

**LAMÉLÉE IRON ORE LTD. ( Formerly Gimus Resources Inc.)**

**UNAUDITED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
As at December 31, 2013**

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These condensed interim financial statements for the three-month period ended December 31, 2013 have not been reviewed by the auditor of the Company.

**LAMÉLÉE IRON ORE LTD.**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**(unaudited, in Canadian dollars)**

	Notes	December 31, 2013 \$	September 30, 2013 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash		352,411	156,104
Term deposit, 1.15%, expiring in December 2014		800,000	-
Subscriptions receivable		620,020	-
Taxes receivable		114,748	129,528
Tax credits and credit on duties receivable		38,110	12,082
Prepaid expenses		-	6,279
		<u>1,925,289</u>	<u>303,993</u>
<b>Non-current</b>			
Exploration and evaluation assets	5	5,982,061	458,365
Property and equipment		1,262	1,385
		<u>5,983,323</u>	<u>459,750</u>
<b>Total assets</b>		<u><u>7,908,612</u></u>	<u><u>763,743</u></u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		120,496	122,492
Other liabilities		194,863	-
		<u>315,359</u>	<u>122,492</u>
<b>Total liabilities</b>		<u>315,359</u>	<u>122,492</u>
<b>EQUITY</b>			
Share Capital	6	8,570,057	1,310,400
Warrants	7	123,000	-
Contributed surplus		91,632	77,232
Deficit		(1,191,436)	(746,381)
<b>Total equity</b>		<u>7,593,253</u>	<u>641,251</u>
<b>Total liabilities and equity</b>		<u><u>7,908,612</u></u>	<u><u>763,743</u></u>

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

On the behalf of the Board,

(s) Hubert Vallée  
 President and Chief Executive Officer

(s) Marc Duchesne  
 Chief Financial Officer

**LAMÉLÉE IRON ORE LTD.**  
**CONDENSED INTERIM FINANCIAL STATEMENT OF COMPREHENSIVE LOSS**  
**(unaudited, in Canadian dollars)**

	Notes	Three-months ended December, 31	
		2013 \$	2012 \$
<b>EXPENSES</b>			
Exploration and evaluation expenses		282,474	2,147
Professional fees		54,722	10,541
Shareholders relations		15,684	2,811
Travel expenses		9,659	1,474
Trustees and registration fees		2,066	1,192
Bank charges		199	120
Office expenses		115	289
Fees		-	12,000
Rent		-	2,250
<b>OPERATING LOSS</b>		<b>(364,919)</b>	<b>(32,824)</b>
Interest income		708	-
<b>LOSS BEFORE INCOME TAXES</b>		<b>(364,211)</b>	<b>(32,824)</b>
Deferred income taxes		-	133,165
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>		<b>(364,211)</b>	<b>100,341</b>
<b>INCOME (LOSS) PER SHARE</b>			
Basic and diluted income (loss) per share		(0,016)	0,008
Weighted average number of common shares outstanding		22,820,152	13,104,000

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

## LAMÉLÉE IRON ORE LTD.

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (unaudited, in Canadian dollars)

For the three-month period ended December 31, 2013 and 2012

	Notes	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
<b>Balance at October 1<sup>st</sup>, 2013</b>		13,104,000	1,310,400	-	77,232	(746,381)	641,251
Units issued by private placements	6	15,575,000	1,434,500	123,000	-	-	1,557,500
Shares issued by flow-through private placements	6	3,542,971	425,157	-	-	-	425,157
Shares issued for acquisition of mining rights	6	45,000,000	5,400,000	-	-	-	5,400,000
Issuance cost of shares	6	-	-	-	14,400	(80,844)	(66,444)
<b>Transactions with owners</b>		<u>77,221,971</u>	<u>8,570,057</u>	<u>123,000</u>	<u>91,632</u>	<u>(827,225)</u>	<u>7,957,464</u>
Net loss and total comprehensive loss for the year		-	-	-	-	(364,211)	(364,211)
<b>Balance at December 31, 2013</b>		<u>77,221,971</u>	<u>8,570,057</u>	<u>123,000</u>	<u>91,632</u>	<u>(1,191,436)</u>	<u>7,593,253</u>
	Notes	Number of shares	Share capital \$	Warrants \$	Contributed surplus \$	Deficit \$	Total equity \$
<b>Balance at October 1<sup>st</sup>, 2012</b>		13,104,000	1,310,400	-	77,232	(338,224)	1,049,408
Share issuance costs		-	-	-	-	(62)	(62)
<b>Transactions with owners</b>		<u>13,104,000</u>	<u>1,310,400</u>	<u>-</u>	<u>77,232</u>	<u>(338,286)</u>	<u>1,049,346</u>
Total comprehensive income for the period		-	-	-	-	100,341	100,341
<b>Balance at December 31, 2012</b>		<u>13,104,000</u>	<u>1,310,400</u>	<u>-</u>	<u>77,232</u>	<u>(237,945)</u>	<u>1,149,687</u>

