Cartier Iron Corporation

Condensed Interim Financial Statements

March 31, 2022
(expressed in Canadian dollars)
(unaudited)

Management's Comments on Unaudited Condensed Interim Financial Statements

These unaudited condensed interim financial statements of Cartier Iron Corporation (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

Cartier Iron Corporation
Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

	Notes	March 31, 2022 $	December 31, 2021 $
Assets			
Current			
Cash	14	982,043	2,618,554
Receivables		515,909	248,595
Prepaid expenses		308,659	170,827
		1,806,611	3,037,975
Investment in Eloro Resources Ltd.	4	11,528,000	8,800,000
Right-of-use asset	5	210,663	-
Exploration and evaluation	6	5,936,128	4,262,397
		19,481,402	16,100,373
Liabilities			
Current			
Accounts payable and accrued liabilities	13	2,114,061	1,531,493
Refundable tax credit assessments payable	7	134,742	142,242
Current portion of lease liability	8	39,685	-
Unrenounced flow-through share premium		3,678	252,080
		2,292,166	1,925,815
Canada Emergency Business Account loan	9	40,000	40,000
Lease liability	8	176,588	-
		2,508,754	1,965,815
Shareholders' equity			
Share capital	10	12,405,788	12,405,788
Contributed surplus	10	652,952	652,952
Warrants	10	4,595,314	4,595,314
Deficit		(681,405)	(3,519,496)
		16,972,649	14,134,558
		19,481,402	16,100,373

Going concern 2
Commitment 14

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, 2022 $	2021 $
Expenses			
Professional fees		9,000	7,000
Consulting fees	13	78,000	78,000
Stock-based compensation		-	632,000
General and administrative		49,813	51,239
Investor relations		26,725	22,727
Interest		3,309	619
Depreciation	5	11,088	10,582
Gain on statute-barred accounts payable		(35,123)	-
Flow-through share premium		(248,402)	(16,630)
Other recoveries		(4,500)	(7,744)
Refundable tax credit assessments	7	-	159,742
		(110,091)	937,534
Income (loss) before investment income (loss)		110,091	(937,534)
Increase in fair value of investment in Eloro	4	2,728,000	7,535,190
Income and comprehensive income		2,838,091	6,597,656
Income per common share-basic and diluted		0.020	0.073
Weighted average number of common shares-basic and diluted		140,081,138	90,187,443

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, 2021	12,405,788	652,952	4,595,314	(3,519,496)	14,134,558
Income	-	-	-	2,838,091	2,838,091
Balance, March 31, 2022	12,405,788	652,952	4,595,314	(681,405)	16,972,649
Balance, December 31, 2020	11,357,434	42,999	1,207,000	(10,401,538)	2,205,895
Exercise of warrants	11,750	-	-	-	11,750
Fair value of exercised warrants	72,249	-	(72,249)	-	-
Stock-based compensation	-	632,000	-	-	632,000
Income	-	-	-	6,597,656	6,597,656
Balance, March 31, 2021	11,441,433	674,999	1,134,751	(3,803,882)	9,447,301

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, 2022 $	2021 $
Cash provided by (used in)		
Operating activities		
Income	2,838,091	6,597,656
Items not affecting cash		
Stock-based compensation	-	632,000
Depreciation	11,088	10,582
Increase in fair value of investment in Eloro	(2,728,000)	(7,535,190)
Gain on statute-barred accounts payable	(35,123)	-
Refundable tax credit notices of assessments	-	159,742
Flow-through share premium	(248,402)	(16,630)
Changes in non-cash working capital		
Receivables	(267,315)	(115,718)
Prepaid expenses	(137,832)	50,391
Accounts payable and accrued liabilities	617,691	278,226
Refundable tax credit assessments payable	(7,500)	-
	42,697	61,059
Financing activities		
Repayment of lease liabilities	(5,477)	(10,970)
Exercise of warrants	-	11,750
	(5,477)	780
Investing activities		
Purchase of investment in Eloro	-	(18,170)
Exploration and evaluation	(1,673,731)	(961,946)
	(1,673,731)	(980,116)
Net decrease in cash	(1,636,511)	(918,277)
Cash, beginning of period	2,618,554	943,051
Cash, end of period	982,043	24,774

