

# CARTIER IRON CORPORATION

FORM 2A

## ANNUAL LISTING STATEMENT

### FOR THE YEAR ENDED DECEMBER 31, 2014

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## 2. Corporate Structure

- 2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

**Cartier Iron Corporation (formerly Northfield Metals Inc.) (“Cartier”, “the “Company” or the “Issuer”)** has its registered and head office at:

**20 Adelaide Street East, Suite 200  
Toronto, Ontario M5C 2T6**

- 2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

**The Company was incorporated on November 1, 1985 under the *Business Corporations Act* (Ontario) under the name Northfield Minerals Inc. On June 25, 1986 by Articles of Amendment the rights, privileges, restrictions and conditions with respect to the Class A Preferred Shares (as defined hereinafter) were amended. The Company's name was changed on July 23, 1999 to Northfield Inc. and to Northfield Metals Inc. on October 13, 2006 when a consolidation of the Common Shares (as defined hereinafter) was also effected. Effective May 4, 2012, the Company consolidated again its Common Shares on the basis of four old shares for one new share. Effective January 16, 2013, the Company changed its name to Cartier Iron Corporation.**

- 2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state
- (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;
  - (b) the place of incorporation or continuance; and
  - (c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

**There are no subsidiaries or other companies controlled by the Issuer.**

- 2.4 If the issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction..

**The Issuer is not proposing an acquisition, amalgamation, merger, reorganization or arrangement.**

- 2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

**This section is not applicable.**

### **3. General Development of the Business**

- 3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

**The Company is a Canadian-based mineral exploration company that is engaged in the acquisition, exploration and development of mineral resource properties. The Company is a reporting issuer and its shares commenced trading on the Canadian Securities Exchange (formerly CNXS) on January 29, 2013 under the symbol "CFE". Due to the economic climate, the Company has been relatively inactive prior to mid-2012.**

**On July 5, 2012, the Company acquired Borel River Property located near the western shores of Ungava Bay in northern Quebec and comprises 108 claims covering 4,459.21 hectares (44.6km<sup>2</sup>).**

**On September 28, 2012, the Company entered into an option agreement with Champion Iron Mines Limited ("Champion") to acquire a 65% interest in seven (7) iron-rich mineral concessions (the "Gagnon Holdings Properties") totalling 200.24 km<sup>2</sup> in the southern Labrador Trough, Fermont Iron Ore District, of north-eastern Quebec. This transaction was advanced by the signing of a definitive option and joint venture agreement with Champion on December 10, 2012.**

**On September 10, 2012, the Company completed the first tranche of a private placement financing consisting of 2,355,000 common shares at a price of \$0.20 per common share for gross proceeds of \$471,000. On**

**October 22, 2012, the Company completed the second and final tranche of a private placement financing consisting of 675,000 common shares at a price of \$0.20 per common share for gross proceeds of \$135,000.**

**On December 11, 2012, the Company completed a private placement with Champion, issuing 2,000,000 common shares to Champion at a price of \$0.25 per share for cash proceeds of \$500,000. On the same day the Company completed a non-brokered private placement with various creditors (including Champion and certain current and former officers and directors of Champion and the Company) by issuing 6,510,684 common shares at \$0.25 per share to settle debts of \$1,627,671.**

**On December 31, 2012 the Company completed a private placement financing for gross proceeds of \$225,000. The Company issued 900,000 common shares at a price of \$0.25 per share for aggregate gross proceeds of \$225,000, of which 400,000 common shares were issued at \$0.25 per share for gross proceeds of \$100,000 on a “flow-through” basis.**

**The net proceeds of the financings were used to finance exploration on the Company’s iron ore properties and for general corporate purposes.**

**In February 2013 the Company announced that it had commenced drilling at the Penguin Lake Property, a component of the optioned Gagnon Holdings. Also in February, the Company staked new mineral claims at the Gagnon Holdings, thereby increasing the area by 70% to 343.69 km<sup>2</sup>.**

**In April 2013 the Company announced assay results from the ten hole, 3,315 metre drilling program at Penguin Lake. The drilling campaign intersected a total of 1600 metres of iron formation with an average grade of 29.5% Total Iron (“FeT”). The Company announced that it had commissioned a National Instrument (“NI”) 43-101 compliant Mineral Resource Estimate (“MRE”) for Penguin Lake.**

**In July 2013 the Company announced changes to its Board of Directors and management. Mr. Paul Ankcorn resigned as a Director and President of the Company in order to focus on his continuing role with other public resource companies. The Board announced the appointment of Mr. John Langton, P. Geo., as President of the Company. Mr. Langton has been a Director of the Company since July 2011 and until his appointment as President, he has served as the Company’s Vice President, Exploration.**

**In October 2013 the Company announced a summary of its 2013 field exploration programme. The work was completed during the summer 2013 field season and involved surface exploration of all the mineral concessions comprising its optioned Gagnon Holdings in the southern Labrador Trough. Potential iron resource targets were ground-truthed, grab and channel-samples were collected and assayed, and, where possible, the spatial attitude and orientation of the iron formation was**

assessed. The ground exploration programmed enabled the Company to prioritize exploration programmes going forward and reduce land holdings and costs in areas identified with limited or no resource potential.

Also in October 2013 the Company commented on an announcement by the Québec Government Economic Policy regarding the initiation of a Pre-Feasibility Study for a new railway that would link the expanding facilities at the Port of Sept-Îles to the Labrador Trough iron deposits in the Côte-Nord Region of north-eastern Québec.

The Québec Government's October 7, 2013 announcement affirms their awareness of the potential rapid-growth markets related to the development of the Côte-Nord Region, and acknowledges that expansion of the current infrastructure is essential to ensuring the continued economic and social development of this northern territory. To this end, the Government has set aside \$20 Million to finance the completion of a Pre-Feasibility Study on building a new multi-user railway link to transport iron ore from the Labrador Trough.

The Company further commented that a new multi-user railway link to Sept-Îles would help unlock the iron resources underlying the Gagnon Holdings, which in all likelihood would be within easy reach of this proposed new railway line. The Company stated its intention to participate in any stakeholder negotiations going forward. The Company viewed the Québec Government's October 7, 2013 announcement as a potentially significant catalyst that could help attract new investment to the region and also provide significant benefit to the Company, the provincial economy and the region's First Nations peoples.

On December 19, 2013 the Company reported the completion of a current MRE for the Penguin Lake Project. The MRE reported 531 million tonnes ("Mt") grading 33.1% FeT of In-pit Inferred Resources at a 15% FeT cut-off grade, based on the parameters outlined in the press release announcing the MRE.

Significantly, the 10 holes that define the MRE drilled only the southern portion of the deposit. The deposit occurs in the form of a multiply refolded tightly overturned synform that produces a bowl-like shape of shallow dipping iron formation host rock. No recent drilling has been completed in the northern portion of the deposit however, the strong correlation of magnetic response to where iron formation surfaces and a historic drill hole located in the NW portion of the deposit allow for projection of the modelled iron formation and an estimate of the exploration target potential<sup>1</sup>. The interpreted 3D model of iron formation

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<sup>1</sup> Exploration Target Potential is not a Mineral Resource. There is insufficient work completed to estimate the quantity and grade or quality of the exploration target on the basis of geological evidence and sampling. There is no guarantee that further exploration will define additional mineral resources from any portion of the exploration target potential.

includes an additional 700 to 900 million tonnes of similar grade as suggested by the current Inferred Resource, predominantly in the undrilled portion of the deposit to the north and northwest where additional resources might be identified.

A comparison of the current global in-situ mineral resource and in-pit mineral resource demonstrates the amenable geometry of the deposit to open-pit mining with 99+% of the in-situ resource occurring within the optimized pit shell.

Furthermore, it is apparent that a natural geological cut-off grade exists for the modelled high grade iron oxide deposit that is above the economic cut-off grade. As can be seen by the quantity and grade of below cut-off grade material at the higher cut-off grades, the natural cut-off grade of the deposit is near 25% FeT where only 0.6% of the material is below cut-off at an average grade of 23.2% and well above the economic cut-off grade of 15% FeT.

The current resource reported in the MRE comprises less than half of the modelled bow-shaped deposit and makes the Penguin Lake deposit the largest iron resource in the southern Gagnon Terrane.

On March 24, 2014, the Company announced it has engaged BBA Inc. ("BBA") of Montreal to complete a Preliminary Economic Assessment ("PEA") of the Penguin Lake Project.

With the election of the Quebec Liberal Party to a majority government on April 7, 2014, the Company notes that the new government has pledged to restart the Plan Nord development plan to support the undertaking of large-scale infrastructure programs designed to fuel economic growth from the resources sector in Quebec's north, including its portion of the Labrador Trough.

On September 24, 2014, Thomas Larsen was appointed as both Chief Executive Officer and Director of the Company.

On October 17, 2014, the Company completed a \$500,000 financing by issuing 2,941,172 units at a price of \$0.17 per Unit and completed a conversion of debt with Champion, by issuing 6,176,470 units to settle \$1,050,000 of outstanding debt. Each unit issued pursuant to the financing and shares for debt placement consisted of one common share and one half of one common share purchase warrant with each full warrant exercisable into one common share at an exercise price of \$0.22, subject to expiry on the earlier of: i) 18 months from the date of issue; or ii) if the average closing price of the Company's common shares on the Canadian Securities Exchange, or such other stock exchange on which the Company's common shares are listed and posted for trading, is greater than \$0.40 per common share for a period of 20 consecutive

business days, the date which is 10 calendar days from the date on which written notice is given by the Company to the warrant holders (by depositing notice thereof in the mail) after the Company has issued a news release in respect of such acceleration.

On October 23, 2014, Michel Gagnon, ICD. D., joined the Company as an independent member of its Board of Directors.

The Company announced on November 28, 2014 that with the responsible allocation of capital funds at the forefront of its exploration strategies, the Company was re-scoping its current PEA study in order to incorporate the forthcoming findings from the recently announced Labrador Trough rail feasibility study, which is due in late 2015. While the rail study proceeds through 2015, the Company will continue its metallurgical testwork studies and focus on base-case process flowsheet aspects for the Penguin Lake deposit, which hosts an in-pit Inferred Resource<sup>1</sup> of 531 million tonnes grading 33% Total Iron at a 15% cut-off grade. The previously announced rail study will evaluate the technical and economic feasibility of constructing a new multi-user rail that would link mining projects in the Labrador Trough to the port at Pointe Noire in Sept-Îles, Quebec. The Quebec provincial government, through its Plan Nord Fund, is contributing up to \$20 million to the rail study.

On December 29, 2014, the Company completed a private placement of 3,599,988 flow-through units at a price of \$0.225 per unit (“F-T Units”) for proceeds of \$809,997 and 294,200 non-flow-through units of Cartier Iron at a price of \$0.17 per unit (“Non F-T Units”) for additional proceeds of \$50,014. Each F-T Unit consisted of one common share issued on a “flow-through” basis under the *Income Tax Act (Canada)* (“ITA”) and one half of one common share purchase warrant (each whole warrant, a “F-T Warrant”) issued on a “flow-through” basis under the ITA. Each F-T Warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.35 per share for a term of 18 months, expiring June 29, 2016. Each Non F-T Unit consists of one common share and one half of one common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder to purchase one common share at a price of \$0.22 per share for a term of 18 months, expiring June 29, 2016. The net proceeds of the private placement will be used to finance ongoing exploration at the Company’s optioned Gagnon Holdings, including the Penguin Lake deposit.

Further exploration programs at the Gagnon Holdings and the continued operations of the Company is dependent upon the ability of the Company to obtain adequate financing.

3.2 Disclose:

- (1)
  - (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and
  - (b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.
- (2) Under paragraph (1) include particulars of
  - (a) the nature of the assets acquired or disposed of or to be acquired or disposed of;
  - (b) the actual or proposed date of each significant acquisition or significant disposition;
  - (c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;
  - (d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;
  - (e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;
  - (f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and
  - (g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

**This section is not applicable.**

- 3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing



forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

**See Risk Factors below.**

#### **4. Narrative Description of the Business**

##### **4.1 General**

(1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:

(a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

**The Company intends to fulfill its property obligations on Gagnon Holdings Properties pursuant to the option agreement and secure adequate financing to complete a PEA of the Penguin Lake Project.**

(b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

**The Company must raise sufficient funds to finance the exploration program outlined above and have sufficient working capital.**

**The Company anticipates securing the required financing and fulfilling its annual Gagnon Holdings property obligations and completing the Penguin lake PEA, prior to the end of 2015.**

(c) disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement; and

**As of March 31, 2014, the Company's estimated working capital was approximately \$0.**

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

**The Company does not currently have funds to allocate to achieve the objectives and milestones set out in paragraphs (a) and (b).**

- (d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

**The Company does not currently have funds to allocate to achieve the objectives and milestones set out in paragraphs (a) and (b).**

- (2) For principal products or services describe:
- (a) the methods of their distribution and their principal markets;
  - (b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from
    - (i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,
    - (ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity,
    - (iii) sales or transfers to controlling shareholders; and
    - (iv) sales or transfers to investees.
  - (c) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,
    - (i) the timing and stage of research and development programs,
    - (ii) the major components of the proposed programs, including an estimate of anticipated costs,
    - (iii) whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

- (iv) the additional steps required to reach commercial production and an estimate of costs and timing.

**The Issuer currently has no production or sales. Its business is mineral exploration.**

- (3) Concerning production and sales, disclose:
  - (a) the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;
  - (b) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;
  - (c) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;
  - (d) the sources, pricing and availability of raw materials, component parts or finished products;
  - (e) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;
  - (f) the extent to which the business of the segment is cyclical or seasonal;
  - (g) a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;
  - (h) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;
  - (i) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;
  - (j) any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations.

- (k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;
- (l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

**The Issuer currently has no production or sales. Its business is mineral exploration.**

- (4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

**See Risk Factors below.**

- (5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

**Not applicable.**

- (6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

**Not applicable.**

- (7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

**Not applicable.**

- (8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

**Not applicable.**

## Companies with Asset-backed Securities Outstanding

4.2 In respect of any outstanding asset-backed securities, disclose the following information”

- (1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.
- (2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to
  - (a) the composition of the pool as of the end of each financial year or partial period;
  - (b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
  - (c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
  - (d) servicing and other administrative fees; and
  - (e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).
- (3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.
- (4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.
- (5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.
- (6) Principal Obligors - The identity of any principal obligors for the

outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.

**Not applicable.**

- 4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

**At this time, the only material property of the Issuer is the Penguin Lake Project (Round Lake Property), which is part of its optioned Gagnon Holdings in the province of Quebec, Canada. The information below is excerpted from the *43-101 Technical report and Mineral Resource Estimate on the Penguin Lake Project (Round Lake Property)*. NTS 23C/01, Quebec dated February 3, 2014 by Chrystal Kennedy, P. Geo. and Abderrazak Ladidi, P. Geo. (the “Penguin Lake Technical Report”).**

- (1) Property Description and Location – Describe:

- (a) the area (in hectares or other appropriate units) and location of the property;

**Cartier Iron’s Gagnon Holdings currently comprise 5 non-contiguous blocks of mineral claims including the Round Lake Property, which is an amalgamation of the formerly separate, though contiguous, Black Dan, Penguin Lake and Aubrey-Ernie mineral concessions.**

**The Project is situated within National Topographic System (NTS) Map Sheet 23C/01, approximately 110 km southwest of the town of Fermont (Quebec) and straddles the Clement and Laussedat townships; the area is also delineated as part of the Regional Municipality of Caniapiscau. The Project is part of the Round Lake Property, which comprises 519 mineral claims, covering 27,465.86 hectares or 274.66 km<sup>2</sup>**

- (b) the nature and extent of the Issuer's title to or interest in the property, including surface rights, obligations that must be met to retain the property and the expiration date of claims, licences and other property tenure rights;

**All claims comprising the Round Lake Property, which include those of the Penguin Lake Project area, are in good standing. The renewal dates, as of August 2013, and the rental fees, required minimum work and excess credits are shown in *Appendix I of the Penguin Lake Technical Report*. Details on claims renewals, work credits, claim access rights, allowable exploration, development, mining works, and site rehabilitation are summarized in the**

Mining Act of Quebec available at [www2.publicationsduquebec.gouv.qc.ca](http://www2.publicationsduquebec.gouv.qc.ca)

On September 28<sup>th</sup>, 2012, Cartier Iron Corp. (known as Northfield Metals Inc. at the time) announced the execution of a Binding Provisional Agreement with Champion Iron Mines Limited, granting Cartier the option to acquire a 65% interest in seven (7) iron-rich mineral concessions (the “Gagnon Holdings”) comprising 378 claims, totalling 200.24 square kilometres (km<sup>2</sup>) in the Gagnon Terrane of the southern Labrador Trough, north-eastern Québec.

In February 2013, three (3) of these mineral concessions — Penguin Lake, Black Dan and Aubrey-Ernie — along with 264 additional new claims that were staked by Cartier Iron, were amalgamated into the Round Lake Property (*see Cartier Iron press release of February 20, 2013*). Prior to the amalgamation, the “Penguin Lake Property”, referred to herein as the Penguin Lake Project, comprised 60 claims covering 3,191 hectares (ha) or 31.91 square kilometres (km<sup>2</sup>). The newly created Round Lake Property comprises 519 contiguous claims, covering 274.66 km<sup>2</sup>. The Gagnon Holdings now comprise 5 distinct groups of claims, covering a total of 344 km<sup>2</sup>.

The Penguin Lake Project is approximately 110 km southwest of the town of Fermont (Quebec), and 130 km southwest of the iron mining centre of Labrador City/Wabush, in Newfoundland-Labrador (NL). The Trans-Quebec-Labrador Road (Highway #389) passes north-south through the central part of the Round Lake Property and less than 1 kilometre (km) southeast of the Penguin Lake Project, providing year-round access to the area. The Project is within National Topographic System (NTS) Map Sheets 23C/01 and is part of the Regional Municipality of Caniapiscau.

(c) the terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the property is subject;

The property is subject to a 3% royalty, of which there is an option to purchase a 0.5% interest for \$1,500,000 which would reduce the royalty to 2.5%.

(d) all environmental liabilities to which the property is subject;

**This section is not applicable.**

(e) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailings ponds, waste deposits and important natural features and improvements; and

Historic drilling in the area of the current Penguin Lake project was largely focused at the southern end of the deposit and comprised 9 holes of a 10-hole programme completed by Quebec Cartier Mining Co. in 1961. Cartier

completed 6 of 10 drill holes in 2013 in close proximity to these historic holes, with similar geological results. MRB believes the historic data is substantially valid and hence the geological information from the historic drill holes was used to assist in the geological interpretation of the deposit. As the historic reports and logs contain no assay data, and are not considered NI43-101 compliant, the historic drill holes were not used for mineral resource grade estimation.

- (f) to the extent known, the permits that must be acquired to conduct the work proposed for the property and whether permits have been obtained;

**To the best knowledge of the Issuer, all required permits were obtained in order to conduct its exploration program at the Round Lake Property.**

- (2) Accessibility, Climate, Local Resources, Infrastructure and Physiography – Describe:

- (a) the means of access to the property;

**The Trans-Quebec-Labrador Road, which is designated as Highway #389 in Quebec and Highway #500 in Labrador, runs from Baie-Comeau (Quebec) to Fermont (Quebec), through Wabush-Labrador City (Newfoundland and Labrador), terminates in Goose Bay (Newfoundland and Labrador) and provides year round access to the area.**

**Wabush Airport (IATA: YWK, ICAO: CYWK), some 2 km northeast of Wabush, is the main airport servicing the western Labrador/north-eastern Québec region. The airport is classified in the Regional/Local category according to the National Airports Policy. Local air service is also available from the Wabush Water Aerodrome located near Wabush on Little Wabush Lake. Flights are offered from June until October. Car rentals are available at the airport.**

**Labrador City, the “sister city” of Wabush, is accessible by train via the Tshiuetin Rail Transportation Inc. railway. The railway tracks link Sept-Iles to Emeril Junction and Schefferville. The passenger train does not travel directly to Labrador City, so passengers travelling to and from Labrador City must take highway #500 to Emeril Junction, a 45-minute drive from Labrador City.**

**There is no direct all season road access to the Project; however, Highway #389 transects the central part of the Round Lake Property and is less than 1 kilometre southeast of the Project (see *Figure 2* and *Figure 3*). The Property is accessible by a winter drill road off Highway #389 at kilometre marker 464, just south of the bridge over the River Blough.**

- (b) the proximity of the property to a population centre and the nature of



transport;

See above.

