

Cartier Silver Corporation

Condensed Interim Financial Statements

June 30, 2024

(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	As at June 30, 2024 \$	As at December 31, 2023 \$
Assets			
Current			
Cash		563,182	28,761
Receivables		58,198	70,699
Prepaid expenses		149,873	44,164
		<u>771,253</u>	<u>143,624</u>
Investment in Eloro Resources Ltd.	4	2,898,000	5,208,000
Right-of-use asset	5	110,871	133,047
		<u>3,780,124</u>	<u>5,484,671</u>
Liabilities			
Current			
Accounts payable and accrued liabilities	13 and 14	207,973	439,532
Due to Eloro Resources Ltd.	6 and 14	40,074	181,329
Refundable tax credit assessments payable	7	32,742	56,742
Current portion of lease liability	8	46,583	44,970
		<u>327,372</u>	<u>722,573</u>
Lease liability	8	76,207	99,970
		<u>403,579</u>	<u>822,543</u>
Shareholders' equity			
Share capital	9	18,217,500	16,959,845
Contributed surplus	9	2,468,000	2,468,000
Warrants	9	5,333,789	4,830,789
Deficit		(22,642,744)	(19,596,506)
		<u>3,376,545</u>	<u>4,662,128</u>
		<u>3,780,124</u>	<u>5,484,671</u>
Going concern	2		
Subsequent event	14		
Approved by the Board:			
	Thomas G. Larsen Director	Francis Sauve Director	

Cartier Silver Corporation

Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

(unaudited)

	Notes	3 months ended June 30,		6 months ended June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Expenses					
Professional fees	13	32,970	24,158	59,137	45,504
Consulting fees	13	80,000	75,000	170,750	150,000
Stock-based compensation		-	62,000	-	62,000
General and administrative		79,481	42,310	124,304	94,543
Investor relations		62,856	73,265	84,278	134,063
Exploration and evaluation	10	223,136	384,085	257,617	439,144
Accretion	8	1,954	2,597	4,074	5,348
Depreciation	5	11,088	11,088	22,176	22,176
Gain on statute-barred accounts payable		(1,130)	(5,979)	(1,130)	(9,639)
Other recoveries		(4,500)	(4,500)	(8,828)	(9,000)
		485,855	664,024	712,378	934,139
Loss before investment loss		(485,855)	(664,024)	(712,378)	(934,139)
Decrease in fair value of investment in Eloro Resources Ltd.	4	(485,860)	(113,345)	(2,333,860)	(430,619)
Loss and comprehensive loss		(971,715)	(777,369)	(3,046,238)	(1,364,758)
Loss per common share-basic and diluted		(0.02)	(0.02)	(0.07)	(0.04)
Weighted average number of common shares-basic and diluted		46,977,522	38,251,216	44,326,973	38,162,901

Cartier Silver Corporation

Statements of Changes in Equity

(expressed in Canadian dollars)

(unaudited)

	Share capital \$	Contributed surplus \$	Warrants \$	Deficit \$	Total \$
Balance, December 31, 2023	16,959,845	2,468,000	4,830,789	(19,596,506)	4,662,128
Private placement/units	1,800,000	-	-	-	1,800,000
Fair value of warrants issued	(503,000)	-	503,000	-	-
Finders' fees	(31,955)	-	-	-	(31,955)
Share issue costs	(7,390)	-	-	-	(7,390)
Loss	-	-	-	(3,046,238)	(3,046,238)
Balance, June 30, 2024	18,217,500	2,468,000	5,333,789	(22,642,744)	3,376,545
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	342,500	-	-	-	342,500
Fair value of exercised warrants	211,288	-	(211,288)	-	-
Stock-based compensation	-	62,000	-	-	62,000
Loss	-	-	-	(1,364,758)	(1,364,758)
Balance, June 30, 2023	15,452,828	2,357,752	5,775,026	(13,836,575)	9,749,031

Cartier Silver Corporation

Statements of Cash Flows

(expressed in Canadian dollars)

(unaudited)