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

**LAMÉLÉE IRON ORE LTD.****CONDENSED INTERIM STATEMENT OF CASH FLOWS (unaudited, in Canadian dollars)**

For the three-month periods ended December 31, 2013 and 2012

	Notes	December 31 2013	2012
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Loss before income taxes		(364,211)	(32,824)
Adjustments for:			
Depreciation of property and equipment		123	-
Tax credits receivable in reduction of evaluation and exploration expenses		(26,805)	-
Changes in working capital items			
Taxes receivable		14,780	(73,828)
Prepaid expenses		6,279	1,567
Trade and other payables		(1,996)	(5,558)
Cash flows from operating activities		<u>(371,830)</u>	<u>(110,643)</u>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment		-	(675)
Additions to exploration and evaluation assets		(123,696)	(456,474)
Tax credits received		777	-
Term deposit		(800,000)	-
Cash flows from investing activities		<u>(922,919)</u>	<u>(457,149)</u>
<b>FINANCING ACTIVITIES</b>			
Units issued by private placements		1,557,500	-
Share issuance costs		(66,444)	(62)
Cash flows from financing activities		<u>1,491,056</u>	<u>(62)</u>
<b>Net change in cash and cash equivalents</b>		196,307	(567,854)
Cash, beginning of period		<u>156,104</u>	<u>867,930</u>
Cash, end of period		<u><u>352,411</u></u>	<u><u>300,076</u></u>
Supplemental cash flow information			
Non-cash investing activities:		\$	\$
Value of options granted to brokers accounted for in the deficit and contributed surplus		14,400	-
Issuance of shares for acquisition of exploration and evaluation assets		5,400,000	-
Issuance of shares in counterpart of subscriptions receivable		620,020	-
Fair value of warrants		123,000	-

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

## **LAMÉLÉE IRON ORE LTD.**

### **Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)**

For the three-month period ended December 31, 2013

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#### **1. *INCORPORATION AND NATURE OF OPERATIONS***

Lamêlée Iron Ore Ltd. (Formerly Gimus Resources Inc.) (the «Company») is an exploration Company with activities in Canada.

On December 20, 2013, the Company closed an agreement with Fancamp Exploration Ltd. and Champion Iron Mines Ltd. to purchase 29 mining claims located in the Fermont District known as the Lamêlée Lake property in counterpart of:

- i. Issuance of 43,000,000 common shares to Fancamp Exploration Ltd. at a price of \$0.12 per share for a total value of \$5,160,000;
- ii. Issuance of 2,000,000 common shares to Champion Iron Mines Ltd. at a price of \$0.12 per share for a total value of \$240,000;
- iii. assignment and transfer of a covenant from Fancamp Exploration Ltd. of a 1.5% net smelter royalty payable to a third party, of which 0.5% may be repurchased for an amount of \$1,500,000;
- iv. granting of a 1.5% net smelter royalty payable to Fancamp Exploration Ltd. of which 0.5% may be repurchased for an amount of \$1,500,000.

The acquisition of the mining claims was accounted for as an asset acquisition, as these mining claims do not have the mineral reserves and other inputs, nor any significant processes that would enable it of producing outputs and consequently be considered a business as defined in IFRS 3.

The Company's financial year ends on September 30.

#### **2. *GOING CONCERN***

These financial statements were prepared on a going concern basis, using the historical cost, except for the financial assets accounted for at fair value through profit and loss.

The Company's ability to continue as a going concern depends on its ability to realize its assets and to obtain additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. As at December 31, 2013, the Company has a deficit of \$1,191,436. The application of IFRS on a going concern basis may be inappropriate, since there is a doubt as to the appropriateness of the going concern assumption.

## **LAMÉLÉE IRON ORE LTD.**

### **Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)**

For the three-month period ended December 31, 2013

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#### **2. *GOING CONCERN (Continued)***

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

#### **3. *GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS***

The Company's condensed interim financial statements have been prepared based on International Financial Reporting Standards (IFRS) in accordance with IAS 34 standard, Interim Financial Reporting. The condensed interim financial statements are presented in Canadian currency which is also the functional currency of the Company. The functional currency has remained unchanged during the reporting period.