- (c) to the extent relevant to the mining project, the climate and length of the operating season;

**The Fermont area and vicinity has a sub-arctic, continental taiga climate with very severe winters, typical of north-central Quebec. Winter conditions last 6 to 7 months, with heavy snow from December through April. The prevailing winds blow from the west and average 14 km per hour, based on records at the Wabush Airport. Daily average temperatures exceed 0°C for only five months per year. Daily mean temperatures for Fermont average -24.1° and -22.6°C in January and February, respectively. Snowfall in November, December, and January generally exceeds 50 cm per month and the wettest summer month is July with an average rainfall of 106.8 mm. Mean daily average temperatures in July and August are respectively, 12.4° and 11.2°C. Because of its relatively high latitude, extended day-light enhances the summer work-day period. Although winter conditions are considered harsh, drilling operations can be carried out year-round.**

- (d) the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites; and
- (e) the topography, elevation and vegetation;

**The physiography around the Round Lake Property is largely attributed to the lithologies and structures of the underlying rocks, which in turn were sculpted by glaciation. Topography is typical of sub-arctic terrain with local lake elevations of approximately 630 m. Retreating glaciation left a veneer of moraine boulder till and eskers that cover much of the local bedrock and control the drainage. The local water system empties southward to the Gulf of St. Lawrence through the Thémines and Blough River systems.**

**Lakes, swamps and grassy meadows fill bedrock and drift depressions. Most of the terrain is forested with a typical mixture of fir and tamarack, with local stands of aspen and yellow birch. Ground cover is generally in the form of grasses, caribou moss, and shrubs; the latter typically comprising willow, arctic birch, alders and Labrador tea.**

- (3) History - Describe:

- (a) the prior ownership of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known;

**Since the 1950's the area of the Project has seen limited exploration programmes completed by various companies. A compilation of all available historical geological, geophysical and drill-hole information was completed for Champion in order to help evaluate the economic potential of the claim block. Relevant information was digitized and entered into an ArcGIS project-database. The historical work pertaining to the Project, but not necessarily to the entire Round Lake Property, is summarized in the Penguin Lake Technical Report.**

- (b) if a property was acquired within the three most recently completed financial years of the Issuer or during its current financial year from, or is intended to be acquired by the Issuer from, an insider or promoter of the Issuer or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the Issuer, and the consideration paid or intended to be paid to the vendor; and

**This section is not applicable.**

- (c) to the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).

**This section is not applicable.**

- (4) Geological Setting — The regional, local and property geology.

**The Gagnon Terrane comprises the southern domain of the Paleo-Proterozoic fold and thrust belt known as the Labrador Trough, which hosts an extensive iron formation and associated sedimentary rocks. The Labrador Trough, also known as the Labrador-Quebec Fold Belt, is part of the New Quebec Orogen, and extends for more than 1,100 km along the eastern margin of the Superior craton from Ungava Bay to the Manicouagan impact crater, Quebec. The fold and thrust belt is about 100 km wide in its central part and narrows considerably to the north and south. It marks the collision between the Archean Superior Province and the Rae Province during the Hudsonian Orogeny (circa 1.82 Ga to 1.79 Ga). Rocks of the Rae Province were transported westward over the Archean Superior Province basement creating a foreland fold and thrust belt marked by a series of imbricate thrusts.**

The Labrador Trough is divided into three geological/metamorphic domains. The Southern Domain (Gagnon Terrane) is defined by the northern limit of the Grenville Orogenic Belt at approximately 53°24'00" North latitude, which is represented by the biotite metamorphic isograd. The Southern Domain encompasses Labrador Trough rocks that were metamorphosed during the Grenville Orogeny (circa 1.16 Ga to 1.13 Ga according to *Saucier et al., 2012*), which involved northward thrusting, northeast-southwest folding, abundant gabbro, anorthosite and pegmatite intrusions, and high-grade metamorphism. The metamorphism was responsible for the recrystallization of primary iron formations, producing coarse-grained sugary quartz, magnetite, and specular hematite schists that are amenable to concentration and beneficiation. The Gagnon Terrane is underlain chiefly by Archean basement-complex rocks that host isolated infolded synforms of highly deformed and metamorphosed iron formations and associated sedimentary rocks (the Sokoman Formation) that were originally deposited in the western (miogeosynclinal) part of the proto-Labrador Trough.

The Central Domain hosts regionally metamorphosed, mainly greenschist-grade, iron-formation deposits comprising Achaean, mainly sedimentary, rocks including iron formations, volcanic rocks and mafic intrusions (the Kaniapiskau Supergroup). The Kaniapiskau Supergroup is sub-divided into the Knob Lake and Doublet groups. Rocks in the Southern Domain are recognized as the metamorphosed equivalents of the Central Domain's Knob Lake Group.

The Northern Domain, north of the Leaf Bay area (58°30'00" North latitude), comprises regionally metamorphosed rocks (lower amphibolite facies), much like those of the Southern Domain.

It is believed that only one iron-formation assemblage is present throughout the region. This formation varies in thickness and appears to have underlain the greater part of the original Labrador geosyncline. The economically important succession of quartzite-slate-iron formation, and their metamorphosed equivalents, persists throughout the three Domains.

Cartier's Gagnon Holdings are underlain by the litho-tectonic Gagnon Terrane (*Brown et al., 1992*) within the Grenville Province of Western Labrador. Archean granitic and granodioritic gneisses and migmatites of the Ashuanipi Basement/Metamorphic Complex form the basement to most of the terrane and comprise white to grey, coarse-grained hornblende-epidote-biotite granitic and tonalitic gneisses. Garnetiferous amphibolites are inter-layered with the gneisses in the basement sequence.

Unconformably overlying and infolded with the basement gneisses are the metamorphosed equivalents of the Lower Proterozoic Knob Lake Group, including crystalline limestone (siliceous dolomite), glassy quartzite, silicate-carbonate quartzite, magnetite-quartz iron formation, specularite-quartz iron formation, silicate-magnetite iron formation, garnet-biotite gneiss and

**garnet-mica schist. Quartzo-feldspathic and graphite-biotite gneisses overlie the metamorphosed iron formation sequence. The platformal sedimentary rocks of the Knob Lake Group were formerly known as the Gagnon Group in the Gagnon Terrane.**

**The Knob Lake Group is a continental-margin metasedimentary sequence, consisting of pelitic schist, iron formations, quartzite, dolomitic marble, semi-pelitic gneiss and subordinate, local mafic volcanic rocks. The Knob Lake Group was deformed and subjected to metamorphism ranging from greenschist to upper amphibolite facies within a northwest-verging ductile fold and thrust belt, during the Grenville Orogeny (*Brown et al., 1992; van Gool et al., 2008*). The sequence is best exposed in the region west of Wabush Lake, extending southeast into the province of Quebec, and northeast beyond the north end of Shabogamo Lake. Intrusive rocks include pegmatites and aplite dykes, granodiorite plutons, amphibolites, gabbros and peridotite bodies.**

- (5) Exploration Information — The nature and extent of all exploration work conducted by, or on behalf of, the Issuer on the property, including:
- (a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;

**Cartier Iron’s diamond-drill program, was the first ground exploration programme completed on the Penguin Lake Project area since 1961. Magnetic inversion techniques were used to determine the geometry of the iron formation source in order to determine drill targets.**

**Logan Drilling Limited of Stewiacke, Nova Scotia were commissioned to carry out the diamond drilling to test several magnetic anomalies within the project area. Ground-supported drilling commenced on January 16<sup>th</sup>, 2013 and was completed on February 23<sup>rd</sup>, 2013 with two, skid-mounted “Ground Duralite 1000” drills carrying out the campaign.**

**Ten (10), NQ-diameter diamond-drill holes (PL13-01 to PL13-10), totalling 3,315 metres were completed at the Project. The objective of the programme was to intersect magnetite/ hematite-rich iron formation, coincident with strong magnetic-response anomalies in the area of the catalogued “Lac Pingouin Zone 1” iron occurrence (see <http://sigeom.mrnf.gouv.qc.ca/> Cogite # 23C/01-0004). The Lac Penguin occurrence has an historic mineral resource\* of 46.7 Million tonnes grading 30% FeT, estimated from the results of nine historic diamond-drill holes.**

*\*The historical Mineral Resource estimate was not calculated in accordance with National Instrument 43-101 Mineral Resources and Mineral Reserves standards, and should therefore not be relied upon. A Qualified Person has not done sufficient work to upgrade or classify these Historical Mineral Resources as current NI 43-101 compliant Mineral resources.*

**The Phase I drilling campaign intersected a total of 1600 metres of iron formation with an average grade of 29.5% FeT. A list of composite assay results from the drill programme is shown in Table 6. Selected “best” intervals include: 242 m grading 25.2% FeT from hole PL13-04; 129 m grading 34.4% FeT in hole PL13-05; 112 m of 29.4% FeT encountered in hole PL13-07, and; 300 m grading 33% FeT in hole PL13-10.**

(b) an interpretation of the exploration information;

**See above.**

(c) whether the surveys and investigations have been carried out by the Issuer or a contractor and if by a contractor, identifying the contractor; and

**See above.**

(d) a discussion of the reliability or uncertainty of the data obtained in the program.

**Mr. Abderrazak Ladidi, who is independent of Cartier Iron, and who is a Qualified Person (QP) under the terms of NI 43-101, conducted a site visit of the Penguin Lake Project on June 25<sup>th</sup>, 2013, accompanied by John Langton, a representative of Cartier Iron Corp. The on-site property visit, facilitated by all-terrain vehicle, explored the general landscape and surface features of the Property. A number of drill-sites (inactive) and outcrops were visited. It was noted that all visited drill collars were correctly labelled and reflected the azimuth and dip recorded in the logs.**

**During his visit to the area, Mr. Abderrazak also reviewed the historic drill core stored at the Cartier Iron logging and storage facility in Wabush, Newfoundland, and noted that the core on hand was securely stored and in very good condition. Core trays were well labelled, and observation suggested that the core cutting/splitting was well done. Sample tags were noted as being in place, and the tags and sampled sections corresponded to those indicated in the core logs. Twelve mineralized intervals were collected from eight diamond-drill holes by taking a quarter split of the half core remaining. These samples were subsequently independently assayed to validate Cartier Iron’s reported results. An effort was made to sample a range of grades. At no time were any employees of Cartier Iron advised as to the identification of the samples to be chosen during the visit.**

**Ms. Chrystal Kennedy (P.Geo.), a QP as defined in NI 43-101, managed the 2013 drilling programme for Cartier Iron and visited the Penguin Lake Project site numerous times.**

(6) Mineralization — The mineralization encountered on the property, the

surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.

See above.

- (7) Drilling — The type and extent of drilling including the procedures followed and an interpretation of all results.

See above.

- (8) Sampling and Analysis — The sampling and assaying including:
- (a) a description of sampling methods and the location, number, type, nature, spacing and density of samples collected;

**All drill core logging and sample preparation was conducted by qualified personnel, as required by NI 43-101 standards, at Cartier Iron's field facilities located near Highway #389 at kilometre marker 495.**

**The HQ and NQ-sized drill core was split in half and one-half of the drill core was kept in the core tray for reference purposes and the other half core was individually bagged, tagged, sealed and packed in large nylon rice bags, which were securely closed with zip-ties and placed in 45 gallon drums for transport. Samples were picked up on site by Transport Segro, as arranged by Sanmac Shipping, and then shipped to ALS Laboratories' ("ALS") Minerals facility in Sudbury, Ontario for sample preparation. For quality assurance/quality control (QA/QC) purposes, analytical "blanks" and certified reference material (CRE) "standards" were included at regular intervals in the submitted sample sequence by Cartier Iron as part of their QA/QC procedure.**

**Sample preparation at ALS included the following procedures and operations:**

- **Log sample into tracking system;**
- **Record mass of sample material received;**
- **Pulverize the sample to a particle size finer than 90% at minus 200 mesh. (excess material is stored for the client as a coarse reject).**

**The pulverized pulp samples were sent to their analytical laboratory in Vancouver, BC for analysis.**

**The split-core samples were analysed for Fe (iron) and multi-element content including CaO (calcium oxide), MgO (magnesium oxide), MnO (manganese oxide), P<sub>2</sub>O<sub>5</sub> (phosphorus oxide) and other oxides such as Al<sub>2</sub>O<sub>3</sub> (aluminum oxide). Iron content as well as other elements' content (%) was determined by X-ray fluorescence (XRF). For quality control purposes blank, duplicate**

and analytical control standards were inserted into the sample sequence by ALS as part of an internal QA/QC check.

ALS is an internationally recognized minerals testing laboratory operating in 16 countries and has an ISO 9001:2000 certification. Several of its laboratories have also been accredited to ISO 17025 standards for specific laboratory procedures by the Standards Council of Canada (SCC). ALS routinely performs assaying for junior mining companies.

It is the authors' opinion that the sample preparation, analyses and security procedures employed by Cartier Iron conform to the accepted industry standards.

- (b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;

See above.

- (c) a discussion of sample quality and whether the samples are representative of any factors that may have resulted in sample biases;

See above.

- (d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and

See above.

- (e) quality control measures and data verification procedures.

Certified Reference Materials (CRM) and blanks were inserted into the sample stream approximately every 25 samples, for QA/QC purposes. In addition, field duplicates consisting of ¼ core were collected every 25 samples, and coarse reject and pulp duplicates were prepared at the lab from every 25<sup>th</sup> sample. Blanks were placed after high-grade core samples and field duplicates were selected with a bias towards mineralized core material, rather than barren rock. There are a total of 20 QA/QC samples in every 100 core samples. Three different CRM's, GBAP-8, OREAS 44P and SCH-1, were used for the Penguin Lake Project drill programme.

The OREAS standard was developed by Ore Research & Exploration Pty Ltd., Australia, and were purchased through a Canadian Supplier. It is a composite standard produced from a range of oxidized materials including Blackwood greywacke (central Victoria), Bulong laterite (Yilgarn, Western Australia), Iron Monarch hematite ore (Whyalla, South Australia) Hilton North gossan and Mount Oxide ferruginous mudstone (Mount Isa region,

Queensland). The dominant constituent was obtained from the flank of a mineralised shear zone within Ordovician flysch sediments in the Blackwood area of central Victoria. The sedimentary succession hosting the shear zone consists predominantly of medium-grained greywackes together with subordinate interbedded siltstone and slate. Hydrothermal alteration in the vicinity of the mineralisation is indicated by the development of phyllite. The shear zone is manifested by foliated sericitic and chloritic fault gouge and goethitic quartz veins.

The GBAP-8 standard is a certified Bauxite Reference material purchased from Geostats Pty Ltd., (mining industry consultants) and certified reference material manufacture from Western Australia. It was sourced from Pulp Bauxite and was certified on 22/12/2010. This reference material was tested at 5 laboratories by XRF analyses and is tested regularly to ensure stability and homogeneity.

The SCH-1 CRM was purchased from CANMET in Ottawa. The material for reference ore SCH-1 was donated to the C.C.R.M.P. by the Iron Ore Company of Canada in 1973. The ore is from the Schefferville, Quebec, area and is composed of hematite with a mixture of unidentified hydrous oxides of iron, minor magnetite and trace pyrolusite. The gangue consists mainly of quartz with minor amounts of feldspar and traces of biotite, chlorite and amphibole.

- (9) Security of Samples — The measures taken to ensure the validity and integrity of samples taken.

See above.

- (10) Mineral Resources and Mineral Reserves — The mineral resources and mineral reserves, if any, including:
- (a) the quantity and grade or quality of each category of mineral resources and mineral reserves;
  - (b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and
  - (c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.

The Mineral Resource Estimate (MRE) reported herein refers to the Penguin Lake Project, being carried out on the Round Lake Property, and was calculated using the latest Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on



Reserve Definitions and adopted by CIM Council on Dec 11, 2005, and in effect as at the effective date of this report, May 1<sup>st</sup>, 2013.

The Mineral Resource Estimate reported herein utilized conventional statistical analysis, variography and grade interpolation via Gemcom® block modelling. Utilizing 4.0 m composites for iron (Fe), the block models, within an interpreted three-dimensional (3D) solid domain coded with the rock code, bulk density, and classified into the Measured, Indicated and Inferred categories.

The Inferred Resource estimate in this report was developed to determine whether further exploration on the Penguin Lake Property was warranted. Highlights of the estimation procedure include:

- a Gemcom database developed by MRB & Associates (MRB) was used in the estimate, using the GEMCOM down-hole survey calculations and GEMLOGGER drill-logs;
- calculations were done using the Gemcom block models software system;
- ordinary inverse distance method was used for the primary estimate;
- a block size of 20 m x 20 m x 12 m was employed;
- a bulk density of 3.30 tonnes per cubic metre was used for this estimated resource based on analytically determined densities that are equivalent to similar material being exploited by active projects in the region.

The following table presents a summary of the Resources, using ore blocks. The results indicate a natural geological cut-off to the modelled oxide iron formation near 25% Total Iron (FeT) as indicated by the minimal 0.6% of tonnes that are below the 25% FeT cut-off grade. There are no tonnes estimated below the economic cut-off grade of 15%.

**Categorized Global Mineral Resource & Cut-off Grade Sensitivity**

Cut-off Grade	Global Inferred Mineral Resource				Below Cut-off Grade			
	Tonnes	Grade			Tonnes	Grade		
		FeT%	CaO%	MgO%		FeT%	CaO%	MgO%
15%	534.8	33.1	3.1	2.8	0.0	0.0	0.0	0.0
20%	534.7	33.1	3.1	2.8	0.1	15.4	2.1	1.7
25%	531.4	33.2	3.0	2.8	3.4	23.2	4.7	3.0
30%	466.4	33.9	2.9	2.8	68.4	28.2	4.1	2.7

<sup>1</sup>Mineral Resource estimates were calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The mineral resource estimate may be materially affected by environmental, permitting,

*legal, title, taxation, socio-political, marketing, or other relevant issues. The quantity and grade of estimated Inferred Resource reported herein are uncertain and there has been insufficient exploration to categorize them as an Indicated or Measured Resource. It is uncertain if further exploration will result in reclassification of Inferred Mineral Resources to the Indicated or Measured Mineral Resource categories.*

A preliminary open pit “shell” was generated by Eugene Puritch, P. Eng. of P&E Mining Consultants (Brampton, ON) from the resource block model in order to evaluate the sensitivity of the resource to potential exploitation and report the in-pit mineral resources. Parameters specified for generating the pit shell are shown in the following table.

**Pit Shell Parameters**

Parameter	Value
FeT Price	\$1.77/dmtu (\$115/tonne conc.)
Mining (Overburden)	\$2.00/tonne mined
Mining (Ore & Waste)	\$2.50/tonne mined
Processing	\$4.60/tonne milled
Transportation Rail & Port	\$12.00/tonne conc.
G&A	\$1.50/tonne milled
Process Recovery	82%
Pit Slopes	48°
\$US / \$Cdn Exchange Rate	1.00 / 1.00

**In-pit mineral resource estimate (at a 15% FeT cut-off grade) and the sensitivity of the in-pit mineral resource estimate to 5% FeT incremental increases in cut-off grade are shown below.**

**Categorized In-Pit Mineral Resource<sup>1</sup> & Cut-Off Grade Sensitivity**

Cut-off Grade	Global Inferred Mineral Resource				Below Cut-off Grade			
	Tonnes	Grade			Tonnes	Grade		
		FeT%	CaO%	MgO%		FeT%	CaO%	MgO%
15%	531.2	33.1	3.1	2.8	0.0	0.0	0.0	0.0
20%	531.1	33.1	3.1	2.8	0.1	15.4	2.1	1.7
25%	527.8	33.2	3.0	2.8	3.4	23.2	4.7	3.0
30%	463.9	33.9	2.9	2.8	67.3	28.2	4.1	2.7

<sup>1</sup>*Mineral Resource estimates were calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM*

*Standing Committee on Reserve Definitions. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The mineral resource estimate may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The quantity and grade of estimated Inferred Resource reported herein are uncertain and there has been insufficient exploration to categorize them as an Indicated or Measured Resource. It is uncertain if further exploration will result in reclassification of Inferred Mineral Resources to the Indicated or Measured Mineral Resource categories.*

**A comparison of the In-Pit and Global Mineral Resource estimates at the 15% FeT cut-off grade demonstrates the amenability of the global mineral resource to potential exploitation by open pit mining with 99.3% of the global mineral resource estimate reporting inside the pit shell.**

- (11) Mining Operations — For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.