	6 months ended June 30,	
	2024	2023
	\$	\$
Cash provided by (used in)		
Operating activities		
Loss	(3,046,238)	(1,364,758)
Items not affecting cash		
Stock-based compensation	-	62,000
Depreciation	22,176	22,176
Decrease in fair value of investment in Eloro Resources Ltd.	2,333,860	430,619
Gain on statute-barred accounts payable	(1,130)	(9,639)
Changes in non-cash working capital		
Receivables	12,501	4,869
Prepaid expenses	(105,709)	72,104
Accounts payable and accrued liabilities	(33,790)	(476,171)
Refundable tax credit assessments payable	(24,000)	(20,000)
	<u>(842,330)</u>	<u>(1,278,800)</u>
Financing activities		
Private placement/units	1,354,000	-
Finders' fees	(31,955)	-
Share issue costs	(7,390)	-
Advances from Eloro Resources Ltd.	108,107	-
Repayment of lease liability	(22,151)	(20,628)
Exercise of warrants	-	342,500
	<u>1,400,611</u>	<u>321,872</u>
Investing activities		
Purchase of investment in Eloro Resources Ltd.	(23,860)	(412,969)
Net (decrease) increase in cash	534,421	(1,369,897)
Cash, beginning of period	28,761	3,219,162
Cash, end of period	<u>563,182</u>	<u>1,849,265</u>
Non-cash transactions		
Issue of common shares		
Settlement of accounts payable and accrued liabilities due to related parties	146,000	-
Settlement of due to Eloro Resources Ltd.	300,000	-
Advance from Eloro Resources Ltd. to settle accounts payable and accrued liabilities	50,638	-
Supplementary information		
Interest paid	4,074	5,348
Income taxes paid	-	-

Cartier Silver Corporation

Notes to Condensed Interim Financial Statements

June 30, 2024

(expressed in Canadian dollars)
(unaudited)

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 6 months ended June 30, 2024, the Company incurred a loss of \$3,046,238 (2023 - \$1,364,758) and a cashflow deficit from operating activities of \$842,330 (2023 - \$1,278,800). The losses and cashflow deficits limit the Company's ability to fund its operations and the acquisition, exploration and development of its mineral properties.

At June 30, 2024, the Company had an investment in Eloro Resources Ltd. ("Eloro") with a fair value of \$2,898,000 (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.

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, 2023.

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, 2023.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on August 27, 2024.

4. Investment in Eloro Resources Ltd.

	Number of Eloro common shares	\$
Fair value at December 31, 2023	2,400,000	5,208,000
Purchases	15,000	23,860
Unrealized loss on investment	–	(2,333,860)
Fair value at June 30, 2024	2,415,000	2,898,000

Three directors of the Company are also directors of Eloro.

5. Right-of-use asset

	June 30, 2024 \$	December 31 2023 \$
Right-of-use asset	221,751	221,751
Accumulated depreciation	(110,880)	(88,704)
	110,871	133,047

See note 8, *Lease liability*.

6. Due to Eloro Resources Ltd.

	\$
Balance, December 31, 2023	181,329
Advances	158,745
Settled with issue of units (see note 9, <i>Share capital, Private placement</i>)	(300,000)
Balance, June 30, 2024	40,074

The amount due to Eloro was non-interest bearing, unsecured and due on demand.

See note 14, *Subsequent event, Settlement of accounts payable*.

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 was recorded as a liability and the Company made monthly payments of \$2,500 until June 30, 2022 and subsequently agreed to make monthly payments of \$4,000 until repaid.

8. Lease liability

	\$
Balance, December 31, 2023	144,940
Accretion	4,073
Payments	(26,223)
Balance, June 30, 2024	122,790

	\$
Current portion of lease liability	46,583
Long-term lease liability	76,207
	122,790

The lease for premises is a joint and several commitment with Eloro. The remaining lease term is 2.5 years. The lease payments are discounted using an interest rate of 6%, which is the Company's incremental borrowing rate. The amount of the Company's undiscounted lease payments that is due within one year is \$52,689 and the amount of the undiscounted lease payments that is due later than one year and not later than five years is \$79,887.

9. 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, 2023	39,777,522	16,959,845
Private placement-units	7,200,000	1,800,000
Fair value of unit warrants issued	–	(503,000)
Finders' fees	–	(31,955)
Share issue costs	–	(7,390)
Balance, June 30, 2024	46,977,522	18,217,500

Private placement

On March 7, 2024, the Company completed a private placement of 7,200,000 units at a price of \$0.25 per unit for gross proceeds of \$1,800,000. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.50 until March 7, 2026. In connection with the private placement, the Company paid cash commissions of \$31,955. Directors and officers of the Company subscribed for 684,000 units for gross proceeds of \$171,000. Eloro subscribed for 1,200,000 units for gross proceeds of \$300,000 in settlement of advances due from the Company.

