	(9,334,343)
		625,068	747,612
		1,606,684	1,474,485

Going concern	2
Subsequent event	15

Approved by the Board:

Thomas G. Larsen
Director

Francis Sauve
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, 2019 $	2018 $
Expenses			
Professional fees		7,084	7,000
Consulting fees	14	78,000	77,000
General and administrative		15,909	47,994
Investor relations		13,110	16,905
Interest	10	1,856	-
Depreciation	7	10,582	-
Decrease (increase) in fair value of marketable securities		(10,680)	5,144
Impairment of exploration and evaluation	8	3,294	5,395
Other recoveries		-	139
Part XII.6 tax		-	345
		119,155	159,922
Loss before loss on investment of an associate		(119,155)	(159,922)
Dilution gain on change in interest in associate	7	13,261	19,759
Share of loss of an associate	7	(16,649)	(17,504)
Loss before income taxes		(122,544)	(157,667)
Deferred income taxes	10 and 11	-	18,365
Loss and comprehensive loss		(122,544)	(139,302)
Loss per common share-basic and diluted		(0.002)	(0.003)
Weighted average number of common shares-basic and diluted		57,472,721	47,222,721

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

Cartier Iron Corporation
Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance, December 31, 2018	9,201,955	256,000	624,000	(9,334,343)	747,612
Loss	-	-	-	(122,544)	(122,544)
Balance, March 31, 2019	9,201,955	256,000	624,000	(9,456,886)	625,068
Balance, December 31, 2017	8,056,577	240,000	335,000	(8,689,107)	(57,530)
Loss	-	-	-	(139,302)	(139,302)
Balance, March 31, 2018	8,056,577	240,000	335,000	(8,828,409)	(196,832)

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, 2019 $	2018 $
Cash provided by (used in)		
Operating activities		
Loss	(122,544)	(139,302)
Items not affecting cash		
Depreciation	10,582	-
Interest	1,856	-
Decrease (increase) in fair value of marketable securities	(10,680)	5,144
Impairment of exploration and evaluation	3,294	5,395
Dilution gain on change in interest in associate	(13,261)	(19,759)
Share of loss of an associate	16,649	17,504
Deferred income tax recovery	-	(18,365)
Changes in non-cash working capital		
Receivables	34,489	(379)
Grant receivable-Junior Exploration Assistance		
Prepaid expenses	4,581	(12,621)
Accounts payable and accrued liabilities	74,434	(20,023)
	(599)	(182,406)
Financing activities		
Advances from Eloro Resources Ltd.	63,061	(694)
Interest paid	(1,856)	-
Repayment of lease liabilities	(9,733)	-
	51,472	(694)
Investing activities		
Exploration and evaluation	(45,539)	58,839
Net increase (decrease) in cash	5,334	(124,261)
Cash, beginning of period	18,489	481,636
Cash, end of period	23,823	357,375
Supplementary information		
Interest paid	1,856	-
Income taxes paid	-	-

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 200, Toronto, Ontario, M5C 2T6.

2. Going concern

The Company is in the exploration stage and has no revenue. As at March 31, 2019, the Company had a working capital deficit of $782,494 (December 31, 2018 - $553,263) and for the 3 months ended March 31, 2019, the Company incurred a loss of $122,544 (2018 - $139,302) and a cashflow deficit from operations of $59,438 (2018 - $182,406). The working capital deficit and cashflow deficit from operations 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 operation of the Company is dependent upon the support of its creditors and the Company's ability to secure advances from related parties and equity financings 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 advances and equity financing, however, there can be no assurance that additional 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.

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, 2018.

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, 2018.

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on May 29, 2019.

Changes in accounting standards

On January 1, 2019, the Company adopted *IFRS 16, Leases* ("IFRS 16"). According to IFRS 16, a contract is, or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. With exceptions for certain short-term leases and leases of low-value assets, IFRS 16 requires a lessee to recognize lease contracts as a right-of-use asset representing its right to use an identified asset for a period of time and a lease liability representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information which continues to be reported under *IAS 17, Leases*.

The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date. Right-of-use assets are subsequently depreciated from the commencement date of the lease to the earlier of the end of the lease term or the end of the useful life of the asset The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The lease liability is initially recognized as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset. The lease liability is subsequently measured by reducing the carrying amount to reflect lease payments made and to reflect any reassessments or modifications.

The Company is a party to a lease for offices premises until December 31, 2021. At January 1, 2019, the Company used its incremental borrowing rate of 6% to measure its lease liabilities.