**This section is not applicable.**

- (12) Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

**On March 24, 2014, the Company announced it had engaged BBA Inc. of Montreal to complete a Preliminary Economic Assessment of the Penguin Lake Project. Additional work planned for the near-term at Penguin Lake includes detailed geological mapping, collection of a bulk sample and a diamond-drilling programme aimed at advancing the project towards Pre-Feasibility.**

**The Company announced on November 28, 2014 that with the responsible allocation of capital funds at the forefront of its exploration strategies, the Company was re-scoping its current PEA study in order to incorporate the forthcoming findings from the recently announced Labrador Trough rail feasibility study, which is due in late 2015. While the rail study proceeds through 2015, the Company will continue its metallurgical testwork studies and focus on base-case process flowsheet aspects for the Penguin Lake deposit, which hosts an in-pit Inferred Resource<sup>ii</sup> of 531 million tonnes grading 33% Total Iron at a 15% cut-off grade. The previously announced rail study will evaluate the technical and economic feasibility of constructing a new multi-user rail that would link mining projects in the Labrador Trough to the port at Pointe Noire in Sept-Îles, Quebec. The Quebec provincial government, through its Plan Nord Fund, is contributing up to \$20 million to the rail study.**

While the rail study proceeds through 2015, the Company will continue its metallurgical testwork studies and focus on base-case process flowsheet aspects for the Penguin Lake deposit. Metallurgical test results announced by the Company on April 28, 2015, indicate that the iron at the Penguin Lake deposit will be most efficiently liberated by a 2-stage process designed to yield iron-fines to produce a final sinter product.

The metallurgical tests were targeted towards producing a concentrate of 65% iron (Fe) and 4.5% silica (SiO<sub>2</sub>) from an average sample-grade of 30% Fe. Stage-1 gravimetric separation tests by Wilfley Table on 18 samples returned average grades of 65.3% Fe, 4.5% SiO<sub>2</sub> and 1.1% MgO. Iron concentrate of similar grade (65% Fe / <4.5% SiO<sub>2</sub>) will be sought from the second-stage regrinding and magnetic separation process. Additional tests to determine the process model for optimal second-stage iron recovery are on-going. Overall iron recoveries of >80% are targeted for the 2-stage circuit. The maximum 4.5% SiO<sub>2</sub> content for the Penguin Lake concentrate is a value imposed by the Company, guided by today's selective-market requirement for the highest-quality iron concentrate.

Further exploration programs at the Gagnon Holdings and the continued operations of the Company is dependent upon the ability of the Company to obtain adequate financing.

- 4.4 Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate).

**Not applicable.**

## **5. Selected Consolidated Financial Information**

- 5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:
- (a) net sales or total revenues;
  - (b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;
  - (c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;
  - (d) total assets;
  - (e) total long-term financial liabilities as defined in the Handbook;

- (f) cash dividends declared per share for each class of share; and
- (g) such other information as would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.

**The select annual financial information of the Company is set out below:**

	Period Ended December 31, 2014	Period Ended December 31, 2013	Period Ended December 31, 2012
Net Sales or Revenue	0	0	0
Income (total)	0	0	0
Income (per share)	0	0	0
Income (per share fully diluted)	0	0	0
Net income or loss (total)	\$(250,072)	\$(300,740)	\$(354,860)
Net income or loss (per share)	(\$0.012)	(\$0.016)	\$(0.051)
Net income or loss (per share fully diluted)	(\$0.012)	(\$0.016)	\$(0.051)
Total assets	\$4,887,309	\$3,389,188	\$1,873,956
Total long-term financial liabilities	0	0	0
Cash dividends declared per share (common shares)	0	0	0

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Net Sales or Revenue	0	0	0	0	0	0	0	0
Income (total)	0	0	0	0	0	0	0	0
Income (per share)	0	0	0	0	0	0	0	0

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Income (per share fully diluted)	0	0	0	0	0	0	0	0
Net income or loss (total)	\$(116,457)	\$(69,853)	\$(47,048)	\$(16,714)	\$486	\$(43,302)	\$(106,649)	\$(152,276)
Net income or loss (per share)	\$(0.004)	\$(0.004)	\$(0.003)	\$(0.001)	-	\$(0.002)	\$(0.006)	\$(0.003)
Net income or loss (per share fully diluted)	\$(0.004)	\$(0.004)	\$(0.003)	\$(0.001)	-	\$(0.002)	\$(0.006)	\$(0.003)

5.3 Dividends – disclose:

- (a) any restriction that could prevent the Issuer from paying dividends; and

**The Company has never paid a dividend nor made a distribution on any of its securities. Further, the Company may never achieve a level of profitability that would permit payment of dividends or making other forms of distributions to security holders. In any event, given the stage of the Company's development, it will likely be a long period of time before the Company could be in a position to pay dividends or make distributions to its shareholders. Accordingly, an investment in any of the Common Shares is only appropriate for persons with no expectation of return on such investment over the near or medium term and who understand fully the speculative nature of such investment.**

- (b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, disclose the intended change in dividend policy.

**The payment of any future dividends by the Company will be at the sole discretion of its board of directors. In this regard, the Company expects to retain its earnings to finance further growth.**

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if

- (a) the Issuer's primary financial statements have been prepared using foreign GAAP; and
- (b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

**Not applicable.**

## **6. Management's Discussion and Analysis**

### **Annual MD&A**

- 6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.
- 6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:
  - (a) operating segments that are reportable segments as those terms are used in the Handbook;
  - (b) other parts of the business if
    - (i) they have a disproportionate effect on revenues, income or cash needs; or
    - (ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;
  - (c) industry and economic factors affecting the Issuer's performance;
  - (d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and
  - (e) the effect of discontinued operations on current operations.

The annual Management Discussion and Analysis of the Company for the years ended December 31, 2014 and 2013 is dated April 30, 2015 and is set out in the attached Appendix D.

***Selected Annual Financial Information***

6.3 Provide the following financial data derived from the Issuer’s financial statements for each of the three most recently completed financial years:

- (a) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;
- (c) net income or loss, in total and on a per-share and diluted per-share basis;
- (d) total assets;
- (e) total long-term financial liabilities; and
- (f) cash dividends declared per-share for each class of share.

The table below provides a summary of selected financial information from Cartier’s annual audited financial statements for fiscal years ended December 31, 2014, 2013 and 2012.

	Period Ended December 31, 2014	Period Ended December 31, 2013	Period Ended December 31, 2012
<b>Net Sales or Total Revenues</b>	\$0	\$0	\$0
<b>Income or Loss before discontinued operations and extraordinary items</b>	\$(250,072)	\$(300,740)	\$(354,860)
<b>Income or loss per share (basic and diluted)</b>	\$(0.012)	\$(0.016)	\$(0.051)
<b>Net Income or Loss</b>	\$(250,072)	\$(300,737)	\$(354,860)
<b>Total Assets</b>	\$4,887,309	\$3,389,188	\$1,873,956
<b>Total Long-Term Financial Liabilities</b>	\$1,486,539	\$2,049,657	\$242,685
<b>Cash dividends Declared per-share for each class of share</b>	No dividends declared	No dividends declared	No dividends declared

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer’s business, and any other information the Issuer



believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

**The Company is in the exploration stage and has no revenue. As at December 31, 2008, the Company had written off its mineral resource properties. The Company actively sought mineral exploration properties in Canada and sought to raise the necessary equity financing in order to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. As a result, during 2012 the Company acquired the Borel River Property and entered into an option agreement to acquire a 65% interest in the Gagnon Holdings Properties. Also, the Company raised through private placements the necessary funds in order to finance exploration programs for the above-noted properties. The Company incurred exploration expenditures at its properties throughout 2013 and 2014 and increased its activities throughout fiscal 2013 and 2014.**

**In previous years, the Company prepared its financial statements in accordance with Canadian general accepted accounting principles (“Canadian GAAP”). The Company adopted the International Financial Reporting Standards (“IFRS”) effective January 1, 2011 and the Company’s financial statements for the year ended December 31, 2011 and 2010 and statements of financial position as at January 1, 2010 have been prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards*.**

- 6.5 Results of Operations - Discuss management’s analysis of the Issuer’s operations for the most recently completed financial year, including
- (a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;
  - (b) any other significant factors that caused changes in net sales or total revenues;
  - (c) cost of sales or gross profit;
  - (d) for issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer’s plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;
  - (e) for resource issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

- (f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;
- (g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;
- (h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;
- (i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and
- (j) unusual or infrequent events or transactions.

**The net loss for the year ended December 31, 2014 was \$250,072 as compared to a net loss of \$300,737 for the same period in 2013. The decrease is primarily attributable to a gain on the settlement of accounts payable (\$114,975 compared to Nil in the previous year).**

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

- (a) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and
- (c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Net Sales or Revenue	0	0	0	0	0	0	0	0
Income (total)	0	0	0	0	0	0	0	0
Income (per share)	0	0	0	0	0	0	0	0
Income (per share fully diluted)	0	0	0	0	0	0	0	0
Net income or loss (total)	\$(116,457)	\$(69,853)	\$(47,048)	\$(16,714)	\$486	\$(42,302)	\$(106,649)	\$(152,276)
Net income or loss (per share)	\$(0.004)	\$(0.004)	\$(0.003)	\$(0.001)	-	\$(0.002)	\$(0.006)	\$(0.003)
Net income or loss (per share fully diluted)	\$(0.004)	\$(0.004)	\$(0.003)	\$(0.001)	-	\$(0.002)	\$(0.006)	\$(0.003)

The loss for Q1 2013 reflects a decrease in the fair value of marketable securities of \$37,824. The loss for Q2 2013 reflects a decrease in the fair value of marketable securities of \$30,865. Income for Q4 2013 reflects an increase in the fair value of marketable securities of \$27,663. The loss for Q4 2104 reflects increased level of activity.

6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including

- (a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;
- (b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

- (c) its working capital requirements;
- (d) liquidity risks associated with financial instruments;
- (e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;
- (f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;
- (g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and
- (h) defaults or arrears or anticipated defaults or arrears on
  - (i) dividend payments, lease payments, interest or principal payment on debt;
  - (ii) debt covenants during the most recently completed financial year; and
  - (iii) redemption or retraction or sinking fund payments,
- (i) details on how the Issuer intends to cure the default or arrears.

**The Company is in the exploration stage and has no revenue. As at December 31, 2014, the Company had working capital of \$394,411 (2013 - working capital deficit of \$1,455,956) and for the year ended December 31, 2014, the Company incurred losses of \$250,072 (2013 - \$300,740). The working capital deficit and losses limit the Company's ability to fund operations and the acquisition, exploration and development of mineral resource properties. As a result, there is significant doubt about the Company's ability to continue as a going concern.**

**The continued operations of the Company is dependent upon the support of its creditors and 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. On January 26, 2015, the Company received \$613,898 in respect of the receivable for the Refundable Tax Credit for the year ended December 31, 2013.**

**With respect to the Gagnon Holdings, the Company must make option payments, issue common shares and incur exploration expenditures, as follows:**

	Option payments \$	Common shares	Exploration expenditures \$
Option payment due upon conditional approval from a stock exchange for the listing of the shares of the Company, common shares due upon execution of Agreement <sup>1</sup>	100,000	1,000,000	-
December 10, 2013 (paid, issued and incurred)	150,000	500,000	500,000
December 10, 2014 (issued and incurred)	-	500,000	750,000
Due on the date that the Company receives its refundable tax credit on eligible exploration expenditures incurred in Québec for the year ended December 31, 2013 (extended from December 10, 2014)(paid on January 26, 2015)	250,000	-	-
December 10, 2015	250,000	500,000	-
December 10, 2016	250,000	-	4,750,000
	1,000,000	2,500,000	6,000,000

6.8 Capital Resources - Provide an analysis of the Issuer's capital resources, including

- (a) commitments for capital expenditures as of the date of the Issuer's financial statements including
  - (i) the amount, nature and purpose of these commitments;
  - (ii) the expected source of funds to meet these commitments; and
  - (iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;
- (b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and
- (c) sources of financing that the Issuer has arranged but not yet used.

**See above.**

6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and

activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including

- (a) a description of the other contracting party(ies);
- (b) the effects of terminating the arrangement;
- (c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;
- (d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and
- (e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

**There are no off-balance sheet arrangements.**

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

**There were no related party transactions during the fiscal year ended December 31, 2014 except as set out below:**

**During the fiscal year ended December 31, 2014, the Company paid \$5,000 in consulting fees to A.S. Horvath Engineering, a company controlled by Alexander Horvath, a former director of the Company.**

**During the fiscal year ended December 31, 2013, the Company paid \$285,301 in connection with ongoing exploration at its Gagnon Holdings to MRB & Associates, a company in which John Langton, a director of the Company has an ownership interest.**

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

**The net loss the fourth quarter of 2014 reflects an increased level of activity.**

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

**There are no known proposed transactions.**

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

- (a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date,
  - (i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it;
  - (ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use;
  - (iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect; and
  - (iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and
- (b) for any accounting policies that management has initially adopted during the most recently completed financial year,
  - (i) describe the events or transactions that gave rise to the initial adoption of an accounting policy;
  - (ii) describe the accounting principle that has been adopted and the method of applying that principle;
  - (iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations;

- (iv) if the Issuer is permitted a choice among acceptable accounting principles,
  - (A) state that management made a choice among acceptable alternatives;
  - (B) identify the alternatives;
  - (C) describe why management made the choice that you did; and
  - (D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and
- (v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

**Instruction:** Management does not have to present the discussion under paragraph 6.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments,

- (a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;
- (b) describe and analyze the risks associated with the instruments;
- (c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;
- (d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and
- (e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total



amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

**Not applicable.**

**Interim MD&A**

6.15 Date - Specify the date of the interim MD&A.

**This section is not applicable.**

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include

- (a) a discussion of management's analysis of
  - (i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;
  - (ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;
  - (iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and
- (b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

**This section is not applicable.**

6.17 Additional Disclosure for Issuers without Significant Revenue:

- (a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:
  - (i) capitalized or expensed exploration and development costs;
  - (ii) expensed research and development costs;
  - (iii) deferred development costs;
  - (iv) general and administration expenses; and

- (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv)
- (b) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis.
- (c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

**This section is not applicable.**

6.18 Description of Securities:

- (a) disclose the designation and number or principal amount of:
  - (i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,
  - (ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and
  - (iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;
- (b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and
- (c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

**As at the date hereof, there are 33,334,150 Common Shares issued and outstanding.**

**The Company has authorized 3,333,415 stock options, representing 10% of the issued and outstanding common shares. The Company has no stock options granted or outstanding.**

**The Company has 4,558,821 common share purchase warrants outstanding whereby each common share purchase warrant is exercisable into one common share at price of \$0.22 , expiring on April 17, 2016, subject to an acceleration if the average closing price of the Company's common shares is greater than \$0.40 per share for 20 consecutive business days, the warrants must be exercised within 10 calender days after the Company gives notice by press release and mail to each warrant holder, failing which, the warrants will expire.**

**The Company has 158,868 common share purchase warrants outstanding whereby each common share purchase warrant is exercisable into one common share at a price of \$0.22, expiring June 29, 2016.**

**The Company has 1,943,994 common share purchase warrants outstanding whereby each common share purchase warrant is exercisable into one common share at a price of \$0.35, expiring June 29, 2016.**

6.19 Provide Breakdown:

- (a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:
  - (i) capitalized or expensed exploration and development costs,
  - (ii) expensed research and development costs,
  - (iii) deferred development costs,
  - (iv) general and administrative expenses, and
  - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-

property basis, if the Issuer's business primarily involves mining exploration and development; and

- (c) provide the disclosure in subsection (a) for the following periods:
  - (i) the two most recently completed financial years, and
  - (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

**This section is not applicable.**

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

- a) the period of time the proceeds raised are expected to fund operations;
- b) the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and
- c) the estimated amount of other material capital expenditures during that period of time.

**See above.**

6.21 Additional disclosure for Issuers with significant equity investees:

- a) if the Issuer has a significant equity investee
  - (i) summarized information as to the assets, liabilities and results of operations of the equity investee, and
  - (ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and
- (b) provide the disclosure in subsection (a) for the following periods
  - (i) the two most recently completed financial years, and

- (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

- (i) the information required under that subsection has been disclosed in the financial statements included, or
- (ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b)

**Not applicable.**

## **7. Market for Securities**

- 7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

**The Issuer's securities are listed for trading on the Canadian Securities Exchange under the symbol CFE.**

## **8. Consolidated Capitalization**

- 8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

**There have been changes to the Share Capital of the Company as noted in Section 3.1 above.**

## **9. Options to Purchase Securities**

- 9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by
- (a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;
  - (b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each

case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;

- (c) all other employees and past employees of the Issuer as a group, without naming them;
- (d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;
- (e) all consultants of the Issuer as a group, without naming them; and
- (f) any other person or company, including the underwriter, naming each person or company.

**As of the date hereof, there are no outstanding stock options to purchase Common Shares of the Issuer.**

**As of the date hereof, the Company has 4,558,821 common share purchase warrants outstanding whereby each common share purchase warrant is exercisable into one common share at price of \$0.22 , expiring on April 17, 2016, subject to an acceleration if the average closing price of the Company's common shares is greater than \$0.40 per share for 20 consecutive business days, the warrants must be exercised within 10 calender days after the Company gives notice by press release and mail to each warrant holder, failing which, the warrants will expire.**

**The Company also has 158,868 common share purchase warrants outstanding whereby each common share purchase warrant is exercisable into one common share at a price of \$0.22, expiring June 29, 2016.**

**The Company also has 1,943,994 common share purchase warrants outstanding whereby each common share purchase warrant is exercisable into one common share at a price of \$0.35, expiring June 29, 2016.**

## **10. Description of the Securities**

10.1 General - State the description or the designation each class of equity securities and describe all material attributes and characteristics, including

- (a) dividend rights;
- (b) voting rights;
- (c) rights upon dissolution or winding-up;

- (d) pre-emptive rights;
- (e) conversion or exchange rights;
- (f) redemption, retraction, purchase for cancellation or surrender provisions;
- (g) sinking or purchase fund provisions;
- (h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
- (i) provisions requiring a securityholder to contribute additional capital.

**The Issuer is authorized to issue an unlimited number of common shares (hereinafter referred to as the “Common Shares”) and an unlimited number of Class A preferred shares (hereinafter referred to as the “Class A Preferred Shares”), each with the following features:**

#### **Common Shares**

**The holders of the Common Shares, subject to the prior rights of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the board of directors of the Company may by resolution determine.**

**The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the Shareholders of the Company.**

**In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights of any other class of shares of the Company, the remaining property and assets of the Company.**

#### **Class A Preferred Shares**

**The holders of Class A Preferred Shares are entitled to non-cumulative, preferential dividends at the rate of not less than \$0.05 per share.**

**The holders of Class A Preferred Shares are entitled to receive notice of and to attend and vote at meetings of shareholders of the Company.**

**In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Class A Preferred Shares are entitled to receive \$1.00 per share together with all dividends declared and unpaid.**

**The Class A Preferred Shares rank in priority to all other shares.**

**The Company may, at any time, purchase for cancellation the whole or any part of the Class A Preferred Shares at an amount equal to the then current fair market value of such shares.**

**The Class A Preferred Shares are redeemable at any time on a not less than 30-day notice at the amount paid thereon together with all dividends declared and unpaid.**

**The Class A Preferred Shares may be converted into fully paid Common Shares on the basis of ten (10) Common Shares for each Class A Preferred Shares.**

10.2 Debt Securities – If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including

- (a) provisions for interest rate, maturity, and premium, if any;
- (b) conversion or exchange rights;
- (c) redemption, retraction, purchase for cancellation or surrender provisions;
- (d) sinking or purchase fund provisions;
- (e) the nature and priority of any security for debt securities, briefly identifying the principal properties subject to lien or charge;
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;
- (g) the name of the trustee under any indenture relating to the Issuer; and
- (h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness..

**Not applicable.**

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.



**Not applicable.**

10.5 Modification of terms:

- (a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and
- (b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

**Not applicable.**

10.6 Other attributes:

- (a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and
- (b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

**Not applicable.**

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

**In the previous 12 months the Company completed equity financings and issued securities on the terms disclosed in Section 3.1 above.**

10.8 Stock Exchange Price

- (a) If shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs.
- (b) If shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs.

