Cartier Silver Corporation

Condensed Interim Financial Statements

March 31, 2023
(expressed in Canadian dollars)
(unaudited)

Management's Comments on Unaudited Condensed Interim Financial Statements

These unaudited condensed interim financial statements of Cartier Silver 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 Silver Corporation
Statements of Financial Position
(expressed in Canadian dollars)
(unaudited)

	Notes	March 31, 2023 $	December 31, 2022 $
Assets			
Current			
Cash		2,342,562	3,219,162
Receivables		86,998	54,699
Prepaid expenses		139,216	170,807
		2,568,775	3,444,668
Investment in Eloro Resources Ltd.	5	8,658,100	8,596,900
Right-of-use asset	6	166,311	177,399
		11,393,186	12,218,967
Liabilities			
Current			
Accounts payable and accrued liabilities	14	847,459	1,181,113
Refundable tax credit assessments payable	7	89,742	101,742
Canada Emergency Business Account loan	8	40,000	40,000
Current portion of lease liability	9	42,637	41,882
		1,019,838	1,364,737
Lease liability	9	133,949	144,941
		1,153,786	1,509,678
Shareholders' equity			
Share capital	10	15,085,825	14,895,840
Contributed surplus	10	2,298,952	2,298,952
Warrants	10	5,913,829	5,986,314
Deficit		(13,059,206)	(12,471,817)
		10,239,400	10,709,289
		11,393,186	12,218,967

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 Silver Corporation
Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)
(unaudited)

	Notes	3 months ended March 31, 2023 $	2022 $ (restated- note 4)
Expenses			
Professional fees	14	21,346	9,000
Consulting fees	14	75,000	78,000
General and administrative		52,233	49,813
Investor relations		60,798	26,725
Exploration and evaluation	11	55,059	1,673,731
Interest	9	2,751	3,309
Depreciation	6	11,088	11,088
Gain on statute-barred accounts payable		(3,659)	(35,123)
Flow-through share premium		-	(248,402)
Other recoveries		(4,500)	(4,500)
		270,115	1,563,640
Loss before investment income (loss)		(270,115)	(1,563,640)
Increase (decrease) in fair value of investment of Eloro	5	(317,274)	2,728,000
Income (loss) and comprehensive income (loss)		(587,389)	1,164,360
Income (loss) per common share-basic and diluted		(0.02)	0.04
Weighted average number of common shares-basic and diluted		38,073,605	28,016,228

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

Cartier Silver Corporation
Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Share capital $	Contributed surplus $	Warrants $	Deficit $	Total $
Balance, December 31, 2022	14,895,840	2,298,952	5,986,314	(12,471,817)	10,709,289
Exercise of warrants	117,500	-	-	-	117,500
Fair value of exercised warrants	72,485	-	(72,485)	-	-
Loss	-	-	-	(587,389)	(587,389)
Balance, March 31, 2023	15,085,825	2,298,952	5,913,829	(13,059,206)	10,239,400
Balance, December 31, 2021 restated (note 4)	12,405,788	652,952	4,595,314	(7,781,893)	9,872,161
Income	-	-	-	1,164,360	1,164,360
Balance, March 31, 2022	12,405,788	652,952	4,595,314	(6,617,533)	11,036,521

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

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

	3 months ended March 31, 2023 $	2022 $ (restated- note 4)
Cash provided by (used in)		
Operating activities		
Income (loss)	(587,389)	1,164,360
Items not affecting cash		
Depreciation	11,088	11,088
Increase in fair value of investment in Eloro	317,274	(2,728,000)
Gain on statute-barred accounts payable	(3,659)	(35,123)
Flow-through share premium	-	(248,402)
Changes in non-cash working capital		
Receivables	(32,299)	(267,315)
Prepaid expenses	31,591	(137,832)
Accounts payable and accrued liabilities	(329,995)	617,691
Refundable tax credit assessments payable	(12,000)	(7,500)
	(605,389)	(1,631,034)
Financing activities		
Repayment of lease liabilities	(10,237)	(5,477)
Exercise of warrants	117,500	-
	107,263	(5,477)
Investing activities		
Purchase of investment in Eloro	(378,474)	-
Net decrease in cash	(876,600)	(1,636,511)
Cash, beginning of period	3,219,162	2,618,554
Cash, end of period	2,342,562	982,043
Supplementary information		
Interest paid	2,751	3,309
Income taxes paid	-	-