	$
Lease commitments at December 31, 2018	139,068
Discount using the incremental borrowing rate of 6%	(12,087)
Lease liabilities recognized at January 1, 2019	126,981

At January 1, 2019, the impact of adopting IFRS 16 on the Company's statement of financial position was as follows:

	$
Assets	
Right-of-use asset	126,981
Liabilities	
Current	
Current portion of lease liabilities	39,820
Lease liabilities	87,160
	126,981

4. Receivables

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

	In respect returns filed for years ended December 31,		
	2017	2016	2015
		$	$
Refundable Tax Credits			
As filed	166,069	22,476	251,079
As assessed	–	–	251,079
Received	–	–	(251,079)
Included in receivables at March 31, 2019	–	–	–
Credit on Duties			
As filed	34,162	4,641	71,699
As assessed	–	–	–
Received during the period	–	–	–
Included in receivables at March 31, 2019	–	–	–

5. Marketable securities

Marketable securities consist of the following investment in a related party:

	March 31, 2019		December 31, 2018	
	Fair value	**Cost**	**Fair value**	**Cost**
	$	**$**	**$**	**$**
Champion Iron Limited		3,373	5,350	3,373
Tartisan Resources Corp.		32,211	31,151	41,697
		35,584	36,501	45,070

One director of the Company is a director of Champion Iron Limited.

6. Investment in associate

As at March 31, 2019, the Company held 2,543,500 Eloro common shares (December 31, 2018 - 2,543,500) with a fair value of $1,119,140 (December 31, 2018 - $1,144,575), representing 6.94% of the outstanding Eloro common shares (December 31, 2018 - 7.09%). The Company continues to account for its investment in Eloro as an investment in associate. Although the Company holds less than 20% of the voting rights of Eloro, the Company continues have significant influence in Eloro as three directors of the Company are also directors of Eloro.

	Number of Eloro common shares held	**$**
Balance at December 31, 2018	2,543,500	368,562
Dilution gain	–	13,261
Share of loss	–	(16,649)
Balance at March 31, 2019	2,543,500	366,139

The following is a summary of Eloro's statement of financial position and reconciliation to carrying amounts as at March 31, 2019:

	$
Assets	
Cash	31,092
Due from the Company	258,678
Other current assets	264,224
	553,994
Exploration and evaluation	4,606,008
	5,160,002
Liabilities and shareholders' equity	
Current liabilities	472,875
Shareholders' equity	4,687,127
	5,160,002

Reconciliation to carrying amount:

Share percentage ownership of Eloro	6.94%
	$
Company's share of net assets of Eloro	358,104
Difference between the Company's share of net assets of Eloro and carrying value	(8,035)
Carrying value of investment in Eloro	366,139

The following is a summary of the statement of income of Eloro for the year ended March 31, 2019:

	$
Expenses	
Expenses	714,984
Foreign exchange loss	154,000
Stock-based compensation	16,496
Gain on settlement of accounts payable	(125,060)
Loss on sales of marketable securities	103,127
Unrealized gain on marketable securities	(161,745)
Writedown of exploration and evaluation	3,028
	704,830
Loss	(704,830)
Other comprehensive loss	(66,263)
Comprehensive loss	(771,093)

7. Right-of-use assets

	$
Right-of-use assets	126,981
Accumulated depreciation	(10,582)
	116,399

8. Exploration and evaluation

	December 31, 2018 $	Exploration expenditures $	Junior Exploration Assistance grant received $	Writedowns $	March 31, 2019 $
Property					
Gagnon	—	3,294	—	(3,294)	—
Big Easy	942,584	42,245	(58,839)	—	925,990
	942,584	45,539	(58,839)	(3,294)	925,990

Gagnon, Quebec

The Company owns a 55% interest in Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie) and Jeannine, consisting of 141 claims covering 74.68 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 March 31, 2019, 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 accordingly, recorded an impairment of exploration and evaluation of $3,294.

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

	$
Balance, December 31, 2018	3,877,545
Expenditures	3,294
Balance, March 31, 2019	3,880,839

As at March 31, 2019, Champion held 14,644,971 common shares of the Company (December 31, 2018 - 14,644,971), representing 25.48% of the outstanding common shares of the Company (December 31, 2018 - 25.48%). Pursuant to a standstill agreement, Champion may not sell or transfer more than 2,000,000 common shares during any 30-day period.

One director of the Company is a director of Champion Iron Limited, the parent company of Champion.

Big Easy, Newfoundland and Labrador
The Company owns a 100% interest in Big Easy consisting of 507 mining claims (December 31, 2018 - 507) covering 126.8 square kilometres (December 31, 2018 - 126.8) located in Newfoundland and Labrador.

Pursuant to the definitive agreement, in order to complete the acquisition of Big Easy, the Company must issue common shares and incur exploration expenditures, as follows:

	Common shares	Exploration expenditures $
Upon signing of definitive agreement (issued)	500,000	–
November 21, 2018 (issued and incurred)	500,000	500,000
November 21, 2019	500,000	800,000
November 21, 2020	1,000,000	1,200,000
	2,500,000	2,500,000

On April 24, 2019, the Company and the vendors of Big Easy amended the terms of the definitive agreement so that the Company's commitments have been waived and postponed for the length of the period from the dates set forth in the definitive agreement and the date on which permitting issues related to the Big Easy watershed encumbrances are resolved to the Company's satisfaction.