- (c) Information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

**The Common Shares commenced trading on January 29, 2013. The monthly price ranges and volumes for 2013 and 2014 are as follows:**

**2014 Trading Price Ranges and Volumes**

Month	High	Low	Monthly Volume	Quarterly Volume
January	\$0.25	\$0.15	848,562	1,658,912
February	\$0.275	\$0.21	497,450	
March	\$0.245	\$0.19	312,900	
April	\$0.22	\$0.175	63,537	1,232,110
May	\$0.20	\$0.175	103,548	
June	\$0.25	\$0.18	1,065,025	
July	\$0.25	\$0.19	352,433	2,309,068
August	\$0.225	\$0.18	962,193	
September	\$0.215	\$0.19	994,442	
October	\$0.20	\$0.17	298,576	641,623
November	\$0.18	\$0.155	279,974	
December	\$0.18	\$0.15	63,073	

**2013 Trading Price Ranges and Volumes**

Month	High	Low	Monthly Volume	Quarterly Volume
January	\$0.25	\$0.25	32,500	268,440
February	\$0.26	\$0.15	190,734	
March	\$0.20	\$0.10	45,206	
April	\$0.15	\$0.15	2,000	221,125
May	\$0.15	\$0.15	Nil	
June	\$0.20	\$0.09	219,125	
July	\$0.09	\$0.09	101,000	177,613
August	\$0.15	\$0.10	41,672	
September	\$0.10	\$0.05	34,941	
October	\$0.10	\$0.07	116,157	675,477
November	\$0.10	\$0.07	503,420	
December	\$0.15	\$0.10	55,900	

**11. Escrowed Securities**

- 11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to

a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

**No Securities are subject to escrow requirements.**

## **12. Principal Shareholders**

- 12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:
- (a) Name.
  - (b) The number or amount of securities owned of the class to be listed
  - (c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only.
  - (d) The percentages of each class of securities known by the Issuer to be owned.
- (2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.
- (3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.
- (4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.
- (5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

To the knowledge of the Company, as of the date of this Listing Statement no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to the Company's Common Shares other than:

Name of Shareholder	Number of Shares	Percentage of Issued and Outstanding
Champion Iron Mines Limited	11,019,971 Common Shares	33%

### 13. Directors and Officers

- 13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.
- 13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

Name and Municipality of Residence	Position with the Company	Principal Occupation for the Previous Five Years
Thomas Larsen Burlington, Ontario	Director since September 24, 2014. Chief Executive Officer since September 24, 2014.	Chief Executive Officer of the Company (since September 2014), Champion Iron Mines Limited (from 2006 to 2014) and Eoro Resources Ltd. (since 1997) (all resource exploration corporations).
Miles Nagamatsu Toronto, Ontario	Chief Financial Officer since April 15, 1997 Director of the Company from 1998 until 2014	Chief Financial Officer of the Company, Eoro Resources Ltd. since 1997, Champion Iron Limited (formerly Champion Iron Mines Limited) since 2006, PC Gold Inc. from 2008 to 2012, Essex Oil Ltd. since 2008. (all resource exploration corporations).
John Langton Val d'Or, Quebec	Director since July 3, 2011 President since July 9, 2013 and formerly Vice-President, Exploration since December 12, 2012	Professional Geologist, President of the Company. Co-owner of MRB & Associates (a geological consulting firm) since 2010, President of Eoro Resources Ltd. since April 2015 (a resource exploration corporation).

Name and Municipality of Residence	Position with the Company	Principal Occupation for the Previous Five Years
Jorge Estepa Brampton, Ontario	Secretary since June 24, 1997 and Vice-President since April 4, 1997	Vice-President and Secretary of the Company, Champion Iron Limited (formerly Champion Iron Mines Limited) since 2006, of Eoro Resources Ltd. since 1997, and Secretary of Forsys Metals Corp. since 2004 ( <i>all resource exploration corporations</i> ).
Marcus A. Moser Willen, Switzerland	Director since January 10, 2013	Managing Director and Founder of two Swiss and German based private capital corporate entities.
Gary Lawler Drummoyne, NSW, Australia	Director since June 30, 2014	Lawyer. Former senior partner at the legal firm Ashurst Australia (until July 1, 2014).
Michel Gagnon Verdun, Quebec	Director since October 23, 2014	Business Executive currently developing a large energy project in Quebec. Prior to November 2012, employed for over 20 years by Aluminiere Alouette Inc., reaching the position of Vice President, Finance and Business Development and Corporate Secretary.
Francis Sauve Tilbury, Ontario	Director since June 30, 2014	Entrepreneur.

Note: Directors are elected annually by the Company's shareholders and their term is not limited.

- 13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

**The directors and executive officers of the Corporation as a group, beneficially own, directly or indirectly, or exercise control or direction over a total of 6,698,022 Common Shares representing approximately 20.09% of the issued and outstanding Common Shares as of the date of this Listing Statement.**

- 13.4 Disclose the board committees of the Issuer and identify the members of each committee.

#### **Audit Committee**

**The board of directors of the Company has an Audit Committee. The Audit Committee supervises the adequacy of internal accounting controls and financial reporting practices and procedures and the quality and integrity of audited and unaudited financial statements, including through discussions with external auditors. The Audit Committee is comprised of three (3) or more members of the board of directors, although there is currently one vacancy in the committee. The Audit Committee is responsible for reviewing the audited financial statements and meeting with the Company's management and auditors for purposes of reviewing the Company's audited financial statements, and assessing the adequacy**

of internal control procedures and management information systems. The Audit Committee also reviews the Company's quarterly unaudited interim financial statements. The Audit Committee is scheduled to meet at least four (4) times a year and otherwise as frequently and at such intervals as it determines is necessary to carry out its duties and responsibilities, including meeting separately with the external auditors.

The Audit Committee consists of Michel Gagnon, Francis Sauve and Marcus Moser, all of whom are financially literate. They are all considered independent within the meaning of Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110").

- 13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

Name and Municipality of Residence	Principal Occupation
Thomas Larsen Burlington, Ontario	Chief Executive Officer of the Company and of Cartier Iron Corporation and Eoro Resources Ltd.
Miles Nagamatsu Toronto, Ontario	Chief Financial Officer of the Company, Champion Iron Limited, Eoro Resources Ltd., and Essex Oil Ltd.
John Langton Val d'Or, Quebec	Professional Geologist, Independent consultant and co-owner of MRB & Associates ( <i>a geological consulting firm</i> ). President of the Company and of Eoro Resources Ltd.
Jorge Estepa, Brampton, Ontario	Vice-President and Secretary of the Company, Champion Iron Limited and of Eoro Resources Ltd., Corporate Secretary of Forsys Metals Corp.
Gary Lawler Drummoyne, NSW, Australia	Lawyer.
Marcus Moser Wilten, Switzerland	Managing Director and Founder of two Swiss and German based private capital corporate entities.
Michel Gagnon Verdun, Quebec	Business Executive
Francis Sauve Tilbury, Ontario	Entrepreneur.

- 13.6 If a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity,
- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe

the basis on which the order was made and whether the order is still in effect;

- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

**Miles Nagamatsu is a director and officer of Essex Oil Ltd (“Essex”). On January 14, 2011, Randsburg International Gold Corp. (“Randsburg”) purported to appoint an unlicensed privately-appointed receiver over the assets of Essex pursuant to a general security agreement granted to Randsburg in respect of a loan of \$125,000 plus accrued interest. On January 28, 2011, Essex advised Randsburg that its attempted appointment of a receiver contravened section 243(4) of the *Bankruptcy and Insolvency Act (Canada)* which provides that only a licensed trustee may be appointed as a receiver pursuant to the terms of a security agreement. On February 10, 2011, Randsburg purported to appoint a licensed trustee as a privately-appointed receiver over the assets of Essex. Essex is taking steps to refute the efforts by Randsburg. Essex continues to retain possession of its assets.**

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

**To the knowledge of the Company, no director or officer of the Company (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) since December 31, 2000, has entered into a settlement agreement with a securities regulatory authority or, before January 1, 2001, entered into a settlement agreement with a securities regulatory authority which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director; or (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.**

- 13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

**Not applicable.**

- 13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

**To the knowledge of the Company, no director or officer has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.**

- 13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

**There are no existing or potential material conflicts of interest between the Issuer and any of its directors or officers.**

- 13.11 Management — In addition to the above provide the following information for each member of management:



- (a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background,
- (b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer,
- (c) state whether the individual is an employee or independent contractor of the Issuer,
- (d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:
  - (i) its name and principal business;
  - (ii) if applicable, that the organization was an affiliate of the Issuer;
  - (iii) positions held by the individual; and
  - (iv) whether it is still carrying on business, if known to the individual;
- (e) describe the individual's experience in the Issuer's industry; and
- (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

***Thomas Larsen, 60, is a business executive with over 30 years of experience in the investment industry, specializing in corporate finance and management of junior resource companies, raising in excess of \$150 million. Prior to his appointment as Chief Executive Officer of the Company, Mr. Larsen held the position of President and Chief Executive Officer of Champion Iron Limited, an appointment he assumed on the completion of the merger of Australian-based Mamba Minerals Ltd. and TSX-listed Champion Iron Mines Limited to continue as Champion Iron Limited effective April 1, 2014. Prior to that merger he was President and Chief Executive Officer of Champion Iron Mines Limited, now a wholly-owned subsidiary of Champion Iron Limited. Mr. Larsen has also been the Chief Executive Officer of the Eoro Resources Ltd. since 1997 (a junior exploration company listed on the TSX Venture Exchange). Mr. Larsen was previously the President and Chief Executive Officer of the Company from 2003 until 2012. Mr. Larsen, as a Director and Chief Executive Officer of the Company, devotes approximately 50% of his working time to the affairs of the Company. He has not entered into a non-competition agreement with the Company.***

***Miles Nagamatsu, 59, is a chartered accountant with over 30 years of professional experience in accounting, management, lending,***

restructurings and turnarounds. Mr. Nagamatsu currently is and has acted as a Chief Financial Officer of public and private companies primarily in the mineral exploration and investment management sectors. Accordingly, he is and has been the Chief Financial Officer of the Issuer, of Eloro Resources Ltd. since 1997 (a junior exploration company listed on the TSX Venture Exchange), Champion Iron Limited (formerly Champion Iron Mines Limited) since 2006 (a mineral exploration company listed on the Toronto Stock Exchange), PC Gold Inc. from 2008 to 2012 (a junior exploration company listed on the Toronto Stock Exchange) and Essex Oil Ltd. since 2008 (a junior natural resources company listed on CNSX). Mr. Nagamatsu was also the Chief Financial Officer of NFX Gold Inc. (renamed Bear Lake Gold Ltd.) from 1997 to 2008 (a junior exploration company listed on TSX Venture Exchange), Randsburg International Gold Corp. from 2007 to 2009 (a exploration company listed on the TSX Venture Exchange), Delta Uranium Inc. from 2008 to 2009 (a junior exploration company listed on the TSX Venture Exchange) and Forsys Metals Corp. from 2004 to 2008 (a public company listed on the Toronto Stock Exchange). Mr. Nagamatsu, as a Director and Chief Financial Officer of the Company, devotes approximately 25% of his working time to the affairs of the Company. He has not entered into a non-competition agreement with the Company.

*John Langton*, 55, is a professional geologist. Mr. Langton is and has been the co-owner of MRB & Associates (a geological consulting firm) since 2010. He holds the title of President of Cartier Iron Corporation and is also President of Eloro Resources Ltd. (April 2015) (formerly Vice President, Exploration from 2008 until 2014) and was the Vice-President, Exploration of NFX Gold Inc. (renamed Bear Lake Gold Ltd.) from 2008 to 2009. Prior to 2008, Mr. Langton was employed as an Assistant Regional Geologist with the Government of New Brunswick. Mr. Langton, as a Director and [Vice-President, Exploration] of the Company, devotes approximately 25% of his working time to the affairs of the Company. He has not entered into a non-competition agreement with the Company. Mr. Langton provides his services to the Company as an independent contractor.

*Jorge Estepa*, 47, is a University of Toronto graduate who has over 20 years experience with publicly traded companies, serving in both investor relations and corporate administrative and development capacities. Mr. Estepa currently holds the title of Vice-President and Secretary-Treasurer of the Issuer, and of Eloro Resources Ltd. since 1997 and of Champion Iron Limited (formerly Champion Iron Mines Limited) since 2006. Mr. Estepa is also Secretary-Treasurer of Forsys Metals Corp since 2004 and was the Vice-President and Secretary-Treasurer of NFX Gold Inc. from 1996 to 2008. Mr. Estepa, as Vice-President and Secretary of the Company, devotes approximately 40% of his working time to the affairs of the Company. He has not entered into a non-competition agreement with the Company.

## 14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

**Only the Common Shares are listed.**

### Issued Capital

	<b><u>Number of Securities (non-diluted)</u></b>	<b><u>Number of Securities (fully-diluted)</u></b>	<b><u>% of Issued (non-diluted)</u></b>	<b><u>% of Issued (fully diluted)</u></b>
<u>Public Float</u> Total outstanding (A)	33,344,150	40,505,833	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	17,717,993	20,806,228	53.1%	51.3%
Total Public Float (A-B)	15,626,157	19,669,605	46.9%	48.7%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	11,019,971	14,108,206	33.1%	36.5%
Total Tradeable Float (A-C)	22,324,179	26,397,627	66.9%	63.6%

## Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

**NOTE: Information below is extrapolated from REGISTERED shareholder list dated April 28, 2015.**

### **Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	<u>31</u>	<u>886</u>
100 – 499 securities	<u>18</u>	<u>4,677</u>
500 – 999 securities	<u>5</u>	<u>3,390</u>
1,000 – 1,999 securities	<u>13</u>	<u>18,422</u>
2,000 – 2,999 securities	<u>8</u>	<u>19,725</u>
3,000 – 3,999 securities	<u>4</u>	<u>13,875</u>
4,000 – 4,999 securities	<u>2</u>	<u>9,375</u>
5,000 or more securities	<u>49</u>	<u>7,139,565</u>
	<u>                    </u>	<u>                    </u>

## Public Securityholders (Beneficial)

**Instruction:** Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

**NOTE:** Information below is extrapolated from the Company's registered shareholder list dated April 28, 2015 and the Company's most recent Broadridge CANADA NOBO list dated May 30, 2014.

### **Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	<u>128</u>	<u>4,639</u>
100 – 499 securities	<u>115</u>	<u>25,645</u>
500 – 999 securities	<u>27</u>	<u>17,401</u>
1,000 – 1,999 securities	<u>25</u>	<u>35,105</u>
2,000 – 2,999 securities	<u>17</u>	<u>40,915</u>
3,000 – 3,999 securities	<u>7</u>	<u>24,858</u>
4,000 – 4,999 securities	<u>2</u>	<u>9,375</u>
5,000 or more securities	<u>81</u>	<u>9,468,553</u>
Unable to confirm	<u>Unknown</u>	<u>5,999,666</u>

## Non-Public Securityholders (Registered)

**Instruction:** For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

### **Class of Security**

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	9	17,717,993

- 14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

**As of the date hereof, there are no outstanding securities convertible or exchangeable into Common Shares with the exception of common share purchase warrants described below:**

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of warrants</b>
<b>\$0.22 (note)</b>	<b>April 17, 2016</b>	<b>4,558,821</b>
<b>\$0.22</b>	<b>June 29, 2016</b>	<b>158,868</b>
<b>\$0.35</b>	<b>June 29, 2016</b>	<b>1,943,994</b>
		<b>6,661,683</b>

**Note:** If the average closing price of the Company's common shares is greater than \$0.40 per share for 20 consecutive business days, the warrants must be exercised within 10 calendar days (or such longer period as the Company may provide) after the Company gives notice by press release and mail to each warrant holder, failing which, the warrants will expire.

- 14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

**The Company's stock option plan was approved by the shareholders on June 29, 2007. The stock option plan provides that the board of directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company or any subsidiary of the Company, the option to purchase Common Shares. The stock option plan provides for a maximum limit of 10% of the number of Common Shares outstanding from time to time.**

**The number of Common Shares reserved for any one person during any 12-month period may not exceed 5% of the outstanding Common Shares. The board of directors determines the price per Common Share and the number of Common Shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to applicable securities exchange rules regarding minimum exercise price.**

**Options may be exercisable for up to five years from the date of grant, but the board of directors has the discretion to grant options that are exercisable for a shorter period. Options granted under the stock option plan do not require vesting provisions, although the board of directors may attach a vesting period or periods to individual grants as it deems appropriate. Options under the stock option plan are non-assignable and non-transferable. If, prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the stock options must be exercised within 30 days of termination of employment or cessation of position with the Company, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option must be exercised within six months, subject to the expiry date.**

**As of the date of this Listing Statement, there are 3,334,415 Common Shares available to be granted under the stock option plan and no stock options are outstanding.**

## **15. Executive Compensation**

- 15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

Name and principal position	Year	Salary <sup>(3)</sup> (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
John Langton President <sup>(5)</sup>	2014	15,000 <sup>(6)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	15,000 <sup>(6)</sup>
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Thomas Larsen CEO <sup>(4)</sup>	2014	30,000 <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	30,000 <sup>(6)</sup>
	2013	N/A	Nil	Nil	Nil	Nil	Nil	Nil	N/A
	2012	48,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	48,000 <sup>(1)</sup>
Miles Nagamatsu CFO	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	60,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	60,000 <sup>(2)</sup>

Notes:

- (1) Paid to a corporation controlled by Thomas Larsen.
- (2) Paid to a corporation controlled by Miles Nagamatsu.
- (3) Compensation was awarded as consulting fees under a contractual agreement with the NEO. There are currently no contractual agreements for services with any NEO's.
- (4) Resigned as a Director and President and Chief Executive Officer effective May 29, 2012. Re-appointed as a Director and Chief Executive Officer effective September 24, 2014.
- (5) Appointed President effective July 9, 2013.
- (6) Accrued as consulting fees. Total remains unpaid.

**It is not the Company's plan to make any material changes to the compensation of its executives.**

## 16. Indebtedness of Directors and Executive Officers

### 16.1 Aggregate Indebtedness

**No officer or director has been indebted to the Company at any time during the most recently completed financial year or is currently indebted to the Company.**

AGGREGATE INDEBTEDNESS (\$)					
Purpose	To the Issuer or its Subsidiaries	To Another Entity			
	(a)	(b)	(c)		
Share purchases	<b>Not applicable</b>				
Other					



(1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:

- (a) a purchase of securities; and
- (b) all other indebtedness.

(2) Report separately the indebtedness to:

- (a) the Issuer or any of its subsidiaries (column (b)); and
- (b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries (column (c)),

of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

(2) “Support agreement” includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

**Not applicable.**

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS						
Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Most Recently Completed Financial Year] (\$)	Amount Outstanding as at [the date of the Form] (\$)	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year] (#)	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year] (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Securities Purchase Programs</b>						
<b>Other Programs</b>						

- (1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of any such director, executive officer or proposed nominee,
- (a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or
  - (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

- (3) Note the following:

Column (a) – disclose the name and principal position of the borrower. If the borrower was, during the year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) – disclose whether the Issuer or a subsidiary of the Issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column (c) – disclose the largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year.

Column (d) – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column (e) – disclose separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (security purchase programs only).

Column (f) – disclose the security for the indebtedness, if any, provided to the Issuer, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the last completed financial year.

- (3) Supplement the above table with a summary discussion of:
- (a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including:
    - (i) the nature of the transaction in which the indebtedness was incurred,
    - (ii) the rate of interest,
    - (iii) the term to maturity,
    - (iv) any understanding, agreement or intention to limit recourse, and
    - (v) any security for the indebtedness;
  - (b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and
  - (c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

## 17. Risk Factors

- 17.1 Describe the risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be most likely to influence an investor's decision to purchase securities of the Issuer.

**The risks associated with the mineral exploration business are numerous. Certain of them are described below. Additional risks that are not yet identified or that Northfield believes are immaterial may also impair the Issuer's business operations. The Issuer's business, operating results and financial condition could be adversely affected by any of the following risks:**

**Nature of the Issuer's Business: It is not anticipated that the Issuer will earn income from ongoing operations; those operations are aimed at the discovery and development of mineral deposits for economic value.**

There is no assurance that any mineral deposits having economic value will be discovered or, if discovered, will be sufficient to sustain feasible mining activities or profitable operations.

**Capital Needs:** The exploration, development, mining and processing of the Issuer's properties will require substantial additional financing. The only current sources of future funds available to the Issuer are the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Issuer or that it will be obtained on terms favourable to the Issuer or will provide the Issuer with sufficient funds to meet its objectives, which may adversely affect the Issuer's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Issuer properties or even a loss of property interests.