The interim condensed financial statements must be read in conjunction with the most recent annual financial statements and the accompanying notes as at September 30, 2013 and for the period then ended.

The condensed interim financial statements for the reporting period ended December 31, 2013 (including comparatives) were approved and authorized for issue by the Board of Directors on February 18, 2014.

#### **4. *SIGNIFICANT ACCOUNTING POLICES***

The accounting policies are presented in the audited financial statements for the year ended September 30, 2013 and have not been modified since that time.

**LAMÉLÉE IRON ORE LTD.****Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)**

For the three-month period ended December 31, 2013

**5. EXPLORATION AND EVALUATION ASSETS**

The carrying amount can be analyzed as follows :

	Balance as at October 1 <sup>st</sup> , 2013	Additions	Balance as at December 31, 2013
	\$	\$	\$
Quebec			
Bouchard Property			
Mining rights	3,180	-	3,180
Exploration and evaluation	455,185	-	455,185
	<u>458,365</u>	<u>-</u>	<u>458,365</u>
Lake Lamée Property (1)			
Mining rights	-	5,520,033	5,520,033
Exploration and evaluation	-	3,663	3,663
	<u>-</u>	<u>5,523,696</u>	<u>5,523,696</u>
Summary			
Mining rights	3,180	5,520,033	5,523,213
Exploration and evaluation	455,185	3,663	458,848
	<u>458,365</u>	<u>5,523,696</u>	<u>5,982,061</u>

All impairment charges (or reversals, if any) are included within Impairment of non-financial assets in profit or loss.

- (1) The Company holds a 100% interest in 29 mining claims located in the Quebec Labrador Trough. The property is subject to two NSR royalties of 1.5%, of which 0.5% for each may be repurchased for an amount of \$1,500,000. (See Note 1)



## LAMÉLÉE IRON ORE LTD.

### Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)

For the three-month period ended December 31, 2013

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#### 6. *EQUITY*

On October 30, 2013, the Company closed a private placement by issuing 3,075,000 units at a price of \$0.10 per unit for gross proceeds of \$307,500. Each unit is comprised of one common share and one half of one share purchase warrant. Each full warrant entitles the holder to subscribe to one common share at a price of \$0.15 per share until October 2016. An amount of \$123,000 was recorded to the warrants.

On December 20, 2013, the Company closed a private placement by issuing 12,500,000 units at a price of \$0.10 per unit for gross proceeds of \$1,250,000. Each unit is comprised of one common share and one half of one share purchase warrant. Each full warrant entitles the holder to subscribe to one common share at a price of \$0.15 per share until December 2015. No value was recorded to the warrants. An amount of \$4,550 was paid to brokers.

On December 20, 2013, the Company issued 43,000,000 shares to Fancamp Exploration Ltd. at a price of \$0.12 per share for a total value of \$5,160,000 and 2,000,000 shares to Champion Iron Mines Ltd. at a price of \$0.12 per share for a total value of \$240,000 in counterpart of exploration and evaluation assets.

On 30 December 2013, the Company issued 3,542,971 flow-through shares at a price of \$0.175 per share for total proceeds of \$620,020. A fee equivalent to 8% of the gross proceeds raised in the private placement was paid and 205,714 share purchase options were granted to the brokers. Each option to purchase shares allows its holder to subscribe for one share at a price of \$0.175 per share until June 30, 2015. An amount of \$14,400 representing the fair value was recorded as an increase to contributed surplus. An amount of \$194,863 related to the liability component was recorded within other liabilities in the statement of financial position. Total proceeds recorded as subscriptions receivable were received in January 2014.

**LAMÉLÉE IRON ORE LTD.****Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)**

For the three-month period ended December 31, 2013

**7. WARRANTS**

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	2013	2012
	Weighted average exercise price	Weighted average exercise price
	Number of warrants	Number of warrants
	\$	\$
Balance at beginning	-	-
Granted	<u>7,787,500</u>	-
Balance at end	<u>7,787,500</u>	-

Warrants issued during the period were valued at \$123,000 calculated using the residual method.