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

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

The property is subject to a 3% net smelter royalty ("NSR"). On November 21, 2017, the Company exercised an option to reduce the NSR from 3% to 2% by electing to make a payment of $200,000, as follows:

Due date	**$**
November 21, 2017 (paid)	25,000
December 31, 2017 (paid)	25,000
February 21, 2019 (extended from November 21, 2018 in consideration of the issue of 50,000 common shares)	75,000
November 21, 2019	75,000

The Company did not make the payment of $75,000 due on February 21, 2019 and the option terminated.

The Company also has options to further reduce the NSR by:

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

In the event that the Company wishes to sell any or all of the property prior to November 21, 2020, the Company must obtain the permission of the vendor.

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

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

9. Due to Eloro Resources Ltd.
The amount due to Eloro is unsecured, non-interest bearing and payable on demand. Three directors of the Company are directors of Eloro.

10. Lease liabilities

	$
Balance, January 1, 2019	126,981
Lease payments	(9,733)
Balance, March 31, 2019	117,248
Current portion of lease liabilities	40,421
Long-term lease liabilities	76,827
	117,248

The remaining lease term is 2.75 years.

11. Share capital

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

Issued

	Number of common shares	$
Balance, December 31, 2018 and March 31, 2019	57,472,721	9,201,955

See note 15 for subsequent event.

Stock options
The Company may grant options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. Options granted vest immediately and the maximum term of each option is 5 years. The exercise price shall not be less than the closing price of the common shares on a stock exchange in Canada on the last trading day immediately preceding the date of the grant, less any discount permissible under the rules of the principal stock exchange on which the common shares are listed for trading. In the event that the common shares are not listed for trading on any stock exchange, the exercise price shall be the fair market value as determined by the Board of Directors. As at March 31, 2019, there were 5,747,272 stock options (December 31, 2018 - 5,747,272) authorized to be issued under the stock option plan, of which, 3,225,000 stock options (December 31, 2018 - 3,025,000) 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, 2018 and March 31, 2019	0.10	3,225,000

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

Exercise price	Expiry date	Number of warrants
$0.10	July 9, 2020	3,025,000
$0.15	April 10, 2023	200,000
		3,225,000

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

	Weighted-average exercise price $	Number of warrants
Balance, December 31, 2018 and March 31, 2019	0.17	12,780,467

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

Exercise price	Expiry date	Number of warrants
$0.20	June 6, 2019	4,178,500
$0.25	June 6, 2019	1,601,967
$0.12	March 19, 2020	5,000,000
$0.15	March 19, 2020	2,000,000
		12,780,467

The weighted average remaining contractual life of the outstanding warrants is 0.6 years.

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

Cash, accounts payable and accrued liabilities and due to Eloro
The fair values of cash, accounts payable and accrued liabilities and due to Eloro at March 31, 2019 approximated their respective 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.

13. 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. The Company’s 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 and the amount due to Eloro is due on 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 its 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, 2019 had changed by 25%, with all other variables held constant, the income would have increased or decreased by $11,795.

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

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

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

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

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

14. Related party transactions

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

	3 months ended March 31,		March 31,	Outstanding at December 31,
	2019	2018	2019	2018
	$	$		$
Consulting fees	78,000	77,000	265,387	209,778

Additional related party transactions are disclosed in notes 5, 6, 8 and 9. These transactions were in the normal course of business.

15. Subsequent event

Proposed private placements
On May 22, 2019, the Company announced it is proceeding with a non-brokered private placement ("Private Placement") of up to 3,750,000 units ("Units") at a price of $0.08 per Unit for gross proceeds of up to $300,000 and up to 4,000,000 flow-through units ("F-T Units") at a price of $0.10 per F-T Unit for additional proceeds of up to $400,000.

Each Unit will consist of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share for $0.12 for a term of 18 months following the closing of the Private Placement provided that, if the average closing price for the common shares on the CSE is at least $0.25 per share for 20 consecutive trading days (following the expiry of the four month hold period), the warrants will expire unless they are exercised within ten business days (or such longer period of time as the Company may provide) after the Company provides notice to accelerate the expiry date (the "Acceleration Notice").

Each F-T Unit will consist of one common share to be issued on a "flow-through" basis under the *Income Tax Act* (Canada) and one half of one common share purchase warrant (the "F-T Warrants"). Each whole F-T Warrant will entitle the holder to purchase one non-flow-through common share at a price of $0.15 per share for a term of 18 months following the closing of the Private Placement provided that, if the average closing price for the common shares on the CSE is at least $0.25 per share for 20 consecutive trading days (following the expiry of the four month hold period), the F-T Warrants will expire unless they are exercised within ten business days (or such longer period of time as the Company may provide) after the Company provides the Acceleration Notice.