**Additional Funds for Future Exploration and Development, Dilution:** As a mineral exploration company, the Issuer does not generate cash flow from its activities and it must rely primarily on issuances of its securities or the borrowing of funds to finance its operations. The exploration and development of the mineral properties will require substantial funds beyond those it has and there is no assurance that such additional funds will be available to the Issuer on commercially reasonable terms or in sufficient amounts to allow the Issuer to continue to pursue its objectives. The inability of the Issuer to raise further funds, whether through additional equity issuances or by other means, could result in delays or the indefinite postponement of planned exploration, development or production activities or, in certain circumstances, the loss of some or all of its property interests or cessation of all exploration, development and mining activities. The occurrence of any of these events could have a material adverse effect upon the Issuer and the value of its securities. If additional financing is raised by the issuance of additional shares from the treasury of the Issuer, holders of shares previously issued by the Issuer will suffer immediate dilution and the Issuer may experience a change of control.

**Resource Exploration:** Resource exploration and development is a speculative business involving significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial gains, few properties which are explored are ultimately developed into producing mines. There is no assurance that any of the mineral properties currently held by Cartier, or any other mineral properties which may be explored by the Issuer contain ore bodies or may be developed into producing mines. Nor is there any assurance that if such properties contain such ore bodies that the Issuer will be able to discover and develop them. The extraction of metals and minerals from ore involves complicated metallurgical processes and recovery rates and costs can

vary; there is no assurance that ore bodies, if discovered, will be able to be mined economically or successfully.

**Aboriginal Land Claims and Aboriginal Rights:** The Issuer's properties and mineral exploration claims may, in the future, be the subject of aboriginal peoples' land claims or aboriginal rights claims. The legal basis of an aboriginal land claim and aboriginal rights is a matter of considerable legal complexity and the impact of the assertion of such a claim, or the possible effect of a settlement of such claim upon the Issuer cannot be predicted with any degree of certainty at this time. In addition, no assurance can be given that any recognition of aboriginal rights or claims whether by way of a negotiated settlement or by judicial pronouncement (or through the grant of an injunction prohibiting mineral exploration or mining activity pending resolution of any such claim) would not delay or even prevent the Issuer's exploration, development or mining activities.

**Land Title:** Although the Issuer has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties, including, without limitation, aboriginal peoples, may have valid claims against the Issuer properties.

**Environmental Liabilities:** Pre-existing environmental liabilities may exist on the properties in which the Issuer currently holds an interest or on properties that may be subsequently acquired by the Issuer which are unknown to the Issuer and which have been caused by previous or existing owners or operators of the properties. Exploration activities may also have environmental impacts and may cause environmental liabilities. In any such events, the Issuer may be required to remediate these properties and the costs of such work could have an adverse effect upon the Issuer and the value of its securities.

**Industry Conditions:** The mineral exploration and mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market would exist for the sale of same. The Issuer will compete with corporations and other business entities which are better financed and have better access to capital than the Issuer; there is no assurance that the Issuer will be able to successfully compete against such other corporations and entities for capital or for properties. Mineral exploration properties are sometimes subject to land claims by aboriginal peoples. There is no assurance that such claims, if asserted, can be satisfactorily resolved on an economic or timely basis.

**Uninsured hazards:** Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. Mineral exploration and mining activities are also subject to environmental risks.

The Issuer may become subject to liability for pollution or other hazards which cannot be insured against or against which the Issuer may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in a loss of the Issuer's assets or the insolvency of the Issuer.

**Future Financing:** Completion of future programs may require additional financing which may dilute the interests of existing shareholders. The Issuer will be dependent on additional financing through the sale of shares to undertake its exploration programs. Furthermore, there can be no assurances that any such additional financing, whether by way of debt or equity, would be forthcoming when required, on reasonable terms or at all.

**Surface Access Rights:** The Issuer does not have any surface access rights to the lands comprising the Issuer's properties and mineral exploration claims, and will be required to obtain all necessary permits prior to carrying out any exploration activities. Accordingly, the Issuer may be unable to access its properties and mineral exploration claims to carry out the exploration work described herein.

**Uncertainty in the Calculation of Deposits:** There are numerous uncertainties inherent in exploring for and assessing and evaluating mineral deposits, many of which are beyond the Issuer's control. Although the exploratory and sampling results disclosed herein have been undertaken by qualified experts, these figures in and of themselves can provide no assurance that an economic mineral deposit will be discovered on the Issuer's properties. In addition, there can be no assurance that mineral recoveries in small scale laboratory tests will be duplicated in large tests, under on-site conditions or during production. Further, even in the event that mineral deposits are identified on the Issuer's properties, there can be no assurance that they will ever be capable of being commercialized.

**Investment Returns:** The Issuer has never paid a dividend nor made a distribution on any of its securities. Further, the Issuer may never achieve a level of profitability that would permit payment of dividends or making other forms of distribution to securityholders. In any event, given the stage of the Issuer's development, it will likely be a long period of time before the Issuer could be in a position to make dividends or distributions to its investors. Accordingly, an investment in any of the common shares is only appropriate for persons with no expectation of return on such investment over the near or medium term and who understand fully the speculative nature of such investment. The payment of any future dividends by the Issuer will be at the sole discretion of its board of directors. In this regard, the Issuer currently intends to retain all available funds to finance the expansion of its business and does not anticipate paying dividends in the foreseeable future.

**Foreign Exchange Risk:** The commodity markets are international with general pricing determined in various trading centres and commodity exchanges, which prices may be denominated in foreign currency (typically, at this time, US dollars). If mineral products and metals are produced from any of the Issuer's properties, the Company may enter into spot and forward agreements for the sale of its production denominated in foreign currency and become exposed to foreign currency fluctuations relative to the Canadian dollar which may affect its financial results.

**Management Conflicts:** Certain proposed directors and officers of the Issuer are also directors and officers of other natural resource companies. Conflicts may arise between the obligations of such directors and officers to the Issuer and to the other natural resource companies. Directors and officers would be required pursuant to applicable corporate law to disclose any conflicts and directors would be required to abstain from voting in respect thereof.

**Key Employees:** Management of the Issuer will rest on a few key officers, the loss of any of whom can have a detrimental effect on the Issuer's operations. The Issuer will not be maintaining key man insurance.

- 17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.
- 17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

## **18. Promoters**

- 18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer state
- (a) the person or company's name;
  - (b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;

- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and
- (d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter
  - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
  - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and
  - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

**There are no promoters of the Issuer.**

- 18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any person or company that
- a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
  - b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

- (2) For the purposes of section 18.2 (1), "order" means:
- a) a cease trade order;
  - b) an order similar to a cease trade order; or
  - c) an order that denied the relevant person or company access to any



exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

- (3) If a promoter referred to in section 18.2 (1):
  - a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
  - b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.
- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:
  - a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or
  - b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.
- (5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

**Not applicable.**

## **19. Legal Proceedings**

- 19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is

the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**The Issuer is not a party to any material legal proceedings.**

19.2 Regulatory actions - Describe any:

- (a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;
- (b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- (c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

**There are no regulatory actions against the Issuer.**

## **20. Interest of Management and Others in Material Transactions**

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

- (a) any director or executive officer of the Issuer;
- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

**The Company had entered into a consulting contract to obtain the services of its Chief Financial Officer. Annual compensation of \$72,000 was payable to Marlborough Management Limited, a company controlled by Miles Nagamatsu for his services provided to the Company. On October 31, 2012, the consulting contract with Marlborough Management Limited was terminated by mutual consent. On December 10, 2012, Marlborough Management Limited and the Company completed a “shares**

for debt” transaction at a deemed value of \$0.25 per share which eliminated \$430,000 of debt owed to the above-noted corporation, representing the full amount owed to the corporation.

Also, the Company had entered into a consulting contract to obtain the services of Jorge Estepa as Vice President and Secretary. Annual compensation of \$72,000 was payable to J. Estepa Consulting Inc., a company controlled by Jorge Estepa for his services provided to the Company. On October 31, 2012, the consulting contract with J. Estepa Consulting Inc. was terminated by mutual consent. On December 10, 2012, J. Estepa Consulting Inc. and the Company completed a “shares for debt” transaction at a deemed value of \$0.25 per share which eliminated \$430,000 of debt owed to the above-noted corporation, representing the full amount owed to the corporation.

Also, the Company had entered into a consulting contract to obtain the services of its then former President and Chief Executive Officer, Thomas Larsen. The contract was renewed on an annual basis. Annual compensation of \$96,000 was payable to 847785 Ontario Ltd., a company controlled by Thomas Larsen. Mr. Larsen resigned effective May 29, 2012. On December 10, 2012, 847785 Ontario Ltd. and the Company completed a “shares for debt” transaction at a deemed value of \$0.25 per share which eliminated \$542,000 of debt owed to the above-noted corporation, representing the full amount owed to the corporation.

The Company entered into a number of transactions with Champion Iron Mines Limited, including: i) an option and joint venture agreement described in Section 3.2 (2)(g) above ii) a concurrent private placement of 2,000,000 Common Shares issued at \$0.25 per share described in Section 8.1 above iii) a concurrent shares for debt transaction resulting in the issuance of 568,000 Common Shares issued at a deemed price of \$0.25 per share as described in Section 10.7 above iv) a concurrent Pre-emptive Rights Agreement as described in Section 22.1 below, and v) a Board of Directors Representation and Standstill Agreement described in section 22.1 below. vi) a shares for debt transaction resulting in the issuance of 6,176,471 units consisting of one common shares and one-half warrant, with each whole warrant entitling Champion Iron Mines Limited to purchase one common share of the Company for \$0.22 until April 17, 2016 as described in Section 3.1 above.

## **21. Auditors, Transfer Agents and Registrars**

### **21.1 State the name and address of the auditor of the Issuer.**

The auditors of the Issuer are Collins Barrow Toronto LLP, Chartered Accountants, located at Collins Barrow Place, 11 King Street West, Suite 700, Box 27, Toronto, Ontario M5H 4C7.

- 21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

**The Transfer Agent and Registrar of the Company is TMX Equity Transfer Services and its address is 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1.**

## **22. Material Contracts**

- 22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

**The Issuer has not entered into any material contracts in the prior two years before the date hereof, except for the contracts entered into in the ordinary course of business or the agreements described elsewhere in this Listing Statement or other than those described below:**

**On December 10, 2012, a Pre-emptive Rights Agreement was executed between the Issuer and Champion Iron Mines Limited (“Champion”) whereby the Issuer granted Champion the right to participate in the Issuer’s private placements over a period of approximately two (2) years expiring December 31, 2014, giving Champion the opportunity to maintain its proportionate interest in the outstanding shares of the Issuer. Champion also reserved the right to participate in the Issuer’s private placements to increase Champion’s holdings of the Issuer’s shares up to 38%, which right will expire on June 30, 2013 or such later date when the Issuer has at least 30,000,000 shares outstanding. The two companies also signed a Board Representation and Standstill Agreement whereby, for a period of approximately five (5) years expiring December 31, 2017, Champion will have the right to nominate one director to the Issuer’s Board of Directors and will be restricted from voting in certain circumstances, including not voting against the election of any nominee to the Board of Directors proposed by the Issuer or against any resolutions supported by the Issuer’s Board of Directors, subject to certain exceptions. The agreement also provides for restrictions on sales of the Issuer’s shares by Champion without the Issuer’s consent for a period of approximately five years expiring December 31, 2017 and then limited monthly sales thereafter.**

- 22.2 If applicable, attach a copy of any co-tenancy, unitholders’ or limited partnership agreement.

**Not applicable.**

### **23. Interest of Experts**

- 23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.
- 23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the issuer or any Related Person of the Issuer.
- 23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.
- 23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the issuer or of any associate or affiliate of the issuer, disclose the fact or expectation.

**There are no direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.**

### **24. Other Material Facts**

- 24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

**There are no other material facts that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.**

### **25. Financial Statements**

- 25.1 Provide the following audited financial statement for the Issuer:

- (a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the issuer were subject to such law; and
- (b) a copy of financial statements for any completed interim period of the current fiscal year.

**Please see Appendix C attached and the Company's previous Listing Statements.**

25.2 For Issuers re-qualifying for listing following a fundamental change provide

- (a) the information required in sections 5.1 to 5.3 for the target;
- (b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;
- (c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:
  - (i) the last full fiscal year of the Issuer and
  - (ii) any completed interim period of the current fiscal year.

**Not Applicable.**

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

## CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto

this 30th day of April, 2015.

"Thomas Larsen"

Chief Executive Officer

"Miles Nagamatsu"

Chief Financial Officer

N/A

Promoter (if applicable)

"John Langton"

Director

"Francis Sauve"

Director

**CERTIFICATE OF THE TARGET**

N/A

The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the target). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at \_\_\_\_\_

this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Promoter (if applicable)

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

[print or type names beneath signatures]



## APPENDIX A: MINERAL PROJECTS

- (2) Property Description and Location – Describe:
- (g) the area (in hectares or other appropriate units) and location of the property;
  - (h) the nature and extent of the Issuer's title to or interest in the property, including surface rights, obligations that must be met to retain the property and the expiration date of claims, licences and other property tenure rights;
  - (i) the terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the property is subject;
  - (j) all environmental liabilities to which the property is subject;
  - (k) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailings ponds, waste deposits and important natural features and improvements; and
  - (l) to the extent known, the permits that must be acquired to conduct the work proposed for the property and whether permits have been obtained;
- (13) Accessibility, Climate, Local Resources, Infrastructure and Physiography – Describe:
- (f) the means of access to the property;
  - (g) the proximity of the property to a population centre and the nature of transport;
  - (h) to the extent relevant to the mining project, the climate and length of the operating season;
  - (i) the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites; and
  - (j) the topography, elevation and vegetation;
- (14) History - Describe:

- (d) the prior ownership of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known;
  - (e) if a property was acquired within the three most recently completed financial years of the Issuer or during its current financial year from, or is intended to be acquired by the Issuer from, an insider or promoter of the Issuer or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the Issuer, and the consideration paid or intended to be paid to the vendor; and
  - (f) to the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).
- (15) Geological Setting — The regional, local and property geology.
- (16) Exploration Information — The nature and extent of all exploration work conducted by, or on behalf of, the Issuer on the property, including:
- (e) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;
  - (f) an interpretation of the exploration information;
  - (g) whether the surveys and investigations have been carried out by the Issuer or a contractor and if by a contractor, identifying the contractor; and
  - (h) a discussion of the reliability or uncertainty of the data obtained in the program.
- (17) Mineralization — The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.
- (18) Drilling — The type and extent of drilling including the procedures followed and an interpretation of all results.
- (19) Sampling and Analysis — The sampling and assaying including:
- (f) a description of sampling methods and the location, number, type, nature, spacing and density of samples collected;
  - (g) identification of any drilling, sampling or recovery factors that could

materially impact the accuracy or reliability of the results;

- (h) a discussion of sample quality and whether the samples are representative of any factors that may have resulted in sample biases;
  - (i) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and
  - (j) quality control measures and data verification procedures.
- (20) Security of Samples — The measures taken to ensure the validity and integrity of samples taken.
- (21) Mineral Resources and Mineral Reserves — The mineral resources and mineral reserves, if any, including:
- (d) the quantity and grade or quality of each category of mineral resources and mineral reserves;
  - (e) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and
  - (f) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.
- (22) Mining Operations — For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.
- (23) Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

## I

### Instructions:

- (1) Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.
- (2) Disclosure is required for each property material to the Issuer. Materiality is to be determined in the context of the Issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an Issuer if the book value of the property as reflected in the Issuer's most recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the Issuer's mineral properties and related plant and equipment.

- (3) The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.
- (4) In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.

## APPENDIX B: OIL AND GAS PROJECTS

1. Drilling Activity — The number of wells the Issuer has drilled or has participated in drilling, the number of these wells that were completed as oil wells and gas wells that are capable of production, each stated separately, and the number of dry holes, expressed in each case as gross and net wells, during each of the two most recently completed financial years of the Issuer.
2. Location of Production — The geographical areas of the Issuer's production, the groups of oil and gas properties, the individual oil and gas properties and the plants, facilities and installations that, in each case, are owned or leased by the Issuer and are material to the Issuer's operations or exploratory activities.
3. Location of Wells — The location, stated separately for oil wells and gas wells, by jurisdiction, if in Canada, by state, if in the United States, and by country otherwise, of producing wells and wells capable of producing, in which the Issuer has an interest and which are material, with the interest expressed in terms of gross and net wells.
4. Interest in Material Properties — For interests in material properties to which no proved reserves have been attributed, the gross acreage in which the Issuer has an interest and the net interest of the Issuer, and the location of acreage by geographical area.
5. Reserve Estimates — To the extent material, estimated reserve volumes and discounted cash flow from such reserves, stated separately by country and by categories and types that conform to the classifications, definitions and disclosure requirements of National Instrument 51-101 or any successor instrument, on both a gross and net basis as at the most recent financial year end, including information on royalties.
6. Source of Reserve Estimates — The source of the reserve estimates and whether the reserve estimates have been prepared by the Issuer or by independent engineers or other qualified independent persons and any other information relating to reserve estimates required to be disclosed in a prospectus by any successor instrument to National Instrument 51-101.
7. Reconciliation of Reserves — A reconciliation of the reserve volumes by categories and types that conform to the classifications, definitions and disclosure requirements of National Instrument 51-101 or any successor instrument, as at the financial year end immediately preceding the most recently completed financial year to the reserve volume information furnished under paragraph 5, with the effects of production, acquisitions, dispositions, discoveries and revision of estimates shown separately, if material.
8. Production History — For each quarter of the most recently completed financial year of the Issuer, with comparative data for the same periods in the preceding financial year.

9. If your company is engaged in oil and gas activities as defined in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, disclose the following information:
- (a) Reserves Data and Other Information -
    - (i) In the case of information that, for purposes of Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, is to be prepared as at the end of a financial year, disclose that information as at your company's most recently completed financial year-end;
    - (ii) In the case of information that, for purposes of Form 51-101 F1, is to be prepared for a financial year, disclose that information for your company's most recently completed financial year; and
    - (iii) To the extent not reflected in the information disclosed in response to paragraphs (i) and (ii), disclose the information contemplated by Part 6 of National Instrument 51-101 in respect of material changes that occurred after your company's most recently completed financial year-end.
  - (b) Report of Independent Qualified Reserves Evaluator or Auditor - Include with the disclosure under subsection (a) a report in the form of Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor, on the reserves data included in the disclosure required under paragraphs (a)(i) and (a)(ii) above.
  - (c) Report of Management - Include with the disclosure under subsection (a) a report in the form of Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure that refers to the information disclosed under subsection (a).
  - (d) the average daily production volume, before deduction of royalties, of
    - (i) conventional crude oil,
    - (ii) natural gas liquids, and
    - (iii) natural gas;
  - (e) the following on a per barrel basis for conventional crude oil and natural gas liquids and on a per thousand cubic feet basis for natural gas
    - (i) the average net product prices received,
    - (ii) royalties,
    - (iii) operating expenses, specifying the particular items included, and
    - (iv) netback received;
  - (f) the average net product price received for the following, if the Issuer's production of the following is material to the Issuer's overall production,

- (i) light and medium conventional crude oil,
  - (ii) heavy conventional crude oil, and
  - (iii) synthetic crude oil; and
- (g) the dollar amounts expended on
- (i) property acquisition,
  - (ii) exploration, including drilling, and
  - (iii) development, including facilities.
10. Future Commitments — A description of the Issuer's future material commitments to buy, sell, exchange or transport oil or gas, stating for each commitment separately
- (a) the aggregate price;
  - (b) the price per unit;
  - (c) the volume to be purchased, sold, exchanged or transported; and
  - (d) the term of the commitment.
11. Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

**Instruction:** The information required under this item shall be derived from or supported by information obtained from a report prepared in accordance with the provisions of National Instrument 51-101 or any successor instrument.