1. Nature of operations
Cartier Silver Corporation (the “Company”) is a public company engaged in the acquisition, exploration and development of iron ore properties in Québec, a gold property in Newfoundland and a silver property in Bolivia. 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. For the 3 months ended March 31, 2023, the Company incurred a loss of $587,389 (2022 - income of $1,164,360) and a cashflow deficit from operating activities of $605,389 (2022 - $1,631,034). The loss and cashflow deficits limit the Company’s ability to fund its operations and the acquisition, exploration and development of its mineral properties.

At March 31, 2023, the Company had an investment in Eloro Resources Ltd. (“Eloro”) with a fair value of $8,658,100 (see note 5, *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.

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

These condensed interim 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 condensed interim 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 condensed 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 condensed interim financial statements are consistent with those disclosed in the Company’s audited financial statements for the year ended December 31, 2022.

These condensed 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, 2022.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on May 30, 2023.

4. Change in accounting policy
Prior to December 31, 2022, the Company’s policy was to defer exploration expenditures until such time as the properties are put into commercial production, sold or became impaired. In order to enhance the relevance to the decision-making needs of users and improve comparability with its peers, the Company has voluntarily changed its accounting policy with respect to exploration and evaluation, consistent with the guidance provided in IFRS 6, *Exploration for and Evaluation of Mineral Resources* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

In accordance with IAS8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company has applied this change in policy retrospectively and the comparatives have been adjusted accordingly for all the periods presented, as if the policy had been applied as of January 1, 2021.

For the 3 months ended March 31, 2023, the following adjustments were recorded to the statement of loss and comprehensive loss:

	As previously reported $	**Effect of change in accounting policy $**	**As restated $**
Exploration and evaluation	–	1,673,731	1,673,731
Loss before investment income	110,091	(1,673,731)	(1,563,640)
Income and comprehensive income	2,838,091	(1,673,731)	1,164,360

For the 3 months ended March 31, 2022, the following adjustments were recorded to the statement of cash flows:

	As previously reported $	**Effect of change in accounting policy $**	**As restated $**
Operating activities			
Income	2,838,091	(1,673,731)	1,164,360
Cash used in operating activities	42,697	(1,673,731)	(1,631,034)
Investing activities			
Exploration and evaluation	(1,673,731)	1,673,731	–
Cash used in investing activities	(1,673,731)	1,673,731	–

5. Investment in Eloro Resources Ltd.

	Number of Eloro common shares	**$**
Investment in Eloro at fair value at December 31, 2022	2,210,000	8,596,900
Purchases	105,000	378,474
Unrealized loss on investment in Eloro	–	(312,374)
Investment in Eloro at fair value at March 31, 2023	2,315,000	8,658,100

Three directors of the Company are also directors of Eloro.

6. Right-of-use asset

	March 31, 2023 $	**December 31 2022 $**
Right-of-use asset	221,751	221,751
Accumulated depreciation	(55,440)	(44,352)
	166,311	177,399

See note 9, *Lease liability*.

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 made monthly payments of $2,500 until June 30, 2022, and thereafter, agreed to make monthly payments of $4,000 until July 31, 2025.

8. 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 2-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.

9. Lease liability

	$
Balance, December 31, 2022	186,823
Accretion of interest	2,751
Lease payments	(12,988)
Balance, March 31, 2023	176,586

	$
Current portion of lease liabilities	42,637
Long-term lease liabilities	133,949
	176,586

The lease for premises is a joint and several commitment with Eloro. The remaining lease term is 3.75 years.

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, 2022	38,016,216	14,895,840
Exercise of warrants	235,000	117,500
Fair value of exercised warrants	–	72,485
Balance, March 31, 2023	38,251,216	15,085,825

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. At March 31, 2023, there were 3,825,121 stock options (December 31, 2022 - 3,801,621) authorized to be issued under the stock option plan, of which, 3,575,000 stock options (December 31, 2022 - 3,575,000) 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, 2022 and March 31, 2023	0.80	3,575,000

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

	Expiry date	Number of stock options outstanding and exercisable
$0.75 (expired on April 10, 2023)	April 10, 2023	40,000
$0.85	February 3, 2026	830,000
$0.78	December 31, 2027	2,705,000
		3,575,000

See note 15, *Subsequent event, grant of stock options*.

