Cartier Silver Corporation

Condensed Interim Financial Statements

September 30, 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	September 30, 2023 $	December 31, 2022 $
Assets			
Current			
Cash		780,087	3,219,162
Receivables		80,635	54,699
Prepaid expenses		97,618	170,807
		958,340	3,444,668
Investment in Eloro Resources Ltd.	5	4,392,000	8,596,900
Right-of-use asset	6	144,135	177,399
		5,494,475	12,218,967
Liabilities			
Current			
Accounts payable and accrued liabilities	14	448,580	1,181,113
Refundable tax credit assessments payable	7	69,742	101,742
Canada Emergency Business Account loan	8 and 15	40,000	40,000
Current portion of lease liability	9	32,854	41,882
		591,176	1,364,737
Lease liability	9	122,793	144,941
		713,969	1,509,678
Shareholders' equity			
Share capital	10	17,072,684	14,895,840
Contributed surplus	10	2,485,752	2,298,952
Warrants	10	4,700,198	5,986,314
Deficit		(19,478,128)	(12,471,817)
		4,780,506	10,709,289
		5,494,475	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 Income (Loss) and ComprehensiveIncome (Loss)
(expressed in Canadian dollars)
(unaudited)

	Notes	3 months ended September 30, 2023 $	3 months ended September 30, 2022 $	9 months ended September 30, 2023 $	9 months ended September 30, 2022 $ (restated- note 4)
Expenses					
Professional fees	14	28,545	9,250	74,049	27,250
Consulting fees	14	75,000	78,000	225,000	234,000
Stock-based compensation	10	128,000	-	190,000	-
General and administrative		52,965	44,969	147,509	147,530
Investor relations		117,145	120	251,208	41,697
Exploration and evaluation	11	855,799	62,806	1,294,942	2,174,600
Interest	9	2,440	3,050	7,788	9,555
Depreciation	6	11,088	11,088	33,264	33,264
Gain on statute-barred accounts payable		(8)	(374)	(9,647)	(35,041)
Flow-through share premium		-	-	-	(252,080)
Other recoveries		(4,500)	(8,065)	(13,500)	(16,322)
		1,266,473	200,844	2,200,613	2,364,453
Loss before investment income (loss)		(1,266,473)	(200,844)	(2,200,613)	(2,364,453)
Gain on sale of investment in Eloro		-	96,811	-	96,811
Increase (decrease) in fair value of investment in Eloro	5	(4,375,080)	1,057,239	(4,805,699)	(592,761)
Income (loss) and comprehensive income (loss)		(5,641,553)	953,206	(7,006,312)	(2,860,403)
Income (loss) per common share-basic and diluted		(0.15)	0.03	(0.18)	(0.10)
Weighted average number of common shares- basic and diluted		38,251,216	28,016,228	38,192,663	28,016,228

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
Fair value of expired stock options	3,200	(3,200)	-	-	-
Exercise of warrants	887,528	-	-	-	887,528
Fair value of exercised warrants	548,482	-	(548,482)	-	-
Fair value of expired warrants	737,634	-	(737,634)	-	-
Stock-based compensation	-	190,000	-	-	190,000
Loss	-	-	-	(7,006,312)	(7,006,312)
Balance, September 30, 2023	17,072,684	2,485,752	4,700,198	(19,478,129)	4,780,506
Balance, December 31, 2021 restated (note 4)	12,405,788	652,952	4,595,314	(7,781,893)	9,872,161
Income	-	-	-	(2,860,403)	(2,860,403)
Balance, September 30, 2022	12,405,788	652,952	4,595,314	(10,642,296)	7,011,758

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

Cartier Silver Corporation
Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	9 months ended September 30, 2023 $	2022 $ (restated- note 4)
Cash provided by (used in)		
Operating activities		
Income (loss)	(7,006,312)	(2,860,403)
Items not affecting cash		
Stock-based compensation	190,000	-
Depreciation	33,264	33,264
Gain on sale of investment in Eloro		(96,811)
Increase in fair value of investment in Eloro	4,805,699	592,761
Gain on statute-barred accounts payable	(9,647)	(35,041)
Flow-through share premium	-	(252,080)
Changes in non-cash working capital		
Receivables	(25,936)	223,440
Prepaid expenses	73,189	114,601
Accounts payable and accrued liabilities	(722,886)	(174,611)
Refundable tax credit assessments payable	(32,000)	(28,500)
	(2,694,629)	(2,483,380)
Financing activities		
Repayment of lease liabilities	(31,176)	(24,963)
Exercise of warrants	887,528	-
	856,352	(24,963)
Investing activities		
Proceeds on sale of investment in Eloro	-	104,301
Purchase of investment in Eloro	(600,799)	-
	(600,799)	104,301
Net decrease in cash	(2,439,075)	(2,404,042)
Cash, beginning of period	3,219,162	2,618,554
Cash, end of period	780,087	214,511
Supplementary information		
Interest paid	7,788	9,555
Income taxes paid	-	-