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<sup>i</sup> *The quantity and grade of the reported Mineral Resources within the Project are categorized as Inferred Mineral Resources. Inferred Mineral Resources are that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from drill core. There is no guarantee that further exploration will upgrade the Inferred Mineral Resources to Indicated or Measured Mineral Resources. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Inferred Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*

<sup>ii</sup> *The quantity and grade of the reported Mineral Resources within the Project are categorized as Inferred Mineral Resources. Inferred Mineral Resources are that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from drill core. There is no*

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*guarantee that further exploration will upgrade the Inferred Mineral Resources to Indicated or Measured Mineral Resources. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Inferred Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*



# APPENDIX C

# **Cartier Iron Corporation**

**Financial Statements**  
December 31, 2014 and 2013

**INDEPENDENT AUDITORS' REPORT****To the Shareholders of Cartier Iron Corporation**

We have audited the accompanying financial statements of Cartier Iron Corporation, which comprise the statements of financial position as at December 31, 2014 and December 31, 2013 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cartier Iron Corporation as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Licensed Public Accountants  
Chartered Accountants  
Toronto, Ontario  
April 30, 2015

# Cartier Iron Corporation

## Statements of Financial Position

(expressed in Canadian dollars)

	Notes	As at December 31,	
		2014	2013
		\$	\$
<b>Assets</b>			
Current			
Cash	15	953,702	126,844
Receivables	5	703,697	108,006
Due from Eoro Resources Ltd.	6	238,019	143,018
Marketable securities	7	19,907	52,875
Prepaid expenses		26,824	162,958
		1,942,149	593,701
Exploration and evaluation	8	2,945,160	2,795,487
		4,887,309	3,389,188
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		231,976	143,608
Due to Champion Iron Mines Limited	9	1,056,563	1,906,049
Unrenounced flow-through share premium	10(c)	259,199	-
		1,547,739	2,049,657
<b>Shareholders' equity</b>			
Share capital	10	6,594,064	4,906,953
Contributed surplus	10	27,000	27,000
Warrants	10	563,000	-
Deficit		(3,844,494)	(3,594,422)
		3,339,570	1,339,531
		4,887,309	3,389,188
<b>Going concern</b>	2		
<b>Commitments</b>	8 and 15		
<b>Subsequent events</b>	16		

Approved by the Board:

Thomas G. Larsen  
Director

Francis Sauve  
Director

# Cartier Iron Corporation

## Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

		Years ended December 31,	
	Notes	2014	2013
		\$	\$
<b>Expenses</b>			
Professional fees		51,219	52,054
Consulting fees		45,000	-
Stock-based compensation	10	-	9,000
General and administrative		71,083	51,708
Investor relations		93,185	130,582
Travel		42,904	456
Interest		6,563	-
Other		22,124	-
Loss on sale of marketable securities		-	3,564
Decrease in fair value of marketable securities		32,968	53,376
Gain on settlement of accounts payable	16	(114,975)	-
<b>Loss and comprehensive loss</b>		<b>250,072</b>	<b>300,740</b>
<b>Loss per common share-basic and diluted</b>		<b>0.012</b>	<b>0.016</b>
<b>Weighted average number of common basic and diluted</b>		<b>21,432,626</b>	<b>19,332,320</b>

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

# Cartier Iron Corporation

## Statements of Changes in Equity

(expressed in Canadian dollars)

	Share capital \$ (note 10)	Contributed surplus \$	Warrants \$	Deficit \$	Total \$
<b>Balance, December 31, 2013</b>	4,906,953	27,000	-	(3,594,422)	1,339,531
Private placements of units	500,000	-	-	-	500,000
Private placements of units	50,014	-	-	-	50,014
Private placements of flow-through units	809,997	-	-	-	809,997
Unrenounced flow-through share premium	(259,199)	-	-	-	(259,199)
Fair value of warrants issued	(563,000)	-	563,000	-	-
Acquisition of exploration and evaluation	195,000	-	-	-	195,000
Conversion of amount due to Champion Iron Mines Limited	1,050,000	-	-	-	1,050,000
Share issue costs	(95,701)	-	-	-	(95,701)
Loss	-	-	-	(250,072)	(250,072)
<b>Balance, December 31, 2014</b>	<b>6,594,064</b>	<b>27,000</b>	<b>563,000</b>	<b>(3,844,494)</b>	<b>3,339,570</b>
<b>Balance, December 31, 2012</b>	4,906,953	18,000	-	(3,293,682)	1,631,271
Stock-based compensation	-	9,000	-	-	9,000
Loss	-	-	-	(300,740)	(300,740)
<b>Balance, December 31, 2013</b>	<b>4,906,953</b>	<b>27,000</b>	<b>-</b>	<b>(3,594,422)</b>	<b>1,339,531</b>

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

# Cartier Iron Corporation

## Statements of Cash Flows

(expressed in Canadian dollars)

	Years ended December 31,	
	2014	2013
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Loss	(250,072)	(300,740)
Item not affecting cash		
Stock-based compensation	-	9,000
Loss on sale of marketable securities	-	3,564
Decrease in fair value of marketable securities	32,968	53,376
Changes in non-cash working capital		
Receivables	18,206	(50,827)
Prepaid expenses	136,134	1,083
Accounts payable and accrued liabilities	42,046	3,748
	(20,718)	(280,795)
<b>Financing activities</b>		
Advances from Champion Iron Mines Limited	200,514	1,906,049
Advances to Eoro Resources Ltd.	(95,001)	(186,500)
Issue of units	1,360,011	-
Share issue costs	(95,701)	-
	1,369,823	1,719,549
<b>Investing activities</b>		
Proceeds on sale of marketable securities	-	4,040
Purchase of marketable securities	-	(5,570)
Exploration and evaluation	(522,248)	(2,097,277)
	(522,248)	(2,098,807)
<b>Net increase (decrease) in cash</b>	826,858	(660,053)
<b>Cash, beginning of year</b>	126,844	786,897
<b>Cash, end of year</b>	953,702	126,844
<b>Non-cash transactions</b>		
Issue of common shares		
Acquisition of exploration and evaluation	195,000	-
Settlement of advances from Champion Iron Mines Limited	1,050,000	-

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

# **Cartier Iron Corporation**

## **Notes to Financial Statements**

### **Years ended December 31, 2014 and 2013**

**(expressed in Canadian dollars)**

#### **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. On January 13, 2013, the Company changed its name from Northfield Metals Inc. to Cartier Iron Corporation.

#### **2. Going concern**

The Company is in the exploration stage and has no revenue. As at December 31, 2014, the Company had a working capital of \$394,411 (2013 - working capital deficit of \$1,455,956) and for the year ended December 31, 2014, the Company incurred losses of \$250,072 (2013 - \$300,740). The level of working capital and losses limit the Company's ability to fund operations and the acquisition, exploration and development of mineral resource properties. As a result, there is significant doubt about the Company's ability to continue as a going concern.

The continued operations 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.

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

#### **3. Basis of presentation**

##### **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements were authorized for issue by the Board of Directors on April 30, 2015.

##### **Basis of measurement**

These financial statements have been prepared on the historical cost basis, except for marketable securities, which are measured at fair value.

##### **Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

##### **Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

##### *Going concern*

The Company applies judgment in assessing its ability to continue as a going concern for at least 12 months.



# Cartier Iron Corporation

## Notes to Financial Statements

### Years ended December 31, 2014 and 2013

(expressed in Canadian dollars)

#### *Impairment of exploration and evaluation*

Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount, including the ability to renegotiate option agreements.

#### *Estimates of mineral resources*

The amounts used in the determination of impairment are based on estimates of mineral resources. Resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Company expects that, over time, its resource estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in commodity prices. See note 8.

#### *Flow-through share premium*

The Company applies estimates in the determination of flow-through share premium liability.

#### *Share-based compensation*

The Company uses the Black-Scholes option pricing model in determining share-based compensation, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, the actual share-based compensation expense may vary from the amount estimated. See note 10.

#### *Deferred income taxes*

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. See note 13.

## **4. Significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

### **Financial instruments**

#### ***Non-derivative financial assets***

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

# **Cartier Iron Corporation**

## **Notes to Financial Statements**

### **Years ended December 31, 2014 and 2013**

**(expressed in Canadian dollars)**

#### *Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value (i.e. quoted close price) and changes therein are recognized in profit or loss.

The Company has classified marketable securities as fair value through profit or loss.

#### *Held-to-maturity financial assets*

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Company from classifying investment securities as held to maturity for the current and the following two financial years.

The Company has not classified any financial asset as held-to-maturity.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company has classified cash and due from Eloro Resources Ltd. as loans and receivables.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

The Company has not classified any financial asset as available-for-sale.

#### ***Non-derivative financial liabilities***

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method and approximates fair value.

The Company has classified accounts payable and accrued liabilities and due to Champion Iron Mines Limited as other financial liabilities.

# **Cartier Iron Corporation**

## **Notes to Financial Statements**

### **Years ended December 31, 2014 and 2013**

**(expressed in Canadian dollars)**

#### **Impairment of non-derivative financial assets**

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

#### ***Financial assets carried at amortized cost***

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the financial asset is reduced by the amount of the impairment loss and the impairment loss is recognized in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### ***Available-for-sale financial assets***

An impairment loss in respect of a financial asset classified as available-for-sale is calculated as the difference between the acquisition cost and the current fair value, less any impairment loss recognized previously in profit or loss. The impairment loss is recognized when there is objective evidence that the impairment is other than temporary by reclassifying the loss from equity to profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss, except in the case where the decrease in impairment loss is recognized in other comprehensive income.

#### **Exploration and evaluation**

##### ***Recognition and measurement***

Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Non-repayable mining tax credits earned in respect to costs incurred in Quebec are recorded as a reduction to exploration and evaluation when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

The recoverability of amounts shown for exploration and evaluation is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the statement of loss and comprehensive loss to the extent of any impairment. As at December 31, 2014 and 2013, the Company had no property, plant and equipment.

##### ***Impairment***

Exploration and evaluation is assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

# **Cartier Iron Corporation**

## **Notes to Financial Statements**

### **Years ended December 31, 2014 and 2013**

**(expressed in Canadian dollars)**

An impairment loss is recognized in the statement of loss and comprehensive loss if the carrying amount of a property exceeds its estimated recoverable amount. The recoverable amount of property used in the assessment of impairment of exploration and evaluation is the greater of its value in use ("VIU") and its fair value less costs of disposal ("FVLCTS"). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. FVLCTS refers to the price that would be received to sell the property in an orderly transaction between market participants. For a property that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the property belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the property's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

#### **Decommissioning liabilities**

The Company's activities may give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the date of the statement of financial position. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. As at December 31, 2014 and 2013, the Company had no decommissioning liabilities.

#### **Share capital**

Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. In situations where the Company issues units, the value of the warrants is included as a separate reserve of the Company's equity.

#### **Flow-through shares**

Canadian tax legislation permits the Company to issue flow-through shares. Flow-through shares are securities whereby the deductions for tax purposes related to exploration and evaluation expenditures may be claimed by the investors rather than the Company, subject to a renouncement process. Renouncement may occur prospectively (the flow-through shares are issued, renouncement then occurs and eligible expenditures are incurred subsequently) or retrospectively (the flow-through shares are issued, eligible expenditures are then incurred and renouncement occurs subsequently).

The issue of flow-through shares is treated as an issue of shares and the sale of tax deductions. The Company uses the residual method to measure the sale of tax deductions. At the time the flow-through shares are issued, the sale of tax deductions is deferred and presented as unrenounced flow-through share premium on the statements of financial position.

When the Company fulfills its obligation to pass on the tax deduction to the investors, the sale of tax deductions is recognized as a reduction of deferred tax expense in the statement of loss and comprehensive loss and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

If the renouncement is prospective, the obligation is fulfilled when eligible expenditures are incurred. If the renouncement is retrospective, the obligation is fulfilled when the paperwork to renounce is filed.

# **Cartier Iron Corporation**

## **Notes to Financial Statements**

### **Years ended December 31, 2014 and 2013**

**(expressed in Canadian dollars)**

#### **Share-based payments**

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation or asset and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

#### **Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### **Income tax**

Income tax expense comprises current and deferred taxes. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

# Cartier Iron Corporation

## Notes to Financial Statements

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(expressed in Canadian dollars)

#### Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted.

#### Changes in accounting standards

Effective January 1, 2014, the Company adopted the following standards and amendments to IFRS:

##### *IAS 32 Offsetting Financial Assets and Liabilities*

This amendment clarifies certain aspects of offsetting and net and gross settlement. The Company's adoption of this amendment had no effect on its financial statements.

##### *IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*

This amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The Company's adoption of this amendment had no effect on its financial statements.

##### *IFRIC 21 Levies*

This interpretation provides guidance on the accounting for levies within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The main features of IFRIC 21 are: (i) the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation, and (ii) the liability to pay a levy is recognized progressively if the obligating event occurs over a period of time. The Company's adoption of this standard had no effect on its financial statements.

#### New standards and interpretations not yet adopted

The following amendment to standards will be effective for periods beginning on or after January 1, 2018:

##### *IFRS 9, Financial Instruments ("IFRS 9")*

This standard will replace *IAS 39, Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied. In February 2014 the IASB set January 1, 2018 as the effective date for mandatory application of IFRS 9.

The Company has not determined the extent of the impact of IFRS 9 on its financial statements.

#### 5. Receivables

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

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In respect of  
year ended  
December 31,  
2013

<b>Refundable Tax Credits</b>	
As filed	639,693
As assessed	613,898
Received	—
Included in receivables at December 31, 2014	613,898
<b>Credit on Duties</b>	
As filed	103,052
As assessed	—
Received	—
Included in receivables at December 31, 2014	—

See note 16 for subsequent event.

**6. Due from Eloro Resources Ltd. (“Eloro”)**

The amount due from Eloro is unsecured, non-interest bearing and payable on demand. Two directors of the Company are directors of Eloro.

See note 16 for subsequent event.

**7. Marketable securities**

Marketable securities include the following investments in related parties:

	December 31, 2014		December 31, 2013	
	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$
Eloro Resources Limited	13,750	154,789	37,500	154,789
Champion Iron Limited	6,105	27,461	15,263	27,461
Kerr Mines Inc. (“Kerr”)	52	5,375	112	5,375
	19,907	187,625	52,875	187,625

Two directors of the Company are directors of Eloro, one director of the Company is a director of Champion Iron Limited and one former director of the Company was a director of Kerr until May 22, 2014.

**8. Exploration and evaluation**

	December 31, 2013	Acquisition costs	Exploration expenditures	Mining tax credits	December 31, 2014
	\$		\$	\$	
<b>Property</b>					
Borel River	379,885	—	2,152	(75,393)	306,644
Gagnon	2,415,602	345,000	553,272	(675,358)	2,638,516
	2,795,487	345,000	555,424	(750,751)	2,945,160

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	December 31, 2012 \$	Acquisition costs \$	Exploration expenditures \$	Mining tax credits \$	December 31, 2013 \$
<b>Property</b>					
Borel River	284,763	10,000	85,122	–	379,885
Gagnon	472,791	100,000	1,842,811	–	2,415,602
	<u>757,554</u>	<u>110,000</u>	<u>1,927,933</u>	<u>–</u>	<u>2,795,487</u>

**Borel River**

The Company owns a 100% interest in the Borel River iron ore property (“Borel River”), which consists of 108 claims covering 4,459.14 hectares situated on the western shore of Ungava Bay in northern Quebec, subject to a 2% royalty. The Company has the right of first refusal on the sale of the royalty and has the option to reduce the royalty from 2% to 1% by making a payment of \$1,000,000.

**Gagnon**

The Company has an option from Champion Iron Mines Limited (“Champion”), a wholly-owned subsidiary of Champion Iron Limited, to acquire a 65% interest in Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie), Aubertin-Tougard, Jeannine Lake, Silicate-Brutus and Big Three Lakes, collectively, comprising 640 claims covering 340.83 square kilometres (2013 - 378 claims covering 200.24 square kilometres) in the Fermont Iron Ore District in the Labrador Trough in northeastern Quebec (“Gagnon”). See note 16 for subsequent event.

In order to earn its interest, the Company must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments \$	Common shares Number	Fair value \$	Exploration expenditures \$
Option payment due upon conditional approval from a stock exchange for the listing of the shares of the Company and common shares due upon execution of agreement (paid and issued)	100,000	1,000,000	250,000	–
December 10, 2013 (paid, issued and incurred)	150,000	500,000	97,500	500,000
December 10, 2014 (issued and incurred)	–	500,000	97,500	750,000
Due on the date that the Company receives its Refundable Tax Credit for the year ended December 31, 2013 (extended from December 10, 2014)(see note 16 for subsequent event)	250,000	–	–	–
December 10, 2015	250,000	500,000	–	–
December 10, 2016	250,000	–	–	4,750,000
	<u>1,000,000</u>	<u>2,500,000</u>	<u>445,000</u>	<u>6,000,000</u>

The Company has the option to satisfy the Exploration Expenditures by (i) paying cash to Champion or the applicable governmental authorities on account of assessment work and/or taxes; or (ii) by issuing the number of common shares to Champion determined by dividing the amount by the 20 day average closing price of the common shares within 5 trading days prior to the date of issue.

Upon the Company earning its 65% interest, a joint venture will be formed 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 the Company or Champion proposes to acquire any property within 10 kilometres of the Gagnon Holdings, the acquirer must offer the property at cost to the other party for inclusion in the Gagnon properties.



# Cartier Iron Corporation

## Notes to Financial Statements

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(expressed in Canadian dollars)

One director of the Company's board is a director of Champion Iron Limited.

#### 9. Due to Champion Iron Mines Limited

On October 17, 2014, the Company converted \$1,050,000 of the amount due to Champion into the fair value of 6,176,471 units ("Conversion"). Each unit consisted of one common share and one-half warrant, with each whole warrant entitling Champion to purchase one common share of the Company for \$0.22 until April 17, 2016.

The fair value of the 3,088,235 warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Exercise price	\$0.22
Share price	\$0.195
Risk-free interest rate	0.97%
Expected volatility based on historical volatility	124%
Expected life of warrants	1.5 years
Expected dividend yield	Nil
Fair value	\$319,000
Fair value per warrant	\$0.1034

After February 17, 2015, if the average closing price of the Company's common shares is greater than \$0.40 for 20 consecutive business days, the warrants must be exercised within 10 calendar days (or such longer period as the Company may provide) after the Company gives notice by press release and mail to Champion, failing which, the warrants will expire.

The remaining \$1,050,000 due to Champion was converted to a demand loan, which is unsecured, bears interest at the rate of LIBOR plus 2% and is due 6 months after Champion demands repayment (the "Demand Loan"). Champion has the right to convert the Demand Loan plus accrued but unpaid interest into common shares of the Company at a conversion price equal to the lowest subscription price per common share paid for the most recent capital raising undertaken by the Company at the time of the conversion, subject to the minimum pricing rules and stock exchange approval.

At December 31, 2013, the amount due to Champion was unsecured, non-interest bearing and payable on demand.

#### Relationship with Champion

As at December 31, 2014, Champion holds 11,019,971 common shares of the Company, representing approximately 33% of the outstanding common shares of the Company. The holdings of Champion in the Company are subject to the terms of a pre-emptive rights agreement and an agreement respecting board representation rights and standstill obligations entered into on December 10, 2012.

Until December 31, 2017, Champion shall not sell common shares without the prior written consent of the Company, and thereafter, Champion shall not sell more than 2,000,000 common shares during any 30-day period.

Until December 31, 2017, provided that Champion owns at least 10% of the outstanding common shares of the Company:

- The Company shall take all commercially reasonable steps to have a nominee of Champion elected as a director ("Champion Nominee") the board of directors of the Company ("Board").
- Champion shall not vote against any shareholder resolution recommended by the Board, except in the event that the Champion Nominee dissented when the Board approved a shareholder resolution that proposes to: (i) reduce the voting or dividend rights of the common shares; (ii) issue shares which carry a number of votes proportionately greater than the capital to be represented thereby or which carry dividend rights at a rate which would substantially impair the dividends ordinarily payable on the common shares; and (iii) approve a transaction with an arm's length third party, which must be passed by at least two-thirds of the votes cast and in respect of which a shareholder has dissent rights.
- Champion shall not vote in favour of the election of nominees to the Board who are not proposed by the then Board.
- Champion shall not (i) participate in a take-over bid for any securities of the Company; (ii) solicit proxies from any shareholder or attempt to influence the voting by any shareholders other than in support of initiatives recommended by the Board or (iii) seek to influence or control the management, Board or the policies or affairs of Company; or (iv) make any public or private announcement or disclosure with respect to the foregoing.

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**10. Share capital**

**Authorized**

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.

An unlimited number of common shares.

**Issued**

	<b>Number of common shares</b>	<b>\$</b>
Balance, December 31, 2012 and 2013	19,332,320	4,906,953
Private placements of units (a)	2,941,172	500,000
Private placements of units (b)	294,200	50,014
Private placements of flow-through units (c)	3,599,988	611,997
Conversion of amount due to Champion Iron Mines Limited (note 9)	6,176,470	1,050,000
Fair value of warrants issued	–	(563,000)
Option payments (note 8)	1,000,000	195,000
Share issue costs	–	(95,700)
<b>Balance, December 31, 2014</b>	<b>33,334,150</b>	<b>6,655,264</b>

**Private placements of units**

(a) On October 17, 2014, the Company completed a private placement of 2,941,172 units at a price of \$0.17 per unit for gross proceeds of \$500,000. 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 \$0.22 until April 17, 2016.