Warrants

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

	Weighted-average exercise price $	Number of warrants
Balance, December 31, 2022	0.66	18,199,445
Exercised	0.50	(235,000)
Balance, March 31, 2023	0.66	17,964,446

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

Exercise price	Expiry date	Number of warrants
$0.50	September 10, 2023	1,514,286
$0.50	September 17, 2023	1,866,826
$0.70	July 7, 2024	3,833,333
$0.70	July 7, 2024	5,750,000
$0.70	June 15, 2025	3,750,625
$0.70	June 22, 2025	1,249,375
		17,964,445

The weighted average remaining contractual life of the outstanding warrants is 1.4 years.

11. Exploration and evaluation

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

	Chorrillos $	Big Easy $	Gagnon $	Total $
Balance, December 31, 2022	9,239	6,497,628	3,909,586	10,416,453
Expensed	47,513	7,546	–	55,059
Balance, March 31, 2023	56,752	6,505,174	3,909,586	10,471,512

Chorrillos, Bolivia

The incorporating shareholders of Minera Cartier Bolivia S.R.L. (“Minera Cartier”) have agreed to transfer a 98% interest in Minera Cartier to the Company. The Company will have the option to increase its interest in Minera Cartier to 99% by purchasing a 1% interest for US$3,000,000.

Pursuant to a definitive agreement dated December 12, 2022 (“Definitive Agreement”), Minera Cartier will have the right to acquire a 100% interest in the Chorrillos Project located in southern Bolivia, comprising two separate properties known as the Gonalbert Mining area (consisting of 10 grids covering 2.5 sq.km) and the Felicidad Mining area (consisting of 4 grids covering 1 sq. km). In order to earn its interest, Minera Cartier must make option payments, as follows:

Deadline	Option payment US$
June 12, 2023	80,000
December 12, 2023	220,000
December 12, 2024	500,000
December 12, 2025	700,000
December 12, 2026	1,000,000
December 12, 2027	2,000,000
	4,500,000

On November 22, 2022, the Minera Cartier staked additional claims covering 29.25 sq.km (CSB-13 and CSB-1) immediately south and west of the Felicidad and Gonalbert properties and acquired an additional claim (CSB-2) in the same belt about 5 km south of Tupiza, Bolivia. The holdings of Minera Cartier, including areas under option, in the Chorrillos Project now total 69.75 sq.km.

Big Easy, Newfoundland and Labrador
The Company owns a 100% interest in Big Easy consisting of 665 mining claims covering 166 square kilometres located in Newfoundland and Labrador.

Big Easy is subject to a 3% net smelter royalty ("NSR").

Gagnon, Québec
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 58.75 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.

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, receivables, accounts payable and accrued liabilities, refundable tax credit assessments payable and CEBA loan
The fair values of cash, receivables, accounts payable and accrued liabilities, refundable tax credit assessments payable and CEBA loan at March 31, 2023 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 number 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.

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. 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 $	**Refundable tax credit assessments payable $**	**Canada Emergency Business Account loan $**	**Total $**
Less than 1 year	847,459	89,742	40,000	977,201
1-5 years	–	–	–	–
More than 5 years	–	–	–	–
Balance, March 31, 2023	847,459	89,742	40,000	977,201

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, 2023, the Company is exposed to equity price risk on its investment in Eloro (note 5). At March 31, 2023, 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 $868,000.

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. The Company's exposure to currency risk arises primarily from exploration expenditures and option payments that are denominated in US dollars. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

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, 2023 $	3 months ended March 31, 2022 $	Outstanding at March 31, 2023 $	Outstanding at December 31, 2022 $
Consulting fees	75,000	78,000	217,663	217,663
Legal fees	4,860	–	33,419	27,927
Financing bonus	–	–	34,891	154,891
	79,860	78,000	285,973	400,481

Additional related party transactions are disclosed in notes 5 and 9.

15. Subsequent event

Grant of stock options
On April 24, 2023, the Company granted 150,000 stock options to consultants. Each stock option entitles the holder to purchase one common share for $0.60 until April 24, 2028.