1. Nature of operations

Cartier Iron Corporation (the "Company") is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the laws of Ontario and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

2. Going concern

The Company is in the exploration stage and does not generate revenue. At March 31, 2022, the Company had a working capital deficit of $485,555 (December 31, 2021 - working capital of $1,112,160) and for the 3 months then ended, the Company incurred a cashflow surplus from operating activities of $42,697 (2021 - $61,059). The working capital deficit and nominal cashflow surpluses from operating activities limits the Company's ability to fund its operations and the acquisition, exploration and development of its mineral properties.

At March 31, 2022, the Company has an investment in Eloro Resources Ltd. ("Eloro") with a fair value of $11,528,000 (see note 4, *Investment in Eloro Resources Ltd.*). The Company has classified the investment in Eloro as a long-term asset as it does not expect to realize the investment within the next 12 months.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

The outbreak of the COVID-19 pandemic and the measures adopted by governments to mitigate the spread of the pandemic have not significantly impacted the Company. To date, there has been no significant impact on the Company, however, there is significant uncertainty over the impact of the pandemic on the Company's ability to secure funds in the future.

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

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption is inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance

These interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these interim condensed financial statements are consistent with those disclosed in the Company's audited financial statements for the year ended December 31, 2021.

These interim condensed financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021.

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on May 30, 2022.

4. Investment in Eloro Resources Ltd.

	Number of Eloro common shares held	$
Balance, December 31, 2021	2,200,000	8,800,000
Unrealized gain on investment in Eloro	–	2,728,000
Balance, March 31, 2022	2,200,000	11,528,000

Three directors of the Company are also directors of Eloro.

5. Right-of-use asset

	March 31, 2022 $	December 31, 2021 $
Right-of-use asset	221,751	–
Accumulated depreciation	(11,088)	–
	210,663	–

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

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

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

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

See note 8, *Lease liability*.

6. Exploration and evaluation

	December 31, 2021 $	Expenditures $	March 31, 2022 $
Property			
Big Easy	4,262,397	1,673,731	5,936,128
Gagnon	–	–	–
	4,262,397	1,673,731	5,936,128

Big Easy, Newfoundland and Labrador
The Company owns a 100% interest in Big Easy consisting of 507 mining claims covering 127 square kilometres located in Newfoundland and Labrador. On October 6, 2020, the Company staked an additional 256 claims to hold 763 mining claims covering 191 square kilometres.

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

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 111 claims covering 52.93 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, 2022, facts and circumstances suggested that the carrying amount of Gagnon may exceed its recoverable amount. As required by International Financial Reporting Standard 6, *Exploration for and Evaluation of Mineral Resources* ("IFRS 6"), the Company assessed Gagnon for impairment. The Company concluded that there were a number of indicators of impairment, and as no expenditures were made in the 3 months ended March 31, 2021 and March 31, 2022, recorded no impairment of exploration and evaluation.

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

	$
Balance, December 31, 2021 and March 31, 2022	3,906,363

7. Refundable tax credit notices of assessments payable
On November 8, 2018, the Company received notices of assessments from Revenu Québec for the repayment of refunds received by the Company for the refundable tax credit on eligible exploration expenditures incurred in Québec in respect of 2013, 2014 and 2015 ("Notices"). The Company filed notices of objection with respect to the Notices and Revenu Québec has now ruled that the Notices were deemed valid and binding in conformity with the *Taxation Act*. Accordingly, the amount of the Notices of $159,742 has been recorded as a liability in these financial statements. The Company has agreed to make monthly payments of $2,500 until June 30, 2022.