Outstanding warrants are as follows :

		2013	2012
Expiry date	Exercise price	Number	Number
	\$		
December 20, 2015	0.15	6,250,000	-
October 29, 2016	0.15	<u>1,537,500</u>	-
		<u>7,787,500</u>	-

**LAMÉLÉE IRON ORE LTD.****Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)**

For the three-month period ended December 31, 2013

**8. SHARE-BASED PAYMENTS**

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors and employees of the Company as well as persons providing services to the Company. Under this plan, options to purchase the common shares from time-to-time may be granted for a variable number whereby the number should never represent more than 10% of the issued and outstanding capital stock of the Company. Exercise price of options equals the market price of the Company's stock on the date of grant. Stock options are exercisable over a three year period: 33% after 12 months, 24 months and 36 months respectively from the date of grant for a maximum term of ten years. Among the options outstanding, none is subject to an escrow agreement.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

On December 30, 2013, the Company granted to brokers 205,714 options exercisable at \$0.175 per share valid for 18 months. These options were granted at an exercise price higher than the closing market value of the shares the day of the grant. The fair value of these share options amount to \$14,400, for an estimated weighted-average fair value of \$0.07 per option. The fair value of the options granted was estimated using the Black-Scholes option pricing model with 1.13% weighted-average risk-free interest rate, 136.9% weighted-average expected volatility, no expected dividend yield and 18 months weighted-average expected life.

The Company's share options are as follows for the reporting periods presented:

	<u>December 31, 2013</u>		<u>December 31, 2012</u>	
	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
		\$		\$
Outstanding , beginning of period	976,320	0.11	976,320	0.11
Granted	205,714	0.175	-	-
Expired	<u>(226,320)</u>	0.175	<u>-</u>	-
Outstanding, end of period	<u>955,714</u>		<u>976,320</u>	0.11

**LAMÉLÉE IRON ORE LTD.****Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)**

For the three-month period ended December 31, 2013

**8. SHARE-BASED PAYMENTS (Continued)**

The table below summarizes the information related to share options as at December 31, 2013 :

	Exercise Price	Outstanding options			Exercisable options	
		Number of options	Weighted average exercise price	Remaining life (years)	Number of options	Weighted average exercise price
	\$		\$			\$
Broker	0.15	<u>205,714</u>	0.175	1.5	<u>205,714</u>	0.175
Directors	0.10	<u>750,000</u>	0.10	8.12	<u>750,000</u>	0.10

**9. RELATED PARTY TRANSACTIONS**

The Company's related parties include companies under common control and joint key management, as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

**9.1 Transactions with key management**

The key management of the Company are the members of the Board. Key management remuneration includes the following expenses:

	December 31, 2013	December 31, 2012
	\$	\$
Fees	<u>-</u>	<u>12,000</u>

# LAMÉLÉE IRON ORE LTD.

## Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)

For the three-month period ended December 31, 2013

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### 9. RELATED PARTY TRANSACTIONS (Continued)

#### 9.2 Transactions with companies controlled by key management

The Company has retained the services of a company controlled by a member of key management to conduct its exploration and evaluation programs. Amounts charged by this company correspond to market rates.

	December 31, 2013	December 31, 2012
	\$	\$
Exploration and evaluation expenses	196,251	364,072

As at December 31, 2013 and 2012, trade and other payables include an amount payable to key management, respectively of \$nil and \$12,000.

#### 9.3 Transactions with a related company

On December 20, 2013, the Company closed a transaction with Fancamp Exploration Ltd. which held 58.36% of the common shares of the Company at the closing of this agreement (See Note 1).

### 10. CONTINGENCIES AND COMMITMENTS

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

## Notes to Condensed Interim Financial Statements (unaudited, in Canadian dollars)

## **LAMÉLÉE IRON ORE LTD.**

For the three-month period ended December 31, 2013

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### **10. CONTINGENCIES AND COMMITMENTS (Continued)**

During the reporting period, the Company received \$620,020 following flow-through placements for which the Company renounced tax deductions.

The Company will renounce \$620,020 as at December 31, 2013 to the investors and management is required to fulfil its commitments within the stipulated deadline of one year from this date.

### **11. POST-REPORTING DATE EVENTS**

On January 8, 2014, the Company granted 2,600,000 stock options in the favor of directors and 1,800,000 stock options in the favor of consultants at a price of \$0.145 per share, exercisable for a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. The fair value of these stock options amount to \$616,000 for an estimated fair value of \$0.14 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 2.75% and an expected life of options of 10 years.

On January 15, 2014, the Company granted 750,000 stock options in the favor of directors at a price of \$0.19 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. The fair value of these stock options amount to \$135,000 for an estimated fair value of \$0.18 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 2.57% and an expected life of options of 10 years.

On February 18, 2014, the Company granted 250,000 stock options in the favor of a director at a price of \$0.14 per share, exercisable on a period of 10 years with a vesting period of three years at a rate of 33% per year after the first year. The fair value of these stock options amount to \$35,000 for an estimated fair value of \$0.14 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 136.9%, a risk-free interest rate of 2.46% and an expected life of options of 10 years.