The fair value of the 1,470,586 warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Exercise price	\$0.22
Share price	\$0.195
Risk-free interest rate	0.97%
Expected volatility based on historical volatility	124%
Expected life of warrants	1.5 years
Expected dividend yield	Nil
Fair value	\$152,000
Fair value per warrant	\$0.1034

After February 17, 2015, if the average closing price of the Company's common shares is greater than \$0.40 per share for 20 consecutive business days, the warrants must be exercised within 10 calendar days (or such longer period as the Company may provide) after the Company gives notice by press release and mail to each warrant holder, failing which, the warrants will expire.

(b) On December 29, 2014, the Company completed a private placement of 294,200 units at a price of \$0.17 per unit for gross proceeds of \$50,014. 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 \$0.22 until June 29, 2016. In connection with the private placement, the Company paid a finder's fee equal to 8% of the gross proceeds and issued 11,768 broker warrants entitling the holder to purchase one common share for \$0.22 until June 29, 2016.

In the absence of a reliable measurement of services received, services in respect of the private placement have been measured at the fair value of the broker warrants issued. The fair value of the 147,100 warrants and 11,768 broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

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Exercise price	\$0.22
Share price	\$0.15
Risk-free interest rate	1.02%
Expected volatility based on historical volatility	107%
Expected life of warrants	1.5 years
Expected dividend yield	Nil
Fair value-warrants	\$9,000
Fair value-broker warrants	\$1,000
Fair value per warrant	\$0.0589

(c) On December 29, 2014, the Company completed a private placement of 3,599,988 flow-through units at a price of \$0.225 per unit for gross proceeds of \$809,997. Each unit consisted of one common share issued on a flow-through basis under the *Income Tax Act* (Canada) and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.35 until June 29, 2016. In connection with the private placement, the Company paid a finder's fee equal to 8% of the gross proceeds of the private placement and issued 144,000 broker warrants entitling the holder to purchase one common share for \$0.35 until June 29, 2016. The gross proceeds raised will be used to incur eligible Canadian Exploration Expenditures.

In the absence of a reliable measurement of services received, services in respect of the private placement have been measured at the fair value of the broker warrants issued. The fair value of the 1,799,994 warrants and 144,000 broker warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Exercise price	\$0.35
Share price	\$0.15
Risk-free interest rate	1.02%
Expected volatility based on historical volatility	107%
Expected life of warrants	1.5 years
Expected dividend yield	Nil
Fair value-warrants	\$76,000
Fair value-broker warrants	\$6,000
Fair value per warrant and broker warrant	\$0.0421

**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 December 31, 2014, there were 3,333,415 stock options available to be issued under the stock option plan (2013 - 1,883,232).

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

	Weighted- average exercise price	Number of options
Balance, December 31, 2012	—	—
Granted	0.35	50,000
Balance, December 31, 2013	0.35	50,000
Cancelled	0.35	(50,000)
Balance, December 31, 2014	—	—

# Cartier Iron Corporation

## Notes to Financial Statements

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

Date of grant	February 1, 2013
Options granted	50,000
Exercise price	\$0.35
Share price	\$0.25
Expiry date	February 1, 2018
Risk-free interest rate	1.53%
Expected volatility	100%
Expected life of options	5 years
Expected dividend yield	Nil
Forfeiture rate	Nil
Vesting	On date of grant
Fair value	\$9,000

Expected volatility was based on historical volatility of securities of comparable companies. The weighted-average grant date fair value of stock options granted during period was \$0.18 per stock option.

#### Warrants

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

	Weighted-average exercise price	Number of warrants
Balance, December 31, 2012 and 2013	—	—
Issued	0.26	6,661,683
Balance, December 31, 2014	0.26	6,661,683

A summary of the Company's outstanding warrants at December 31, 2014 is presented below:

Exercise price	Expiry date	Number of warrants
\$0.22	April 17, 2016	4,558,821
\$0.22	June 29, 2016	158,868
\$0.35	June 29, 2016	1,943,994
		6,661,683

The weighted average remaining contractual life of outstanding warrants is 1.4 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, accounts payable and accrued liabilities, due from Eoro and due to Champion*

The fair values of cash, accounts payable and accrued liabilities, due from Eoro and due to Champion are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2014, the fair value of these balances approximated their carrying value due to their short term to maturity.

##### *Marketable securities*

The fair value of marketable securities is estimated based on observable inputs.

# Cartier Iron Corporation

## Notes to Financial Statements

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#### *Classification of fair value of financial instruments*

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

Level 1: quoted prices in active markets for identical assets and liabilities;

Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data

Marketable securities are classified as Level 1 financial assets.

## **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. Credit risk arises principally from the Company's cash and cash equivalents and due from Eloro. The Company's limits its exposure to credit risk on its cash and cash equivalents 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. Accounts payable and accrued liabilities are subject to normal trade terms and the amount due to Champion is payable upon demand.

#### ***Market risk***

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

#### ***Equity price risk***

Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at December 31, 2014 had changed by 25%, with all other variables held constant, the net loss would have decreased or increased by \$4,977.

#### ***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 its 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.

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**Capital management**

Capital of the Company consists of share capital, contributed surplus 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 issue 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. Income taxes**

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 26.5% (2013 - 26.25%) to the net loss for the year. The reasons for the difference are as follows:

**Provision for income taxes**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Expected income tax recovery based on statutory rate	(66,300)	(78,000)
Increase (decrease) resulting from:		
Non-deductible expenses	4,300	8,000
Flow-through renunciation	—	26,000
Share issue costs and other	(30,500)	—
Unrecorded tax benefit of losses	92,500	44,000
	—	—

**Deferred income tax balances**

The Company's deferred income tax assets are as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Non-capital loss carryforward	782,000	716,000
Capital loss carryforward	2,654,000	2,653,000
Canadian exploration and evaluation	99,000	94,000
Foreign exploration and evaluation	376,000	376,000
Share issue costs	27,500	11,000
Other	22,000	18,000
	3,960,500	3,868,000
Benefit of future tax assets not recorded	(3,960,500)	(3,868,000)
	—	—

**Cartier Iron Corporation**  
**Notes to Financial Statements**  
**Years ended December 31, 2014 and 2013**  
**(expressed in Canadian dollars)**

Due to losses incurred in the current year and expected future operating results, management determined that it is unlikely that the deferred income tax assets will be realized. Accordingly, the future income tax assets have not been recorded.

**Losses carried forward**

At December 31, 2014, the Company had non-capital loss carryforwards which expire as follows:

	\$
2026	306,000
2028	304,000
2029	455,000
2030	269,000
2032	996,000
2033	257,000
2034	365,000
	2,952,000

As at December 31, 2014, the Company had resource deductions of \$4,739,000 which may be carried forward indefinitely to reduce taxable income in future years and capital losses of approximately \$20,000,000 which may be carried forward indefinitely to be applied against capital gains in future years.

**14. Related party transactions**

	Years ended December 31,		Outstanding at December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Exploration and evaluation</b>				
Paid to a company controlled by a director	5,000	23,195	–	–
Paid or payable to a company, of which, a director is a shareholder (see note 16 for subsequent event)	285,301	805,515	42,050	19,190

**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:

	Years ended December 31,		Outstanding at December 31,	
	2014	2013	2014	2013
	\$	\$	\$	\$
Consulting fees for key management personnel	45,000	–	45,000	–

Rent for the Company's office premises shared with Champion was paid by Champion. Additional related party transactions are disclosed in notes 6, 7, 8, 9 and 16. These transactions were in the normal course of business.

**15. Commitments**

**Flow-through expenditures**

Pursuant to a flow-through financing completed on December 29, 2014 (see note 10(c)), the Company is committed to make eligible Canadian Exploration Expenditures of \$809,997 by December 31, 2015.

**Lease commitment**

The Company has a joint and several commitments with Eloro for annual basic premises rent are as follows:

**Cartier Iron Corporation**  
**Notes to Financial Statements**  
**Years ended December 31, 2014 and 2013**  
(expressed in Canadian dollars)

	\$
Less than 1 year	73,073
1-5 years	457,389
More than 5 years	92,653
	623,115

**16. Subsequent events**

**Gagnon**

On January 18, 2015, the Company abandoned 227 claims covering 37.61 square kilometres of Round Lake.

On April 15, 2015, the Company abandoned 111 claims covering 60.84 square kilometres comprising the remaining claims of the Silicate-Brutus, Aubertin-Tougard and Big Three Lakes properties.

Subsequent to the abandonments, the Company has an option to earn a 65% interest in Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie) and Jeannine Lake, collectively, comprising 323 claims covering 170.99 square kilometres.

**Settlement of accounts payable**

On March 4, 2015, the Company made a payment of \$42,050 to settle accounts payable of \$157,025 outstanding as at December 31, 2014 to a company, of which, a director is a shareholder. Accordingly, the Company recorded a gain of \$114,975 on the settlement in the 2014 financial statements.

**Receipt of resource credit**

On January 26, 2015, the Company received \$613,898 in respect of the receivable for the Refundable Tax Credit for the year ended December 31, 2013.

**Payment of option payment**

On January 26, 2015, the Company made the option payment of \$250,000 due on the date that the Company received its Refundable Tax Credit for the year ended December 31, 2013.

**Conversion of amount due from Eloro**

On January 27, 2015, the Company converted the balance of \$238,000 due from Eloro into 4,760,000 Eloro common shares at a deemed value of \$0.05 per share. Following the conversion, Cartier holds 5,010,000 Eloro common shares, representing 37% of the outstanding Eloro common shares. The Company will have significant influence over Eloro and will account for its investment in Eloro as investment in an associate using the equity method.



# APPENDIX D

# **Cartier Iron Corporation**

## **Management's Discussion and Analysis**

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Cartier Iron Corporation (the "Company") for the year ended December 31, 2014 and should be read in conjunction with the unaudited condensed interim financial statements and the accompanying notes. The MD&A is the responsibility of management and is dated as of April 30, 2015.

All dollar amounts are stated in Canadian dollars unless otherwise indicated. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-Looking Statements**

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

### **The Company**

The Company is a public company engaged in the acquisition, exploration and development of mineral resource properties.

The Company is a reporting issuer in Ontario and Alberta and its common shares are listed for trading on the Canadian Securities Exchange under the trading symbol "CFE".

### **Overall Performance**

- Completed \$1,360,011 in private placement financings during the quarter ended December 31, 2014.
- Converted \$1,050,000 of debt into equity.
- Received \$613,898 in refundable tax credits subsequent to the year end, in January, 2015.

### ***\$500,000 Private Placement – October, 2014***

On October 17, 2014, the Company completed a private placement of 2,941,172 units at a price of \$0.17 per unit for proceeds of \$500,000 (the "Private Placement"). 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 \$0.22 until April 17, 2016. If the average closing price of the Company's common shares is greater than \$0.40 per share for 20 consecutive business days, the warrants must be exercised within 10 calendar days (or such longer period as the Company may provide) after the Company gives notice by press release and mail to each warrant holder, failing which, the warrants will expire.

### ***Conversion of \$1,050,000 due to Champion Iron Mines Limited ("Champion") – October, 2014***

Concurrently, with the completion of the Private Placement, the Company converted \$1,050,000 of the \$2,100,000 due to Champion into 6,176,471 units ("Conversion"). Champion is a wholly-owned subsidiary of Australian-based Champion Iron Limited. Each unit consisted of one common share and one-half warrant, with each whole warrant entitling Champion to purchase one common share of the Company for \$0.22 until April 17, 2016. If the average closing price of the Company's common shares is greater than \$0.40 for 20 consecutive business days, the warrants must be exercised within 10 calendar days (or such longer period as the Company may provide) after the Company gives notice by press release and mail to Champion, failing which, the warrants will expire.

The remaining \$1,050,000 due to Champion was converted to a demand loan, which is unsecured, bears interest at the rate of LIBOR plus 2% and is due 6 months after Champion demands repayment (the "Demand Loan"). Champion will have the right to convert the Demand Loan plus accrued but unpaid interest into common shares of the Company at a conversion price equal to the lowest subscription price per common share paid for the most recent capital raising undertaken by the Company at the time of the conversion, subject to the minimum pricing rules and stock exchange approval.

### ***Relationship with Champion***

Champion holds 11,019,971 common shares of the Company, representing approximately 33% of the outstanding common shares of the Company. The holdings of Champion in the Company are subject to the terms of a pre-emptive rights agreement and an agreement respecting board representation rights and standstill obligations, entered into on December 10, 2012.

Until December 31, 2017, Champion shall not sell common shares without the prior written consent of the Company, and thereafter, Champion shall not sell more than 2,000,000 common shares during any 30-day period.

Until December 31, 2017, provided that Champion owns at least 10% of the outstanding common shares of the Company:

- a) The Company shall take all commercially reasonable steps to have a nominee of Champion elected as a director ("Champion Nominee") the board of directors of the Company ("Board").
- b) Champion shall not vote against any shareholder resolution recommended by the Board, except in the event that the Champion Nominee dissented when the Board approved a shareholder resolution that that proposes to: (i) reduce the voting or dividend rights of the common shares; (ii) issue shares which carry a number of votes proportionately greater than the capital to be represented thereby or which carry dividend rights at a rate which would substantially impair the dividends ordinarily payable on the common shares; and (iii) approve a transaction with an arm's length third party, which must be passed by at least two-thirds of the votes cast and in respect of which a shareholder has dissent rights.
- c) Champion shall not vote in favour of the election of nominees to the Board who are not proposed by the then Board.
- d) Champion shall not (i) participate in a take-over bid for any securities of the Company; (ii) solicit proxies from any shareholder or attempt to influence the voting by any shareholders other than in support of initiatives recommended by the Board or (iii) seek to influence or control the management, Board or the policies or affairs of Company; or (iv) make any public or private announcement or disclosure with respect to the foregoing.

### ***\$860,011 Private placements – December, 2014***

On December 29, 2014, the Company completed a private placement of 294,200 units at a price of \$0.17 per unit for gross proceeds of \$50,014. 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 \$0.22 until June 29, 2016. In connection with the private placement, the Company paid a finder's fee equal to 8% of the gross proceeds and issued 11,768 broker warrants entitling the holder to purchase one common share for \$0.22 until June 29, 2016.

On December 29, 2014, the Company completed a private placement of 3,599,988 flow-through units at a price of \$0.225 per unit for gross proceeds of \$809,997. Each unit consisted of one common share issued on a flow-through basis under the *Income Tax Act* (Canada) and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.35 until June 29, 2016. In connection with the private placement, the Company paid a finder's fee equal to 8% of the gross proceeds of the private placement and issued 144,000 broker warrants entitling the holder to purchase one common share for \$0.35 until June 29, 2016.

### ***Receipt of resource credit***

On January 26, 2015, the Company received \$613,898 in respect of the receivable for the Refundable Tax Credit for the year ended December 31, 2013.

### ***Conversion of amount due from Eloro***

On January 27, 2015, the Company converted the balance of \$238,000 due from Eloro into 4,760,000 Eloro common shares at a deemed value of \$0.05 per share. Following the conversion, Cartier holds 5,010,000 Eloro common shares, representing 37% of the outstanding Eloro common shares. The Company will have significant influence over Eloro and will account for its investment in Eloro as investment in an associate using the equity method.

### ***Settlement of accounts payable***

On March 4, 2015, the Company made a payment of \$42,050 to settle accounts payable of \$157,025 outstanding as at December 31, 2014 to a company, of which, a director is a shareholder. Accordingly, the Company recorded a gain of \$114,975 on the settlement in the 2014 financial statements.

### ***Gagnon Holdings***

The Company has an option from Champion to acquire a 65% interest in the Round Lake (formerly known as Penguin Lake, Black Dan and Aubrey-Ernie), Aubertin-Tougard, Jeannine Lake, Silicate-Brutus and Big Three Lakes Properties, ("Gagnon Holdings"), referred to as "Cluster 3" by Champion.

At December 31, 2014, the option covered 640 claims covering 340.83 square kilometres. On January 18, 2015, the Company abandoned 227 claims covering 37.61 square kilometres of Round Lake. On April 15, 2015, the Company abandoned 111 claims covering 60.84 square kilometres comprising the remaining claims of the Silicate-Brutus, Aubertin-Tougard and Big Three Lakes properties. Subsequent to the abandonments, the Company has an option to earn a 65% interest in the following properties:

Table 1: Summary of Gagnon Holdings: Cartier Iron Corporation

Property	Number of claims	Area (km <sup>2</sup> )
Jeannine Lake	21	11.17
Round Lake (formerly Aubrey-Ernie, Penguin Lake & Black Dan)	302	159.82
<b>Totals</b>	<b>323</b>	<b>170.99</b>

In order to earn its interest, the Company must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments \$	Common shares	Exploration expenditures \$
Option payment due upon conditional approval from a stock exchange for the listing of the shares of the Company, common shares due upon execution of Agreement (paid and issued) December 10, 2013 (paid, issued and incurred)	100,000	1,000,000	–
December 10, 2014 (issued and incurred)	150,000	500,000	500,000
December 10, 2014 (issued and incurred)	–	500,000	750,000
Due on the date that the Company receives its refundable tax credit on eligible exploration expenditures incurred in Québec for the year ended December 31, 2013 (extended from December 10, 2014)(paid on January 26, 2015)	250,000	–	–
December 10, 2015	250,000	500,000	–
December 10, 2016	250,000	–	4,750,000
	<b>1,000,000</b>	<b>2,500,000</b>	<b>6,000,000</b>

The Company has the option to satisfy the exploration expenditures by (i) paying cash to Champion or the applicable governmental authorities on account of assessment work and/or taxes; or (ii) by issuing the number of common shares to Champion determined by dividing the amount by the 20 day average closing price of the common shares within 5 trading days prior to the date of issue.

Upon the Company earning its 65% interest, a joint venture will be formed 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 the Company or Champion proposes to acquire any property within 10 kilometres of the Gagnon Holdings, the acquirer must offer the property at cost to the other party for inclusion in the Gagnon properties.

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

### **Gagnon Holdings - Exploration**

The Gagnon Holdings are adjacent and in close proximity to Arcelormittal's Mont Reed property which encompasses the suspended Mont Reed Mine open pit.

In late January, 2013, the Company commenced with an exploration drilling program at the Penguin Lake Project, part of the newly amalgamated property designated the Round Lake Property. Ten NQ-diameter drill-holes, totalling 3,315 m were completed at the Penguin Lake Project. The drill holes were designed to intersect magnetite/ hematite-rich iron formation, coincident with a strong magnetic-response anomaly<sup>1</sup>, in the area of the catalogued "Lac Pingouin Zone 1"

<sup>1</sup> 2008 GPR Geophysics Report & Survey Data: 2008 Airborne Survey, Fermont Properties, for Champion Iron Mines Limited (GM63919); 2011 Fugro Airborne Survey, for Champion Iron Mines Limited (GM65900).

Occurrence<sup>2</sup> (<http://sigeom.mrnf.gouv.qc.ca/> Cogite # 23C/01-0004), which has an historic mineral resource of 46.7 Million tonnes grading 30% FeT (Total Iron)<sup>3</sup>, estimated from the results of nine historic diamond-drill holes.

The Phase 1 drilling campaign intersected a total of 1600 metres of iron formation with an average grade of 29.5% FeT. Selected “best” intervals include: 242 m grading 25.2% FeT from hole PL13-04; 129 m grading 34.4% FeT in hole PL13-05; 112 m of 29.4% FeT encountered in hole PL13-07, and; 300 m grading 33% FeT in hole PL13-10. A comprehensive list of composite assay results from the drill programme can be found in the Company’s press release dated April 25, 2013, which is available under the Company’s filings on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.cartieriron.com](http://www.cartieriron.com).

The Phase 1 drilling campaign results and previous magnetic survey data has provided the Company’s technical team with a better understanding of the sub-surface geology and has led them to postulate a bowl-shaped geometry to the iron formation. The Phase 1 drilling mainly intersected the south-east part of the “bowl”, indicating there may be significant upside resource potential to the west, where the iron formation is interpreted to re-surface.

The Company further reported that it had completed a summer field exploration campaign on the Gagnon Holdings and that it had commissioned MRB & Associates (“MRB”) of Val d’Or, Quebec to complete a National Instrument 43-101 compliant Mineral Resource Estimate (“MRE”) for the Penguin Lake Project.