8. Lease liability

	$
Balance, December 31, 2021	–
Renewal lease liability	221,751
Accretion of interest	3,309
Lease payments	(8,787)
Balance, March 31, 2022	216,273

The lease for premises is a joint and several commitment with Eloro. The remaining lease term is 4.75 years.

9. Canada Emergency Business Account loan
The Government of Canada announced that it will be providing the Canada Emergency Business Account ("CEBA") to support Canadian businesses that have been adversely affected by COVID-19. On April 20, 2020, the Company received a $40,000 CEBA term loan. The term loan is government guaranteed, interest-free until December 31, 2023, and if not repaid by December 31, 2023, it will be extended for an additional 3-year term bearing interest at the rate of 5%. The term loan can be repaid at any time without penalty and, if $30,000 is repaid by December 31, 2023, the remaining $10,000 will be forgiven.

10. Share capital

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

Issued

	Number of common shares	$
Balance, December 31, 2021 and March 31, 2022	140,081,138	12,383,741

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

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

	Weighted-average exercise price	Number of stock options outstanding and exercisable
Balance, December 31, 2021 and March 31, 2022	0.17	4,350,000

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

Exercise price	Expiry date	Number of stock options
$0.15	April 10, 2023	200,000
$0.17	February 3, 2026	4,150,000
		4,350,000

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

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

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

Exercise price	Expiry date	Number of warrants
$0.10	September 10, 2023	7,571,429
$0.10	September 17, 2023	10,509,132
$0.14	July 7, 2024	19,166,667
$0.14	July 7, 2024	28,750,000
		65,997,228

The weighted average remaining contractual life of the outstanding warrants is 2.25 years.

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

Cash, receivables, accounts payable and accrued liabilities and CEBA loan
The fair values of cash, receivables, accounts payable and accrued liabilities and CEBA loan at March 31, 2022 approximated their respective carrying value due to their short term to maturity.

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs for the asset or liability that are not based on observable market data

The Company accounts for its investment in Eloro at fair value using level 1 inputs.

12. Financial risk management
The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s maximum exposure to credit risk is equal to the Company’s cash. The Company limits its exposure to credit risk on its cash by holding deposits with high credit quality Canadian chartered bank.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. The continued operation of the Company is dependent upon the Company’s ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of oil and properties. Accounts payable and accrued liabilities are subject to normal trade terms.

The following table sets out financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Accounts payable and accrued liabilities	**Canada Emergency Business Account loan**	**Total**
	$	**$**	**$**
Less than 1 year	2,114,061	–	2,114,061
1-5 years	–	40,000	40,000
More than 5 years	–	–	–
Balance, March 31, 2022	2,114,061	40,000	2,154,061

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company’s income or the value of its financial instruments.

Equity price risk
Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. At March 31, 2022, the Company is exposed to equity price risk on its investment in Eloro (note 4, *Investment in Eloro Resources Ltd.*). At March 31, 2022, the Company estimates that if the market price of its investment in Eloro had changed by 10%, with all other variables held constant, the the fair value would have increased or decreased by $1,152,800

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.

13. Related party transactions

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

	3 months ended March 31,			Outstanding at
	2022	2021	March 31, 2022	December 31, 2021
	$	$		$
Consulting fees	78,000	78,000	260,993	257,603
Legal fees	–	–	80,000	106,780
Financing bonus	–	–	34,891	34,891
Stock-based compensation	–	382,140	–	–
	78,000	460,140	375,884	399,274

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

14. Commitment

Flow-through expenditures
Pursuant to a flow-through financing completed on July 7, 2021, at January 1, 2022, the Company was committed to incur and pay for eligible Canadian Exploration Expenditures ("CEE") of $1,698,524 by December 31, 2022. At March 31, 2022, the Company is committed to pay for accounts payable of $1,535,982 for CEE already incurred and to incur and pay for an additional $24,793 of CEE.