The fair value of the unit warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

Issue date	March 7, 2024
Expiry date	March 7, 2026
Warrants issued	3,600,000
Exercise price	\$0.50
Share price	\$0.35
Risk-free interest rate	4.08%
Expected volatility based on historical volatility	83%
Expected life of warrants	2 years
Expected dividend yield	0%
Forfeiture rate	0%
Fair value	\$503,000
Fair value per warrant	\$0.14

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 June 30, 2024, there were 4,697,752 stock options (December 31, 2023 - 3,977,752) authorized to be issued under the stock option plan, of which, 3,935,000 stock options (December 31, 2023 - 3,935,000) were outstanding.

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

	Weighted- average exercise price	Number of stock options outstanding and exercisable
Balance, December 31, 2023 and June 30, 2024	0.78	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
\$0.72	July 27, 2028	100,000
		3,935,000

Warrants

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

	Weighted-average exercise price	Number of warrants
	\$	
Balance, December 31, 2023	0.70	14,548,958
Issued	0.50	3,600,000
Balance, June 30, 2024	0.66	18,148,958

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

Exercise price	Expiry date	Number of warrants
\$0.70 (expired subsequent to June 30, 2024)	July 7, 2024	3,833,333
\$0.70 (expired subsequent to June 30, 2024)	July 7, 2024	5,750,000
\$0.70	June 15, 2025	3,716,250
\$0.70	June 22, 2025	1,249,375
\$0.50	March 7, 2026	3,600,000
		18,148,958

The weighted average remaining contractual life of the outstanding warrants is 0.90 years.

10. 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, 2023	1,988,344	6,534,769	3,909,586	12,432,699
Expensed	245,475	4,674	7,468	257,617
Balance, June 30, 2024	2,233,819	6,539,443	3,917,054	12,690,316

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 (paid)	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

Minera Cartier has acquired 30% of the capital quotas of Empresa Minera Gonalbert S.R.L. and Empresa Minera Segovia S.R.L. (the “Vendors”), who are the registered title holders of the Gonalbert Mining Area and Felicidad Mining Area, pursuant to the Definitive Agreement whereby Minera Cartier completed staged payments aggregating US\$300,000 as consideration for 30% of the Vendors’ capital quotas.

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 278 mining claims (December 31, 2023 - 409 mining claims) covering 70 square kilometres (December 31, 2023 - 102 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 (December 31, 2023 - 111 claims) covering 58.75 square kilometres (December 31, 2023 - 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.

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, refundable tax credit assessments payable and lease liability

The fair values of cash, receivables, accounts payable and accrued liabilities and refundable tax credit assessments payable at June 30, 2024 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.

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 exploration and development of mineral resource 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	Lease liability	Total
	\$	\$	\$	\$
Less than 1 year	207,973	32,742	46,583	287,298
1-5 years	–	–	76,207	76,207
More than 5 years	–	–	–	–
Balance, June 30, 2024	207,973	32,742	122,790	363,505

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 December 31, 2023, the Company is exposed to equity price risk on its investment in Eloro (see note 4, *Investment in Eloro Resources Ltd.*). At June 30, 2024, 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 \$290,000.

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 majority of the Company's cash is held in Canadian dollars and the Company makes expenditures denominated in US dollars and Bolivian bolivianos. At June 30, 2024, the Company had nominal financial instruments denominated in US dollars or Bolivian bolivianos.

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:

	6 months ended June 30,		Outstanding at	Outstanding at
	2024	2023	June 30,	December 31,
	\$	\$	2024	2023
			\$	\$
Consulting fees	150,000	150,000	116,208	218,663
Legal fees	19,731	8,892	1,861	—
Financing bonus	—	—	—	34,891
	<u>169,731</u>	<u>158,892</u>	<u>118,069</u>	<u>253,554</u>

Additional related party transactions are disclosed in notes 4, 5, 6, 8 and 14.

14. Subsequent event

Settlement of accounts payable

On June 26, 2024, Eloro entered into a memorandum of understanding to settle accounts payable of \$519,312 (US\$379,171) owed by Eloro and \$50,776 (US\$37,073) owed by Cartier, through the issuance of 441,929 common shares at a price of \$1.29 per common share. The amount owed by the Company to Eloro at June 30, 2024 is unsecured, non-interest bearing, and payable on demand. As a result of changes in foreign exchange rates, subject to all required regulatory and shareholder approvals, Eloro settled the accounts payable through the issuance of 441,008 Eloro common shares on July 17, 2024,