On December 19, 2013, the Company reported the completion of a current MRE for the Penguin Lake Project, authored by Abder Ladidi, P. Geo., an independent Qualified Person of MRB. Based on 10 drill holes totaling 3,315 m, the MRE reported 531 million tones (“Mt”) grading 33.1% Total Iron (“FeT”) of In-pit Inferred Resources at a 15% FeT cut-ff grade. The global in-situ mineral resource of 534.8 Mt grading 33.1% FeT was subject to a Whittle pit optimization to estimate the portion of in-situ Mineral Resource within the pit shell. P&E Mining Consultants of Brampton, ON were contracted by MRB to run the pit shell using a 1.05:1.00 \$CDN:\$US exchange rate, a mining cost of \$2.50/Tonne, and a charge of \$18.10/Tonne for the total processing, G&A, and freight costs. The process recovery, estimated to be 82%, an iron ore price of \$1.77/dmtu, and a 48° overall pit-slope, were used to complete the Whittle pit optimization. The sensitivity of the resource estimates are demonstrated by comparing the proportion of the mineral resources that may be economically exploited within the optimized pit shell to the global in-situ resource. A summary of the Global In-Situ Mineral Resource Estimate is presented in Table 2 and the results of the In-Pit Mineral Resource are presented in Table 3.

*Table 2: Global In-situ Mineral Resource Estimate, Penguin Lake Project*

Cut-off Grade	Global Inferred Resources*				Below Cut-off			
	Tonnes (millions)	Grade			Tonnes (millions)	Grade		
		FeT%	CaO%	MgO%		FeT%	CaO%	MgO%
15%	534.8	33.1	3.1	2.8	0.0	0.0	0.0	0.0
20%	534.7	33.1	3.1	2.8	0.1	15.4	2.1	1.7
25%	531.4	33.2	3.0	2.8	3.4	23.2	4.7	3.0
30%	466.4	33.9	2.9	2.8	68.4	28.2	4.1	2.7

<sup>2</sup> The on-line documented information on the Lac Pingouin Occurrence describes the rocks hosting the mineralization and the historic resource and can be viewed on-line at <http://sigeom.mrnf.gouv.qc.ca/> (COGITE #23C/01-0004).

<sup>3</sup> Historical Mineral Resource for the Lac Pingouin occurrence is from MRNFQ Assessment Files GM12096 and GM13035. All historical Mineral Resource estimates are non-compliant to NI 43-101 Mineral Resources and Mineral Reserves standards and should therefore not be relied upon. A Qualified Person has not done sufficient work to upgrade or classify these Historical Mineral Resources as current NI 43-101 Mineral Resources.

Table 3: In-Pit Mineral Resource Estimate, Penguin Lake Project

Cut-off Grade	In-Pit Inferred Resources*				Below Cut-off			
	Tonnes (millions)	Grade			Tonnes (millions)	Grade		
		FeT%	CaO%	MgO%		FeT%	CaO%	MgO%
<b>15%</b>	<b>531.2</b>	<b>33.1</b>	<b>3.1</b>	<b>2.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
20%	531.1	33.1	3.1	2.8	0.0	15.4	2.1	1.7
25%	527.8	33.2	3.0	2.8	3.4	23.2	4.7	3.0
30%	463.9	33.9	2.9	2.8	67.3	28.2	4.1	2.7

\* The quantity and grade of the reported Mineral Resources within the Project are categorized as Inferred Mineral Resources. Inferred Mineral Resources are that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from drill core. There is no guarantee that further exploration will upgrade the Inferred Mineral Resources to Indicated or Measured Mineral Resources. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Inferred Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The 10 drill holes that define the MRE drilled only the southern portion of the deposit. The deposit occurs in the form of a multiply refolded tightly overturned synform that produces a bowl-like shape of shallow dipping iron formation host rock. No recent drilling has been completed in the northern portion of the deposit however, the strong correlation of magnetic response to where iron formation surfaces and a historic drill hole located in the NW portion of the deposit allow for projection of the modelled iron formation and an estimate of the exploration target potential<sup>4</sup>. The interpreted 3D model of iron formation includes an additional 700 to 900 million tonnes of similar grade as suggested by the current Inferred Resource, predominantly in the undrilled portion of the deposit to the north and northwest where additional resources might be identified.

A comparison of the current global in-situ mineral resource and in-pit mineral resource demonstrates the amenable geometry of the deposit to open-pit mining with 99+% of the in-situ resource occurring within the optimized pit shell.

Furthermore, it is apparent that a natural geological cut-off grade exists for the modelled high grade iron oxide deposit that is above the economic cut-off grade. As can be seen by the quantity and grade of below cut-off grade material at the higher cut-off grades, the natural cut-off grade of the deposit is near 25% FeT where only 0.6% of the material is below cut-off at an average grade of 23.2% and well above the economic cut-off grade of 15% FeT.

The current resource reported in the MRE comprises less than half of the modelled bow-shaped deposit and makes the Penguin Lake deposit the largest iron resource in the southern Gagnon Terrane.

On March 24, 2014, the Company announced it has engaged BBA Inc. ("BBA") of Montreal to complete a Preliminary Economic Assessment ("PEA") of the Penguin Lake Project.

Work completed during the summer and autumn at the Round Lake property included a helicopter supported prospecting program together with the resampling of core providing the Company with enough work credits to maintain the Round Lake claims in good standing.

On November 28, 2014, the Company announced that with the responsible allocation of capital funds at the forefront of its exploration strategies, the Company was re-scoping its current PEA study in order to incorporate the forthcoming findings from the Labrador Trough rail pre-feasibility study, which is due in late 2015 (see "Multi-User Railway Pre-Feasibility" section below).

<sup>4</sup> Exploration Target Potential is not a Mineral Resource. There is insufficient work completed to estimate the quantity and grade or quality of the exploration target on the basis of geological evidence and sampling. There is no guarantee that further exploration will define additional mineral resources from any portion of the exploration target potential.

While the rail study proceeds through 2015, the Company will continue its metallurgical testwork studies and focus on base-case process flowsheet aspects for the Penguin Lake deposit. Metallurgical test results announced by the Company on April 28, 2015, indicate that the iron at the Penguin Lake deposit will be most efficiently liberated by a 2-stage process designed to yield iron-fines to produce a final sinter product.

The metallurgical tests were targeted towards producing a concentrate of 65% iron (Fe) and 4.5% silica (SiO<sub>2</sub>) from an average sample-grade of 30% Fe. Stage-1 gravimetric separation tests by Wilfley Table on 18 samples returned average grades of 65.3% Fe, 4.5% SiO<sub>2</sub> and 1.1% MgO. Iron concentrate of similar grade (65% Fe / <4.5% SiO<sub>2</sub>) will be sought from the second-stage regrinding and magnetic separation process. Additional tests to determine the process model for optimal second-stage iron recovery are on-going. Overall iron recoveries of >80% are targeted for the 2-stage circuit. The maximum 4.5% SiO<sub>2</sub> content for the Penguin Lake concentrate is a value imposed by the Company, guided by today's selective-market requirement for the highest-quality iron concentrate.

The Company is currently evaluating further exploration programs at the Gagnon Holdings while managing its capital resources to ensure it has sufficient capital to support its ongoing operations. Further exploration and development of the Company's properties are contingent upon the Company raising an adequate amount of financing.

### ***Multi-User Railway Pre-Feasibility***

With the election of the Quebec Liberal Party to a majority government on April 7, 2014, the Quebec Government affirmed their commitment on July 21, 2014 wherein the Secretariat au Plan Nord announced that they would make a financial contribution for the realization of the feasibility study regarding the new rail link of up to \$20 million. The Company notes and welcomes that the new government has pledged to advance the Plan Nord development plan to support the undertaking of large-scale infrastructure programs designed to fuel economic growth from the resources sector in Quebec's north, including its portion of the Labrador Trough.

The Quebec Government passed a decree on October 1, 2014, to invest up to \$20 million for the rail feasibility study which, in Phase 1, will cover a rail spur linking the port of Sept-Îles with Champion's Consolidated Fire Lake North property, located approximately 50 kms northeast of the Company's optioned Gagnon Holdings.

As announced by Champion Iron Limited, during the quarter ended September 30, 2014, Champion formed a limited liability partnership with the Quebec Government and co-miner Lac Otelnuik Mining Inc. (a joint venture between Adriana Resources Inc. and WISCO International Resources Development & Investment Limited) to manage the implementation of the rail feasibility study. Subsequently, it was announced that CANARAIL Consultants Inc. ("CANARAIL") has been retained to carry out the first phase of the feasibility study – a proposed new 310 km long railway from Sept-Îles to the southern Labrador Trough. CANARAIL is a Quebec-based rail consulting and engineering firm known for its expertise in feasibility studies, consulting, detailed design, and the supervision of construction of major projects.

The Company views these recent developments as potentially significant catalysts which could help attract new investment to the region and help unlock the value of the iron resources underlying the Gagnon Holdings.

### ***Borel River Property, Quebec***

The Company owns a 100% interest in the Borel River iron ore property ("Borel River"), which consists of 108 claims covering 4,459.14 hectares situated on the western shore of Ungava Bay in northern Quebec, subject to a 2% royalty. The Company has the right of first refusal on the sale of the royalty and has the option to reduce the royalty from 2% to 1% by making a payment of \$1,000,000.

The Borel River is located near the western shores of Ungava Bay in northern Quebec (NTS 24N/12). The area is accessible via helicopter or float plane from Kangirsuk Airport, 50 km to the north, or from Aupaluk Airport, 25 km to the south; both of which are serviced by Air Inuit from Montreal, Quebec City and Sept-Îles. Borel River is underlain by approximately 20 km of a north-south trending iron formation between the Morgan Lake and Hopes Advance property holdings of Oceanic Iron Ore Corp. The property is named after the Borel River, which flows from west to east across the middle of the Property and drains into False Bight in Ungava Bay.

Several highly metamorphosed, magnetite-specularite and meta-taconite iron deposits that contain 30% to 35% Iron (Fe) are known to exist in the vicinity of the Borel River Property (i.e. Morgan, Castle Mountain). These contain significant historic iron resources and are being aggressively explored by Oceanic Iron Ore Corp. Although considered speculative, these deposits point to the considerable potential for additional iron resources within the area. The iron formation underlying the Borel River Property remains unexplored and untested along the 20 km extent of the Property.

Future exploration programs at the Borel River project have been deferred in order to better allocate any available capital resources on the Company's higher priority projects in the Gagnon Holdings.

### **Appointments to the Board of Directors**

On June 30, 2014, at the Company's Annual General Meeting, the shareholders elected Gary Lawler as a director. Mr. Lawler is serving as Champion's nominee director, replacing Alexander Horvath.

On September 24, 2014, the Company appointed Thomas G. Larsen as both a director and Chief Executive Officer of the Company.

On October 23, 2014, the Company appointed Michel Gagnon as a director, replacing Miles Nagamatsu, who continues in his capacity of Chief Financial Officer of the Company.

### **Risks and Uncertainties**

The Company is in the exploration stage and has no revenue. As at December 31, 2014, the Company had a working capital of \$394,411 (2013 - working capital deficit of \$1,455,956) and for the year ended December 31, 2014, the Company incurred losses of \$250,072 (2013 - \$300,740). The level of working capital and losses limit the Company's ability to fund operations and the acquisition, exploration and development of mineral resource properties. As a result, there is significant doubt about the Company's ability to continue as a going concern.

The continued operations 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 Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain mining licences.

### **Results of Operations**

	<b>3 months ended December 31,</b>		<b>Years ended December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenses</b>				
Professional fees	21,010	6,851	51,219	52,054
Consulting fees	45,000	—	45,000	—
Stock-based compensation	—	—	—	9,000
General and administrative	33,438	12,076	71,083	51,705
Investor relations	67,347	8,250	93,185	130,582
Travel	22,853	—	42,904	456
Interest	5,438	—	6,563	—
Other	22,124	—	22,124	—
Loss on sale of marketable securities	—	—	—	3,564
Decrease in fair value of marketable securities	14,222	(27,663)	32,968	53,376
Gain on settlement of accounts payable	(114,975)	—	(114,975)	—
<b>Loss and comprehensive loss</b>	<b>116,457</b>	<b>(486)</b>	<b>250,072</b>	<b>300,740</b>

#### **Year ended December 31**

- increase in consulting fees reflects the commencement of the accrual for consulting fees for the Chief Executive Officer and President on October 1, 2014.
- decrease in investor relations reflects a decrease in overall expenditures in the first half of the year.
- increase in travel primarily reflects cost incurred for travel to Europe for investor relations.

#### **3 months ended December 31**

- increase in consulting fees reflects the commencement of the accrual for consulting fees for the Chief Executive Officer and President on October 1, 2014.
- Increase in investor relations primarily reflects the recommencement of limited investor relations.



## Summary of Quarterly Results

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
	\$	\$	\$	\$	\$	\$	\$	\$
	(note 1)		(note 2)	(note 3)				(note 4)
Revenue	–	–	–	–	–	–	–	–
Loss (income)								
- Total	152,277	106,649	42,302	(486)	16,714	47,048	69,853	116,457
- Per share	0.003	0.006	0.002	–	0.001	0.003	0.004	0.004

### Notes

1. Loss for Q1 2013 reflects a decrease in the fair value of marketable securities of \$37,824.
2. Loss for Q2 2013 reflects a decrease in the fair value of marketable securities of \$30,865.
3. Income for Q4 2013 reflects an increase in the fair value of marketable securities of \$27,663.
4. Loss for Q4 2014 reflects increased level of activity.

## Liquidity and Capital Resources

The Company is in the exploration stage and has no revenue. As at December 31, 2014, the Company had working capital of \$394,411 (2013 - working capital deficit of \$1,455,956) and for the year ended December 31, 2014, the Company incurred losses of \$250,072 (2013 - \$300,740). The level of working capital and losses limit the Company's ability to fund operations and the acquisition, exploration and development of mineral resource properties. As a result, there is significant doubt about the Company's ability to continue as a going concern.

The continued operations 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.

On January 26, 2015, the Company received \$613,898 in respect of the receivable for the Refundable Tax Credit for the year ended December 31, 2013.

With respect to the Gagnon Holdings, the Company must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments	Common shares	Exploration expenditures
	\$		\$
Option payment due upon conditional approval from a stock exchange for the listing of the shares of the Company, common shares due upon execution of Agreement <sup>1</sup>	100,000	1,000,000	–
December 10, 2013 (paid, issued and incurred)	150,000	500,000	500,000
December 10, 2014 (issued and incurred)	–	500,000	750,000
Due on the date that the Company receives its refundable tax credit on eligible exploration expenditures incurred in Québec for the year ended December 31, 2013 (extended from December 10, 2014)(paid on January 26, 2015)	250,000	–	–
December 10, 2015	250,000	500,000	–
December 10, 2016	250,000	–	4,750,000
	1,000,000	2,500,000	6,000,000

The remaining \$1,050,000 due to Champion was converted to a demand loan, which is unsecured, bears interest at the rate of LIBOR plus 2% and is due 6 months after Champion demands repayment (the "Demand Loan"). Champion will have the right to convert the Demand Loan plus accrued but unpaid interest into common shares of the Company at a conversion price equal to the lowest subscription price per common share paid for the most recent capital raising undertaken by the Company at the time of the conversion, subject to the minimum pricing rules and stock exchange approval.

Pursuant to a flow-through financing completed on December 29, 2014, the Company is committed to make of Canadian exploration expenditures of \$809,997 by December 31, 2015.

### Transactions with Related Parties

	Year ended December 31, 2014 \$	Outstanding as at December 31, 2014 \$
<b>Exploration and evaluation</b>		
A.S. Horvath Engineering Inc., a company, in which, Alex Horvath, a former director of the Company, has an ownership interest	5,000	–
MRB & Associates, a company, in which, John Langton, a director of the Company, has an ownership interest	285,301	42,050

### 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:

	Years ended 2014 \$	December 31, 2013 \$	Outstanding at December 31, 2014 \$	December 31, 2013 \$
Consulting fees for key management personnel	45,000	–	45,000	–

Rent for the Company's office premises shared with Champion was paid by Champion. Additional related party transactions are disclosed in notes 6, 7, 8, 9 and 16. These transactions were in the normal course of business.

### Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

#### *Going concern*

The Company applies judgment in assessing its ability to continue as a going concern for at least 12 months.

#### *Impairment of exploration and evaluation*

Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount, including the ability to renegotiate option agreements.

#### *Estimates of mineral resources*

The amounts used in impairment calculations are based on estimates of mineral resources. Resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Company expects that, over time, its resource estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in commodity prices.

#### *Flow-through share premium*

The Company applies estimates in the determination of flow-through share premium liability.

#### *Share-based compensation*

The Company uses the Black-Scholes option pricing model in determining share-based compensation, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, the actual share-based compensation expense may vary from the amount estimated.

#### *Deferred income taxes*

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

### **Changes in Accounting Policies including Initial Adoption**

Effective January 1, 2014, the Company adopted the following standards and amendments to IFRS:

#### *IAS 32 Offsetting Financial Assets and Liabilities*

This amendment clarifies certain aspects of offsetting and net and gross settlement. The Company's adoption of this amendment had no effect on its financial statements.

#### *IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*

This amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The Company's adoption of this amendment had no effect on its financial statements.

#### *IFRIC 21 Levies*

This interpretation provides guidance on the accounting for levies within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The main features of IFRIC 21 are: (i) the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation, and (ii) the liability to pay a levy is recognized progressively if the obligating event occurs over a period of time. The Company's adoption of this standard had no effect on its financial statements.

### **New standards and interpretations not yet adopted**

The following amendment to standards will be effective for periods beginning on or after January 1, 2018:

#### *IFRS 9, Financial Instruments ("IFRS 9")*

This standard will replace *IAS 39, Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied. In February 2014 the IASB set January 1, 2018 as the effective date for mandatory application of IFRS 9.

The Company has not determined the extent of the impact of IFRS 9 on its financial statements.

### **Financial Instruments and Other Instruments**

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

#### *Cash, accounts payable and accrued liabilities, due from Eoro and due to Champion*

The fair values of cash, accounts payable and accrued liabilities, due from Eoro and due to Champion are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2014, the fair value of these balances approximated their carrying value due to their short term to maturity.

#### *Marketable securities*

The fair value of marketable securities is estimated based on observable inputs.

#### *Classification of fair value of financial instruments*

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

Level 1: quoted prices in active markets for identical assets and liabilities;

Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data

Marketable securities are classified as Level 1 financial assets.

#### **Financial risk management**

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

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

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents and due from Eloro. The Company's limits its exposure to credit risk on its cash and cash equivalents 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. Accounts payable and accrued liabilities are subject to normal trade terms and the amount due to Champion is payable upon demand.

#### **Market risk**

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

#### *Equity price risk*

Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at December 31, 2014 had changed by 25%, with all other variables held constant, the net loss would have decreased or increased by \$4,977.

#### *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 its exposure to currency risk by maintaining its cash and cash equivalents 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 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 issue 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.

## Other Information

### **Additional Disclosure for Venture Companies without Significant Revenue**

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

	Years ended December 31,	
	2014	2013
	\$	\$
<b>General and administrative expenses</b>		
Office	48,452	17,924
Public company costs	22,631	33,781
	71,083	51,705

## Exploration and evaluation

	December 31, 2013	Option payment	Exploration expenditures	Mining tax credits	December 31, 2014
	\$	\$	\$	\$	\$
<b>Property</b>					
Borel River	379,885	–	2,152	(75,393)	306,644
Gagnon	2,415,602	345,000	553,272	(675,358)	2,638,516
	2,795,486	345,000	555,424	(750,751)	2,945,160

## Shares Outstanding as at April 30, 2015

### **Shares**

#### *Authorized:*

Unlimited number of common shares.

#### *Outstanding:*

33,334,150 common shares.

### **Stock options**

#### *Authorized:*

3,333,415 stock options, representing 10% of the issued and outstanding common shares.

#### *Outstanding:*

None.

**Warrants**

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of warrants</b>
\$0.22 (note)	April 17, 2016	4,558,821
\$0.22	June 29, 2016	158,868
\$0.35	June 29, 2016	1,943,994
		<hr/> 6,661,683

Note: If the average closing price of the Company's common shares is greater than \$0.40 per share for 20 consecutive business days, the warrants must be exercised within 10 calendar days (or such longer period as the Company may provide) after the Company gives notice by press release and mail to each warrant holder, failing which, the warrants will expire.