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

1. Nature of operations

Cartier Silver Corporation (the "Company") is a public company engaged in the acquisition, exploration and development of a silver property in Bolivia, a gold property in Newfoundland and iron ore properties in Québec. 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 9 months ended September 30, 2023, the Company incurred a loss of $7,006,312 (2022 - $2,364,453) and a cashflow deficit from operating activities of $2,694,628 (2022 - $2,267,207). 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 September 30, 2023, the Company had an investment in Eloro Resources Ltd. ("Eloro") with a fair value of $4,392,000 (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 statement of financial position classifications that would be necessary were the going concern assumption to be 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 November 29, 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 9 months ended September 30, 2022, 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	3,053	2,171,547	2,174,600
Loss before investment income	(192,906)	(2,171,547)	(2,364,453)
Loss and comprehensive loss	(688,856)	(2,171,547)	(2,860,403)

For the 3 months ended September 30, 2022, 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	–	62,806	62,806
Loss before investment income	(138,038)	(62,806)	(200,844)
Loss and comprehensive loss	1,016,012	(62,806)	(953,206)

For the 9 months ended September 30, 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			
Loss	(688,856)	(2,174,600)	(2,860,403)
Cash used in operating activities	(308,781)	(2,174,600)	(2,483,380)
Investing activities			
Exploration and evaluation	(2,174,600)	2,174,600	–
Cash used in investing activities	(2,070,299)	2,174,600	104,301

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	190,000	600,799
Unrealized loss on investment in Eloro	–	(4,805,699)
Investment in Eloro at fair value at September 30, 2023	2,400,000	4,392,000

Three directors of the Company are also directors of Eloro.

6. Right-of-use asset

	September 30, 2023 $	December 31 2022 $
Right-of-use asset	221,751	221,751
Accumulated depreciation	(77,613)	(44,352)
	144,138	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. See note 15, *Subsequent* event, *Canada Emergency Business Account loan*.

9. Lease liability

	$
Balance, December 31, 2022	186,823
Accretion of interest	7,789
Lease payments	(38,964)
Balance, September 30, 2023	155,647

	$
Current portion of lease liabilities	44,182
Long-term lease liabilities	111,467
	155,649

The lease for premises is a joint and several commitment with Eloro. The remaining lease term is 3.25 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
Fair value of expired stock options	–	3,200
Exercise of warrants	1,761,306	887,528
Fair value of exercised warrants	–	548,482
Fair value of expired warrants	–	737,634
Balance, September 30, 2023	39,777,522	17,072,684

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 September 30, 2023, there were 3,977,752 stock options (December 31, 2022 - 3,801,621) authorized to be issued under the stock option plan, of which, 3,935,000 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 June 30, 2023	0.80	3,575,000
Granted	0.64	400,000
Expired	0.75	(40,000)
Balance, September 30, 2023	0.79	3,935,000

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

	Expiry date	Number of stock options outstanding and exercisable
$0.85	February 3, 2026	830,000
$0.78	December 31, 2027	2,705,000
$0.60	April 24, 2028	150,000
$0.62	July 7, 2028	150,000
40.72	July 27, 2028	100,000
		3,935,000

Grant of stock options

A summary of the stock options granted to consultants and the assumptions for the calculation of the fair value of those stock options using the Black-Scholes option pricing model is presented below:

Date of grant	April 24, 2023	July 7, 2023	July 27, 2023
Expiry date	April 24, 2028	July 7, 2028	July 27, 2028
Stock options granted	150,000	150,000	100,000
Exercise price	$0.60	$0.62	$0.72
Share price	$0.54	$0.52	$0.72
Risk-free interest rate	3.08%	3.98%	4.00%
Expected volatility based on historical volatility	108%	104%	104%
Expected life of stock options	5 years	5 years	5 years
Expected dividend yield	0%	0%	0%
Forfeiture rate	0%	0%	0%
Vesting	On date of grant	On date of grant	On date of grant
Fair value	$62,000	$72,000	$56,000
Fair value per stock option	$0.41	$0.48	$0.56

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	0.51	(1,311,306)
Expired	0.50	(2,339,181)
Balance, September 30, 2023	0.70	14,548,958

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

Exercise price	Expiry date	Number of warrants
$0.70	July 7, 2024	3,833,333
$0.70	July 7, 2024	5,750,000
$0.70	June 15, 2025	3,716,250
$0.70	June 22, 2025	1,249,375
		14,548,958

The weighted average remaining contractual life of the outstanding warrants is 1.1 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	1,274,882	20,061	–	1,294,942
Balance, September 30, 2023	1,284,121	6,517,689	3,909,586	11,711,395

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 (paid)	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 September 30, 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	448,580	69,742	40,000	558,322
1-5 years	–	–	–	–
More than 5 years	–	–	–	–
Balance, September 30, 2023	448,580	69,742	40,000	558,322

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 September 30, 2023, the Company is exposed to equity price risk on its investment in Eloro (note 5). At September 30, 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 fair value would have increased or decreased by $439,000.

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:

	9 months ended September 30, 2023 $	9 months ended September 30, 2022 $	Outstanding at September 30, 2023 $	Outstanding at December 31, 2022 $
Consulting fees	225,000	234,000	217,533	217,663
Legal fees	12,798	–	–	27,927
Financing bonus	–	–	34,891	154,891
	237,798	234,000	252,424	400,481

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

15. Subsequent event

Canada Emergency Business Account loan.

Subsequent to September 30, 2023, the Company repaid $30,000 and the remaining $10,000 was forgiven.